

34:1B-190 to 34:1B-206

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 30

NJSA: 34:1B-190 to 34:1B-206 (Authorizes creation of sports and entertainment district and imposition of additional taxes therein to finance development of sports and entertainment facilities)

BILL NO: A3835 (Substituted for S11)

SPONSOR(S) Van Drew and Others

DATE INTRODUCED: December 11, 2006

COMMITTEE: **ASSEMBLY:**

SENATE:

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 14, 2006

SENATE: December 14, 2006

DATE OF APPROVAL: January 26, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

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

A3835

[SPONSOR'S STATEMENT:](#) (Begins on page 11 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

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

S11

[SPONSOR'S STATEMENT:](#) (Begins on page 11 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

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P.L. 2007, CHAPTER 30, *approved January 26, 2007*
Assembly, No. 3835

1 **AN ACT** authorizing the creation of a sports and entertainment
2 district, the imposition of additional taxes within that district to
3 promote the development of certain sports and entertainment
4 facilities, and supplementing Title 34 of the Revised Statutes.

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

8
9 1. This act shall be known and may be cited as the "Sports and
10 Entertainment District Urban Revitalization Act."

11
12 2. The Legislature finds and declares that:

13 a. The blighted condition of the land and buildings in certain
14 areas of the State discourage serious private investment, therein, a
15 situation which is often exacerbated by the onerous tax rates which
16 beset those municipalities.

17 b. The development and expansion of significant commercial
18 and entertainment establishments can generate tangible long-term
19 benefits for the State, its local political subdivisions, its businesses
20 and its citizens. These benefits include increases in State sales and
21 use tax revenues, employment and local property tax revenues, and
22 new employment opportunities.

23 c. It is in the public interest to provide the means to finance
24 certain costs of development and redevelopment in order to promote
25 private investment, to create jobs, stimulate commercial,
26 recreational, cultural, entertainment, civic and educational
27 enterprises, and otherwise create favorable conditions for increases
28 in economic activity, property values and employment
29 opportunities.

30 d. The potential for substantial gains in new tax revenues, job
31 creation, economic activity, increased recreational opportunities,
32 and the enhancement of the quality of life in the State justifies the
33 use of public financing to encourage private investment and to
34 promote development and redevelopment projects that would be
35 spurred by such State assistance.

36 e. It is appropriate to authorize the issuance of bonds and other

1 notes and obligations and to provide the basis upon which to secure
2 contract bonds, notes or other financial obligations issued in
3 accordance with P.L. , c. (C.) (pending before the Legislature
4 as this bill) with respect to financing or refinancing the project costs
5 authorized in P.L. , c. (C.) (pending before the Legislature as
6 this bill).

7

8 3. As used in this act:

9 "Authority" means the New Jersey Economic Development
10 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
11 seq.).

12 "Developer" means any person or entity, whether public or
13 private, including a State entity, that proposes to undertake a project
14 pursuant to a development agreement.

15 "District" or "sports and entertainment district" means a
16 geographic area which includes a project as set forth in the
17 ordinance pursuant to section 4 of P.L. , c. (C.) (pending
18 before the Legislature as this bill).

19 "Eligible municipality" means a municipality: (1) in which is
20 located part of an urban enterprise zone that has been designated
21 pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) or any
22 supplement thereto; and (2) which has a population greater than
23 25,000 and less than 29,000 according to the latest federal decennial
24 census in a county of the third class with a population density
25 greater than 295 and less than 304 persons per square mile
26 according to the latest federal decennial census.

27 "Infrastructure improvements" means the construction or
28 rehabilitation of any street, highway, utility, transportation or
29 parking facilities, or other similar improvements; the acquisition of
30 any interest in land as necessary or convenient for the acquisition of
31 any right-of-way or other easement for the purpose of constructing
32 infrastructure improvements; the acquisition, construction or
33 reconstruction of land and site improvements, including demolition,
34 clearance, removal, construction, reconstruction, fill, environmental
35 enhancement or abatement, or other site preparation for
36 development of a sports and entertainment district.

37 "Project" means a sports and entertainment facility and may
38 include infrastructure improvements that are associated with the
39 sports and entertainment facility.

40 "Project cost" means the cost of a project, including the
41 financing, acquisition, development, construction, redevelopment,
42 rehabilitation, reconstruction and improvement costs thereof,
43 financing costs and the administrative costs, including any
44 administrative costs of the authority if bonds are issued pursuant to
45 section 16 of P.L. , c. (C.) (pending before the Legislature
46 as this bill) and incurred in connection with a sports and
47 entertainment facility which is financed, in whole or in part, by the
48 revenues dedicated by a municipality to a project as authorized

1 pursuant to section 5 of P.L. , c. (C.) (pending before the
2 Legislature as this bill).

3 "Sports and entertainment facility" means any privately or
4 publicly owned or operated facility located in a sports and
5 entertainment district that is used primarily for sports contests,
6 entertainment, or both, such as a theater, stadium, museum, arena,
7 automobile racetrack, or other place where performances, concerts,
8 exhibits, games or contests are held.

9 "State Treasurer" or "treasurer" means the treasurer of the State
10 of New Jersey.

11

12 4. The governing body of any eligible municipality may, by
13 ordinance, establish a sports and entertainment district in order to
14 encourage and promote the development of a project within the
15 district. A sports and entertainment district shall consist of an area
16 of the municipality designated in a project plan prepared by the
17 developer. The project plan shall be approved by municipal
18 ordinance, duly adopted by the governing body.

19 The ordinance shall include or incorporate:

20 a. a description of the proposed project, the anticipated period of
21 construction, and a description and map of the proposed sports and
22 entertainment district;

23 b. an estimate of the amount of tax revenues that are anticipated
24 to be generated annually within the sports and entertainment district
25 for that period of time covered by the project plan and an estimate
26 of those revenues to be allocated to the project;

27 c. an assessment of the economic benefits of the project,
28 including a projection of the value of private investment that is
29 anticipated to be generated, directly or indirectly, in the sports and
30 entertainment district as a result of the undertaking of the project or
31 other proposed development within the sports and entertainment
32 district;

33 d. documentation as to the necessary approvals relating to the
34 project;

35 e. demonstration that at least \$20 million in private investment
36 has been committed to the project; and

37 f. documentation that the district has been identified in the
38 appropriate plan.

39

40 5. The governing body of a municipality that establishes a sports
41 and entertainment district may, as part of the ordinance establishing
42 the district: impose one or more of the taxes enumerated in
43 subsection a. of this section; dedicate some or all of those taxes; and
44 dedicate some or all of the taxes enumerated in subsection b. of this
45 section solely for the purposes of financing the project costs of a
46 sports and entertainment facility for the life of the project, as
47 appropriate, except that none of the taxes enumerated in subsections
48 a. or b. of this section shall be imposed or dedicated for a period of

1 more than 30 years.

2 a. The municipality may, by ordinance, impose any or all of the
3 following:

4 (1) a tax at the rate of 2% on the receipts from every sale within
5 the district of tangible personal property subject to taxation
6 pursuant to subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-
7 3);

8 (2) a tax at the rate of 2% on the receipts from every sale within
9 the district of food and drink subject to taxation pursuant to
10 subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3);

11 (3) a tax at the rate of 2% on charges of rent for every occupancy
12 of a room or rooms in a hotel located within the district and subject
13 to taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30
14 (C.54:32B-3); or

15 (4) a tax at the rate of 2% on the admission charge to a place of
16 amusement within the district and subject to taxation pursuant to
17 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3).

18 b. The municipality may dedicate, by ordinance, any hotel and
19 motel occupancy tax revenues collected within the district that the
20 municipality is authorized to impose pursuant to section 3 of
21 P.L.2003, c.114 (C.40:48F-1) and, at the discretion of the
22 municipality, an additional charge of 2 %.

23 c. A tax imposed under subsection a. of this section shall be in
24 addition to any other tax or fee imposed pursuant to statute or local
25 ordinance or resolution by any governmental entity upon the same
26 transaction.

27 d. A copy of an ordinance adopted pursuant to section 4 of
28 P.L. , c. , (C.) (pending before the Legislature as this bill)
29 shall be transmitted upon adoption or amendment thereof to the
30 State Treasurer. An ordinance so adopted or any amendment
31 thereto shall provide that the tax provisions of the ordinance or any
32 amendment to the tax provisions shall take effect on the first day of
33 the first full month occurring 90 days after the date of transmittal to
34 the State Treasurer.

35 e. A municipality that creates a district pursuant to section 4 of
36 P.L. , c. (C.) (pending before the Legislature as this bill),
37 which overlaps, in whole or in part, with an urban enterprise zone in
38 which the receipts of certain sales are exempt to the extent of 50%
39 of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
40 c.30 (C.54:32B-1 et seq.), pursuant to section 21 of P.L.1983, c.303
41 (C.52:27H-80), shall continue to administer those sales tax revenues
42 collected within the designated urban enterprise zone as otherwise
43 provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.).
44

45 6. An ordinance imposing a tax pursuant to subsection a. of
46 section 5 of P.L. , c. (C.) (pending before the Legislature as
47 this bill) shall contain the following provisions:

48 a. All taxes imposed by the ordinance shall be paid by the

1 purchaser;

2 b. A vendor shall not assume or absorb any tax imposed by the
3 ordinance;

4 c. A vendor shall not in any manner advertise or hold out to any
5 person or to the public in general, in any manner, directly or
6 indirectly, that the tax will be assumed or absorbed by the vendor,
7 that the tax will not be separately charged and stated to the
8 customer, or that the tax will be refunded to the customer.

9 d. Each assumption or absorption by a vendor of the tax shall be
10 deemed a separate offense and each representation or advertisement
11 by a vendor for each day the representation or advertisement
12 continues shall be deemed a separate offense; and

13 e. Penalties as fixed in the ordinance, for violation of the
14 foregoing provisions.

15

16 7. a. A tax imposed pursuant to a municipal ordinance adopted
17 under the provisions of subsection a. of section 5 of P.L. ,
18 c. (C.) (pending before the Legislature as this bill) shall be
19 collected on behalf of the municipality by the person collecting the
20 receipts, charges or rent from the customer.

21 b. Each person required to collect a tax imposed by the
22 ordinance shall be personally liable for the tax imposed, collected
23 or required to be collected hereunder. Any such person shall have
24 the same right in respect to collecting the tax from a customer as if
25 the tax were a part of the rent and payable at the same time;
26 provided, however, that the chief fiscal officer of the municipality
27 shall be joined as a party in any action or proceeding brought to
28 collect the tax.

29

30 8. a. A person required to collect a tax imposed pursuant to the
31 provisions of subsection a. of section 5 of P.L. , c. (C.)
32 (pending before the Legislature as this bill) shall, on or before the
33 dates required pursuant to section 17 of P.L.1966, c.30 (C.54:32B-
34 17), forward to the Director of the Division of Taxation in the
35 Department of the Treasury the tax collected in the preceding month
36 and make and file a return for the preceding month with the director
37 on any form and containing any information as the director shall
38 prescribe as necessary to determine liability for the tax in the
39 preceding month during which the person was required to collect
40 the tax.

41 b. The director may permit or require returns to be made
42 covering other periods and upon any dates as the director may
43 specify. In addition, the director may require payments of tax
44 liability at any intervals and based upon any classifications as the
45 director may designate. In prescribing any other periods to be
46 covered by the return or intervals or classifications for payment of
47 tax liability, the director may take into account the dollar volume of
48 tax involved as well as the need for ensuring the prompt and orderly

1 collection of the tax imposed.

2 c. The director may require amended returns to be filed within
3 20 days after notice and to contain the information specified in the
4 notice.

5
6 9. When an ordinance establishing or amending a district has
7 passed first reading, it shall be submitted to the State Treasurer as
8 an application, together with all included and incorporated
9 certificates and documents and such additional documentation as
10 the treasurer shall require.

11 The treasurer shall approve the ordinance if it is determined that:

12 a. the planned sports and entertainment facility is likely to be
13 realized and would not likely be accomplished by private enterprise
14 without the creation of the district and the financing of the proposed
15 project or projects;

16 b. the \$20 million commitment of private investment is assured;

17 c. the creation of the district will contribute to the economic
18 development of the municipality; and

19 d. the size of the proposed district, the financial needs in order
20 to accomplish the project and the amount of the revenues
21 anticipated to be raised from the discretionary taxes do not exceed
22 the size and amount necessary to accomplish the purposes of the
23 plan.

24
25 10. a. The treasurer may make written recommendations as to
26 any aspect of the ordinance and the plan and any related fiscal
27 matters which in the opinion of the treasurer shall be changed in
28 order to effectuate the plan. The treasurer may condition the
29 approval of the ordinance upon the adoption of the treasurer's
30 recommendations by the municipality.

31 b. The treasurer shall approve, approve with conditions, or
32 disapprove the ordinance within 60 days of receipt of an application
33 which the treasurer has deemed to be complete. If the treasurer
34 disapproves the ordinance the treasurer shall, within 30 days of
35 signifying disapproval thereof, set forth reasons in writing for the
36 disapproval. The municipality may amend the ordinance and
37 resubmit it to the treasurer.

38 c. Upon receipt of the approved ordinance from the treasurer,
39 the municipal governing body may adopt the ordinance at a meeting
40 of the governing body by a majority of the authorized membership
41 thereof in the same manner as the adoption of other ordinances of
42 the governing body.

43
44 11. After adoption of the ordinance establishing a district, there
45 shall be no expansion or contraction of the boundaries of the district
46 or the designation of the pledged revenues without adoption of an
47 amending ordinance approved by the treasurer as provided in
48 sections 9 and 10 of P.L. , c. (C.) (pending before the

1 Legislature as this bill).

2

3 12. Before any tax revenues are made available to the developer
4 for the purposes of undertaking the sports and entertainment
5 facility, the developer shall prepare a final financial plan for that
6 project, which shall be consistent with the project plan prepared by
7 the developer and approved by the treasurer pursuant to section 9 of
8 P.L. , c. (C.) (pending before the Legislature as this bill),
9 which shall be submitted to the governing body pursuant to section
10 13 of P.L. , c. (C.) (pending before the Legislature as this
11 bill). That plan shall include:

12 a. a description of the project or projects to be financed,
13 including the projected cost and construction schedule;

14 b. a description of any development to be undertaken by any
15 developer in connection with the project, including an estimate of
16 the eligible revenues anticipated from the development;

17 c. demonstration that the developer has complied with the
18 investment commitment required pursuant to subsection e. of
19 section 4 of P.L. , c. (C.) (pending before the Legislature as
20 this bill);

21 d. a description of the eligible revenues to be pledged to the
22 support of the project, or to the bonds or other obligations to be
23 issued or incurred;

24 e. a description of other anticipated projects for the district and
25 the anticipated means of financing those projects.

26

27 13. The final financial plan prepared pursuant to section 12 of
28 P.L. , c. (C.) (pending before the Legislature as this bill)
29 shall be submitted to the governing body of the municipality for
30 approval by ordinance. When an ordinance approving a final
31 financial plan has been introduced in writing at a meeting of the
32 governing body and passed first reading, which may be by title, by
33 a majority of the authorized membership thereof, it shall be
34 submitted to the treasurer, together with all included and
35 incorporated certificates and documents and such additional
36 supporting documentation as the treasurer may by rule prescribe.

37 The treasurer shall approve the plan if the treasurer determines
38 that:

39 a. the project is likely to be realized and would not be
40 accomplished by private enterprise without the public support
41 authorized pursuant to P.L. , c. (C.) (pending before the
42 Legislature as this bill);

43 b. the pledged revenues will be sufficient to assist in the
44 financing of the sports and entertainment facility, as anticipated in
45 the financial forecasts;

46 c. eligible revenues to be made available for project costs will
47 be sufficient to back the bonds or other obligations to be issued or
48 incurred pursuant to subsection a. of section 16 of P.L. ,

- 1 c. (C.) (pending before the Legislature as this bill) or to
2 otherwise fulfill any financial commitments made by the developer
3 to the State pursuant to subsection c. of section 16 of P.L. ,
4 c. (C.) (pending before the Legislature as this bill);
5 d. the developer has demonstrated, to the satisfaction of the
6 treasurer, that the commitment of private funds required pursuant to
7 subsection e. of section 4 of P.L. , c. (C.) (pending before the
8 Legislature as this bill) has been satisfied; and
9 e. there are no other factors which, in the determination of the
10 treasurer, should prevent the undertaking of the project.

11
12 14. a. The treasurer may make written recommendations as to
13 any aspect of the final financial plan and any related fiscal matters
14 which, in the determination of the treasurer, must be addressed in
15 order to effectuate the plan, and the treasurer may condition
16 approval of the plan upon the adoption of the treasurer's
17 recommendations.

18 b. The treasurer shall approve, approve with conditions, or
19 disapprove the plan within 60 days of the receipt of an application
20 which the treasurer has deemed to be complete. If the treasurer
21 disapproves the plan, the treasurer shall set forth the reasons in
22 writing within 30 days of the disapproval thereof. The governing
23 body may amend the ordinance and resubmit it to the treasurer.

24 c. Upon receipt of the approved ordinance from the treasurer,
25 the municipal governing body may adopt the ordinance at a meeting
26 of the governing body by a majority of the authorized membership
27 thereof. Any changes to the plan as embodied in the ordinance,
28 including the pledge or utilization of eligible revenues subject,
29 however, to any rights of bondholders shall be by amendment of the
30 ordinance adopted and approved by the same method as the
31 ordinance was initially approved in connection with the proposed
32 final financial plan included in the ordinance establishing the
33 district.

34
35 15. a. The Director of the Division of Taxation shall collect and
36 administer any tax imposed pursuant to the provisions of subsection
37 a. of section 5 of P.L. , c. (C.) (pending before the Legislature
38 as this bill). In carrying out the provisions of this section, the
39 director shall have all the powers granted in P.L.1966, c.30
40 (C.54:32B-1 et seq.);

41 b. The director shall determine and certify to the treasurer on a
42 quarterly or more frequent basis, as prescribed by the treasurer, the
43 amount of revenues collected in each municipality pursuant to
44 subsection a. of section 5 of P.L. , c. (C.) (pending before
45 the Legislature as this bill);

46 c. The treasurer, upon the certification of the director and upon
47 the warrant of the State Comptroller, shall pay and distribute on a
48 quarterly or more frequent basis, as prescribed by the treasurer,

1 those amounts determined and certified under subsection a. of this
2 section into the fund established pursuant to subsection b. of section
3 16 of P.L. , c. (C.) (pending before the Legislature as this
4 bill);

5 d. A tax imposed pursuant to the provisions of subsection a. of
6 section 5 of P.L. , c. (C.) (pending before the Legislature as
7 this bill) shall be governed by the provisions of the "State Uniform
8 Tax Procedure Law," R.S.54:48-1 et seq.

9
10 16. a. Revenues collected pursuant to the taxes imposed
11 pursuant to section 5 of P.L. , c. (C.) (pending before the
12 Legislature as this bill) shall be used to finance project costs
13 whether those costs are incurred through the issuance of bonds or
14 other financial assistance. In the event that bonds are to be issued
15 to cover project costs, the New Jersey Economic Development
16 Authority may serve as the issuing agent of bonds to finance the
17 undertaking of a project pursuant to P.L. , c. (C.) (pending
18 before the Legislature as this bill).

19 b. Upon the approval by the treasurer of a final financial plan
20 pursuant to section 13 of P.L. , c. (C.) (pending before the
21 Legislature as this bill), the treasurer shall establish the "(name of
22 municipality) Sports and Entertainment Facility Revenue Fund" into
23 which shall be deposited those revenues collected through the
24 imposition of taxes authorized under section 5 of P.L. , c.
25 (C.) (pending before the Legislature as this bill), and any
26 interest or other income earned thereon. Moneys in the "(name of
27 municipality) Sports and Entertainment Facility Revenue Fund"
28 shall be managed and invested by the Division of Investment in the
29 Department of the Treasury. All moneys in the fund shall be
30 disbursed by the treasurer either to be directed toward the
31 repayment of the principal and interest on bonds issued for the
32 purposes of undertaking a project or as financial assistance
33 undertaken pursuant to subsection c. of this section.

34 c. Moneys deposited in the fund may be used to provide
35 financial assistance to a developer toward the costs of financing the
36 infrastructure improvements of a project, except that such financial
37 assistance shall only be given to a developer for infrastructure
38 improvements that were undertaken after the date of an approval of
39 the ordinance by the treasurer under section 9 of P.L. , c. (C.)
40 (pending before the Legislature as this bill). Financial assistance
41 provided from the fund shall be limited to loans, loan guarantees,
42 grants or secondary mortgages and provided solely for the purposes
43 as provided in this subsection. The form, amount and terms of
44 financial assistance provided shall be determined by the treasurer,
45 subject to the availability of funds, the terms of the financial plan,
46 and any other requirements of P.L. , c. (C.) (pending before
47 the Legislature as this bill).

1 17. Bonds issued by the New Jersey Economic Development
2 Authority or other State entity for the purposes as provided in
3 section 16 of P.L. , c. (C.) (pending before the Legislature as
4 this bill) shall not be a debt or liability of the State or any agency or
5 instrumentality thereof, except as otherwise provided by section 16
6 of P.L. , c. (C.) (pending before the Legislature as this bill),
7 either legal, moral or otherwise.

8
9 18. This act shall take effect immediately.

10
11

12 STATEMENT

13

14 This bill would authorize the governing body of an eligible
15 municipality to establish one sports and entertainment district
16 within the municipality in order to encourage and promote the
17 development of a project within that district.

18 The bill defines a project as a sports and entertainment facility,
19 which may also include infrastructure improvements associated
20 with that facility, such as street and highway repairs, parking, and
21 site preparation. By definition, an eligible municipality is one in
22 which part of an urban enterprise zone has been designated, and
23 which has a population greater than 25,000 and less than 29,000
24 according to the latest federal decennial census in a county of the
25 third class with a population density greater than 295 and less than
26 304 persons per square mile according to the latest federal
27 decennial census. (The city of Millville is the only municipality
28 that currently falls within this definition).

29 The bill prescribes an application process, which involves the
30 submission of a preliminary and final plan according to specified
31 criteria and the approval of both the governing body and the State
32 Treasurer according to standards set forth in the bill. The initial
33 ordinance adoption is to include a description of the proposed
34 project, the anticipated period of construction, estimate of the
35 amount of tax revenues anticipated to be generated annually,
36 demonstration that at least \$20 million in private investment has
37 been committed to the project, and other information set forth in the
38 bill.

39 Once the ordinance establishing or amending a district has
40 passed first reading, the municipality would submit it as an
41 application to the State Treasurer, for the treasurer's approval. The
42 treasurer would have authority to approve, deny or conditionally
43 approve the ordinance according to statutory criteria, such as
44 determining that the planned sports and entertainment facility is
45 likely to be realized and would not likely be accomplished by
46 private enterprise without the creation of the district and the
47 availability of public financing, that the \$20 million commitment of
48 private investment is assured, and that the creation of the district

1 will contribute to the economic development of the municipality.

2 The treasurer is granted broad authority to make written
3 recommendations as to any aspect of the ordinance and the plan and
4 any related fiscal matters. Upon receipt of the approved ordinance
5 from the treasurer, the municipal governing body may adopt the
6 ordinance.

7 Before any tax revenues are made available to the developer for
8 the purposes of undertaking the sports and entertainment facility,
9 the developer is required to prepare and submit to the governing
10 body a final financial plan. The bill prescribes what the plan will
11 include, such as a description of the project or projects to be
12 financed, the projected cost and construction schedule, and
13 demonstration that the developer has complied with the requirement
14 that the \$20 million commitment of private capital has been
15 received. The final financial plan will go through an analogous
16 approval process as that set forth above for the preliminary plan
17 approval.

18 A governing body that establishes a sports and entertainment
19 district may, as part of the ordinance establishing the district, assess
20 any or all of the following taxes to pay for project costs of the
21 facility for a period of not more than 30 years: (1) a two percent tax
22 on sales within the district of tangible personal property subject to
23 taxation under subsection (a) of section 3 of P.L.1966, c.30
24 (C.54:32B-3); (2) a two percent tax on sales within the district of
25 food and drink subject to taxation pursuant to subsection (c) of
26 section 3 of P.L.1966, c.30 (C.54:32B-3); (3) a two percent tax on
27 hotel rooms occupied within the district and subject to taxation
28 pursuant to subsection (d) of section 3 of P.L.1966, c.30 (C.54:32B-
29 3); and (4) a two percent tax on admission charges to places of
30 amusement within the district and subject to taxation pursuant to
31 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3). In
32 addition, the bill authorizes municipalities to dedicate, by
33 ordinance, the hotel and motel occupancy fees that municipalities
34 are authorized to impose pursuant to section 3 of P.L.2003, c.114
35 (C.40:48F-1) and, at the discretion of the municipality, an
36 additional charge of two percent, collected from hotels situated
37 within the district, to pay for project costs of the facility for a
38 period of not more than 30 years. The bill also provides that in the
39 event that any part of the district created includes lands covered by
40 an existing urban enterprise zone in which a tax exemption has been
41 granted, the terms of the UEZ with regard to the disposition of
42 those tax revenues will still apply.

43 The moneys that are collected are to be deposited into a "(name
44 of municipality) Sports and Entertainment Facility Revenue Fund"
45 which may be used to back bonds issued in support of a project or
46 to otherwise cover financial assistance to a developer toward the
47 costs of financing the infrastructure improvements of a project that
48 were undertaken after the date of an approval of the ordinance by

1 the treasurer. Financial assistance provided from the fund is limited
2 to loans, loan guarantees, grants or secondary mortgages and only
3 for the costs of financing the infrastructure improvements of a
4 project. Such assistance may include reimbursement to any person
5 for the costs in connection with any project. The form, amount and
6 terms of financial assistance provided shall be determined by the
7 treasurer, subject to the availability of funds, the terms of the
8 financial plan, and any other requirements established under the
9 bill.

10 The bonds issued by the New Jersey Economic Development
11 Authority or other State entity for the purposes as provided in
12 section 16 of the bill will not be a debt or liability of the State or
13 any agency or instrumentality thereof, except as otherwise provided
14 in section 16 of the bill, either legal, moral or otherwise.

15

16

17

18

19 Authorizes creation of sports and entertainment district and
20 imposition of additional taxes therein to finance development of
21 sports and entertainment facilities.

ASSEMBLY, No. 3835

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 11, 2006

Sponsored by:

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman NELSON T. ALBANO

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman DOUGLAS H. FISHER

District 3 (Salem, Cumberland and Gloucester)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Co-Sponsored by:

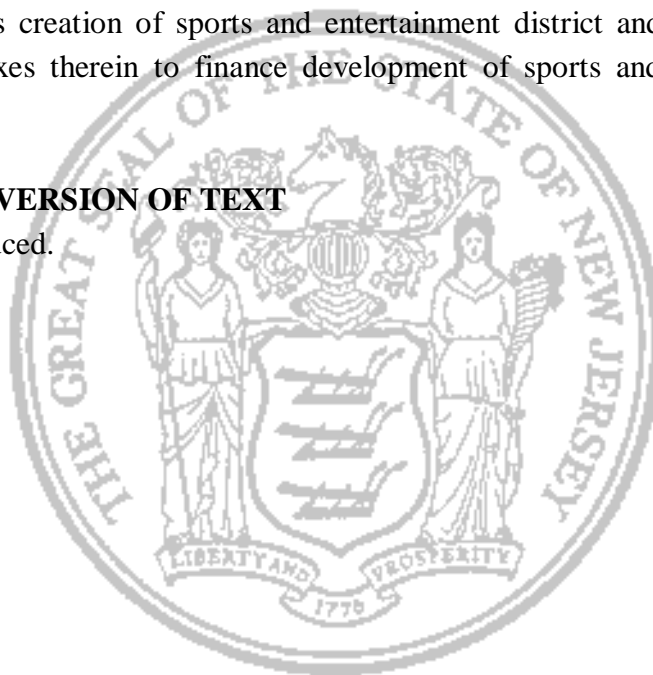
Senator Asselta

SYNOPSIS

Authorizes creation of sports and entertainment district and imposition of additional taxes therein to finance development of sports and entertainment facilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/15/2006)

1 AN ACT authorizing the creation of a sports and entertainment
2 district, the imposition of additional taxes within that district to
3 promote the development of certain sports and entertainment
4 facilities, and supplementing Title 34 of the Revised Statutes.

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

8
9 1. This act shall be known and may be cited as the "Sports and
10 Entertainment District Urban Revitalization Act."

11
12 2. The Legislature finds and declares that:

13 a. The blighted condition of the land and buildings in certain
14 areas of the State discourage serious private investment, therein, a
15 situation which is often exacerbated by the onerous tax rates which
16 beset those municipalities.

17 b. The development and expansion of significant commercial
18 and entertainment establishments can generate tangible long-term
19 benefits for the State, its local political subdivisions, its businesses
20 and its citizens. These benefits include increases in State sales and
21 use tax revenues, employment and local property tax revenues, and
22 new employment opportunities.

23 c. It is in the public interest to provide the means to finance
24 certain costs of development and redevelopment in order to promote
25 private investment, to create jobs, stimulate commercial,
26 recreational, cultural, entertainment, civic and educational
27 enterprises, and otherwise create favorable conditions for increases
28 in economic activity, property values and employment
29 opportunities.

30 d. The potential for substantial gains in new tax revenues, job
31 creation, economic activity, increased recreational opportunities,
32 and the enhancement of the quality of life in the State justifies the
33 use of public financing to encourage private investment and to
34 promote development and redevelopment projects that would be
35 spurred by such State assistance.

36 e. It is appropriate to authorize the issuance of bonds and other
37 notes and obligations and to provide the basis upon which to secure
38 contract bonds, notes or other financial obligations issued in
39 accordance with P.L. , c. (C.) (pending before the Legislature
40 as this bill) with respect to financing or refinancing the project costs
41 authorized in P.L. , c. (C.) (pending before the Legislature as
42 this bill).

43
44 3. As used in this act:

45 "Authority" means the New Jersey Economic Development
46 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
47 seq.).

48 "Developer" means any person or entity, whether public or

1 private, including a State entity, that proposes to undertake a project
2 pursuant to a development agreement.

3 "District" or "sports and entertainment district" means a
4 geographic area which includes a project as set forth in the
5 ordinance pursuant to section 4 of P.L. , c. (C.) (pending
6 before the Legislature as this bill).

7 "Eligible municipality" means a municipality: (1) in which is
8 located part of an urban enterprise zone that has been designated
9 pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) or any
10 supplement thereto; and (2) which has a population greater than
11 25,000 and less than 29,000 according to the latest federal decennial
12 census in a county of the third class with a population density
13 greater than 295 and less than 304 persons per square mile
14 according to the latest federal decennial census.

15 "Infrastructure improvements" means the construction or
16 rehabilitation of any street, highway, utility, transportation or
17 parking facilities, or other similar improvements; the acquisition of
18 any interest in land as necessary or convenient for the acquisition of
19 any right-of-way or other easement for the purpose of constructing
20 infrastructure improvements; the acquisition, construction or
21 reconstruction of land and site improvements, including demolition,
22 clearance, removal, construction, reconstruction, fill, environmental
23 enhancement or abatement, or other site preparation for
24 development of a sports and entertainment district.

25 "Project" means a sports and entertainment facility and may
26 include infrastructure improvements that are associated with the
27 sports and entertainment facility.

28 "Project cost" means the cost of a project, including the
29 financing, acquisition, development, construction, redevelopment,
30 rehabilitation, reconstruction and improvement costs thereof,
31 financing costs and the administrative costs, including any
32 administrative costs of the authority if bonds are issued pursuant to
33 section 16 of P.L. , c. (C.) (pending before the Legislature
34 as this bill) and incurred in connection with a sports and
35 entertainment facility which is financed, in whole or in part, by the
36 revenues dedicated by a municipality to a project as authorized
37 pursuant to section 5 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 "Sports and entertainment facility" means any privately or
40 publicly owned or operated facility located in a sports and
41 entertainment district that is used primarily for sports contests,
42 entertainment, or both, such as a theater, stadium, museum, arena,
43 automobile racetrack, or other place where performances, concerts,
44 exhibits, games or contests are held.

45 "State Treasurer" or "treasurer" means the treasurer of the State
46 of New Jersey.

47

48 4. The governing body of any eligible municipality may, by

1 ordinance, establish a sports and entertainment district in order to
2 encourage and promote the development of a project within the
3 district. A sports and entertainment district shall consist of an area
4 of the municipality designated in a project plan prepared by the
5 developer. The project plan shall be approved by municipal
6 ordinance, duly adopted by the governing body.

7 The ordinance shall include or incorporate:

8 a. a description of the proposed project, the anticipated period of
9 construction, and a description and map of the proposed sports and
10 entertainment district;

11 b. an estimate of the amount of tax revenues that are anticipated
12 to be generated annually within the sports and entertainment district
13 for that period of time covered by the project plan and an estimate
14 of those revenues to be allocated to the project;

15 c. an assessment of the economic benefits of the project,
16 including a projection of the value of private investment that is
17 anticipated to be generated, directly or indirectly, in the sports and
18 entertainment district as a result of the undertaking of the project or
19 other proposed development within the sports and entertainment
20 district;

21 d. documentation as to the necessary approvals relating to the
22 project;

23 e. demonstration that at least \$20 million in private investment
24 has been committed to the project; and

25 f. documentation that the district has been identified in the
26 appropriate plan.

27
28 5. The governing body of a municipality that establishes a sports
29 and entertainment district may, as part of the ordinance establishing
30 the district: impose one or more of the taxes enumerated in
31 subsection a. of this section; dedicate some or all of those taxes; and
32 dedicate some or all of the taxes enumerated in subsection b. of this
33 section solely for the purposes of financing the project costs of a
34 sports and entertainment facility for the life of the project, as
35 appropriate, except that none of the taxes enumerated in subsections
36 a. or b. of this section shall be imposed or dedicated for a period of
37 more than 30 years.

38 a. The municipality may, by ordinance, impose any or all of the
39 following:

40 (1) a tax at the rate of 2% on the receipts from every sale within
41 the district of tangible personal property subject to taxation
42 pursuant to subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-
43 3);

44 (2) a tax at the rate of 2% on the receipts from every sale within
45 the district of food and drink subject to taxation pursuant to
46 subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3);

47 (3) a tax at the rate of 2% on charges of rent for every occupancy
48 of a room or rooms in a hotel located within the district and subject

1 to taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30
2 (C.54:32B-3); or

3 (4) a tax at the rate of 2% on the admission charge to a place of
4 amusement within the district and subject to taxation pursuant to
5 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3).

6 b. The municipality may dedicate, by ordinance, any hotel and
7 motel occupancy tax revenues collected within the district that the
8 municipality is authorized to impose pursuant to section 3 of
9 P.L.2003, c.114 (C.40:48F-1) and, at the discretion of the
10 municipality, an additional charge of 2 %.

11 c. A tax imposed under subsection a. of this section shall be in
12 addition to any other tax or fee imposed pursuant to statute or local
13 ordinance or resolution by any governmental entity upon the same
14 transaction.

15 d. A copy of an ordinance adopted pursuant to section 4 of
16 P.L. , c. , (C.) (pending before the Legislature as this bill)
17 shall be transmitted upon adoption or amendment thereof to the
18 State Treasurer. An ordinance so adopted or any amendment
19 thereto shall provide that the tax provisions of the ordinance or any
20 amendment to the tax provisions shall take effect on the first day of
21 the first full month occurring 90 days after the date of transmittal to
22 the State Treasurer.

23 e. A municipality that creates a district pursuant to section 4 of
24 P.L. , c. (C.) (pending before the Legislature as this bill),
25 which overlaps, in whole or in part, with an urban enterprise zone in
26 which the receipts of certain sales are exempt to the extent of 50%
27 of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
28 c.30 (C.54:32B-1 et seq.), pursuant to section 21 of P.L.1983, c.303
29 (C.52:27H-80), shall continue to administer those sales tax revenues
30 collected within the designated urban enterprise zone as otherwise
31 provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.).
32

33 6. An ordinance imposing a tax pursuant to subsection a. of
34 section 5 of P.L. , c. (C.) (pending before the Legislature as
35 this bill) shall contain the following provisions:

36 a. All taxes imposed by the ordinance shall be paid by the
37 purchaser;

38 b. A vendor shall not assume or absorb any tax imposed by the
39 ordinance;

40 c. A vendor shall not in any manner advertise or hold out to any
41 person or to the public in general, in any manner, directly or
42 indirectly, that the tax will be assumed or absorbed by the vendor,
43 that the tax will not be separately charged and stated to the
44 customer, or that the tax will be refunded to the customer.

45 d. Each assumption or absorption by a vendor of the tax shall be
46 deemed a separate offense and each representation or advertisement
47 by a vendor for each day the representation or advertisement
48 continues shall be deemed a separate offense; and

1 e. Penalties as fixed in the ordinance, for violation of the
2 foregoing provisions.

3

4 7. a. A tax imposed pursuant to a municipal ordinance adopted
5 under the provisions of subsection a. of section 5 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill) shall be
7 collected on behalf of the municipality by the person collecting the
8 receipts, charges or rent from the customer.

9 b. Each person required to collect a tax imposed by the
10 ordinance shall be personally liable for the tax imposed, collected
11 or required to be collected hereunder. Any such person shall have
12 the same right in respect to collecting the tax from a customer as if
13 the tax were a part of the rent and payable at the same time;
14 provided, however, that the chief fiscal officer of the municipality
15 shall be joined as a party in any action or proceeding brought to
16 collect the tax.

17

18 8. a. A person required to collect a tax imposed pursuant to the
19 provisions of subsection a. of section 5 of P.L. , c. (C.)
20 (pending before the Legislature as this bill) shall, on or before the
21 dates required pursuant to section 17 of P.L.1966, c.30 (C.54:32B-
22 17), forward to the Director of the Division of Taxation in the
23 Department of the Treasury the tax collected in the preceding month
24 and make and file a return for the preceding month with the director
25 on any form and containing any information as the director shall
26 prescribe as necessary to determine liability for the tax in the
27 preceding month during which the person was required to collect
28 the tax.

29 b. The director may permit or require returns to be made
30 covering other periods and upon any dates as the director may
31 specify. In addition, the director may require payments of tax
32 liability at any intervals and based upon any classifications as the
33 director may designate. In prescribing any other periods to be
34 covered by the return or intervals or classifications for payment of
35 tax liability, the director may take into account the dollar volume of
36 tax involved as well as the need for ensuring the prompt and orderly
37 collection of the tax imposed.

38 c. The director may require amended returns to be filed within
39 20 days after notice and to contain the information specified in the
40 notice.

41

42 9. When an ordinance establishing or amending a district has
43 passed first reading, it shall be submitted to the State Treasurer as
44 an application, together with all included and incorporated
45 certificates and documents and such additional documentation as
46 the treasurer shall require.

47 The treasurer shall approve the ordinance if it is determined that:

48 a. the planned sports and entertainment facility is likely to be

1 realized and would not likely be accomplished by private enterprise
2 without the creation of the district and the financing of the proposed
3 project or projects;

- 4 b. the \$20 million commitment of private investment is assured;
- 5 c. the creation of the district will contribute to the economic
6 development of the municipality; and
- 7 d. the size of the proposed district, the financial needs in order
8 to accomplish the project and the amount of the revenues
9 anticipated to be raised from the discretionary taxes do not exceed
10 the size and amount necessary to accomplish the purposes of the
11 plan.

12
13 10. a. The treasurer may make written recommendations as to
14 any aspect of the ordinance and the plan and any related fiscal
15 matters which in the opinion of the treasurer shall be changed in
16 order to effectuate the plan. The treasurer may condition the
17 approval of the ordinance upon the adoption of the treasurer's
18 recommendations by the municipality.

19 b. The treasurer shall approve, approve with conditions, or
20 disapprove the ordinance within 60 days of receipt of an application
21 which the treasurer has deemed to be complete. If the treasurer
22 disapproves the ordinance the treasurer shall, within 30 days of
23 signifying disapproval thereof, set forth reasons in writing for the
24 disapproval. The municipality may amend the ordinance and
25 resubmit it to the treasurer.

26 c. Upon receipt of the approved ordinance from the treasurer,
27 the municipal governing body may adopt the ordinance at a meeting
28 of the governing body by a majority of the authorized membership
29 thereof in the same manner as the adoption of other ordinances of
30 the governing body.

31
32 11. After adoption of the ordinance establishing a district, there
33 shall be no expansion or contraction of the boundaries of the district
34 or the designation of the pledged revenues without adoption of an
35 amending ordinance approved by the treasurer as provided in
36 sections 9 and 10 of P.L. , c. (C.) (pending before the
37 Legislature as this bill).

38
39 12. Before any tax revenues are made available to the developer
40 for the purposes of undertaking the sports and entertainment
41 facility, the developer shall prepare a final financial plan for that
42 project, which shall be consistent with the project plan prepared by
43 the developer and approved by the treasurer pursuant to section 9 of
44 P.L. , c. (C.) (pending before the Legislature as this bill),
45 which shall be submitted to the governing body pursuant to section
46 13 of P.L. , c. (C.) (pending before the Legislature as this
47 bill). That plan shall include:

- 48 a. a description of the project or projects to be financed,

- 1 including the projected cost and construction schedule;
- 2 b. a description of any development to be undertaken by any
3 developer in connection with the project, including an estimate of
4 the eligible revenues anticipated from the development;
- 5 c. demonstration that the developer has complied with the
6 investment commitment required pursuant to subsection e. of
7 section 4 of P.L. , c. (C.) (pending before the Legislature as
8 this bill);
- 9 d. a description of the eligible revenues to be pledged to the
10 support of the project, or to the bonds or other obligations to be
11 issued or incurred;
- 12 e. a description of other anticipated projects for the district and
13 the anticipated means of financing those projects.
- 14

15 13. The final financial plan prepared pursuant to section 12 of
16 P.L. , c. (C.) (pending before the Legislature as this bill)
17 shall be submitted to the governing body of the municipality for
18 approval by ordinance. When an ordinance approving a final
19 financial plan has been introduced in writing at a meeting of the
20 governing body and passed first reading, which may be by title, by
21 a majority of the authorized membership thereof, it shall be
22 submitted to the treasurer, together with all included and
23 incorporated certificates and documents and such additional
24 supporting documentation as the treasurer may by rule prescribe.

25 The treasurer shall approve the plan if the treasurer determines
26 that:

- 27 a. the project is likely to be realized and would not be
28 accomplished by private enterprise without the public support
29 authorized pursuant to P.L. , c. (C.) (pending before the
30 Legislature as this bill);
- 31 b. the pledged revenues will be sufficient to assist in the
32 financing of the sports and entertainment facility, as anticipated in
33 the financial forecasts;
- 34 c. eligible revenues to be made available for project costs will
35 be sufficient to back the bonds or other obligations to be issued or
36 incurred pursuant to subsection a. of section 16 of P.L. ,
37 c. (C.) (pending before the Legislature as this bill) or to
38 otherwise fulfill any financial commitments made by the developer
39 to the State pursuant to subsection c. of section 16 of P.L. ,
40 c. (C.) (pending before the Legislature as this bill);
- 41 d. the developer has demonstrated, to the satisfaction of the
42 treasurer, that the commitment of private funds required pursuant to
43 subsection e. of section 4 of P.L. , c. (C.) (pending before the
44 Legislature as this bill) has been satisfied; and
- 45 e. there are no other factors which, in the determination of the
46 treasurer, should prevent the undertaking of the project.
- 47

48 14. a. The treasurer may make written recommendations as to

1 any aspect of the final financial plan and any related fiscal matters
2 which, in the determination of the treasurer, must be addressed in
3 order to effectuate the plan, and the treasurer may condition
4 approval of the plan upon the adoption of the treasurer's
5 recommendations.

6 b. The treasurer shall approve, approve with conditions, or
7 disapprove the plan within 60 days of the receipt of an application
8 which the treasurer has deemed to be complete. If the treasurer
9 disapproves the plan, the treasurer shall set forth the reasons in
10 writing within 30 days of the disapproval thereof. The governing
11 body may amend the ordinance and resubmit it to the treasurer.

12 c. Upon receipt of the approved ordinance from the treasurer,
13 the municipal governing body may adopt the ordinance at a meeting
14 of the governing body by a majority of the authorized membership
15 thereof. Any changes to the plan as embodied in the ordinance,
16 including the pledge or utilization of eligible revenues subject,
17 however, to any rights of bondholders shall be by amendment of the
18 ordinance adopted and approved by the same method as the
19 ordinance was initially approved in connection with the proposed
20 final financial plan included in the ordinance establishing the
21 district.

22

23 15. a. The Director of the Division of Taxation shall collect and
24 administer any tax imposed pursuant to the provisions of subsection
25 a. of section 5 of P.L. , c. (C.) (pending before the Legislature
26 as this bill). In carrying out the provisions of this section, the
27 director shall have all the powers granted in P.L.1966, c.30
28 (C.54:32B-1 et seq.);

29 b. The director shall determine and certify to the treasurer on a
30 quarterly or more frequent basis, as prescribed by the treasurer, the
31 amount of revenues collected in each municipality pursuant to
32 subsection a. of section 5 of P.L. , c. (C.) (pending before
33 the Legislature as this bill);

34 c. The treasurer, upon the certification of the director and upon
35 the warrant of the State Comptroller, shall pay and distribute on a
36 quarterly or more frequent basis, as prescribed by the treasurer,
37 those amounts determined and certified under subsection a. of this
38 section into the fund established pursuant to subsection b. of section
39 16 of P.L. , c. (C.) (pending before the Legislature as this
40 bill);

41 d. A tax imposed pursuant to the provisions of subsection a. of
42 section 5 of P.L. , c. (C.) (pending before the Legislature as
43 this bill) shall be governed by the provisions of the "State Uniform
44 Tax Procedure Law," R.S.54:48-1 et seq.

45

46 16. a. Revenues collected pursuant to the taxes imposed
47 pursuant to section 5 of P.L. , c. (C.) (pending before the
48 Legislature as this bill) shall be used to finance project costs

1 whether those costs are incurred through the issuance of bonds or
2 other financial assistance. In the event that bonds are to be issued
3 to cover project costs, the New Jersey Economic Development
4 Authority may serve as the issuing agent of bonds to finance the
5 undertaking of a project pursuant to P.L. , c. (C.) (pending
6 before the Legislature as this bill).

7 b. Upon the approval by the treasurer of a final financial plan
8 pursuant to section 13 of P.L. , c. (C.) (pending before the
9 Legislature as this bill), the treasurer shall establish the "(name of
10 municipality) Sports and Entertainment Facility Revenue Fund" into
11 which shall be deposited those revenues collected through the
12 imposition of taxes authorized under section 5 of P.L. , c.
13 (C.) (pending before the Legislature as this bill), and any
14 interest or other income earned thereon. Moneys in the "(name of
15 municipality) Sports and Entertainment Facility Revenue Fund"
16 shall be managed and invested by the Division of Investment in the
17 Department of the Treasury. All moneys in the fund shall be
18 disbursed by the treasurer either to be directed toward the
19 repayment of the principal and interest on bonds issued for the
20 purposes of undertaking a project or as financial assistance
21 undertaken pursuant to subsection c. of this section.

22 c. Moneys deposited in the fund may be used to provide
23 financial assistance to a developer toward the costs of financing the
24 infrastructure improvements of a project, except that such financial
25 assistance shall only be given to a developer for infrastructure
26 improvements that were undertaken after the date of an approval of
27 the ordinance by the treasurer under section 9 of P.L. , c. (C.)
28 (pending before the Legislature as this bill). Financial assistance
29 provided from the fund shall be limited to loans, loan guarantees,
30 grants or secondary mortgages and provided solely for the purposes
31 as provided in this subsection. The form, amount and terms of
32 financial assistance provided shall be determined by the treasurer,
33 subject to the availability of funds, the terms of the financial plan,
34 and any other requirements of P.L. , c. (C.) (pending before
35 the Legislature as this bill).

36
37 17. Bonds issued by the New Jersey Economic Development
38 Authority or other State entity for the purposes as provided in
39 section 16 of P.L. , c. (C.) (pending before the Legislature as
40 this bill) shall not be a debt or liability of the State or any agency or
41 instrumentality thereof, except as otherwise provided by section 16
42 of P.L. , c. (C.) (pending before the Legislature as this bill),
43 either legal, moral or otherwise.

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45 18. This act shall take effect immediately.

STATEMENT

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This bill would authorize the governing body of an eligible municipality to establish one sports and entertainment district within the municipality in order to encourage and promote the development of a project within that district.

The bill defines a project as a sports and entertainment facility, which may also include infrastructure improvements associated with that facility, such as street and highway repairs, parking, and site preparation. By definition, an eligible municipality is one in which part of an urban enterprise zone has been designated, and which has a population greater than 25,000 and less than 29,000 according to the latest federal decennial census in a county of the third class with a population density greater than 295 and less than 304 persons per square mile according to the latest federal decennial census. (The city of Millville is the only municipality that currently falls within this definition).

The bill prescribes an application process, which involves the submission of a preliminary and final plan according to specified criteria and the approval of both the governing body and the State Treasurer according to standards set forth in the bill. The initial ordinance adoption is to include a description of the proposed project, the anticipated period of construction, estimate of the amount of tax revenues anticipated to be generated annually, demonstration that at least \$20 million in private investment has been committed to the project, and other information set forth in the bill.

Once the ordinance establishing or amending a district has passed first reading, the municipality would submit it as an application to the State Treasurer, for the treasurer's approval. The treasurer would have authority to approve, deny or conditionally approve the ordinance according to statutory criteria, such as determining that the planned sports and entertainment facility is likely to be realized and would not likely be accomplished by private enterprise without the creation of the district and the availability of public financing, that the \$20 million commitment of private investment is assured, and that the creation of the district will contribute to the economic development of the municipality.

The treasurer is granted broad authority to make written recommendations as to any aspect of the ordinance and the plan and any related fiscal matters. Upon receipt of the approved ordinance from the treasurer, the municipal governing body may adopt the ordinance.

Before any tax revenues are made available to the developer for the purposes of undertaking the sports and entertainment facility, the developer is required to prepare and submit to the governing body a final financial plan. The bill prescribes what the plan will include, such as a description of the project or projects to be

1 financed, the projected cost and construction schedule, and
2 demonstration that the developer has complied with the requirement
3 that the \$20 million commitment of private capital has been
4 received. The final financial plan will go through an analogous
5 approval process as that set forth above for the preliminary plan
6 approval.

7 A governing body that establishes a sports and entertainment
8 district may, as part of the ordinance establishing the district, assess
9 any or all of the following taxes to pay for project costs of the
10 facility for a period of not more than 30 years: (1) a two percent tax
11 on sales within the district of tangible personal property subject to
12 taxation under subsection (a) of section 3 of P.L.1966, c.30
13 (C.54:32B-3); (2) a two percent tax on sales within the district of
14 food and drink subject to taxation pursuant to subsection (c) of
15 section 3 of P.L.1966, c.30 (C.54:32B-3); (3) a two percent tax on
16 hotel rooms occupied within the district and subject to taxation
17 pursuant to subsection (d) of section 3 of P.L.1966, c.30 (C.54:32B-
18 3); and (4) a two percent tax on admission charges to places of
19 amusement within the district and subject to taxation pursuant to
20 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3). In
21 addition, the bill authorizes municipalities to dedicate, by
22 ordinance, the hotel and motel occupancy fees that municipalities
23 are authorized to impose pursuant to section 3 of P.L.2003, c.114
24 (C.40:48F-1) and, at the discretion of the municipality, an
25 additional charge of two percent, collected from hotels situated
26 within the district, to pay for project costs of the facility for a
27 period of not more than 30 years. The bill also provides that in the
28 event that any part of the district created includes lands covered by
29 an existing urban enterprise zone in which a tax exemption has been
30 granted, the terms of the UEZ with regard to the disposition of
31 those tax revenues will still apply.

32 The moneys that are collected are to be deposited into a "(name
33 of municipality) Sports and Entertainment Facility Revenue Fund"
34 which may be used to back bonds issued in support of a project or
35 to otherwise cover financial assistance to a developer toward the
36 costs of financing the infrastructure improvements of a project that
37 were undertaken after the date of an approval of the ordinance by
38 the treasurer. Financial assistance provided from the fund is limited
39 to loans, loan guarantees, grants or secondary mortgages and only
40 for the costs of financing the infrastructure improvements of a
41 project. Such assistance may include reimbursement to any person
42 for the costs in connection with any project. The form, amount and
43 terms of financial assistance provided shall be determined by the
44 treasurer, subject to the availability of funds, the terms of the
45 financial plan, and any other requirements established under the
46 bill.

47 The bonds issued by the New Jersey Economic Development
48 Authority or other State entity for the purposes as provided in

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- 1 section 16 of the bill will not be a debt or liability of the State or
- 2 any agency or instrumentality thereof, except as otherwise provided
- 3 in section 16 of the bill, either legal, moral or otherwise.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3835
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: MAY 29, 2007

SUMMARY

- Synopsis:** Authorizes creation of sports and entertainment district and imposition of additional taxes therein to finance development of sports and entertainment facilities.
- Type of Impact:** Potential ongoing expenditure increase to specific city through dedicated funds for facilities projects, with optional municipal taxes as revenue offset. Potential State administrative costs, potential local planning costs.
- Agencies Affected:** Office of the State Treasurer, Department of Taxation, City of Millville.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Minimal - See Comments Below		
Local Cost	Indeterminate - See Comments Below		
Local Revenue	Indeterminate -See Comments Below		

- Information is not available to estimate either the revenue from taxes authorized under this legislation or the additional costs that may be incurred under the bill in connection with the creation and administration of sports and entertainment districts.
- The bill would authorize potential revenue to sports and entertainment facility revenue funds from optional municipal taxes; eligible municipalities would incur potential project and financing costs, and potential local planning costs. The State may incur minimal administrative costs.
- The bill proposes to authorize certain cities to levy new taxes: an additional 2% tax on certain personal property sales, food and drink sales, hotel rooms, and admission charges to places of amusement, to be dedicated to a Sports and Entertainment Facility Revenue Fund.
- The bill proposes to authorize the City of Millville to dedicate by ordinance hotel and motel occupancy fees and, at the discretion of the municipality, an additional charge of 2 percent,

collected from hotels situated within the district, to a Sports and Entertainment Facility Revenue Fund.

- Those funds received would be leveraged to finance the cost of sports and entertainment facilities. Financial assistance provided from the fund may be limited to loans, loan guarantees, grants or secondary mortgages, and only for the costs of financing the infrastructure improvements of a project.

BILL DESCRIPTION

Assembly Bill No. 3835 of 2006 proposes to authorize the governing body of a specific municipality to establish a sports and entertainment district in order to provide financing for a sports and entertainment project within the district.

The bill defines a project as a sports and entertainment facility, which may also include infrastructure improvements associated with that facility, such as street and highway repairs, parking, and site preparation. The bill includes a precise definition of an eligible municipality, of which only the City of Millville qualifies.

The bill prescribes an application process, which involves the submission of a preliminary and final plan according to specified criteria and the approval of both the governing body and the State Treasurer according to standards set forth in the bill. The initial ordinance adoption is to include a description of the proposed project, the anticipated period of construction, estimate of the amount of tax revenues anticipated to be generated annually, demonstration that at least \$20 million in private investment has been committed to the project, and other information set forth in the bill.

Once the ordinance establishing or amending a district has passed first reading, the municipality would submit it as an application to the State Treasurer, for the Treasurer's approval. The Treasurer would have authority to approve, deny or conditionally approve the ordinance according to statutory criteria.

Before any tax revenues are made available to the developer for the purposes of undertaking the sports and entertainment facility, the developer is required to prepare and submit to the governing body a final financial plan. The bill prescribes what the plan will include, such as a description of the project or projects to be financed, the projected cost and construction schedule, and demonstration that the developer has complied with the requirement that the \$20 million commitment of private capital has been received. The final financial plan will go through an analogous approval process as that set forth above for the preliminary plan approval.

A governing body that establishes a sports and entertainment district may, as part of the ordinance establishing the district, assess any or all of the following taxes to pay for project costs of the facility for a period of not more than 30 years: (1) a two percent tax on sales within the district of tangible personal property subject to taxation under subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-3); (2) a two percent tax on sales within the district of food and drink subject to taxation pursuant to subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3); (3) a two percent tax on hotel rooms occupied within the district and subject to taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30 (C.54:32B-3); and (4) a two percent tax on admission charges to places of amusement within the district and subject to taxation pursuant to subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3). In addition, the bill authorizes the municipality to dedicate, by ordinance, the hotel and motel occupancy fees that municipalities are authorized to impose pursuant to section 3 of P.L.2003, c.114 (C.40:48F-1) and, at the discretion of the municipality, an additional charge of two percent, collected from hotels situated

within the district. The bill also provides that in the event that any part of the district created includes lands covered by an existing urban enterprise zone in which a tax exemption has been granted, the terms of the UEZ with regard to the disposition of those tax revenues will still apply.

The moneys that are collected are to be deposited into a "(name of municipality) Sports and Entertainment Facility Revenue Fund" which may be used to back bonds issued in support of a project or to otherwise cover financial assistance to a developer toward the implementation of a project. Financial assistance provided from the fund is limited to loans, loan guarantees, grants, or secondary mortgages and only for the costs of financing the infrastructure improvements of a project. The form, amount and terms of financial assistance provided shall be determined by the Treasurer, subject to the availability of funds, the terms of the financial plan, and any other requirements established under the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) is unable to determine either the revenue that may be realized from any of the taxes authorized to be imposed under this legislation or the additional costs that may be incurred by the entities that may assume responsibilities under the bill in connection with the creation and administration of a sports and entertainment district.

As regards revenue, the OLS notes that the bill is permissive with respect to (1) the establishment of a sports and entertainment district by the City of Millville, the only municipality believed to be eligible to do so, and (2) the imposition by that municipality of any of the taxes authorized under section 5 of the legislation.

As regards costs, the OLS notes that whenever a municipality proposes to establish a sports and entertainment district, various planning activities and the compilation and organization of extensive information will be entailed in preparing its proposal for submission to the State Treasurer for approval. The bill does not provide for the reimbursement of such costs to the municipality from revenue realized from the taxes that the municipality would be authorized to impose. It is possible that these costs will be assumed by the developer of a sports and entertainment project.

The OLS also notes that Division of Taxation would incur costs in connection with overseeing the collection of, and accounting for, any taxes imposed by a municipality establishing a sports and entertainment district.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Mark J. Trease
Associate Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

A3835

4

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

SENATE, No. 11

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 11, 2006

Sponsored by:

Senator NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Authorizes creation of sports and entertainment district and imposition of additional taxes therein to finance development of sports and entertainment facilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/15/2006)

S11 ASSELTA

2

1 AN ACT authorizing the creation of a sports and entertainment
2 district, the imposition of additional taxes within that district to
3 promote the development of certain sports and entertainment
4 facilities, and supplementing Title 34 of the Revised Statutes.

5

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

8

9 1. This act shall be known and may be cited as the "Sports and
10 Entertainment District Urban Revitalization Act."

11

12 2. The Legislature finds and declares that:

13 a. The blighted condition of the land and buildings in certain
14 areas of the State discourage serious private investment, therein, a
15 situation which is often exacerbated by the onerous tax rates which
16 beset those municipalities.

17 b. The development and expansion of significant commercial
18 and entertainment establishments can generate tangible long-term
19 benefits for the State, its local political subdivisions, its businesses
20 and its citizens. These benefits include increases in State sales and
21 use tax revenues, employment and local property tax revenues, and
22 new employment opportunities.

23 c. It is in the public interest to provide the means to finance
24 certain costs of development and redevelopment in order to promote
25 private investment, to create jobs, stimulate commercial,
26 recreational, cultural, entertainment, civic and educational
27 enterprises, and otherwise create favorable conditions for increases
28 in economic activity, property values and employment
29 opportunities.

30 d. The potential for substantial gains in new tax revenues, job
31 creation, economic activity, increased recreational opportunities,
32 and the enhancement of the quality of life in the State justifies the
33 use of public financing to encourage private investment and to
34 promote development and redevelopment projects that would be
35 spurred by such State assistance.

36 e. It is appropriate to authorize the issuance of bonds and other
37 notes and obligations and to provide the basis upon which to secure
38 contract bonds, notes or other financial obligations issued in
39 accordance with P.L. , c. (C.) (pending before the Legislature
40 as this bill) with respect to financing or refinancing the project costs
41 authorized in P.L. , c. (C.) (pending before the Legislature as
42 this bill).

43

44 3. As used in this act:

45 "Authority" means the New Jersey Economic Development
46 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
47 seq.).

48 "Developer" means any person or entity, whether public or

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1 private, including a State entity, that proposes to undertake a project
2 pursuant to a development agreement.

3 "District" or "sports and entertainment district" means a
4 geographic area which includes a project as set forth in the
5 ordinance pursuant to section 4 of P.L. , c. (C.) (pending
6 before the Legislature as this bill).

7 "Eligible municipality" means a municipality: (1) in which is
8 located part of an urban enterprise zone that has been designated
9 pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) or any
10 supplement thereto; and (2) which has a population greater than
11 25,000 and less than 29,000 according to the latest federal decennial
12 census in a county of the third class with a population density
13 greater than 295 and less than 304 persons per square mile
14 according to the latest federal decennial census.

15 "Infrastructure improvements" means the construction or
16 rehabilitation of any street, highway, utility, transportation or
17 parking facilities, or other similar improvements; the acquisition of
18 any interest in land as necessary or convenient for the acquisition of
19 any right-of-way or other easement for the purpose of constructing
20 infrastructure improvements; the acquisition, construction or
21 reconstruction of land and site improvements, including demolition,
22 clearance, removal, construction, reconstruction, fill, environmental
23 enhancement or abatement, or other site preparation for
24 development of a sports and entertainment district.

25 "Project" means a sports and entertainment facility and may
26 include infrastructure improvements that are associated with the
27 sports and entertainment facility.

28 "Project cost" means the cost of a project, including the
29 financing, acquisition, development, construction, redevelopment,
30 rehabilitation, reconstruction and improvement costs thereof,
31 financing costs and the administrative costs, including any
32 administrative costs of the authority if bonds are issued pursuant to
33 section 16 of P.L. , c. (C.) (pending before the Legislature
34 as this bill) and incurred in connection with a sports and
35 entertainment facility which is financed, in whole or in part, by the
36 revenues dedicated by a municipality to a project as authorized
37 pursuant to section 5 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 "Sports and entertainment facility" means any privately or
40 publicly owned or operated facility located in a sports and
41 entertainment district that is used primarily for sports contests,
42 entertainment, or both, such as a theater, stadium, museum, arena,
43 automobile racetrack, or other place where performances, concerts,
44 exhibits, games or contests are held.

45 "State Treasurer" or "treasurer" means the treasurer of the State
46 of New Jersey.

47

48 4. The governing body of any eligible municipality may, by

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1 ordinance, establish a sports and entertainment district in order to
2 encourage and promote the development of a project within the
3 district. A sports and entertainment district shall consist of an area
4 of the municipality designated in a project plan prepared by the
5 developer. The project plan shall be approved by municipal
6 ordinance, duly adopted by the governing body.

7 The ordinance shall include or incorporate:

8 a. a description of the proposed project, the anticipated period of
9 construction, and a description and map of the proposed sports and
10 entertainment district;

11 b. an estimate of the amount of tax revenues that are anticipated
12 to be generated annually within the sports and entertainment district
13 for that period of time covered by the project plan and an estimate
14 of those revenues to be allocated to the project;

15 c. an assessment of the economic benefits of the project,
16 including a projection of the value of private investment that is
17 anticipated to be generated, directly or indirectly, in the sports and
18 entertainment district as a result of the undertaking of the project or
19 other proposed development within the sports and entertainment
20 district;

21 d. documentation as to the necessary approvals relating to the
22 project;

23 e. demonstration that at least \$20 million in private investment
24 has been committed to the project; and

25 f. documentation that the district has been identified in the
26 appropriate plan.

27

28 5. The governing body of a municipality that establishes a sports
29 and entertainment district may, as part of the ordinance establishing
30 the district: impose one or more of the taxes enumerated in
31 subsection a. of this section; dedicate some or all of those taxes; and
32 dedicate some or all of the taxes enumerated in subsection b. of this
33 section solely for the purposes of financing the project costs of a
34 sports and entertainment facility for the life of the project, as
35 appropriate, except that none of the taxes enumerated in subsections
36 a. or b. of this section shall be imposed or dedicated for a period of
37 more than 30 years.

38 a. The municipality may, by ordinance, impose any or all of the
39 following:

40 (1) a tax at the rate of 2% on the receipts from every sale within
41 the district of tangible personal property subject to taxation
42 pursuant to subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-
43 3);

44 (2) a tax at the rate of 2% on the receipts from every sale within
45 the district of food and drink subject to taxation pursuant to
46 subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3);

47 (3) a tax at the rate of 2% on charges of rent for every occupancy
48 of a room or rooms in a hotel located within the district and subject

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1 to taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30
2 (C.54:32B-3); or

3 (4) a tax at the rate of 2% on the admission charge to a place of
4 amusement within the district and subject to taxation pursuant to
5 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3).

6 b. The municipality may dedicate, by ordinance, any hotel and
7 motel occupancy tax revenues collected within the district that the
8 municipality is authorized to impose pursuant to section 3 of
9 P.L.2003, c.114 (C.40:48F-1) and, at the discretion of the
10 municipality, an additional charge of 2 %.

11 c. A tax imposed under subsection a. of this section shall be in
12 addition to any other tax or fee imposed pursuant to statute or local
13 ordinance or resolution by any governmental entity upon the same
14 transaction.

15 d. A copy of an ordinance adopted pursuant to section 4 of
16 P.L. , c. , (C.) (pending before the Legislature as this bill)
17 shall be transmitted upon adoption or amendment thereof to the
18 State Treasurer. An ordinance so adopted or any amendment
19 thereto shall provide that the tax provisions of the ordinance or any
20 amendment to the tax provisions shall take effect on the first day of
21 the first full month occurring 90 days after the date of transmittal to
22 the State Treasurer.

23 e. A municipality that creates a district pursuant to section 4 of
24 P.L. , c. (C.) (pending before the Legislature as this bill),
25 which overlaps, in whole or in part, with an urban enterprise zone in
26 which the receipts of certain sales are exempt to the extent of 50%
27 of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
28 c.30 (C.54:32B-1 et seq.), pursuant to section 21 of P.L.1983, c.303
29 (C.52:27H-80), shall continue to administer those sales tax revenues
30 collected within the designated urban enterprise zone as otherwise
31 provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.).

32
33 6. An ordinance imposing a tax pursuant to subsection a. of
34 section 5 of P.L. , c. (C.) (pending before the Legislature as
35 this bill) shall contain the following provisions:

36 a. All taxes imposed by the ordinance shall be paid by the
37 purchaser;

38 b. A vendor shall not assume or absorb any tax imposed by the
39 ordinance;

40 c. A vendor shall not in any manner advertise or hold out to any
41 person or to the public in general, in any manner, directly or
42 indirectly, that the tax will be assumed or absorbed by the vendor,
43 that the tax will not be separately charged and stated to the
44 customer, or that the tax will be refunded to the customer.

45 d. Each assumption or absorption by a vendor of the tax shall be
46 deemed a separate offense and each representation or advertisement
47 by a vendor for each day the representation or advertisement
48 continues shall be deemed a separate offense; and

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1 e. Penalties as fixed in the ordinance, for violation of the
2 foregoing provisions.

3

4 7. a. A tax imposed pursuant to a municipal ordinance adopted
5 under the provisions of subsection a. of section 5 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill) shall be
7 collected on behalf of the municipality by the person collecting the
8 receipts, charges or rent from the customer.

9 b. Each person required to collect a tax imposed by the
10 ordinance shall be personally liable for the tax imposed, collected
11 or required to be collected hereunder. Any such person shall have
12 the same right in respect to collecting the tax from a customer as if
13 the tax were a part of the rent and payable at the same time;
14 provided, however, that the chief fiscal officer of the municipality
15 shall be joined as a party in any action or proceeding brought to
16 collect the tax.

17

18 8. a. A person required to collect a tax imposed pursuant to the
19 provisions of subsection a. of section 5 of P.L. , c. (C.)
20 (pending before the Legislature as this bill) shall, on or before the
21 dates required pursuant to section 17 of P.L.1966, c.30 (C.54:32B-
22 17), forward to the Director of the Division of Taxation in the
23 Department of the Treasury the tax collected in the preceding month
24 and make and file a return for the preceding month with the director
25 on any form and containing any information as the director shall
26 prescribe as necessary to determine liability for the tax in the
27 preceding month during which the person was required to collect
28 the tax.

29 b. The director may permit or require returns to be made
30 covering other periods and upon any dates as the director may
31 specify. In addition, the director may require payments of tax
32 liability at any intervals and based upon any classifications as the
33 director may designate. In prescribing any other periods to be
34 covered by the return or intervals or classifications for payment of
35 tax liability, the director may take into account the dollar volume of
36 tax involved as well as the need for ensuring the prompt and orderly
37 collection of the tax imposed.

38 c. The director may require amended returns to be filed within
39 20 days after notice and to contain the information specified in the
40 notice.

41

42 9. When an ordinance establishing or amending a district has
43 passed first reading, it shall be submitted to the State Treasurer as
44 an application, together with all included and incorporated
45 certificates and documents and such additional documentation as
46 the treasurer shall require.

47 The treasurer shall approve the ordinance if it is determined that:

48 a. the planned sports and entertainment facility is likely to be

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1 realized and would not likely be accomplished by private enterprise
2 without the creation of the district and the financing of the proposed
3 project or projects;

- 4 b. the \$20 million commitment of private investment is assured;
- 5 c. the creation of the district will contribute to the economic
6 development of the municipality; and
- 7 d. the size of the proposed district, the financial needs in order
8 to accomplish the project and the amount of the revenues
9 anticipated to be raised from the discretionary taxes do not exceed
10 the size and amount necessary to accomplish the purposes of the
11 plan.

12
13 10. a. The treasurer may make written recommendations as to
14 any aspect of the ordinance and the plan and any related fiscal
15 matters which in the opinion of the treasurer shall be changed in
16 order to effectuate the plan. The treasurer may condition the
17 approval of the ordinance upon the adoption of the treasurer's
18 recommendations by the municipality.

19 b. The treasurer shall approve, approve with conditions, or
20 disapprove the ordinance within 60 days of receipt of an application
21 which the treasurer has deemed to be complete. If the treasurer
22 disapproves the ordinance the treasurer shall, within 30 days of
23 signifying disapproval thereof, set forth reasons in writing for the
24 disapproval. The municipality may amend the ordinance and
25 resubmit it to the treasurer.

26 c. Upon receipt of the approved ordinance from the treasurer,
27 the municipal governing body may adopt the ordinance at a meeting
28 of the governing body by a majority of the authorized membership
29 thereof in the same manner as the adoption of other ordinances of
30 the governing body.

31
32 11. After adoption of the ordinance establishing a district, there
33 shall be no expansion or contraction of the boundaries of the district
34 or the designation of the pledged revenues without adoption of an
35 amending ordinance approved by the treasurer as provided in
36 sections 9 and 10 of P.L. , c. (C.) (pending before the
37 Legislature as this bill).

38
39 12. Before any tax revenues are made available to the developer
40 for the purposes of undertaking the sports and entertainment
41 facility, the developer shall prepare a final financial plan for that
42 project, which shall be consistent with the project plan prepared by
43 the developer and approved by the treasurer pursuant to section 9 of
44 P.L. , c. (C.) (pending before the Legislature as this bill),
45 which shall be submitted to the governing body pursuant to section
46 13 of P.L. , c. (C.) (pending before the Legislature as this
47 bill). That plan shall include:

- 48 a. a description of the project or projects to be financed,

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- 1 including the projected cost and construction schedule;
- 2 b. a description of any development to be undertaken by any
3 developer in connection with the project, including an estimate of
4 the eligible revenues anticipated from the development;
- 5 c. demonstration that the developer has complied with the
6 investment commitment required pursuant to subsection e. of
7 section 4 of P.L. , c. (C.) (pending before the Legislature as
8 this bill);
- 9 d. a description of the eligible revenues to be pledged to the
10 support of the project, or to the bonds or other obligations to be
11 issued or incurred;
- 12 e. a description of other anticipated projects for the district and
13 the anticipated means of financing those projects.

14

15 13. The final financial plan prepared pursuant to section 12 of
16 P.L. , c. (C.) (pending before the Legislature as this bill)
17 shall be submitted to the governing body of the municipality for
18 approval by ordinance. When an ordinance approving a final
19 financial plan has been introduced in writing at a meeting of the
20 governing body and passed first reading, which may be by title, by
21 a majority of the authorized membership thereof, it shall be
22 submitted to the treasurer, together with all included and
23 incorporated certificates and documents and such additional
24 supporting documentation as the treasurer may by rule prescribe.

25 The treasurer shall approve the plan if the treasurer determines
26 that:

- 27 a. the project is likely to be realized and would not be
28 accomplished by private enterprise without the public support
29 authorized pursuant to P.L. , c. (C.) (pending before the
30 Legislature as this bill);
- 31 b. the pledged revenues will be sufficient to assist in the
32 financing of the sports and entertainment facility, as anticipated in
33 the financial forecasts;
- 34 c. eligible revenues to be made available for project costs will
35 be sufficient to back the bonds or other obligations to be issued or
36 incurred pursuant to subsection a. of section 16 of P.L. ,
37 c. (C.) (pending before the Legislature as this bill) or to
38 otherwise fulfill any financial commitments made by the developer
39 to the State pursuant to subsection c. of section 16 of P.L. ,
40 c. (C.) (pending before the Legislature as this bill);
- 41 d. the developer has demonstrated, to the satisfaction of the
42 treasurer, that the commitment of private funds required pursuant to
43 subsection e. of section 4 of P.L. , c. (C.) (pending before the
44 Legislature as this bill) has been satisfied; and
- 45 e. there are no other factors which, in the determination of the
46 treasurer, should prevent the undertaking of the project.

47

48 14. a. The treasurer may make written recommendations as to

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1 any aspect of the final financial plan and any related fiscal matters
2 which, in the determination of the treasurer, must be addressed in
3 order to effectuate the plan, and the treasurer may condition
4 approval of the plan upon the adoption of the treasurer's
5 recommendations.

6 b. The treasurer shall approve, approve with conditions, or
7 disapprove the plan within 60 days of the receipt of an application
8 which the treasurer has deemed to be complete. If the treasurer
9 disapproves the plan, the treasurer shall set forth the reasons in
10 writing within 30 days of the disapproval thereof. The governing
11 body may amend the ordinance and resubmit it to the treasurer.

12 c. Upon receipt of the approved ordinance from the treasurer,
13 the municipal governing body may adopt the ordinance at a meeting
14 of the governing body by a majority of the authorized membership
15 thereof. Any changes to the plan as embodied in the ordinance,
16 including the pledge or utilization of eligible revenues subject,
17 however, to any rights of bondholders shall be by amendment of the
18 ordinance adopted and approved by the same method as the
19 ordinance was initially approved in connection with the proposed
20 final financial plan included in the ordinance establishing the
21 district.

22

23 15. a. The Director of the Division of Taxation shall collect and
24 administer any tax imposed pursuant to the provisions of subsection
25 a. of section 5 of P.L. , c. (C.) (pending before the Legislature
26 as this bill). In carrying out the provisions of this section, the
27 director shall have all the powers granted in P.L.1966, c.30
28 (C.54:32B-1 et seq.);

29 b. The director shall determine and certify to the treasurer on a
30 quarterly or more frequent basis, as prescribed by the treasurer, the
31 amount of revenues collected in each municipality pursuant to
32 subsection a. of section 5 of P.L. , c. (C.) (pending before
33 the Legislature as this bill);

34 c. The treasurer, upon the certification of the director and upon
35 the warrant of the State Comptroller, shall pay and distribute on a
36 quarterly or more frequent basis, as prescribed by the treasurer,
37 those amounts determined and certified under subsection a. of this
38 section into the fund established pursuant to subsection b. of section
39 16 of P.L. , c. (C.) (pending before the Legislature as this
40 bill);

41 d. A tax imposed pursuant to the provisions of subsection a. of
42 section 5 of P.L. , c. (C.) (pending before the Legislature as
43 this bill) shall be governed by the provisions of the "State Uniform
44 Tax Procedure Law," R.S.54:48-1 et seq.

45

46 16. a. Revenues collected pursuant to the taxes imposed
47 pursuant to section 5 of P.L. , c. (C.) (pending before the
48 Legislature as this bill) shall be used to finance project costs

1 whether those costs are incurred through the issuance of bonds or
2 other financial assistance. In the event that bonds are to be issued
3 to cover project costs, the New Jersey Economic Development
4 Authority may serve as the issuing agent of bonds to finance the
5 undertaking of a project pursuant to P.L. , c. (C.) (pending
6 before the Legislature as this bill).

7 b. Upon the approval by the treasurer of a final financial plan
8 pursuant to section 13 of P.L. , c. (C.) (pending before the
9 Legislature as this bill), the treasurer shall establish the "(name of
10 municipality) Sports and Entertainment Facility Revenue Fund" into
11 which shall be deposited those revenues collected through the
12 imposition of taxes authorized under section 5 of P.L. , c.
13 (C.) (pending before the Legislature as this bill), and any
14 interest or other income earned thereon. Moneys in the "(name of
15 municipality) Sports and Entertainment Facility Revenue Fund"
16 shall be managed and invested by the Division of Investment in the
17 Department of the Treasury. All moneys in the fund shall be
18 disbursed by the treasurer either to be directed toward the
19 repayment of the principal and interest on bonds issued for the
20 purposes of undertaking a project or as financial assistance
21 undertaken pursuant to subsection c. of this section.

22 c. Moneys deposited in the fund may be used to provide
23 financial assistance to a developer toward the costs of financing the
24 infrastructure improvements of a project, except that such financial
25 assistance shall only be given to a developer for infrastructure
26 improvements that were undertaken after the date of an approval of
27 the ordinance by the treasurer under section 9 of P.L. , c. (C.)
28 (pending before the Legislature as this bill). Financial assistance
29 provided from the fund shall be limited to loans, loan guarantees,
30 grants or secondary mortgages and provided solely for the purposes
31 as provided in this subsection. The form, amount and terms of
32 financial assistance provided shall be determined by the treasurer,
33 subject to the availability of funds, the terms of the financial plan,
34 and any other requirements of P.L. , c. (C.) (pending before
35 the Legislature as this bill).

36
37 17. Bonds issued by the New Jersey Economic Development
38 Authority or other State entity for the purposes as provided in
39 section 16 of P.L. , c. (C.) (pending before the Legislature as
40 this bill) shall not be a debt or liability of the State or any agency or
41 instrumentality thereof, except as otherwise provided by section 16
42 of P.L. , c. (C.) (pending before the Legislature as this bill),
43 either legal, moral or otherwise.

44
45 18. This act shall take effect immediately.

STATEMENT

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This bill would authorize the governing body of an eligible municipality to establish one sports and entertainment district within the municipality in order to encourage and promote the development of a project within that district.

The bill defines a project as a sports and entertainment facility, which may also include infrastructure improvements associated with that facility, such as street and highway repairs, parking, and site preparation. By definition, an eligible municipality is one in which part of an urban enterprise zone has been designated, and which has a population greater than 25,000 and less than 29,000 according to the latest federal decennial census in a county of the third class with a population density greater than 295 and less than 304 persons per square mile according to the latest federal decennial census. (The city of Millville is the only municipality that currently falls within this definition).

The bill prescribes an application process, which involves the submission of a preliminary and final plan according to specified criteria and the approval of both the governing body and the State Treasurer according to standards set forth in the bill. The initial ordinance adoption is to include a description of the proposed project, the anticipated period of construction, estimate of the amount of tax revenues anticipated to be generated annually, demonstration that at least \$20 million in private investment has been committed to the project, and other information set forth in the bill.

Once the ordinance establishing or amending a district has passed first reading, the municipality would submit it as an application to the State Treasurer, for the treasurer's approval. The treasurer would have authority to approve, deny or conditionally approve the ordinance according to statutory criteria, such as determining that the planned sports and entertainment facility is likely to be realized and would not likely be accomplished by private enterprise without the creation of the district and the availability of public financing, that the \$20 million commitment of private investment is assured, and that the creation of the district will contribute to the economic development of the municipality.

The treasurer is granted broad authority to make written recommendations as to any aspect of the ordinance and the plan and any related fiscal matters. Upon receipt of the approved ordinance from the treasurer, the municipal governing body may adopt the ordinance.

Before any tax revenues are made available to the developer for the purposes of undertaking the sports and entertainment facility, the developer is required to prepare and submit to the governing body a final financial plan. The bill prescribes what the plan will include, such as a description of the project or projects to be

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1 financed, the projected cost and construction schedule, and
2 demonstration that the developer has complied with the requirement
3 that the \$20 million commitment of private capital has been
4 received. The final financial plan will go through an analogous
5 approval process as that set forth above for the preliminary plan
6 approval.

7 A governing body that establishes a sports and entertainment
8 district may, as part of the ordinance establishing the district, assess
9 any or all of the following taxes to pay for project costs of the
10 facility for a period of not more than 30 years: (1) a two percent tax
11 on sales within the district of tangible personal property subject to
12 taxation under subsection (a) of section 3 of P.L.1966, c.30
13 (C.54:32B-3); (2) a two percent tax on sales within the district of
14 food and drink subject to taxation pursuant to subsection (c) of
15 section 3 of P.L.1966, c.30 (C.54:32B-3); (3) a two percent tax on
16 hotel rooms occupied within the district and subject to taxation
17 pursuant to subsection (d) of section 3 of P.L.1966, c.30 (C.54:32B-
18 3); and (4) a two percent tax on admission charges to places of
19 amusement within the district and subject to taxation pursuant to
20 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3). In
21 addition, the bill authorizes municipalities to dedicate, by
22 ordinance, the hotel and motel occupancy fees that municipalities
23 are authorized to impose pursuant to section 3 of P.L.2003, c.114
24 (C.40:48F-1) and, at the discretion of the municipality, an
25 additional charge of two percent, collected from hotels situated
26 within the district, to pay for project costs of the facility for a
27 period of not more than 30 years. The bill also provides that in the
28 event that any part of the district created includes lands covered by
29 an existing urban enterprise zone in which a tax exemption has been
30 granted, the terms of the UEZ with regard to the disposition of
31 those tax revenues will still apply.

32 The moneys that are collected are to be deposited into a "(name
33 of municipality) Sports and Entertainment Facility Revenue Fund"
34 which may be used to back bonds issued in support of a project or
35 to otherwise cover financial assistance to a developer toward the
36 costs of financing the infrastructure improvements of a project that
37 were undertaken after the date of an approval of the ordinance by
38 the treasurer. Financial assistance provided from the fund is limited
39 to loans, loan guarantees, grants or secondary mortgages and only
40 for the costs of financing the infrastructure improvements of a
41 project. Such assistance may include reimbursement to any person
42 for the costs in connection with any project. The form, amount and
43 terms of financial assistance provided shall be determined by the
44 treasurer, subject to the availability of funds, the terms of the
45 financial plan, and any other requirements established under the
46 bill.

47 The bonds issued by the New Jersey Economic Development
48 Authority or other State entity for the purposes as provided in

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- 1 section 16 of the bill will not be a debt or liability of the State or
- 2 any agency or instrumentality thereof, except as otherwise provided
- 3 in section 16 of the bill, either legal, moral or otherwise.

Jan-26-07 Governor Corzine Acts On Legislation

FOR MORE INFORMATION:

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Brendan Gilfillan
609-777-2600**

GOVERNOR CORZINE ACTS ON LEGISLATION

TRENTON - Governor Jon S. Corzine today acted on the following legislation.

BILLS SIGNED:

S-5/A-10 (B.Smith, Kyrillos/Wisniewski, Gordon, Malone) – Clarifies authority of DOT to enter agreements with local governments.

S-46/A-9 (B.Smith, Kyrillos/Wisniewski, Gordon) – Authorizes individual boards of education to self insure for certain insurance; removes current prohibitions.

SCS for S-716/832/A-2380 (Inverso, Allen, Karcher, Buono/Rumpf, Munoz, C.Connors, Greenstein, Payne) – Upgrades penalty for failure to register as sex offender, imposes penalty for failure to verify address and requires verification prior to release.

S-997/A-2729 (Buono/Barnes, Johnson) – Requires police departments to mail or fax accident reports upon request.

S-1074/A-2069 w/Statement (Littell, Coniglio/McHose, Johnson) – Authorizes people with mobility-related disabilities to operate scooters on public property.

SJR-14/AJR-113 (Turner, Karcher/Gusciora) – Designates third week of May "New Jersey Early Intervention Week."

A-1650/S-1749 (Barnes, Diegnan, Johnson,/L.Connors, Girgenti) – Requires boards of education to offer elementary school students instruction in gang violence prevention.

A-2336 (Bramnick, Cohen) – Concerns employee expenses in suits against third parties in workers' compensation cases.

A-2991/S-2009 (Whelan, Watson Coleman, Conaway, Sires, Blee, Green/Turner, Girgenti) – Enhances penalties for possessing, receiving, and transferring community guns.

A-3528/S-2259 (McKeon, Rooney, Gordon, Fisher/Adler, Madden) – Removes limitation on amount of grant money that may be allocated from Hazardous Discharge Site Remediation Fund.

A-3671/S-2350 (Greenstein, Van Drew, Dancer, Burzichelli/Rice, Bryant) – Appropriates \$8,279,750 from "Garden State Green Acres Preservation Trust Fund" for grants to certain nonprofit entities to acquire or develop lands for recreation and conservation purposes.

A-3672/S-2348 (Fisher, Conaway, Albano, Whelan, Connors/Madden, Asselta) – Appropriates \$8,552,405 from "Garden State Green Acres Preservation Trust Fund" and various Green Acres bond funds for local government open space acquisition and park development projects in southern New Jersey.

A-3673/S-2349 (Gusciora, Panter, Greenstein/Karcher, Turner) – Appropriates \$8,100,000 from "Garden State Green Acres Preservation Trust Fund" and various Green Acres bond funds for local government open space acquisition and park development projects in central New Jersey.

A-3674/S-2347 (Fisher, Karrow, Manzo, Gordon, Payne/Lance, Bucco) – Appropriates \$9,066,000 from "Garden State Green Acres Preservation Trust Fund" and various Green Acres bond funds for local government open space acquisition and park development projects in northern New Jersey.

A-3835/S-11 (Van Drew, Albano, Fisher, Burzichelli/Asselta) – Authorizes creation of sports and entertainment district and imposition of additional taxes therein to finance development of sports and entertainment facilities.

BILLS VETOED:

S-79/A-961 (T.Kean, Turner/Munoz, Voss, Vandervalk, Bramnick) –
CONDITIONAL VETO – Clarifies the law concerning the emergency administration
of epinephrine to students for anaphylaxis.

A-2282/SCS for S-1490 (Cryan, Panter, Conaway, Voss, Greenwald/T.
Kean, Bucco, Sarlo) – **ABSOLUTE VETO** – Repeals cosmetic medical procedure
gross receipts tax.