

**52:27H-79.1; 52:27H-98 to 52:27H-103 et al
LEGISLATIVE HISTORY CHECKLIST**

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LAWS OF: 2021 **CHAPTER:** 197

NJSA: 52:27H-79.1; 52:27H-98 to 52:27H-103 et al (Restores and revises Urban Enterprise Zone program; appropriates \$42,500,000.*)

BILL NO: A5580 (Substituted for S3600 (2R))

SPONSOR(S) Schaer, Gary S. and others

DATE INTRODUCED: 5/5/2021

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: Community & Urban Affairs
 Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 6/24/2021

SENATE: 6/24/2021

DATE OF APPROVAL: 8/17/2021

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Third Reprint enacted)	Yes	
A5580		
INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT):	Yes	
COMMITTEE STATEMENT:	ASSEMBLY:	Yes Appropriations
	SENATE:	No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	Yes	6/21/2021 6/24/2021
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LEGISLATIVE FISCAL ESTIMATE:	No	
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S3600 (2R)		
INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT):	Yes	
COMMITTEE STATEMENT:	ASSEMBLY:	No

(continued)

SENATE: Yes Community &
Urban Affairs
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"N.J. restores program that cuts sales taxes in struggling cities"
South Jersey Times, August 19, 2021

"NJ revises its oldest business incentives"
NJBIZ, August 17, 2021

RH/CL

§8 –
C.52:27H-79.1
§§11-16 -
C.52:27H-98 to
52:27H-103
§18 - Repealer
§19 - Approp.
§20 - Note

P.L. 2021, CHAPTER 197, *approved August 17, 2021*
Assembly, No. 5580 (*Third Reprint*)

1 AN ACT concerning urban enterprise zones, amending P.L.2001,
2 c.347 and P.L.1989, c.207, amending and supplementing
3 P.L.1983, c.303, ²**[and]**² repealing various parts of the statutory
4 law ², and making an appropriation².

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

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

11 3. As used in **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.):

12 a. "Enterprise zone" or "zone" means an urban enterprise zone
13 designated by the authority pursuant to **[this act]** P.L.1983, c.303
14 (C.52:27H-60 et seq.);

15 b. "Authority" or "UEZ Authority" means the New Jersey Urban
16 Enterprise Zone Authority created by **[this act]** P.L.1983, c.303
17 (C.52:27H-60 et seq.);

18 c. "Qualified business" means any entity authorized to do
19 business in the State of New Jersey which, at the time of designation
20 as an enterprise zone or a UEZ-impacted business district, is engaged
21 in the active conduct of a trade or business in that zone or district; or
22 an entity which, after that designation but during the designation
23 period, becomes newly engaged in the active conduct of a trade or
24 business in that zone or district and has at least **[25%]** 25 percent
25 of its full-time employees employed at a business location in ¹**[the zone**
26 **or district, [meeting] which zone or district meets the criteria set forth**
27 **in]** an eligible block group as defined under¹ section 12 of P.L. _____,
28 c. (C. _____) (pending before the Legislature as this bill), ¹**[or is an**
29 **industrial business located in an industrial hub,]**¹ and which
30 employees meet one or more of the following criteria:

31 (1) Residents within the zone, the district, within another zone or
32 within a qualifying municipality; or

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 16, 2021.

²Assembly floor amendments adopted June 21, 2021.

³Senate floor amendments adopted June 24, 2021.

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

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

8 Approval as a qualified business shall be conditional upon meeting
9 all outstanding tax obligations, and may be withdrawn by the authority
10 if a business is continually delinquent in meeting its tax obligations;

11 d. "Qualifying municipality" means any municipality [in which
12 there was, in the last full calendar year immediately preceding the year
13 in which application for enterprise zone designation is submitted
14 pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual
15 average of at least 2,000 unemployed persons, and in which the
16 municipal average annual unemployment rate for that year exceeded
17 the State average annual unemployment rate; except that any
18 municipality which qualifies for State aid pursuant to P.L.1978, c.14
19 (C.52:27D-178 et seq.) shall qualify if its municipal average annual
20 unemployment rate for that year exceeded the State average annual
21 unemployment rate. The annual average of unemployed persons and
22 the average annual unemployment rates shall be estimated for the
23 relevant calendar year by the Office of Labor Planning and Analysis of
24 the State Department of Labor and Workforce Development. In
25 addition to those municipalities that qualify pursuant to the criteria set
26 forth above, that municipality accorded priority designation pursuant
27 to subsection e. of section 7 of P.L.1983, c.303 (C.52:27H-66), those
28 municipalities set forth in paragraph (7), paragraph (8) of section 3 of
29 P.L.1995, c.382 (C.52:27H-66.1), and paragraph (9) of section 3 of
30 P.L.1995, c.382 as amended by section 3 of P.L.2004, c.75 (C.52:27H-
31 66.1), and the municipalities in which the three additional enterprise
32 zones, including the joint enterprise zone, are to be designated
33 pursuant to criteria according priority consideration for designation of
34 the zones pursuant to section 12 of P.L.2001, c.347 (C.52:27H-66.7)
35 shall be deemed qualifying municipalities] '1];

36 (1)]¹ that was previously designated as a qualifying municipality
37 prior to the effective date of P.L. _____, c. _____ (pending before the
38 Legislature as this bill) '1]; or

39 (2) that is among the top 20 percent of the most distressed New
40 Jersey municipalities according to the most recent Municipal
41 Revitalization Index, and:

42 (a) in which the share of parcels accounted for by commercial and
43 industrial property exceeds the Statewide average of commercial and
44 industrial parcels according to the most recently released Property
45 Value Classification prepared by the Department of the Community
46 Affairs, and

- 1 **(b) which has an unemployment rate that exceeds the most recent**
2 **annual Statewide unemployment rate**¹;
- 3 e. "Public assistance" means income maintenance funds
4 administered by the Department of Human Services or by a county
5 welfare agency;
- 6 f. "Zone development corporation" means a nonprofit corporation
7 or association created or designated by the governing body of a
8 qualifying municipality to formulate and propose a preliminary zone
9 development plan pursuant to section 9 of P.L.1983, c.303 (C.52:27H-
10 68) and to prepare, monitor, administer and implement the zone
11 development plan;
- 12 g. "Zone development plan" means a plan adopted by the
13 governing body of a qualifying municipality for the development of an
14 enterprise zone therein, and for the direction and coordination of
15 activities of the municipality, zone businesses and community
16 organizations within the enterprise zone toward the economic
17 betterment of the residents of the zone and the municipality;
- 18 h. "Zone neighborhood association" means a corporation or
19 association of persons who either are residents of, or have their
20 principal place of employment in, a municipality in which an
21 enterprise zone has been designated pursuant to **[this act]** P.L.1983,
22 c.303 (C.52:27H-60 et seq.); which is organized under the provisions
23 of Title 15 of the Revised Statutes or Title 15A of the New Jersey
24 Statutes; and which has for its principal purpose the encouragement
25 and support of community activities within, or on behalf of, the zone
26 so as to (1) stimulate economic activity, (2) increase or preserve
27 residential amenities, or (3) otherwise encourage community
28 cooperation in achieving the goals of the zone development plan;
- 29 i. "Enterprise zone assistance fund" or "assistance fund" means
30 the fund created by section 29 of P.L.1983, c.303 (C.52:27H-88);
31 **[and]**
- 32 j. "UEZ-impacted business district" or "district" means an
33 economically-distressed business district classified by the authority as
34 having been negatively impacted by two or more adjacent urban
35 enterprise zones in which **[50%]** 50 percent less sales tax is collected
36 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80);
- 37 k. "Block group" means statistical divisions of census tracts, that
38 are generally defined by the United States Census Bureau to contain
39 between 600 and 3,000 people and are used to present data and control
40 block numbering;
- 41 l. "Municipal Revitalization Index" means the index developed,
42 maintained, and updated from time to time, by the Department of
43 Community Affairs ranking New Jersey's municipalities according to
44 separate indicators that measure diverse aspects of social, economic,
45 physical, and fiscal conditions in each locality;
- 46 m. "Qualified assistance fund expense" means any reasonable
47 expense related to:

- 1 (1) a construction project improving, altering, or repairing the real
2 property of a qualified business located in an enterprise zone;
- 3 (2) full or part time economic and community development
4 positions in the municipality, other governmental, or not-for-profit
5 organization, or marketing;
- 6 (3) loans, grants, and guarantees to businesses;
- 7 (4) payroll expenses¹, personnel, services,¹ and equipment
8 purchases primarily for the provision of law enforcement, fire
9 protection, or emergency medical services within commercial and
10 transportation corridors¹ located exclusively in an enterprise zone¹;
- 11 (5) planning and other professional services related to economic
12 and community development;
- 13 (6) cleaning and maintenance of commercial and transportation
14 corridors;
- 15 (7) the improvement of public infrastructure in a commercial or
16 transportation corridor;
- 17 (8) the improvement of public infrastructure related to a
18 commercial, industrial, mixed use, or multi-family residential
19 property; ¹ [or]¹
- 20 (9) employment and training programs¹; or
- 21 (10) events meant to support and draw activity into the enterprise
22 zone, including fairs, festivals, and concerts¹.
- 23 n. “UEZ coordinator” means an individual designated by a
24 qualified municipality or zone development corporation as the
25 individual in charge of the activities related to the Urban Enterprise
26 Zone program in that municipality;
- 27 o. “UZ-2 certification” means the UEZ Authority’s certification
28 of a qualified business, pursuant to section 21 of P.L.1983, c.303
29 (C.52:27H-80), allowing the qualified business an exemption to the
30 extent of 50 percent of the tax imposed under the "Sales and Use Tax
31 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), when the sales transaction
32 physically occurs within an enterprise zone. The qualified business
33 may deliver merchandise to the purchaser at a location outside an
34 enterprise zone provided the sales transaction was physically made
35 within the enterprise zone. The regular tax rate shall be charged for
36 mail order, telephone, internet, and similar sales transactions delivered
37 within the State;
- 38 p. “UZ-4 certification” means the UEZ Authority’s certification
39 of a qualified business, pursuant to section ¹ [12] ⁸ of P.L. _____,
40 c. (C. _____) (pending before the Legislature as this bill), allowing a
41 contractor of the qualified business to make tax-free purchases of
42 materials, supplies, and services for the exclusive use of erecting a
43 structure or building on, or ¹substantially¹ improving, altering, or
44 repairing, the real property of a qualified business located in an
45 enterprise zone at the address indicated on the qualified business’s
46 application for certification to the UEZ Authority;

1 q. “UZ-5 certification” means the UEZ Authority’s certification
2 of a qualified business, ¹ [pursuant to section 12 of P.L. , c. (C.)
3 (pending before the Legislature as this bill)] as defined under section
4 20 of P.L.1983, c.303 (C.52:27H-79)¹, allowing the qualified business
5 to make tax-free purchases of office and business equipment and
6 supplies, furnishings, trade fixtures, repair, or construction materials
7 and all other tangible personal property (other than motor vehicles and
8 motor vehicle parts and supplies) for the exclusive use or consumption
9 on the premises of the qualified business within an enterprise zone at
10 an address indicated on the qualified business’s application for
11 certification to the UEZ Authority. The exemption may be used only
12 for personal property controlled by the qualified business. This
13 exemption shall also apply to delivery charges and charges for services
14 performed for a qualified business at its zone location, including
15 repair, janitorial, and maintenance services;

16 r. “Economic Distress Index” means a standardized score
17 developed and maintained by the Department of Community Affairs
18 that equally incorporates the block group unemployment rate and
19 median household income according to the most recent five-year
20 estimate by the United States Census Bureau;

21 s. ¹ “Major job center” means a block group with an Economic
22 Distress Index score greater than or equal to the 50th percentile and in
23 which the jobs per square mile meets or exceeds the State average
24 according to the most recent estimate by the United States Census
25 Bureau;

26 t. “Industrial hub” means a block group with 100 or more persons
27 employed by industrial businesses;

28 u. “Industrial business” means a business with a North American
29 Industry Classification System code of 11 (Agriculture, Forestry,
30 Fishing and Hunting), 21 (Mining), 22 (Utilities), 23 (Construction),
31 31-33 (Manufacturing), 42 (Wholesale Trade), or 48-49
32 (Transportation and Warehousing);

33 v. ¹ “Commercial corridor” means the land area with frontage on
34 a State, county, local, or rail thoroughfare in an enterprise zone which
35 is predominantly commercial or industrial; and

36 ¹ [w.] t. ¹ “Transportation corridor” means a broad geographical
37 band that follows a general directional flow or connects major sources
38 of trips. It may contain a number of streets and highways and transit
39 lines or routes.

40 (cf: P.L.2006, c.34, s.3)

41
42 2. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to
43 read as follows:

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

- 1 (1) The **【Executive Director】** chief executive officer of the New
2 Jersey Economic Development Authority **【**, who shall be the chair
3 of the authority**】**;
- 4 (2) The Commissioner of the Department of Community
5 Affairs, who shall be the chair of the UEZ Authority;
- 6 (3) The Commissioner of the Department of Labor and
7 Workforce Development;
- 8 (4) The State Treasurer; **【and】**
- 9 (5) The chief executive officer of the New Jersey
10 Redevelopment Authority; and
- 11 (6) **【Five】** Four public members not holding any other office,
12 position or employment in the State Government, nor any local
13 elective office, who shall be appointed by the Governor with the
14 advice and consent of the Senate, and who shall be qualified for
15 their appointments by training and experience in the areas of local
16 government finance, economic development and redevelopment, or
17 volunteer civic service and community organization. No more than
18 **【three】** two public members shall be of the same political party. At
19 least one public member of the authority shall reside within an
20 enterprise zone; however, the provisions of this section shall apply
21 only to members appointed or reappointed after the effective date of
22 P.L.2001, c.347 (C.52:27H-66.2 et al.).
- 23 b. **【The public members of the authority shall serve for terms**
24 **of five years, except that of the members first appointed, one shall**
25 **serve for a term of one year, one shall serve for a term of two years,**
26 **one shall serve for a term of three years, one shall serve for a term**
27 **of four years, and one shall serve for a term of five years.**
28 **Vacancies in the public membership shall be filled in the manner of**
29 **the original appointments but for the unexpired terms.】** (Deleted
30 by amendment, P.L. , c.) (pending before the Legislature as
31 this bill)
- 32 c. An ex officio member of the authority may, from time to
33 time, designate in writing to the authority an official within his
34 respective department to attend and represent the department at the
35 meetings of the authority from which the ex officio member is
36 absent, and that designated representative shall be entitled to vote
37 and otherwise act for the ex officio member at those meetings.
- 38 d. A true copy of the minutes of every meeting of the authority
39 shall be forthwith delivered by and under the certification of the
40 secretary thereof to the Governor. No action taken at such meeting
41 by the authority shall have force or effect until 10 days, Saturdays,
42 Sundays, and public holidays excepted, after the copy of the
43 minutes shall have been so delivered, unless during such 10-day
44 period the Governor shall approve the same, in which case such
45 action shall become effective upon such approval. If, in that 10-day
46 period, the Governor returns such copy of the minutes with veto of

1 any action taken by the authority or any member thereof at such
2 meeting, such action shall be null and void and of no effect.

3 e. The UEZ Authority, reconstituted pursuant to P.L. _____,
4 c. (C. _____) (pending before the Legislature as this bill), shall hold
5 an initial meeting on the first business day of the third month
6 following the date of enactment of P.L. _____, c. (C. _____) (pending
7 before the Legislature as this bill). The public members of the UEZ
8 Authority shall serve for terms of five years, except that of the
9 members first appointed to the reconstituted UEZ Authority
10 pursuant to P.L. _____, c. (C. _____) (pending before the Legislature as
11 this bill), one shall serve for a term of two years, one shall serve for
12 a term of three years, one shall serve for a term of four years, and
13 one shall serve for a term of five years. Vacancies in the public
14 membership shall be filled in the manner of the original
15 appointments but for the unexpired terms.

16 (cf: P.L.2008, c.27, s.29)

17

18 3. Section 3 of P.L.2001, c.347 (C.52:27H-66.2) is amended to
19 read as follows:

20 3. The authority shall designate a classification known as a "UEZ-
21 impacted business district" for a municipality which can demonstrate
22 to the authority that its business district is economically distressed and
23 is being negatively impacted by the presence of two or more adjacent
24 enterprise zones in which **[50%]** 50 percent less sales tax is collected
25 pursuant to section 21 of P.L. 1983, c. 303 (C.52:27H-80). Following
26 the effective date of P.L. _____, c. (pending before the Legislature as this
27 bill), the UEZ Authority shall not designate a business district as a
28 UEZ-impacted business district. Any designation as a UEZ-impacted
29 business district existing on the effective date of P.L. _____, c. (pending
30 before the Legislature as this bill) shall expire on the first day of the
31 third year next following the effective date of P.L. _____, c. (pending
32 before the Legislature as this bill) ¹**[or upon certification of the UEZ-**
33 impacted business district as an enterprise zone, whichever occurs
34 first]¹.

35 (cf: P.L.2001, c.347, s.3)

36

37 4. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to read
38 as follows:

39 9. a. ¹**[Before]** Prior to the effective date of P.L. _____, c. (pending
40 before the Legislature as this bill,¹ **[applying]** the governing body of a
41 qualifying municipality may apply for designation **[of]** as an
42 enterprise zone, the municipal governing body shall cause a
43 preliminary zone development plan to be formulated, either by a zone
44 development corporation or by the governing body, with the assistance
45 of those officers and agencies of the municipality as the governing
46 body may see fit. **[The]** For a municipality with a zone development
47 plan that was approved more than five years prior to the effective date

1 of P.L. , c. (pending before the Legislature as this bill), the
2 governing body of the municipality shall submit an updated
3 preliminary zone development plan pursuant to this section. In
4 formulating ¹[a] an updated¹ preliminary zone development plan
5 pursuant to this section, a zone development corporation or the
6 governing body of the municipality shall consult with representatives
7 of diverse Statewide or regional business organizations that represent
8 the interests of minority businesses, as defined in section 2 of
9 P.L.1986, c. 195 (C.52:27H-21.18), which organizations shall have no
10 less than 30 days to review a proposed preliminary zone development
11 plan and submit comments to the zone development corporation or
12 governing body. Each preliminary zone development plan shall [set
13 forth the boundaries of the proposed enterprise zone,] ¹set forth the
14 boundaries of the enterprise zone and¹ include findings of fact
15 concerning the economic and social conditions existing in the ¹[area
16 proposed for an] ¹ enterprise zone, and the municipality's policy and
17 intentions for addressing these conditions, and may include proposals
18 respecting:

19 **[a.]** (1) Utilizing the powers conferred on the municipality by
20 law for the purpose of stimulating investment in and economic
21 development of the ¹[proposed]¹ zone;

22 **[b.]** (2) Utilizing State assistance through the provisions of [this
23 act] P.L.1983, c.303 (C.52:27H-60 et seq.) relating to [exemptions
24 from, and credits against,] State [taxes] tax benefits and enterprise
25 zone assistance funds;

26 **[c.]** (3) Securing the involvement in, and commitment to, zone
27 economic development by private entities, including zone
28 neighborhood associations, voluntary community organizations
29 supported by residents and businesses in the zone;

30 **[d.]** (4) Utilizing the powers conferred by law to revise
31 municipal planning and zoning ordinances and other land use
32 regulations as they pertain to the zone, in order to enhance the
33 attraction of the zone to prospective developers;

34 **[e.]** (5) Increasing the availability and efficiency of support
35 services, public and private, generally used by and necessary to the
36 efficient functioning of commercial and industrial facilities in the area,
37 and the extent to which the increase or improvement is to be provided
38 and financed by the municipal government or by other entities.

39 **b.** (1) The governing body of a municipality may request from
40 the UEZ Authority an amount not to exceed 10 percent of the
41 municipality's zone assistance fund allocation or \$125,000, whichever
42 is greater, to fund, in whole or in part, the costs associated with
43 formulating a preliminary zone development plan, which amount the
44 governing body may use to pay employees, or to retain a consultant, to
45 formulate the plan. Prior to soliciting a consultant to formulate the
46 plan with these funds, the governing body of a municipality shall
47 submit to the UEZ Authority the proposed solicitation.

1 (2) The UEZ Authority shall review the proposed solicitation and
2 may provide recommended modifications to the proposed solicitation.
3 The governing body of a municipality or a zone development
4 corporation may incur expenses related to the preparation of the
5 preliminary zone development plan for potential reimbursement at a
6 later time by the UEZ Authority ¹from the municipality zone
7 assistance fund account¹, provided the authority determines the
8 expenses are reasonable. The governing body of a municipality or a
9 zone development corporation shall complete a preliminary zone
10 development plan with assistance from the UEZ Authority, as needed,
11 in accordance with a timeline established by the authority pursuant to
12 rules, regulations, or guidelines adopted by the authority.

13 (3) Within 14 days of receipt, unless the authority finds material
14 deficiencies in a preliminary zone development plan, the authority
15 shall approve and certify the preliminary zone development plan as the
16 zone development plan. The zone development plan shall be the plan
17 according to which the Urban Enterprise Zone program shall be
18 administered in that zone, and certification of the plan shall
19 ¹【constitute the authority's designation or re-designation of the
20 municipality as an enterprise zone】 enable the municipality to access
21 assistance from the enterprise zone assistance fund described in
22 section 10 of P.L. , c. (C.) (pending before the Legislature as
23 this bill)¹. Should the authority find deficiencies with a preliminary
24 zone development plan, it shall provide a corrective action plan to the
25 municipality.

26 ¹【(4) Notwithstanding the provisions of subsection g. of section 5
27 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
28 approval by the authority of the zone development plan for an
29 enterprise zone coterminous with the borders of a municipality shall
30 not be considered sufficient for the determination that the area is in
31 need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
32 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
33 exemptions within the enterprise zone district pursuant to the
34 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the adoption
35 of a tax abatement and exemption ordinance pursuant to the provisions
36 of P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, the
37 authority's certification of a final eligible block group within an
38 enterprise zone pursuant to section 12 of P.L. , c. (C.) (pending
39 before the Legislature as this bill), shall be considered sufficient for
40 the determination that an area within a final eligible block group is in
41 need of redevelopment for the purpose of granting tax exemptions
42 within the eligible block group pursuant to the provisions of P.L.1991,
43 c.431 (C.40A:20-1 et seq.) and the adoption of a tax abatement and
44 exemption ordinance pursuant to the provisions of P.L.1991, c.441
45 (C.40A:21-1 et seq.).】¹

46 c. If no zone development plan is in place, upon petition of the
47 zone development corporation or governing body of the municipality,

1 the UEZ Authority may grant a distribution from that municipality's
 2 zone assistance fund account for an eligible project that responds to an
 3 impact of a public health emergency or state of emergency declared by
 4 the Governor. ¹A zone development corporation or governing body of
 5 a municipality without a zone development plan in place, which can
 6 demonstrate to the UEZ Authority an actionable and feasible plan to
 7 carry out a project eligible for zone assistance funds, and which can
 8 demonstrate a reliance on zone assistance funding, may petition the
 9 authority for a distribution from that municipality's zone assistance
 10 fund account prior to the authority's approval of an updated
 11 preliminary zone development plan.¹

12 d. No zone development plan shall remain in force once it has
 13 been certified by the UEZ Authority for more than five years. The
 14 governing body of a municipality or zone development corporation
 15 shall follow the process enumerated in subsections a. and b. of this
 16 section to ensure a zone development plan remains current to protect
 17 against lapse of enterprise zone designation.

18 e. Notwithstanding the provisions of this section to the contrary, a
 19 qualified business in an enterprise zone having such qualified status
 20 immediately preceding the effective date of P.L. , c. (pending
 21 before the Legislature as this bill), and which is qualified under
 22 P.L. , c. (pending before the Legislature as this bill), shall remain
 23 eligible for the exemptions from the tax imposed under the "Sales and
 24 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), pursuant to
 25 sections 20 and 21 of P.L.1983, c.303 (C.52:27H-79 and C.52:27H-
 26 80), and shall be eligible for the exemption under section 8 of P.L. ,
 27 c. (C.) (pending before the Legislature as this bill) even if the
 28 municipality in which the business is located fails to submit a zone
 29 development plan in accordance with this section; provided, however,
 30 a municipality failing to submit a zone development plan under this
 31 section shall not be eligible for loans, grants, and other assistance from
 32 the UEZ Authority, ¹and shall not be allowed a distribution from that
 33 municipality's zone assistance fund,¹ except as provided for in
 34 subsection c. of this section, until a revised zone development plan is
 35 submitted and approved by the UEZ Authority.

36 (cf: P.L.1983, c.539, s.1)

37

38 5. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
 39 read as follows:

40 10. ¹**[a.]** An area defined by a continuous border within one
 41 qualifying municipality **[**or within two or more contiguous qualifying
 42 municipalities and two noncontiguous areas each having a continuous
 43 border within two noncontiguous qualifying municipalities**]** shall be
 44 eligible for designation as a zone if:

45 **[a.]** ¹**[(1)] a.** It has been designated an "area in need of
 46 rehabilitation" pursuant to Article VIII, Section I, paragraph 6 of the
 47 Constitution of the State of New Jersey **[**and P.L.1977, c.12 (C.54:4-

1 3.95 et seq.)]; or is qualified for that designation in the judgment of
2 the authority; and

3 **[b.]** ¹**[(2)]** b.¹ It meets the criteria established by the authority
4 pursuant to **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to
5 the incidence of poverty, unemployment and general economic
6 distress.

7 ¹**[b.** In addition to areas eligible for designation as a zone pursuant
8 to subsection a. of this section, an area shall be eligible for designation
9 as an enterprise zone if the municipality in which the area is located is
10 among the top 20 percent of the most distressed New Jersey
11 municipalities, according to the most recent Municipal Revitalization
12 Index, and:

13 (1) the share of parcels accounted for by commercial and industrial
14 property within the municipality exceeds the Statewide average of
15 commercial and industrial parcels according to the most recently
16 released Property Value Classification prepared by the Department of
17 the Community Affairs, and

18 (2) the municipality has an unemployment rate that exceeds the
19 most recent annual Statewide unemployment rate.

20 c. If a county does not contain an area that qualifies to be
21 designated as an enterprise zone, the UEZ Authority may, upon
22 application, designate as an enterprise zone the area within the county
23 which is in the most distressed municipality in the county according to
24 the most recent Municipal Revitalization Index.

25 d. In the case of a qualifying municipality with a population
26 exceeding 5,000, designation as a zone shall be contingent upon such
27 municipality appointing a full-time economic development officer,
28 who may also serve as the UEZ Coordinator, or establishing a zone
29 development corporation.]¹

30 (cf: P.L.1993, c.367, s.5)

31

32 6. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
33 read as follows:

34 13. a. In designating eligible areas as enterprise zones, the
35 authority shall **[accord preference to]** approve zone development
36 plans which:

37 (1) Have **[the greatest]** potential for success in stimulating
38 primarily new economic activity in the area;

39 (2) Are designed to address **[the greatest degree of]** urban
40 distress, as measured by existing levels of unemployment, poverty, and
41 property tax arrearages;

42 (3) Demonstrate **[the most]** substantial and reliable commitments
43 of resources by zone businesses, zone neighborhood associations,
44 voluntary community organizations and other private entities to the
45 economic success of the zone;

46 (4) Demonstrate **[the most]** substantial effort and commitment by
47 the municipality to encourage economic activity in the area and to

1 remove disincentives for job creation compatible with the fiscal
2 condition of the municipality.

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

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

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

13 (3) The degree of commitment made by public and private entities
14 to utilize minority contractors and assure equal opportunities for
15 employment in connection with any construction or reconstruction to
16 be undertaken in the eligible area;

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

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

22 c. A designated zone that is operative on the effective date of
23 P.L. , c. (pending before the Legislature as this bill) shall remain a
24 designated zone until the end of the 10th State fiscal year next
25 following the effective date of P.L. , c. (pending before the
26 Legislature as this bill). ¹The authority shall not designate new
27 enterprise zones following the effective date of P.L. , c. (pending
28 before the Legislature as this bill).¹

29 ¹[d. (1) On the first day of the ninth State fiscal year next
30 following the effective date of P.L. , c. (pending before the
31 Legislature as this bill), the UEZ Authority shall determine which
32 zones are within municipalities that are among the top 20 percent of
33 the most distressed New Jersey municipalities, according to the most
34 recent Municipal Revitalization Index, and whether:

35 (a) the share of parcels accounted for by commercial and industrial
36 property within each municipality exceeds the Statewide average of
37 commercial and industrial parcels according to the most recently
38 released Property Value Classification prepared by the Department of
39 the Community Affairs, and

40 (b) each municipality has an unemployment rate that exceeds the
41 most recent annual Statewide unemployment rate.

42 (2) (a) A zone located within a municipality that does not meet
43 the criteria set forth in paragraph (1) of this subsection shall be
44 ineligible for designation as an enterprise zone at the close of the 10th
45 State fiscal year after the effective date of P.L. , c. (pending before
46 the Legislature as this bill).

1 (b) A zone located within a municipality that meets the criteria set
 2 forth in paragraph (1) of this subsection shall be designated an
 3 enterprise zone for an additional 10 years.

4 e. (1) Notwithstanding the provisions of section 10 of P.L.1983,
 5 c.303 (C.52:27H-69), section 2 of P.L.1985, c.391 (C.52:27H-69.1), or
 6 any other law or regulation to the contrary, boundaries of each zone
 7 shall be coterminous with borders of an eligible municipality
 8 beginning on the effective date of P.L. , c. (pending before the
 9 Legislature as this bill).

10 (2) Notwithstanding the provisions of subsection g. of section 5 of
 11 P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary, the
 12 extension of the boundaries of a zone to be coterminous with the
 13 borders of a municipality pursuant to this subsection shall not be
 14 considered sufficient for the determination that the area is in need of
 15 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
 16 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
 17 exemptions within the enterprise zone district pursuant to the
 18 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the adoption
 19 of a tax abatement and exemption ordinance pursuant to the provisions
 20 of P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however,
 21 certification of a final eligible block group within an enterprise zone
 22 certified pursuant to section 12 of P.L. , c. (C.) (pending before
 23 the Legislature as this bill) shall be considered sufficient for the
 24 determination that an area within a final eligible block group is in need
 25 of redevelopment for the purpose of granting tax exemptions within
 26 the eligible block group pursuant to the provisions of P.L.1991, c.431
 27 (C.40A:20-1 et seq.) and the adoption of a tax abatement and
 28 exemption ordinance pursuant to the provisions of P.L.1991, c.441
 29 (C.40A:21-1 et seq.).

30 f. Following the effective date of P.L. , c. (pending before the
 31 Legislature as this bill), the UEZ Authority may designate enterprise
 32 zones from among qualifying municipalities determined to be eligible
 33 notwithstanding the limitation on the number of eligible zones set forth
 34 in section 7 of P.L.1983, c.303 (C.52:27H-66), section 3 of P.L.1995,
 35 c.382 (C.52:27H-66.1), and section 12 of P.L.2001, c.347 (C.52:27H-
 36 66.7).]¹

37 (cf: P.L.1983, c.303, s.13)

38
 39 7. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to
 40 read as follows:

41 20. a. ¹**[Receipts]** Except as provided in subsection b. of section
 42 11 of P.L. , c. (C.) (pending before the Legislature as this bill),
 43 receipts¹ from ¹the first \$100,000 of¹ retail sales of tangible personal
 44 property (except motor vehicles and energy) and sales of services
 45 (except telecommunications services and utility services) to a qualified
 46 business for the exclusive use or consumption of such business within
 47 an enterprise zone are exempt from the taxes imposed under the "Sales
 48 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) ¹; provided,

1 however, a supermarket or grocery store located in a food desert
2 community, as defined in section 37 of P.L.2020, c.156 (C.34:1B-
3 305) shall be eligible for such tax exemption, notwithstanding the limit
4 imposed pursuant to this subsection¹.

5 b. (Deleted by amendment, P.L.2011, c.28)

6 c. As used in this section:

7 "Qualified business" includes a person who is certified as a
8 qualified business by the authority ~~on or before the date a claim for~~
9 ~~refund is made and filed with the Director of the Division of Taxation~~
10 ~~in the Department of the Treasury pursuant to subsection e. of this~~
11 ~~section] and provided a UZ-5 certification by the authority ¹[pursuant~~
12 ~~to subsection d. or f. of section 12 of P.L. , c. (C.) (pending~~
13 ~~before the Legislature as this bill)] . A person who is certified as a
14 qualified business may apply to the authority for a UZ-5 certification
15 provided the person owns or leases and regularly operates a place of
16 business located in an eligible block group, as defined in subsection a.
17 of section 12 of P.L. , c. (C.) (pending before the Legislature
18 as this bill). The Department of the Treasury shall provide to a
19 qualified business a certificate evidencing its UZ-5 certification, which
20 certificate shall indicate the location at which the sales tax exemption
21 provided for in this section is available¹.~~

22 d. (Deleted by amendment, P.L.2011, c.28)

23 e. ~~[(1) Notwithstanding the provisions of section 20 of P.L.1966,~~
24 ~~c.30 (C.54:32B-20) and the provisions of R.S.54:49-14, the Director of~~
25 ~~the Division of Taxation in the Department of the Treasury shall~~
26 ~~refund to a person who is a qualified business the amount of any sales~~
27 ~~tax or any use tax paid by the person in connection with that person's~~
28 ~~purchase of tangible personal property or services that is exempt,~~
29 ~~pursuant to subsection a. of this section, from the taxes imposed by~~
30 ~~P.L.1966, c.30 (C.54:32B-1 et seq.) if the person who is a qualified~~
31 ~~business makes and files a claim for refund with the director within~~
32 ~~one year of the date the payment of tax for purchase is made.~~

33 (2) A person who is a qualified business shall make and file a
34 claim for refund on such forms, and accompanied by auditable receipts
35 and such other documentation, as the director may prescribe.]
36 ~~(Deleted by amendment, P.L. , c.) (pending before the Legislature~~
37 ~~as this bill)~~

38 (cf: P.L.2011, c.28, s.1)

39

40 8. (New section) a. Receipts from ¹the first \$100,000 of¹ retail
41 sales of materials, supplies, and services for the exclusive use of
42 erecting structures or buildings on, or improving, altering or repairing
43 the real property of a qualified business, or a contractor hired by the
44 qualified business to make such improvements, alterations, or repairs,
45 are exempt from the taxes imposed under the "Sales and Use Tax Act,"
46 P.L.1966, c.30 (C.54:32B-1 et seq.) ¹; provided, however, receipts
47 from retail sales of materials, supplies, and services for the exclusive

1 use of erecting new structures or buildings on, or substantially
2 improving, altering or repairing the real property of a qualified
3 business shall be eligible for such tax exemption notwithstanding the
4 limit imposed pursuant to this subsection¹.

5 b. As used in this section:

6 "Qualified business" includes a person who is certified as a
7 qualified business by the authority and provided a UZ-4 certification
8 by the authority ¹【pursuant to subsection d. or f. of section 12 of
9 P.L. , c. (C.) (pending before the Legislature as this bill) on or
10 before the date a claim for refund is made and filed with the Director
11 of the Division of Taxation in the Department of the Treasury pursuant
12 to subsection b. of this section】 . A person who is certified as a
13 qualified business may apply to the authority for a UZ-4 certification
14 provided that the person owns or leases and regularly operates a place
15 of business located in an eligible block group, as defined in subsection
16 a. of section 12 of P.L. , c. (C.) (pending before the
17 Legislature as this bill). The Department of the Treasury shall provide
18 to a qualified business a certificate evidencing its UZ-4 certification,
19 which certificate shall indicate the location at which the sales tax
20 exemption provided for in this section is available¹.

21 ¹“Substantially improving, altering, or repairing” means any
22 reconstruction, rehabilitation, addition, or other improvement to a
23 structure, of which the total cost equals to or exceeds 50 percent of the
24 market value of the structure before the start of construction of the
25 improvement. The UEZ Authority may, from time to time, alter this
26 definition through regulation to respond to changing market
27 conditions.¹

28
29 9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to
30 read as follows:

31 21. Receipts of retail sales, except retail sales of motor vehicles, of
32 alcoholic beverages as defined in the "Alcoholic Beverage Tax Law,"
33 R.S.54:41-1 et seq., of cigarettes as defined in the "Cigarette Tax Act,"
34 P.L.1948, c.65 (C.54:40A-1 et seq.), of manufacturing machinery,
35 equipment or apparatus, and of energy, made by a **【certified】** seller
36 located in an eligible block group ¹**【or on an adjacent parcel】¹**, as
37 defined in subsection a. of section 12 of P.L. , c. (C.) (pending
38 before the Legislature as this bill) and provided a UZ-2 certification by
39 the authority from a place of business owned or leased and regularly
40 operated by the seller for the purpose of making retail sales, and
41 located in a designated enterprise zone established pursuant to the
42 "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303
43 (C.52:27H-60 et ¹**【al.】** seq.¹), or a UEZ-impacted business district
44 established prior to the effective date of P.L. , c. (pending before
45 the Legislature as this bill) pursuant to section 3 of P.L.2001, c.347
46 (C.52:27H-66.2), are exempt to the extent of **【50%】** 50 percent of the

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

3 Any seller, which is a qualified business having a place of business
4 located in a designated enterprise zone or in a designated UEZ-
5 impacted business district, may apply to the **【Director of the Division**
6 **of Taxation in the Department of the Treasury】** UEZ Authority for a
7 UZ-2 certification pursuant to this section provided the seller is located
8 in an eligible block group ¹**【or on an adjacent parcel】¹**, as defined in
9 subsection a. of section 12 of P.L. , c. (C.) (pending before the
10 Legislature as this bill). The **【director】** UEZ Authority shall certify a
11 seller if the **【director】** UEZ Authority shall find that the seller owns or
12 leases and regularly operates a place of business located in the
13 designated enterprise zone or in the designated UEZ-impacted
14 business district for the purpose of making retail sales, that items are
15 regularly exhibited and offered for retail sale at that location, and that
16 the place of business is not utilized primarily for the purpose of
17 catalogue or mail order sales. The certification under this section shall
18 remain in effect during the time the business retains its status as a
19 qualified business meeting the eligibility criteria of section 27 of
20 P.L.1983, c.303 (C.52:27H-86). However, the **【director】** UEZ
21 Authority may at any time revoke a certification granted pursuant to
22 this section if the **【director】** UEZ Authority shall determine that the
23 seller no longer complies with the provisions of this section. The
24 Department of the Treasury shall provide to a qualified business a
25 certificate evidencing its UZ-2 certification, which certificate shall
26 indicate the location at which the sales tax exemption provided for in
27 this section is available.

28 Notwithstanding the provisions of **【this act】** P.L.1983, c.303
29 (C.52:27H-60 et seq.) to the contrary, except as may otherwise be
30 provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the authority
31 may, in its discretion, determine if the provisions of this section shall
32 apply to any enterprise zone designated after the effective date of
33 P.L.1985, c.142 (C.52:27H-66 et al.); provided, however, that the
34 authority may make such a determination only where the authority
35 finds that the award of an exemption of 50 percent of the tax imposed
36 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
37 seq.) will not have any adverse economic impact upon any other urban
38 enterprise zone.

39 **【Notwithstanding any other provisions of law to the contrary,**
40 **except as provided in subsection b. of section 6 of P.L.1996, c.124**
41 **(C.13:1E-116.6), after first depositing 10 percent of the gross amount**
42 **of all revenues received from the taxation of retail sales made by**
43 **certified sellers from business locations in designated enterprise zones**
44 **to which this exemption shall apply into the account created in the**
45 **name of the authority in the enterprise zone assistance fund pursuant to**
46 **section 29 of P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent**

1 shall be deposited immediately upon collection by the Department of
2 the Treasury, as follows:

3 a. In the first five-year period during which the State shall have
4 collected reduced rate revenues within an enterprise zone, all such
5 revenues shall be deposited in the enterprise zone assistance fund
6 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

7 b. In the second five-year period during which the State shall
8 have collected reduced rate revenues within an enterprise zone, 66
9 2/3% of all those revenues shall be deposited in the enterprise zone
10 assistance fund, and 33 1/3% shall be deposited in the General Fund;

11 c. In the third five-year period during which the State shall have
12 collected reduced rate revenues within an enterprise zone, 33 1/3% of
13 all those revenues shall be deposited in the enterprise zone assistance
14 fund, and 66 2/3% shall be deposited in the General Fund;

15 d. In the final five-year period during which the State shall have
16 collected reduced rate revenues within an enterprise zone, but not to
17 exceed the life of the enterprise zone, all those revenues shall be
18 deposited in the General Fund.

19 Commencing on the effective date of P.L.1993, c.144, all revenues
20 in any enterprise zone to which the provisions of this section have
21 been extended prior to the enactment of P.L.1993, c.144 shall be
22 deposited into the enterprise zone assistance fund until there shall have
23 been deposited all revenues into that fund for a total of five full years,
24 as set forth in subsection a. of this section. The State Treasurer then
25 shall proceed to deposit funds into the enterprise zone assistance fund
26 according to the schedule set forth in subsections b. through d. of this
27 section, beginning at the point where the enterprise zone was located
28 on that schedule on the effective date of P.L.1993, c.144. No
29 enterprise zone shall receive the deposit benefit granted by any one
30 subsection of this section for more than five cumulative years.

31 The revenues required to be deposited in the enterprise zone
32 assistance fund under this section shall be used for the purposes of that
33 fund and for the uses prescribed in section 29 of P.L.1983, c.303
34 (C.52:27H-88), subject to annual appropriations being made for those
35 purposes and uses.】

36 (cf: P.L.2011, c.49, s.15)

37

38 10. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
39 read as follows:

40 29. a. (1) There is created an enterprise zone assistance fund to
41 be held by the State Treasurer, which shall be the repository for all
42 moneys required to be deposited therein under section 【21 of
43 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
44 the fund】 11 of P.L. , c. (C.) (pending before the
45 Legislature as this bill). All moneys deposited in the fund shall be
46 held and disbursed in the amounts necessary to fulfill the purposes
47 of this section and subject to the requirements hereinafter
48 prescribed. The State Treasurer may invest and reinvest any moneys

1 in the fund, or any portion thereof, to strengthen capital structures,
2 leverage additional debt capital, and increase lending and investing
3 in economically disadvantaged communities, and in any other
4 manner that advances the goals of the Urban Enterprise Zone
5 program, including, but not limited to legal obligations of the
6 United States or of the State or of any political subdivision thereof
7 or government-sponsored enterprises. Any income from, interest on,
8 or increment to moneys so invested or reinvested shall be included
9 in the fund.

10 Notwithstanding the provisions of section 11 of P.L. _____,
11 c. (C. _____) (pending before the Legislature as this bill) or any
12 other provision of law to the contrary, the amount to be deposited in
13 the enterprise zone assistance fund shall be as follows:

14 (a) In the first five State fiscal years next following the effective
15 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 100
16 percent of the amount determined pursuant to ¹¶(1) of
17 subsection b. of ¹ section 11 of P.L. _____, c. _____ (C. _____) (pending
18 before the Legislature as this bill) shall be deposited in the
19 enterprise zone assistance fund;

20 (b) In the sixth State fiscal year next following the effective date
21 of P.L. _____, c. _____ (pending before the Legislature as this bill), 95
22 percent of the amount determined pursuant to ¹¶(1) of
23 subsection b. of ¹ section 11 of P.L. _____, c. _____ (C. _____) (pending
24 before the Legislature as this bill) shall be deposited in the
25 enterprise zone assistance fund and five percent of such amount
26 shall be deposited in the General Fund;

27 (c) In the seventh State fiscal year next following the effective
28 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 90
29 percent of the amount determined pursuant to ¹¶(1) of
30 subsection b. of ¹ section 11 of P.L. _____, c. _____ (C. _____) (pending
31 before the Legislature as this bill) shall be deposited in the
32 enterprise zone assistance fund and 10 percent of such amount shall
33 be deposited in the General Fund;

34 (d) In the eighth State fiscal year next following the effective
35 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 85
36 percent of the amount determined pursuant to ¹¶(1) of
37 subsection b. of ¹ section 11 of P.L. _____, c. _____ (C. _____) (pending
38 before the Legislature as this bill) shall be deposited in the
39 enterprise zone assistance fund and 15 percent of such amount shall
40 be deposited in the General Fund;

41 (e) In the ninth State fiscal year next following the effective
42 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 80
43 percent of the amount determined pursuant to ¹¶(1) of
44 subsection b. of ¹ section 11 of P.L. _____, c. _____ (C. _____) (pending
45 before the Legislature as this bill) shall be deposited in the
46 enterprise zone assistance fund and 20 percent of such amount shall
47 be deposited in the General Fund; ¹and¹

1 (f) In the 10th State fiscal year next following the effective date
2 of P.L. , c. (pending before the Legislature as this bill), 75
3 percent of the amount determined pursuant to ¹[paragraph (1) of
4 subsection b. of] ¹section 11 of P.L. , c. (C.) (pending
5 before the Legislature as this bill) shall be deposited in the
6 enterprise zone assistance fund and 25 percent of such amount shall
7 be deposited in the General Fund ¹;

8 (g) In the 11th State fiscal year next following the effective date
9 of P.L. , c. (pending before the Legislature as this bill), 70
10 percent of the amount determined pursuant to paragraph (1) of
11 subsection b. of section 11 of P.L. , c. (C.) (pending
12 before the Legislature as this bill) shall be deposited in the
13 enterprise zone assistance fund and 30 percent of such amount shall
14 be deposited in the General Fund;

15 (h) In the 12th State fiscal year next following the effective date
16 of P.L. , c. (pending before the Legislature as this bill), 65
17 percent of the amount determined pursuant to paragraph (1) of
18 subsection b. of section 11 of P.L. , c. (C.) (pending before
19 the Legislature as this bill) shall be deposited in the enterprise zone
20 assistance fund and 35 percent of such amount shall be deposited in
21 the General Fund;

22 (i) In the 13th State fiscal year next following the effective date
23 of P.L. , c. (pending before the Legislature as this bill), 60
24 percent of the amount determined pursuant to paragraph (1) of
25 subsection b. of section 11 of P.L. , c. (C.) (pending
26 before the Legislature as this bill) shall be deposited in the
27 enterprise zone assistance fund and 40 percent of such amount shall
28 be deposited in the General Fund;

29 (j) In the 14th State fiscal year next following the effective date
30 of P.L. , c. (pending before the Legislature as this bill), 55
31 percent of the amount determined pursuant to paragraph (1) of
32 subsection b. of section 11 of P.L. , c. (C.) (pending before
33 the Legislature as this bill) shall be deposited in the enterprise zone
34 assistance fund and 45 percent of such shall be deposited in the
35 General Fund;

36 (k) In the 15th State fiscal year next following the effective date
37 of P.L. , c. (pending before the Legislature as this bill), 50
38 percent of the amount determined pursuant to paragraph (1) of
39 subsection b. of section 11 of P.L. , c. (C.) (pending before
40 the Legislature as this bill) shall be deposited in the enterprise zone
41 assistance fund and 50 percent of such amount shall be deposited in
42 the General Fund;

43 (l) In the 16th State fiscal year next following the effective date
44 of P.L. , c. (pending before the Legislature as this bill), 40
45 percent of the amount determined pursuant to paragraph (1) of
46 subsection b. of section 11 of P.L. , c. (C.) (pending
47 before the Legislature as this bill) shall be deposited in the

1 enterprise zone assistance fund and 60 percent of such amount shall
2 be deposited in the General Fund;

3 (m) In the 17th State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 30
5 percent of the amount determined pursuant to paragraph (1) of
6 subsection b. of section 11 of P.L. , c. (C.) (pending before
7 the Legislature as this bill) shall be deposited in the enterprise zone
8 assistance fund and 70 percent of such amount shall be deposited in
9 the General Fund;

10 (n) In the 18th State fiscal year next following the effective date
11 of P.L. , c. (pending before the Legislature as this bill), 20
12 percent of the amount determined pursuant to paragraph (1) of
13 subsection b. of section 11 of P.L. , c. (C.) (pending
14 before the Legislature as this bill) shall be deposited in the
15 enterprise zone assistance fund and 80 percent of such amount shall
16 be deposited in the General Fund;

17 (o) In the 19th State fiscal year next following the effective date
18 of P.L. , c. (pending before the Legislature as this bill), 10
19 percent of the amount determined pursuant to paragraph (1) of
20 subsection b. of section 11 of P.L. , c. (C.) (pending before
21 the Legislature as this bill) shall be deposited in the enterprise zone
22 assistance fund and 90 percent of such amount shall be deposited in
23 the General Fund; and

24 (p) In the 20th State fiscal year next following the effective date
25 of P.L. , c. (pending before the Legislature as this bill), and
26 each State fiscal year thereafter, 100 percent of the amount
27 determined pursuant to paragraph (1) of subsection b. of section 11
28 of P.L. , c. (C.) (pending before the Legislature as this bill)
29 shall be deposited in the General Fund】¹.

30 (2) The State Treasurer shall maintain separate accounts for
31 each enterprise zone designated under P.L.1983, c.303 (C.52:27H-
32 60 et seq.) that is in good standing with the UEZ Authority in
33 accordance with rules adopted by the UEZ Authority, and one in the
34 authority's name for the administration of the Urban Enterprise
35 Zone program, and for providing grants, ¹including planning
36 grants,¹ investments, loans or other guaranties related to qualified
37 assistance fund expenses. The State Treasurer shall credit to each
38 account an amount of the moneys deposited in the fund 【equal to
39 the amount of revenues collected from the taxation of retail sales
40 made in the zone and appropriated to the enterprise zone assistance
41 fund, or that amount of moneys appropriated to the fund and
42 required to be credited to the enterprise zone account of the
43 qualifying municipality pursuant to section 21 of P.L.1983, c.303
44 (C.52:27H-80)】 determined by a ²weighted² formula that applies
45 ²50 percent² weight to a zone municipality's number of commercial
46 and industrial parcels as recorded by the municipal tax assessor, its
47 Municipal Revitalization Index Distress Score, ²as determined by

1 the Department of Community Affairs,² and the average number of
2 unemployed persons in the municipality according to data provided
3 by the New Jersey Department of Labor and Workforce
4 Development ², and 50 percent weight to the gross taxable sales in
5 the municipality subject to reduced sales tax pursuant to section 21
6 of P.L.1983, c.303 (C.52:27H-80), as determined by the State
7 Treasurer. The data used in the formula, developed under this
8 section, shall be the most recent data that has been made available
9 by the Department of Community Affairs, the Department of Labor
10 and Workforce Development, and the State Treasurer² . When
11 funds are received by a qualifying municipality pursuant to this
12 subsection, the funds shall be placed in a new trust or, for a
13 qualifying municipality that has a trust for an enterprise zone on the
14 effective date of P.L. , c. (pending before the Legislature as this
15 bill), in the existing trust. The Division of Local Government
16 Services in the Department of Community Affairs shall promulgate
17 regulations, policies, or procedures as necessary to implement the
18 provisions of this section.

19 (3) ¹From the amounts allocated to the zone assistance fund in
20 each State fiscal year pursuant to section 11 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), there shall be deposited
22 annually to the account in the authority's name, \$2,500,000
23 beginning in State Fiscal Year 2022, for the administration of the
24 Urban Enterprise Zone program, and for providing grants,
25 investments, loans, or other guaranties related to qualified
26 assistance fund expenses. This amount shall be adjusted annually
27 by the percentage change in the 12-month Consumer Price Index
28 from June 30 to July 1.

29 (4)¹ The State Treasurer shall promulgate the rules and
30 regulations necessary to govern the administration of the fund for
31 the purposes of this section, which shall include, but not be limited
32 to, regulations requiring the establishment of separate bank
33 accounts for funds credited to the enterprise zone account of each
34 municipality from the enterprise zone assistance fund, commonly
35 known as "first generation funds," and funds generated from the
36 repayments of loans to individuals and businesses from the
37 enterprise zone account of each municipality and the proceeds from
38 the sale of properties and equipment acquired through the enterprise
39 zone program, commonly known as "second generation funds," and
40 the review, compilation, and monitoring of second generation fund
41 quarterly reports submitted by each enterprise zone.

42 Any individual, including an individual who is not directly
43 employed by a municipality, with the authority to administer,
44 allocate or approve the use of zone assistance funds is subject to the
45 "Local Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et
46 seq.), unless the individual is a State employee or a special State
47 officer.

1 b. The enterprise zone assistance fund shall be used for the
2 purpose of assisting qualifying municipalities in which enterprise
3 zones are designated in undertaking economic development projects
4 in designated enterprise zones by funding qualified assistance fund
5 expenses. However, a municipality shall not appropriate or expend
6 more than 25 percent of the amount annually credited to its
7 enterprise zone assistance fund for public safety purposes, as
8 described pursuant to paragraph (4) of subsection m. of section 3 of
9 P.L.1983, c.303 (C.52:27H-62) ¹or more than 10 percent of the
10 amount annually credited to its enterprise zone assistance fund for
11 administrative expenses¹.

12 c. The governing body of a qualifying municipality in which an
13 enterprise zone is designated and the zone development corporation
14 created or designated by the municipality for that enterprise zone
15 may, by resolution jointly adopted after public hearing, propose to
16 undertake an economic development project in the enterprise zone,
17 and to fund that project from moneys deposited in the enterprise
18 zone assistance fund and credited to the account maintained by the
19 State Treasurer for the enterprise zone.

20 The proposal so adopted shall set forth a plan for the project and
21 shall include:

22 (1) A description of the proposed project;

23 (2) An estimate of the total project costs, and an estimate of the
24 amounts of funding necessary annually from the enterprise zone
25 account;

26 (3) A statement of any other revenue sources to be used to
27 finance the project;

28 (4) A statement of the time necessary to complete the project;

29 (5) A statement of the manner in which the proposed project
30 furthers the municipality's policy and intentions for addressing
31 economic development in the enterprise zone as set forth in the
32 zone development plan approved by the authority; and

33 (6) A description of the financial and programmatic controls and
34 reporting mechanisms to be used to guarantee that the funds will be
35 spent in accordance with the plan and that the project will
36 accomplish its purpose.

37 As used in this section, "project" means an activity **【**funded by
38 the zone assistance fund through the qualified municipality and
39 implemented by the zone development corporation,**】** that satisfies
40 the requirements of a qualified assistance fund expense, as that term
41 is defined in subsection m. of section 3 of P.L.1983, c.303
42 (C.52:27H-62), and which will lead to the creation of new jobs and
43 increased economic activity within the zone **【**, such as: the
44 establishment of revolving loan programs for qualified businesses
45 in the zone to encourage private investment and job creation, and
46 marketing, advertising and special event activities that will lead to
47 increased economic activity or encourage private investment and

1 job creation in the zone, but not including the expenditures therefor
2 which are required to be reported pursuant to "The New Jersey
3 Campaign Contributions and Expenditures Reporting Act,"
4 P.L.1973, c.83 (C.19:44A-1 et al.) and the costs associated
5 therewith including the costs of economic analyses】.

6 d. 【Upon adoption by the governing body of the qualifying
7 municipality and by the zone development corporation, the proposal
8 shall be sent to the authority for its evaluation and approval. The
9 authority shall approve the proposal if it shall find that the proposed
10 project furthers the policy and intentions of the zone development
11 plan approved by the authority, and that the estimated annual
12 payments for the project from the enterprise zone account to which
13 the proposal pertains are not likely to result in a deficit in that
14 account.】 (Deleted by amendment, P.L. , c.) (pending before the
15 Legislature as this bill)

16 e. 【If the authority shall approve the proposal, it shall annually,
17 upon its receipt of a written statement from the governing body of
18 the qualifying municipality and the zone development corporation,
19 certify to the State Treasurer the amount to be paid in that year from
20 the enterprise zone account in the enterprise zone assistance fund
21 with respect to each approved project. The authority may at any
22 time revoke its approval of a project if it finds that the annual
23 payments made from the enterprise zone assistance fund are not
24 being used as required by this section.】 (Deleted by amendment,
25 P.L. , c.) (pending before the Legislature as this bill)

26 f. 【Upon certification by the authority of the annual amount to
27 be paid to a qualifying zone with respect to any project, the State
28 Treasurer shall pay in each year to the qualifying municipality from
29 the amounts deposited in the enterprise zone assistance fund the
30 amount so certified, within the limits of the amounts credited to the
31 enterprise zone account of the qualifying municipality.】 (Deleted by
32 amendment, P.L. , c.) (pending before the Legislature as this
33 bill)

34 g. 【An amount not to exceed one-third of the amount deposited
35 in the account created in the name of the authority in the enterprise
36 zone assistance fund shall be used by the authority for the
37 coordination and administration of the program throughout the
38 State, including but not limited to costs for personnel, operating
39 expenses and marketing. The balance of the remaining amount
40 shall be distributed to qualifying municipalities in proportion to
41 each municipality's contribution to the enterprise zone assistance
42 fund for the coordination and administration of the program within
43 the municipality, including but not limited to costs for personnel,
44 operating expenses and marketing.】 (Deleted by amendment,
45 P.L. , c.) (pending before the Legislature as this bill)

46 h. At the end of a State fiscal year, if a municipality has not
47 encumbered a portion of its allocation, such amount may be carried

1 forward to the next State fiscal year and the State fiscal year
 2 thereafter. If at the end of the third State fiscal year any of those
 3 unencumbered funds remain, then the funds shall be transferred to
 4 the UEZ Authority's account in the enterprise zone assistance fund.

5 i. At the end of a State fiscal year, if a municipality has not
 6 expended or otherwise committed a portion of its encumbered
 7 funds, then such amount may be carried forward to the next three
 8 succeeding State fiscal years. If at the end of the third State fiscal
 9 year any unexpended funds remain, then the funds shall be
 10 transferred to the UEZ Authority's account in the enterprise zone
 11 assistance fund.

12 j. At the end of a State fiscal year, the Department of
 13 Community Affairs shall review an enterprise zone's expenditures
 14 of funds received from the zone assistance fund. If the department
 15 finds that an enterprise zone expended such funds in a manner
 16 inconsistent with the provisions of P.L.1983, c.303 (C.52:27H-60 et
 17 seq.) and P.L. , c. (pending before the Legislature as this bill),
 18 then the enterprise zone shall repay such funds to the department
 19 through the forfeiture of future zone assistance fund disbursements.
 20 The department shall withhold future funding from the enterprise
 21 zone until the enterprise zone enters into and complies with a
 22 corrective action plan developed by the department.

23 ¹k. If in a State fiscal year the amount allocated to the enterprise
 24 zone assistance fund is less than the amount required to be allocated
 25 pursuant to section 11 of P.L. , c. (C.) (pending before the
 26 Legislature as this bill) and paragraph (1) of subsection a. of this
 27 section, the Legislature shall appropriate to the enterprise zone
 28 assistance fund the amount that was not allocated in such State
 29 fiscal year in a succeeding State fiscal year along with the funds
 30 required to be allocated in that State fiscal year.¹

31 (cf: P.L.2018, c.19, s.4)

32
 33 11. (New section) a. ¹【There is created an Urban Enterprise Zone
 34 Fund to be held by the State Treasurer, which shall be the repository
 35 for all moneys appropriated annually to the fund beginning in State
 36 Fiscal Year 2022 and thereafter. All moneys deposited in the fund
 37 shall be held and disbursed in the amounts necessary to fulfill the
 38 purposes of this section and subject to the requirements hereinafter
 39 prescribed. The State Treasurer, in consultation with the UEZ
 40 Authority, may invest and reinvest any moneys in the fund, or any
 41 portion thereof, in legal obligations of the United States or of the State
 42 or of any political subdivision thereof to strengthen capital structures,
 43 leverage additional debt capital, and increase lending and investing in
 44 economically disadvantaged communities, and in any other manner
 45 that advances the goals of the UEZ program. Any income from,
 46 interest on, or increment to moneys so invested or reinvested shall be
 47 included in the fund.

1 b. The State Treasurer, in consultation with the UEZ Authority,
2 shall determine the gross amount of revenues generated from the
3 reduced sales tax collected within zones deposited in the assistance
4 fund along with the aggregate amount, expressed in dollars, of the
5 incentives provided under P.L.1983, c.303 (C.52:27H-60 et seq.) in the
6 12-month period beginning January 1, 2019 and ending December 31,
7 2019. This amount ~~】~~ The combined State tax expenditures in State
8 Fiscal Year 2022 for the Urban Enterprise Zone Special Sales Tax
9 Rate and Urban Enterprise Zone Exempt Business Purchases, as
10 expressed in the Fiscal Year 2022 State of New Jersey Tax
11 Expenditure Report,¹ shall be the “~~1~~ 【UEZ】 ZAF¹ base fund
12 amount ~~1,1~~”

13 ~~1~~ 【and beginning in】 In¹ State Fiscal Year ~~1~~ 【2022 shall be adjusted
14 annually based on the percentage change in the 12-month Consumer
15 Price Index from June 30 to July 1 of each year】 2023, the amount
16 appropriated to the enterprise zone assistance fund shall be determined
17 as follows: The State Treasurer, in consultation with the UEZ
18 Authority, shall determine the combined State tax expenditures for the
19 Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise
20 Zone Exempt Business Purchases in the six-month period beginning
21 January 1, 2022 and ending June 30, 2022. The combined State tax
22 expenditures for the Urban Enterprise Zone Special Sales Tax Rate
23 and Urban Enterprise Zone Exempt Business Purchases for the six-
24 month period beginning January 1, 2022 and ending June 30, 2022,
25 shall be multiplied by two and then subtracted from the ZAF base fund
26 amount. The difference shall be the State Fiscal Year 2023
27 appropriation to the enterprise zone assistance fund¹.

28 Beginning in State Fiscal Year ~~1~~ 【2022】 2024¹, and in each State
29 fiscal year thereafter, the ~~1~~ 【UEZ base fund amount determined
30 pursuant to this subsection shall be appropriated to the Urban
31 Enterprise Zone Fund and allocated as follows:

32 (1) Subject to the provisions of subsection a. of section 29 of
33 P.L.1983, c.303 (C.52:27H-88), 20 percent shall be allocated to the
34 enterprise zone assistance fund for deposit into separate accounts in
35 accordance with section 29 of P.L.1983, c.303 (C.52:27H-88);

36 (2) Five percent shall be allocated to the enterprise zone
37 assistance fund for use by the UEZ Authority to provide loans, grants,
38 investments, and other assistance to qualified businesses, diverse
39 Statewide or regional business organizations that represent the
40 interests of minority businesses, as defined in section 2 of P.L.1986,
41 c.195 (C.52:27H-21.18), and qualified municipalities, and some
42 amount shall be allocated to the UEZ Authority for administration of
43 the Urban Enterprise Zone program, provided the amount allocated to
44 the UEZ Authority for administrative expenses shall not exceed
45 \$2,500,000 in State Fiscal Year 2022 and, for each State fiscal year
46 thereafter, shall not exceed \$2,500,000 as adjusted by the percentage
47 change in the 12-month Consumer Price Index from June 30 to July 1;

1 (3) Thirty percent, plus such additional funds as shall be
2 determined in accordance with subsection a. of section 29 of P.L.1983,
3 c.303 (C.52:27H-88), shall be allocated to the General Fund; and

4 (4) No more than 45 percent shall be allocated to the combined
5 cost of qualified businesses with a UZ-2, UZ-4, or UZ-5 certification,
6 and the energy sales tax exemption. If less than 45 percent is needed
7 to meet the combined cost of the benefits claimed by qualified
8 businesses with a UZ-2, UZ-4, or UZ-5 certification, and the energy
9 sales tax exemption:

10 (a) 50 percent of the incremental amount dedicated under this
11 subsection shall be allocated to the enterprise zone assistance fund,
12 with 20 percent of this amount allocated for the UEZ Authority's use
13 and 80 percent allocated to separate accounts in the enterprise zone
14 assistance fund for each enterprise zone designated under P.L.1983,
15 c.303 (C.52:27H-60 et seq.); and

16 (b) 50 percent of the increment dedicated under this paragraph
17 shall be deposited in the General Fund.

18 Should more than 45 percent be needed for the combined allocated
19 cost in any current State fiscal year, the UEZ Authority shall reset the
20 Economic Distress Index percentile that governs business qualification
21 at the beginning of the State fiscal year to such number that is
22 projected to allow the allocation to remain at or under 45 percent.]
23 amount appropriated to the enterprise zone assistance fund shall be
24 determined as follows: After January 1 but prior to June 30, the State
25 Treasurer, in consultation with the UEZ Authority, shall develop a
26 methodology to compare the combined State tax expenditures for the
27 Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise
28 Zone Exempt Business Purchases in the prior State fiscal year with the
29 ZAF base fund amount to calculate the savings achieved by P.L. , c.
30 (pending before the Legislature as this bill). The savings determined
31 shall be the amount appropriated to the enterprise zone assistance fund
32 for the State fiscal year.

33 b. Notwithstanding the provisions of subsection a. of this section,
34 for State Fiscal Year 2023 and thereafter, the amount appropriated to
35 the enterprise zone assistance fund shall not exceed \$82,500,000, and
36 in Fiscal Year 2024, and in each year thereafter, \$82,500,000 as
37 adjusted annually based on the percentage change in the 12-month
38 Consumer Price Index from June 30 to July 1 of each year, and shall
39 be no less than \$60,000,000. If the application of the formulas set
40 forth in subsection a. of this section will result in an appropriation to
41 the enterprise zone assistance fund that is less than \$60,000,000 in any
42 State fiscal year, then the State Treasurer, in consultation with the
43 UEZ Authority, shall impose a limit on the receipts from retail sales
44 of tangible personal property and sales of services to a qualified
45 business that are exempt from the sales and use tax pursuant to section
46 20 of P.L.1983, c.303 (C.52:27H-79); provided, however, that no less
47 than the receipts from the first \$50,000 of retail sales of tangible
48 personal property and sales of services to a qualified business shall be

1 exempt from the sales and use tax in accordance with section 20 of
2 P.L.1983, c.303 (C.52:27H-79)¹.

3

4 12. (New section) a. As used in this section:

5 “Eligible block group” means a block group that ¹meets or
6 exceeds the 50th percentile of the most recent Economic Distress
7 Index; and **is located in an enterprise zone on the effective date of**
8 P.L. , c. (pending before the Legislature as this bill)¹.

9 ¹“Adjacent parcel” means a parcel of real property located within
10 the same municipality as an eligible block group, and which parcel
11 shares a border with an eligible block group, including but not limited
12 to sharing a property line with an eligible block group or bordering on
13 a public street with an eligible block group.”¹

14 b. The UEZ Authority shall notify each qualified municipality of
15 each eligible block group within the municipality no later than 14 days
16 after the effective date of P.L. , c. (pending before the Legislature
17 as this bill). The UEZ Authority shall then certify the final eligible
18 block groups ¹and adjacent parcels¹ to each municipality and shall
19 post a link to a list of eligible block groups ¹and adjacent parcels¹
20 on the UEZ Authority’s Internet homepage on the Department of
21 Community Affairs’ Internet website.

22 c. A qualified business shall be located in an eligible block group
23 ¹or on an adjacent parcel or be an industrial business in an industrial
24 hub¹. The certification of a qualified business that ¹is not located in
25 an eligible block group or on an adjacent parcel shall expire on
26 January 1, 2022 unless the business is located in a major job center or
27 is an industrial business located in an industrial hub **was certified as a**
28 qualified business on the effective date of P.L. , c. (pending before
29 the Legislature as this bill) shall expire at the end of the 10th State
30 fiscal year following the effective date of P.L. , c. (pending before
31 the Legislature as this bill). However, the UEZ Authority may at any
32 time revoke a certification if the UEZ Authority shall determine that
33 the seller no longer complies with the provisions of P.L.1983, c.303
34 (C.52:27H-60 et seq.)¹.

35 d. The certification of a qualified business located in an eligible
36 block group ¹or on an adjacent parcel¹ after the effective date of
37 P.L. , c. (pending before the Legislature as this bill)¹ shall expire at
38 the end of the 10th State fiscal year following the State fiscal year in
39 which the business was first certified as a qualified business ¹unless
40 the business is located in a major job center or is an industrial business
41 in an industrial hub. The certification for a business that has been
42 certified for more than 10 State fiscal years prior to the effective date
43 of P.L. , c. (pending before the Legislature as this bill) shall expire
44 on January 1, 2022 unless the business is located in a major job center
45 or is an industrial business in an industrial hub¹. A business whose

1 certification has expired shall not be eligible to seek a new
2 certification.

3 ¹[e. A business which satisfied the criteria for designation as a
4 qualified business immediately preceding the effective date of P.L. ,
5 c. (pending before the Legislature as this bill), which business is
6 carrying out a qualified construction project, or which can demonstrate
7 to the UEZ Authority an actionable and feasible plan to carry out a
8 qualified construction project within one year of the effective date of
9 P.L. , c. (pending before the Legislature as this bill), and which can
10 demonstrate its reliance on the UZ-4 benefit, UZ-5 benefit, or both,
11 may apply to the UEZ Authority for a UZ-4 certification, a UZ-5
12 certification, or both, and the certification shall continue until
13 completion of the qualified construction project. The Department of
14 the Treasury shall provide to a qualified business a certificate
15 evidencing its UZ-4 certification or UZ-5 certification which
16 certificate shall indicate the location at which the sales tax exemption
17 provided for in section 20 of P.L.1983, c.303 (C.52:27H-79) or section
18 8 of P.L. , c. (C.) is available.

19 f. The UEZ Authority may, upon application by the local UEZ
20 Coordinator or governing body of a qualifying municipality, issue a
21 UZ-4 certification to a qualified business undertaking a qualified
22 construction project in an enterprise zone, although the business is not
23 located within an eligible block group or on an adjacent parcel. The
24 UEZ Authority may grant this benefit to no more than eight qualified
25 construction projects, beyond those eligible under subsection d. of this
26 section, at any given time. A UZ-4 certification issued under this
27 subsection shall continue until completion of the qualified construction
28 project.

29 g. The UEZ Authority may, upon application by the local UEZ
30 Coordinator or the governing body of a qualified municipality, issue a
31 UZ-4 certification, a UZ-5 certification, or both, to a qualified business
32 located within an enterprise zone, although the business is not located
33 within an eligible block group or on an adjacent parcel. The UEZ
34 Authority may grant this benefit to no more than 24 qualified
35 businesses, beyond those eligible under subsection e. of this section, at
36 any given time. Each UZ-4 certification or UZ-5 certification issued
37 under this subsection shall remain active so long as the business in
38 receipt of the benefit remains qualified.]¹

39
40 13. (New section) On or before June 30 of each year next
41 following the effective date of P.L. , c. (pending before the
42 Legislature as this bill), the State Treasurer shall provide to the
43 UEZ Authority an annual report of the aggregate amount, expressed
44 in dollars, of the incentives provided under P.L.1983, c.303
45 (C.52:27H-60 et seq.) to all qualified businesses and municipalities.
46 The report shall include aggregate data on gross revenues, retail
47 sales taxes collected, and shall also include information on the
48 address, municipality, and industry of each business. All data from

1 participating businesses shall be collected through an online
2 application and consumer access portal, where possible.

3
4 14. (New section) The UEZ Authority shall conduct an annual
5 review that determines the number of participating businesses,
6 unemployment rate, median household income, and number of jobs
7 in each enterprise zone to assess the program's progress. The
8 review shall also include the total tax expenditures by zone and
9 total zone assistance funds expended as the requisite data becomes
10 available from the annual report from the Department of the
11 Treasury required pursuant to section 13 of P.L. , c. (C.)
12 (pending before the Legislature as this bill). The UEZ Authority
13 shall review the status of any projects that were approved by
14 participating enterprise zones, overall enterprise zone performance,
15 and adherence to the zone development plans. Each review shall
16 include a detailed listing of deliverables by each enterprise zone and
17 the State that are to be implemented and subsequently evaluated in
18 the future.

19
20 15. (New section) The UEZ Authority and the Department of
21 Labor and Workforce and Development shall enter into a
22 memorandum of understanding to assist in substantial and
23 comprehensive data gathering and information sharing between the
24 two agencies to further the UEZ Authority's ability to evaluate
25 enterprise zone performance and compliance, and to initiate
26 enforcement actions.

27
28 16. (New section) Following the effective date of P.L. ,
29 c. (pending before the Legislature as this bill), no new
30 applications for the enterprise zone employee tax credit, pursuant to
31 section 19 of P.L.1983, c.303 (C.52:27H-78), or for the corporation
32 business tax exemption, pursuant to section 17 of P.L.1983, c.303
33 (C.52:27H-76), shall be accepted.

34
35 17. Section 7 of P.L.1989, c.207 (C.54:4-3.145) is amended to
36 read as follows:

37 7. a. Each approved abatement shall be evidenced by a
38 financial agreement between the qualified municipality and the
39 applicant. The agreement shall be prepared by the applicant and
40 shall contain the representations that are required by the enabling
41 ordinance. The agreement shall provide for the applicant to
42 annually pay to the municipality an amount in lieu of real property
43 taxes, to be computed according to either subsection b. or c. of this
44 section, as provided for in the enabling ordinance.

45 b. Payments in lieu of taxes may be computed as two percent
46 of the cost of the improvements or conversion alterations, as
47 appropriate for five years following such completion and in the

1 sixth and all subsequent tax years following completion, 100% of
2 the equalized taxes otherwise due; or

3 c. Payments in lieu of taxes may be computed in the discretion
4 of the qualified municipality as a portion of the real property taxes
5 otherwise due, **[**according to the following schedule:

6 (1) In the first tax year following completion, no payment in lieu
7 of taxes otherwise due;

8 (2) In the second tax year following completion, an amount not
9 less than 20% of taxes otherwise due;

10 (3) In the third tax year following completion, an amount not
11 less than 40% of taxes otherwise due;

12 (4) In the fourth tax year following completion, an amount not
13 less than 60% of taxes otherwise due;

14 (5) In the fifth tax year following completion, an amount not
15 less than 80% of taxes otherwise due;

16 (6) **In** provided that in the sixth and all subsequent tax years
17 following completion, payments in lieu of taxes shall equal 100% of
18 the equalized taxes otherwise due.

19 d. For the purposes of this section, the amount of "taxes
20 otherwise due" (not to be confused with "equalized taxes otherwise
21 due") shall be determined by including the appropriate percentage
22 of the assessed valuation of the abated structure, improvement or
23 conversion alteration, as the case may be, on the assessment list of
24 the municipality as taxable property, and levying taxes thereon in
25 the same manner as other taxes are levied pursuant to chapter 4 of
26 Title 54 of the Revised Statutes; provided, however, that no value
27 for a property subject to the provisions of this act shall be included
28 in the calculation of the "net valuation on which county taxes are
29 apportioned" until the first tax year for which a municipal-wide
30 revaluation is implemented.

31 (cf: P.L.1991, c.469, s.2)

32

33 18. The following sections of law are repealed:

34 Section 4 of P.L.2001, c.347 (C.52:27H-66.3);

35 Section 6 of P.L.2001, c.347 (C.52:27H-66.5);

36 Section 11 of P.L.2001, c.347 (C.52:27H-66.6);

37 Section 16 of P.L.1983, c.303 (C.52:27H-75); and

38 Section 9 of P.L.1988, c.93 (C.52:27H-80.2).

39

40 ²19. (New section) There is appropriated \$42,500,000 from the
41 General Fund to the enterprise zone assistance fund established
42 under section 29 of P.L.1983, c.303 (C.52:27H-88) for the purposes
43 of that fund, and for the uses prescribed in section 29 of P.L.1983,
44 c.303 (C.52:27H-88).²

45

46 ²**[19.]** 20.² This act shall take effect immediately ³; provided
47 however, that section 8 and the amendments made by this act to

1 section 20 of P.L.1983, c.303 (C.52:27H-79), shall apply to sales
2 and uses on and after January 1, 2022³.

3

4

5

6

7 Restores and revises Urban Enterprise Zone program;
8 appropriates \$42,500,000.

ASSEMBLY, No. 5580

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 5, 2021

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Co-Sponsored by:

**Assemblyman Armato, Assemblywoman Jimenez, Assemblymen Mukherji
and Verrelli**

SYNOPSIS

Restores and revises Urban Enterprise Zone program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2021)

1 AN ACT concerning urban enterprise zones, amending P.L.2001,
2 c.347 and P.L.1989, c.207, amending and supplementing
3 P.L.1983, c.303, and repealing various parts of the statutory law.

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

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

10 3. As used in **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.):

11 a. "Enterprise zone" or "zone" means an urban enterprise zone
12 designated by the authority pursuant to **[this act]** P.L.1983, c.303
13 (C.52:27H-60 et seq.);

14 b. "Authority" or "UEZ Authority" means the New Jersey Urban
15 Enterprise Zone Authority created by **[this act]** P.L.1983, c.303
16 (C.52:27H-60 et seq.);

17 c. "Qualified business" means any entity authorized to do
18 business in the State of New Jersey which, at the time of designation
19 as an enterprise zone or a UEZ-impacted business district, is engaged
20 in the active conduct of a trade or business in that zone or district; or
21 an entity which, after that designation but during the designation
22 period, becomes newly engaged in the active conduct of a trade or
23 business in that zone or district and has at least **[25%]** 25 percent of
24 its full-time employees employed at a business location in the zone
25 or district, **[meeting]** which zone or district meets the criteria set
26 forth in section 12 of P.L. , c. (C.) (pending before the
27 Legislature as this bill), or is an industrial business located in an
28 industrial hub, and which employees meet one or more of the
29 following criteria:

30 (1) Residents within the zone, the district, within another zone or
31 within a qualifying municipality; or

32 (2) Unemployed for at least six months prior to being hired and
33 residing in New Jersey, and recipients of New Jersey public
34 assistance programs for at least six months prior to being hired, or
35 either of the aforesaid; or

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

39 Approval as a qualified business shall be conditional upon meeting
40 all outstanding tax obligations, and may be withdrawn by the
41 authority if a business is continually delinquent in meeting its tax
42 obligations;

43 d. "Qualifying municipality" means any municipality **[in which**
44 there was, in the last full calendar year immediately preceding the
45 year in which application for enterprise zone designation is submitted

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

Matter underlined thus is new matter.

1 pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual
2 average of at least 2,000 unemployed persons, and in which the
3 municipal average annual unemployment rate for that year exceeded
4 the State average annual unemployment rate; except that any
5 municipality which qualifies for State aid pursuant to P.L.1978, c.14
6 (C.52:27D-178 et seq.) shall qualify if its municipal average annual
7 unemployment rate for that year exceeded the State average annual
8 unemployment rate. The annual average of unemployed persons and
9 the average annual unemployment rates shall be estimated for the
10 relevant calendar year by the Office of Labor Planning and Analysis
11 of the State Department of Labor and Workforce Development. In
12 addition to those municipalities that qualify pursuant to the criteria
13 set forth above, that municipality accorded priority designation
14 pursuant to subsection e. of section 7 of P.L.1983, c.303 (C.52:27H-
15 66), those municipalities set forth in paragraph (7), paragraph (8) of
16 section 3 of P.L.1995, c.382 (C.52:27H-66.1), and paragraph (9) of
17 section 3 of P.L.1995, c.382 as amended by section 3 of P.L.2004,
18 c.75 (C.52:27H-66.1), and the municipalities in which the three
19 additional enterprise zones, including the joint enterprise zone, are to
20 be designated pursuant to criteria according priority consideration for
21 designation of the zones pursuant to section 12 of P.L.2001, c.347
22 (C.52:27H-66.7) shall be deemed qualifying municipalities] :

23 (1) that was previously designated as a qualifying municipality
24 prior to the effective date of P.L. _____, c. _____ (pending before the
25 Legislature as this bill); or

26 (2) that is among the top 20 percent of the most distressed New
27 Jersey municipalities according to the most recent Municipal
28 Revitalization Index, and;

29 (a) in which the share of parcels accounted for by commercial and
30 industrial property exceeds the Statewide average of commercial and
31 industrial parcels according to the most recently released Property
32 Value Classification prepared by the Department of the Community
33 Affairs, and

34 (b) which has an unemployment rate that exceeds the most recent
35 annual Statewide unemployment rate;

36 e. "Public assistance" means income maintenance funds
37 administered by the Department of Human Services or by a county
38 welfare agency;

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

45 g. "Zone development plan" means a plan adopted by the
46 governing body of a qualifying municipality for the development of
47 an enterprise zone therein, and for the direction and coordination of
48 activities of the municipality, zone businesses and community

1 organizations within the enterprise zone toward the economic
2 betterment of the residents of the zone and the municipality;

3 h. "Zone neighborhood association" means a corporation or
4 association of persons who either are residents of, or have their
5 principal place of employment in, a municipality in which an
6 enterprise zone has been designated pursuant to **[this act]** P.L.1983,
7 c.303 (C.52:27H-60 et seq.); which is organized under the provisions
8 of Title 15 of the Revised Statutes or Title 15A of the New Jersey
9 Statutes; and which has for its principal purpose the encouragement
10 and support of community activities within, or on behalf of, the zone
11 so as to (1) stimulate economic activity, (2) increase or preserve
12 residential amenities, or (3) otherwise encourage community
13 cooperation in achieving the goals of the zone development plan;

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

17 j. "UEZ-impacted business district" or "district" means an
18 economically-distressed business district classified by the authority
19 as having been negatively impacted by two or more adjacent urban
20 enterprise zones in which **[50%]** 50 percent less sales tax is collected
21 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80);

22 k. "Block group" means statistical divisions of census tracts, that
23 are generally defined by the United States Census Bureau to contain
24 between 600 and 3,000 people and are used to present data and
25 control block numbering;

26 l. "Municipal Revitalization Index" means the index developed,
27 maintained, and updated from time to time, by the Department of
28 Community Affairs ranking New Jersey's municipalities according
29 to separate indicators that measure diverse aspects of social,
30 economic, physical, and fiscal conditions in each locality;

31 m. "Qualified assistance fund expense" means any reasonable
32 expense related to:

33 (1) a construction project improving, altering, or repairing the
34 real property of a qualified business located in an enterprise zone;

35 (2) full or part time economic and community development
36 positions in the municipality, other governmental, or not-for-profit
37 organization, or marketing;

38 (3) loans, grants, and guarantees to businesses;

39 (4) payroll expenses and equipment purchases primarily for the
40 provision of law enforcement, fire protection, or emergency medical
41 services within commercial and transportation corridors;

42 (5) planning and other professional services related to economic
43 and community development;

44 (6) cleaning and maintenance of commercial and transportation
45 corridors;

46 (7) the improvement of public infrastructure in a commercial or
47 transportation corridor;

- 1 (8) the improvement of public infrastructure related to a
2 commercial, industrial, mixed use, or multi-family residential
3 property; or
- 4 (9) employment and training programs.
- 5 n. “UEZ coordinator” means an individual designated by a
6 qualified municipality or zone development corporation as the
7 individual in charge of the activities related to the Urban Enterprise
8 Zone program in that municipality;
- 9 o. “UZ-2 certification” means the UEZ Authority’s certification
10 of a qualified business, pursuant to section 21 of P.L.1983, c.303
11 (C.52:27H-80), allowing the qualified business an exemption to the
12 extent of 50 percent of the tax imposed under the "Sales and Use Tax
13 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), when the sales transaction
14 physically occurs within an enterprise zone. The qualified business
15 may deliver merchandise to the purchaser at a location outside an
16 enterprise zone provided the sales transaction was physically made
17 within the enterprise zone. The regular tax rate shall be charged for
18 mail order, telephone, internet, and similar sales transactions
19 delivered within the State;
- 20 p. “UZ-4 certification” means the UEZ Authority’s certification
21 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), allowing a contractor of
23 the qualified business to make tax-free purchases of materials,
24 supplies, and services for the exclusive use of erecting a structure or
25 building on, or improving, altering, or repairing, the real property of
26 a qualified business located in an enterprise zone at the address
27 indicated on the qualified business’s application for certification to
28 the UEZ Authority;
- 29 q. “UZ-5 certification” means the UEZ Authority’s certification
30 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
31 (pending before the Legislature as this bill), allowing the qualified
32 business to make tax-free purchases of office and business equipment
33 and supplies, furnishings, trade fixtures, repair, or construction
34 materials and all other tangible personal property (other than motor
35 vehicles and motor vehicle parts and supplies) for the exclusive use
36 or consumption on the premises of the qualified business within an
37 enterprise zone at an address indicated on the qualified business’s
38 application for certification to the UEZ Authority. The exemption
39 may be used only for personal property controlled by the qualified
40 business. This exemption shall also apply to delivery charges and
41 charges for services performed for a qualified business at its zone
42 location, including repair, janitorial, and maintenance services;
- 43 r. “Economic Distress Index” means a standardized score
44 developed and maintained by the Department of Community Affairs
45 that equally incorporates the block group unemployment rate and
46 median household income according to the most recent five-year
47 estimate by the United States Census Bureau;

1 s. “Major job center” means a block group with an Economic
2 Distress Index score greater than or equal to the 50th percentile and
3 in which the jobs per square mile meets or exceeds the State average
4 according to the most recent estimate by the United States Census
5 Bureau;

6 t. “Industrial hub” means a block group with 100 or more
7 persons employed by industrial businesses;

8 u. “Industrial business” means a business with a North American
9 Industry Classification System code of 11 (Agriculture, Forestry,
10 Fishing and Hunting), 21 (Mining), 22 (Utilities), 23 (Construction),
11 31-33 (Manufacturing), 42 (Wholesale Trade), or 48-49
12 (Transportation and Warehousing);

13 v. “Commercial corridor” means the land area with frontage on
14 a State, county, local, or rail thoroughfare in an enterprise zone which
15 is predominantly commercial or industrial; and

16 w. “Transportation corridor” means a broad geographical band
17 that follows a general directional flow or connects major sources of
18 trips. It may contain a number of streets and highways and transit
19 lines or routes.

20 (cf: P.L.2006, c.34, s.3)

21
22 2. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to
23 read as follows:

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

26 (1) The **【Executive Director】** chief executive officer of the New
27 Jersey Economic Development Authority **【**, who shall be the chair of
28 the authority**】**;

29 (2) The Commissioner of the Department of Community Affairs,
30 who shall be the chair of the UEZ Authority;

31 (3) The Commissioner of the Department of Labor and
32 Workforce Development;

33 (4) The State Treasurer; **【and】**

34 (5) The chief executive officer of the New Jersey Redevelopment
35 Authority; and

36 (6) **【Five】** Four public members not holding any other office,
37 position or employment in the State Government, nor any local
38 elective office, who shall be appointed by the Governor with the
39 advice and consent of the Senate, and who shall be qualified for their
40 appointments by training and experience in the areas of local
41 government finance, economic development and redevelopment, or
42 volunteer civic service and community organization. No more than
43 **【three】** two public members shall be of the same political party. At
44 least one public member of the authority shall reside within an
45 enterprise zone; however, the provisions of this section shall apply
46 only to members appointed or reappointed after the effective date of
47 P.L.2001, c.347 (C.52:27H-66.2 et al.).

1 b. **【**The public members of the authority shall serve for terms of
2 five years, except that of the members first appointed, one shall serve
3 for a term of one year, one shall serve for a term of two years, one
4 shall serve for a term of three years, one shall serve for a term of four
5 years, and one shall serve for a term of five years. Vacancies in the
6 public membership shall be filled in the manner of the original
7 appointments but for the unexpired terms.**】** (Deleted by amendment,
8 P.L. , c.) (pending before the Legislature as this bill)

9 c. An ex officio member of the authority may, from time to time,
10 designate in writing to the authority an official within his respective
11 department to attend and represent the department at the meetings of
12 the authority from which the ex officio member is absent, and that
13 designated representative shall be entitled to vote and otherwise act
14 for the ex officio member at those meetings.

15 d. A true copy of the minutes of every meeting of the authority
16 shall be forthwith delivered by and under the certification of the
17 secretary thereof to the Governor. No action taken at such meeting
18 by the authority shall have force or effect until 10 days, Saturdays,
19 Sundays, and public holidays excepted, after the copy of the minutes
20 shall have been so delivered, unless during such 10-day period the
21 Governor shall approve the same, in which case such action shall
22 become effective upon such approval. If, in that 10-day period, the
23 Governor returns such copy of the minutes with veto of any action
24 taken by the authority or any member thereof at such meeting, such
25 action shall be null and void and of no effect.

26 e. The UEZ Authority, reconstituted pursuant to P.L. ,
27 c. (C.) (pending before the Legislature as this bill), shall hold
28 an initial meeting on the first business day of the third month
29 following the date of enactment of P.L. , c. (C.) (pending
30 before the Legislature as this bill). The public members of the UEZ
31 Authority shall serve for terms of five years, except that of the
32 members first appointed to the reconstituted UEZ Authority pursuant
33 to P.L. , c. (C.) (pending before the Legislature as this bill),
34 one shall serve for a term of two years, one shall serve for a term of
35 three years, one shall serve for a term of four years, and one shall
36 serve for a term of five years. Vacancies in the public membership
37 shall be filled in the manner of the original appointments but for the
38 unexpired terms.

39 (cf: P.L.2008, c.27, s.29)

40
41 3. Section 3 of P.L.2001, c.347 (C.52:27H-66.2) is amended to
42 read as follows:

43 3. The authority shall designate a classification known as a
44 "UEZ-impacted business district" for a municipality which can
45 demonstrate to the authority that its business district is economically
46 distressed and is being negatively impacted by the presence of two or
47 more adjacent enterprise zones in which **【50%】** 50 percent less sales
48 tax is collected pursuant to section 21 of P.L. 1983, c. 303 (C.52:27H-

1 80). Following the effective date of P.L. , c. (pending before the
2 Legislature as this bill), the UEZ Authority shall not designate a
3 business district as a UEZ-impacted business district. Any
4 designation as a UEZ-impacted business district existing on the
5 effective date of P.L. , c. (pending before the Legislature as this
6 bill) shall expire on the first day of the third year next following the
7 effective date of P.L. , c. (pending before the Legislature as this
8 bill) or upon certification of the UEZ-impacted business district as
9 an enterprise zone, whichever occurs first.

10 (cf: P.L.2001, c.347, s.3)

11
12 4. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to
13 read as follows:

14 9. a. Before **【applying】** the governing body of a qualifying
15 municipality may apply for designation **【of】** as an enterprise zone,
16 the municipal governing body shall cause a preliminary zone
17 development plan to be formulated, either by a zone development
18 corporation or by the governing body, with the assistance of those
19 officers and agencies of the municipality as the governing body may
20 see fit. **【The】** For a municipality with a zone development plan that
21 was approved more than five years prior to the effective date of P.L. ,
22 c. (pending before the Legislature as this bill), the governing body
23 of the municipality shall submit an updated preliminary zone
24 development plan pursuant to this section. In formulating a
25 preliminary zone development plan pursuant to this section, a zone
26 development corporation or the governing body of the municipality
27 shall consult with representatives of diverse Statewide or regional
28 business organizations that represent the interests of minority
29 businesses, as defined in section 2 of P.L.1986, c. 195 (C.52:27H-
30 21.18), which organizations shall have no less than 30 days to review
31 a proposed preliminary zone development plan and submit comments
32 to the zone development corporation or governing body. Each
33 preliminary zone development plan shall **【set forth the boundaries of**
34 the proposed enterprise zone,**】** include findings of fact concerning
35 the economic and social conditions existing in the area proposed for
36 an enterprise zone, and the municipality's policy and intentions for
37 addressing these conditions, and may include proposals respecting:

38 **【a.】** (1) Utilizing the powers conferred on the municipality by
39 law for the purpose of stimulating investment in and economic
40 development of the proposed zone;

41 **【b.】** (2) Utilizing State assistance through the provisions of **【this**
42 **act】** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to **【exemptions**
43 **from, and credits against,】** State **【taxes】** tax benefits and enterprise
44 zone assistance funds;

45 **【c.】** (3) Securing the involvement in, and commitment to, zone
46 economic development by private entities, including zone

1 neighborhood associations, voluntary community organizations
2 supported by residents and businesses in the zone;

3 **[d.]** (4) Utilizing the powers conferred by law to revise
4 municipal planning and zoning ordinances and other land use
5 regulations as they pertain to the zone, in order to enhance the
6 attraction of the zone to prospective developers;

7 **[e.]** (5) Increasing the availability and efficiency of support
8 services, public and private, generally used by and necessary to the
9 efficient functioning of commercial and industrial facilities in the
10 area, and the extent to which the increase or improvement is to be
11 provided and financed by the municipal government or by other
12 entities.

13 b. (1) The governing body of a municipality may request from
14 the UEZ Authority an amount not to exceed 10 percent of the
15 municipality's zone assistance fund allocation or \$125,000,
16 whichever is greater, to fund, in whole or in part, the costs associated
17 with formulating a preliminary zone development plan, which
18 amount the governing body may use to pay employees, or to retain a
19 consultant, to formulate the plan. Prior to soliciting a consultant to
20 formulate the plan with these funds, the governing body of a
21 municipality shall submit to the UEZ Authority the proposed
22 solicitation.

23 (2) The UEZ Authority shall review the proposed solicitation and
24 may provide recommended modifications to the proposed
25 solicitation. The governing body of a municipality or a zone
26 development corporation may incur expenses related to the
27 preparation of the preliminary zone development plan for potential
28 reimbursement at a later time by the UEZ Authority, provided the
29 authority determines the expenses are reasonable. The governing
30 body of a municipality or a zone development corporation shall
31 complete a preliminary zone development plan with assistance from
32 the UEZ Authority, as needed, in accordance with a timeline
33 established by the authority pursuant to rules, regulations, or
34 guidelines adopted by the authority.

35 (3) Within 14 days of receipt, unless the authority finds material
36 deficiencies in a preliminary zone development plan, the authority
37 shall approve and certify the preliminary zone development plan as
38 the zone development plan. The zone development plan shall be the
39 plan according to which the Urban Enterprise Zone program shall be
40 administered in that zone, and certification of the plan shall constitute
41 the authority's designation or re-designation of the municipality as
42 an enterprise zone. Should the authority find deficiencies with a
43 preliminary zone development plan, it shall provide a corrective
44 action plan to the municipality.

45 (4) Notwithstanding the provisions of subsection g. of section 5
46 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
47 approval by the authority of the zone development plan for an
48 enterprise zone coterminous with the borders of a municipality shall

1 not be considered sufficient for the determination that the area is in
2 need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
3 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
4 exemptions within the enterprise zone district pursuant to the
5 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
6 adoption of a tax abatement and exemption ordinance pursuant to the
7 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
8 however, the authority's certification of a final eligible block group
9 within an enterprise zone pursuant to section 12 of P.L. , c. (C.)
10 (pending before the Legislature as this bill), shall be considered
11 sufficient for the determination that an area within a final eligible
12 block group is in need of redevelopment for the purpose of granting
13 tax exemptions within the eligible block group pursuant to the
14 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
15 of a tax abatement and exemption ordinance pursuant to the
16 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

17 c. If no zone development plan is in place, upon petition of the
18 zone development corporation or governing body of the municipality,
19 the UEZ Authority may grant a distribution from that municipality's
20 zone assistance fund account for an eligible project that responds to
21 an impact of a public health emergency or state of emergency
22 declared by the Governor.

23 d. No zone development plan shall remain in force once it has
24 been certified by the UEZ Authority for more than five years. The
25 governing body of a municipality or zone development corporation
26 shall follow the process enumerated in subsections a. and b. of this
27 section to ensure a zone development plan remains current to protect
28 against lapse of enterprise zone designation.

29 e. Notwithstanding the provisions of this section to the contrary,
30 a qualified business in an enterprise zone having such qualified status
31 immediately preceding the effective date of P.L. , c. (pending
32 before the Legislature as this bill), and which is qualified under
33 P.L. , c. (pending before the Legislature as this bill), shall remain
34 eligible for the exemptions from the tax imposed under the "Sales
35 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), pursuant to
36 sections 20 and 21 of P.L.1983, c.303 (C.52:27H-79 and C.52:27H-
37 80), and shall be eligible for the exemption under section 8 of P.L. ,
38 c. (C.) (pending before the Legislature as this bill) even if the
39 municipality in which the business is located fails to submit a zone
40 development plan in accordance with this section; provided,
41 however, a municipality failing to submit a zone development plan
42 under this section shall not be eligible for loans, grants, and other
43 assistance from the UEZ Authority, except as provided for in
44 subsection c. of this section, until a revised zone development plan is
45 submitted and approved by the UEZ Authority.

46 (cf: P.L.1983, c.539, s.1)

1 5. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
2 read as follows:

3 10. a. An area defined by a continuous border within one
4 qualifying municipality **【**or within two or more contiguous
5 qualifying municipalities and two noncontiguous areas each having
6 a continuous border within two noncontiguous qualifying
7 municipalities**】** shall be eligible for designation as a zone if:

8 **【a.】** (1) It has been designated an "area in need of rehabilitation"
9 pursuant to Article VIII, Section I, paragraph 6 of the Constitution of
10 the State of New Jersey **【**and P.L.1977, c.12 (C.54:4-3.95 et seq.)**】**;
11 or is qualified for that designation in the judgment of the authority;
12 and

13 **【b.】** (2) It meets the criteria established by the authority pursuant
14 to **【**this act**】** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to the
15 incidence of poverty, unemployment and general economic distress.

16 b. In addition to areas eligible for designation as a zone pursuant
17 to subsection a. of this section, an area shall be eligible for
18 designation as an enterprise zone if the municipality in which the area
19 is located is among the top 20 percent of the most distressed New
20 Jersey municipalities, according to the most recent Municipal
21 Revitalization Index, and:

22 (1) the share of parcels accounted for by commercial and
23 industrial property within the municipality exceeds the Statewide
24 average of commercial and industrial parcels according to the most
25 recently released Property Value Classification prepared by the
26 Department of the Community Affairs, and

27 (2) the municipality has an unemployment rate that exceeds the
28 most recent annual Statewide unemployment rate.

29 c. If a county does not contain an area that qualifies to be
30 designated as an enterprise zone, the UEZ Authority may, upon
31 application, designate as an enterprise zone the area within the county
32 which is in the most distressed municipality in the county according
33 to the most recent Municipal Revitalization Index.

34 d. In the case of a qualifying municipality with a population
35 exceeding 5,000, designation as a zone shall be contingent upon such
36 municipality appointing a full-time economic development officer,
37 who may also serve as the UEZ Coordinator, or establishing a zone
38 development corporation.

39 (cf: P.L.1993, c.367, s.5)

40

41 6. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
42 read as follows:

43 13. a. In designating eligible areas as enterprise zones, the
44 authority shall **【**accord preference to**】** approve zone development
45 plans which:

46 (1) Have **【**the greatest**】** potential for success in stimulating
47 primarily new economic activity in the area;

- 1 (2) Are designed to address **【the greatest degree of】** urban
2 distress, as measured by existing levels of unemployment, poverty,
3 and property tax arrearages;
- 4 (3) Demonstrate **【the most】** substantial and reliable commitments
5 of resources by zone businesses, zone neighborhood associations,
6 voluntary community organizations and other private entities to the
7 economic success of the zone;
- 8 (4) Demonstrate **【the most】** substantial effort and commitment by
9 the municipality to encourage economic activity in the area and to
10 remove disincentives for job creation compatible with the fiscal
11 condition of the municipality.
- 12 b. In addition to the considerations set forth in subsection a. of
13 this section, the authority in evaluating a zone development plan for
14 designation purposes shall consider:
- 15 (1) The likelihood of attracting federal assistance to projects in
16 the eligible area, and of obtaining federal designation of the area as
17 an enterprise zone for federal tax purposes;
- 18 (2) The adverse or beneficial effects of an enterprise zone located
19 at the proposed area upon economic development activities or
20 projects of State or other public agencies which are in operation, or
21 are approved for operation, in the qualifying municipality;
- 22 (3) The degree of commitment made by public and private entities
23 to utilize minority contractors and assure equal opportunities for
24 employment in connection with any construction or reconstruction to
25 be undertaken in the eligible area;
- 26 (4) The impact of the zone development plan upon the social,
27 natural and historic environment of the eligible area;
- 28 (5) The degree to which the implementation of the plan involves
29 the relocation of residents from the eligible area, and the adequacy of
30 commitments and provisions with respect thereto.
- 31 c. A designated zone that is operative on the effective date of
32 P.L. , c. (pending before the Legislature as this bill) shall remain
33 a designated zone until the end of the 10th State fiscal year next
34 following the effective date of P.L. , c. (pending before the
35 Legislature as this bill).
- 36 d. (1) On the first day of the ninth State fiscal year next
37 following the effective date of P.L. , c. (pending before the
38 Legislature as this bill), the UEZ Authority shall determine which
39 zones are within municipalities that are among the top 20 percent of
40 the most distressed New Jersey municipalities, according to the most
41 recent Municipal Revitalization Index, and whether:
- 42 (a) the share of parcels accounted for by commercial and
43 industrial property within each municipality exceeds the Statewide
44 average of commercial and industrial parcels according to the most
45 recently released Property Value Classification prepared by the
46 Department of the Community Affairs, and
- 47 (b) each municipality has an unemployment rate that exceeds the
48 most recent annual Statewide unemployment rate.

1 (2) (a) A zone located within a municipality that does not meet
2 the criteria set forth in paragraph (1) of this subsection shall be
3 ineligible for designation as an enterprise zone at the close of the 10th
4 State fiscal year after the effective date of P.L. , c. (pending before
5 the Legislature as this bill).

6 (b) A zone located within a municipality that meets the criteria
7 set forth in paragraph (1) of this subsection shall be designated an
8 enterprise zone for an additional 10 years.

9 e. (1) Notwithstanding the provisions of section 10 of P.L.1983,
10 c.303 (C.52:27H-69), section 2 of P.L.1985, c.391 (C.52:27H-69.1),
11 or any other law or regulation to the contrary, boundaries of each
12 zone shall be coterminous with borders of an eligible municipality
13 beginning on the effective date of P.L. , c. (pending before the
14 Legislature as this bill).

15 (2) Notwithstanding the provisions of subsection g. of section 5
16 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
17 the extension of the boundaries of a zone to be coterminous with the
18 borders of a municipality pursuant to this subsection shall not be
19 considered sufficient for the determination that the area is in need of
20 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
21 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
22 exemptions within the enterprise zone district pursuant to the
23 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
24 adoption of a tax abatement and exemption ordinance pursuant to the
25 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
26 however, certification of a final eligible block group within an
27 enterprise zone certified pursuant to section 12 of P.L. , c. (C.)
28 (pending before the Legislature as this bill) shall be considered
29 sufficient for the determination that an area within a final eligible
30 block group is in need of redevelopment for the purpose of granting
31 tax exemptions within the eligible block group pursuant to the
32 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
33 of a tax abatement and exemption ordinance pursuant to the
34 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

35 f. Following the effective date of P.L. , c. (pending before the
36 Legislature as this bill), the UEZ Authority may designate enterprise
37 zones from among qualifying municipalities determined to be
38 eligible notwithstanding the limitation on the number of eligible
39 zones set forth in section 7 of P.L.1983, c.303 (C.52:27H-66), section
40 3 of P.L.1995, c.382 (C.52:27H-66.1), and section 12 of P.L.2001,
41 c.347 (C.52:27H-66.7).

42 (cf: P.L.1983, c.303, s.13)

43
44 7. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to
45 read as follows:

46 20. a. Receipts from retail sales of tangible personal property
47 (except motor vehicles and energy) and sales of services (except
48 telecommunications services and utility services) to a qualified

1 business for the exclusive use or consumption of such business within
2 an enterprise zone are exempt from the taxes imposed under the
3 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

4 b. (Deleted by amendment, P.L.2011, c.28)

5 c. As used in this section:

6 "Qualified business" includes a person who is certified as a
7 qualified business by the authority **[**on or before the date a claim for
8 refund is made and filed with the Director of the Division of Taxation
9 in the Department of the Treasury pursuant to subsection e. of this
10 section**]** and provided a UZ-5 certification by the authority pursuant
11 to subsection d. or f. of section 12 of P.L. , c. (C.) (pending
12 before the Legislature as this bill).

13 d. (Deleted by amendment, P.L.2011, c.28)

14 e. **[**(1) Notwithstanding the provisions of section 20 of
15 P.L.1966, c.30 (C.54:32B-20) and the provisions of R.S.54:49-14,
16 the Director of the Division of Taxation in the Department of the
17 Treasury shall refund to a person who is a qualified business the
18 amount of any sales tax or any use tax paid by the person in
19 connection with that person's purchase of tangible personal property
20 or services that is exempt, pursuant to subsection a. of this section,
21 from the taxes imposed by P.L.1966, c.30 (C.54:32B-1 et seq.) if the
22 person who is a qualified business makes and files a claim for refund
23 with the director within one year of the date the payment of tax for
24 purchase is made.

25 (2) A person who is a qualified business shall make and file a
26 claim for refund on such forms, and accompanied by auditable
27 receipts and such other documentation, as the director may
28 prescribe.**]** (Deleted by amendment, P.L. , c.) (pending before the
29 Legislature as this bill)

30 (cf: P.L.2011, c.28, s.1)

31

32 8. (New section) a. Receipts from retail sales of materials,
33 supplies, and services for the exclusive use of erecting structures or
34 buildings on, or improving, altering or repairing the real property of
35 a qualified business, or a contractor hired by the qualified business
36 to make such improvements, alterations, or repairs, are exempt from
37 the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30
38 (C.54:32B-1 et seq.).

39 b. As used in this section:

40 "Qualified business" includes a person who is certified as a
41 qualified business by the authority and provided a UZ-4 certification
42 by the authority pursuant to subsection d. or f. of section 12 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill) on or before
44 the date a claim for refund is made and filed with the Director of the
45 Division of Taxation in the Department of the Treasury pursuant to
46 subsection b. of this section.

1 9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to
2 read as follows:

3 21. Receipts of retail sales, except retail sales of motor vehicles,
4 of alcoholic beverages as defined in the "Alcoholic Beverage Tax
5 Law," R.S.54:41-1 et seq., of cigarettes as defined in the "Cigarette
6 Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), of manufacturing
7 machinery, equipment or apparatus, and of energy, made by a
8 **【certified】** seller located in an eligible block group or on an adjacent
9 parcel, as defined in subsection a. of section 12 of P.L. _____,
10 c. (C. _____) (pending before the Legislature as this bill) and
11 provided a UZ-2 certification by the authority from a place of
12 business owned or leased and regularly operated by the seller for the
13 purpose of making retail sales, and located in a designated enterprise
14 zone established pursuant to the "New Jersey Urban Enterprise Zones
15 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted
16 business district established prior to the effective date of P.L. _____,
17 c. (pending before the Legislature as this bill) pursuant to section 3
18 of P.L.2001, c.347 (C.52:27H-66.2), are exempt to the extent of
19 **【50%】** 50 percent of the tax imposed under the "Sales and Use Tax
20 Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

21 Any seller, which is a qualified business having a place of business
22 located in a designated enterprise zone or in a designated UEZ-
23 impacted business district, may apply to the **【Director of the Division**
24 **of Taxation in the Department of the Treasury】** UEZ Authority for a
25 UZ-2 certification pursuant to this section provided the seller is
26 located in an eligible block group or an adjacent parcel, as defined in
27 subsection a. of section 12 of P.L. _____, c. (C. _____) (pending before
28 the Legislature as this bill). The **【director】** UEZ Authority shall
29 certify a seller if the **【director】** UEZ Authority shall find that the
30 seller owns or leases and regularly operates a place of business
31 located in the designated enterprise zone or in the designated UEZ-
32 impacted business district for the purpose of making retail sales, that
33 items are regularly exhibited and offered for retail sale at that
34 location, and that the place of business is not utilized primarily for
35 the purpose of catalogue or mail order sales. The certification under
36 this section shall remain in effect during the time the business retains
37 its status as a qualified business meeting the eligibility criteria of
38 section 27 of P.L.1983, c.303 (C.52:27H-86). However, the
39 **【director】** UEZ Authority may at any time revoke a certification
40 granted pursuant to this section if the **【director】** UEZ Authority shall
41 determine that the seller no longer complies with the provisions of
42 this section. The Department of the Treasury shall provide to a
43 qualified business a certificate evidencing its UZ-2 certification,
44 which certificate shall indicate the location at which the sales tax
45 exemption provided for in this section is available.

46 Notwithstanding the provisions of **【this act】** P.L.1983, c.303
47 (C.52:27H-60 et seq.) to the contrary, except as may otherwise be

1 provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the
2 authority may, in its discretion, determine if the provisions of this
3 section shall apply to any enterprise zone designated after the
4 effective date of P.L.1985, c.142 (C.52:27H-66 et al.); provided,
5 however, that the authority may make such a determination only
6 where the authority finds that the award of an exemption of 50
7 percent of the tax imposed under the "Sales and Use Tax Act,"
8 P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse
9 economic impact upon any other urban enterprise zone.

10 **【**Notwithstanding any other provisions of law to the contrary,
11 except as provided in subsection b. of section 6 of P.L.1996, c.124
12 (C.13:1E-116.6), after first depositing 10 percent of the gross amount
13 of all revenues received from the taxation of retail sales made by
14 certified sellers from business locations in designated enterprise
15 zones to which this exemption shall apply into the account created in
16 the name of the authority in the enterprise zone assistance fund
17 pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the
18 remaining 90 percent shall be deposited immediately upon collection
19 by the Department of the Treasury, as follows:

20 a. In the first five-year period during which the State shall have
21 collected reduced rate revenues within an enterprise zone, all such
22 revenues shall be deposited in the enterprise zone assistance fund
23 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

24 b. In the second five-year period during which the State shall
25 have collected reduced rate revenues within an enterprise zone, 66
26 $\frac{2}{3}$ % of all those revenues shall be deposited in the enterprise zone
27 assistance fund, and 33 $\frac{1}{3}$ % shall be deposited in the General Fund;

28 c. In the third five-year period during which the State shall have
29 collected reduced rate revenues within an enterprise zone, 33 $\frac{1}{3}$ %
30 of all those revenues shall be deposited in the enterprise zone
31 assistance fund, and 66 $\frac{2}{3}$ % shall be deposited in the General Fund;

32 d. In the final five-year period during which the State shall have
33 collected reduced rate revenues within an enterprise zone, but not to
34 exceed the life of the enterprise zone, all those revenues shall be
35 deposited in the General Fund.

36 Commencing on the effective date of P.L.1993, c.144, all revenues
37 in any enterprise zone to which the provisions of this section have
38 been extended prior to the enactment of P.L.1993, c.144 shall be
39 deposited into the enterprise zone assistance fund until there shall
40 have been deposited all revenues into that fund for a total of five full
41 years, as set forth in subsection a. of this section. The State Treasurer
42 then shall proceed to deposit funds into the enterprise zone assistance
43 fund according to the schedule set forth in subsections b. through d.
44 of this section, beginning at the point where the enterprise zone was
45 located on that schedule on the effective date of P.L.1993, c.144. No
46 enterprise zone shall receive the deposit benefit granted by any one
47 subsection of this section for more than five cumulative years.

1 The revenues required to be deposited in the enterprise zone
2 assistance fund under this section shall be used for the purposes of
3 that fund and for the uses prescribed in section 29 of P.L.1983, c.303
4 (C.52:27H-88), subject to annual appropriations being made for those
5 purposes and uses.】

6 (cf: P.L.2011, c.49, s.15)

7
8 10. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
9 read as follows:

10 29. a. (1) There is created an enterprise zone assistance fund to
11 be held by the State Treasurer, which shall be the repository for all
12 moneys required to be deposited therein under section 【21 of
13 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
14 the fund】 11 of P.L. , c. (C.) (pending before the Legislature
15 as this bill). All moneys deposited in the fund shall be held and
16 disbursed in the amounts necessary to fulfill the purposes of this
17 section and subject to the requirements hereinafter prescribed. The
18 State Treasurer may invest and reinvest any moneys in the fund, or
19 any portion thereof, to strengthen capital structures, leverage
20 additional debt capital, and increase lending and investing in
21 economically disadvantaged communities, and in any other manner
22 that advances the goals of the Urban Enterprise Zone program,
23 including, but not limited to legal obligations of the United States or
24 of the State or of any political subdivision thereof or government-
25 sponsored enterprises. Any income from, interest on, or increment to
26 moneys so invested or reinvested shall be included in the fund.

27 Notwithstanding the provisions of section 11 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill) or any other
29 provision of law to the contrary, the amount to be deposited in the
30 enterprise zone assistance fund shall be as follows:

31 (a) In the first five State fiscal years next following the effective
32 date of P.L. , c. (pending before the Legislature as this bill), 100
33 percent of the amount determined pursuant to paragraph (1) of
34 subsection b. of section 11 of P.L. , c. (C.) (pending before
35 the Legislature as this bill) shall be deposited in the enterprise zone
36 assistance fund;

37 (b) In the sixth State fiscal year next following the effective date
38 of P.L. , c. (pending before the Legislature as this bill), 95 percent
39 of the amount determined pursuant to paragraph (1) of subsection b.
40 of section 11 of P.L. , c. (C.) (pending before the Legislature
41 as this bill) shall be deposited in the enterprise zone assistance fund
42 and five percent of such amount shall be deposited in the General
43 Fund;

44 (c) In the seventh State fiscal year next following the effective
45 date of P.L. , c. (pending before the Legislature as this bill), 90
46 percent of the amount determined pursuant to paragraph (1) of
47 subsection b. of section 11 of P.L. , c. (C.) (pending before
48 the Legislature as this bill) shall be deposited in the enterprise zone

1 assistance fund and 10 percent of such amount shall be deposited in
2 the General Fund;

3 (d) In the eighth State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 85 percent
5 of the amount determined pursuant to paragraph (1) of subsection b.
6 of section 11 of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall be deposited in the enterprise zone assistance fund
8 and 15 percent of such amount shall be deposited in the General
9 Fund;

10 (e) In the ninth State fiscal year next following the effective date
11 of P.L. , c. (pending before the Legislature as this bill), 80 percent
12 of the amount determined pursuant to paragraph (1) of subsection b.
13 of section 11 of P.L. , c. (C.) (pending before the Legislature
14 as this bill) shall be deposited in the enterprise zone assistance fund
15 and 20 percent of such amount shall be deposited in the General
16 Fund;

17 (f) In the 10th State fiscal year next following the effective date
18 of P.L. , c. (pending before the Legislature as this bill), 75 percent
19 of the amount determined pursuant to paragraph (1) of subsection b.
20 of section 11 of P.L. , c. (C.) (pending before the Legislature
21 as this bill) shall be deposited in the enterprise zone assistance fund
22 and 25 percent of such amount shall be deposited in the General
23 Fund;

24 (g) In the 11th State fiscal year next following the effective date
25 of P.L. , c. (pending before the Legislature as this bill), 70 percent
26 of the amount determined pursuant to paragraph (1) of subsection b.
27 of section 11 of P.L. , c. (C.) (pending before the Legislature
28 as this bill) shall be deposited in the enterprise zone assistance fund
29 and 30 percent of such amount shall be deposited in the General
30 Fund;

31 (h) In the 12th State fiscal year next following the effective date
32 of P.L. , c. (pending before the Legislature as this bill), 65 percent
33 of the amount determined pursuant to paragraph (1) of subsection b.
34 of section 11 of P.L. , c. (C.) (pending before the Legislature
35 as this bill) shall be deposited in the enterprise zone assistance fund
36 and 35 percent of such amount shall be deposited in the General
37 Fund;

38 (i) In the 13th State fiscal year next following the effective date
39 of P.L. , c. (pending before the Legislature as this bill), 60 percent
40 of the amount determined pursuant to paragraph (1) of subsection b.
41 of section 11 of P.L. , c. (C.) (pending before the Legislature
42 as this bill) shall be deposited in the enterprise zone assistance fund
43 and 40 percent of such amount shall be deposited in the General
44 Fund;

45 (j) In the 14th State fiscal year next following the effective date
46 of P.L. , c. (pending before the Legislature as this bill), 55 percent
47 of the amount determined pursuant to paragraph (1) of subsection b.
48 of section 11 of P.L. , c. (C.) (pending before the Legislature

1 as this bill) shall be deposited in the enterprise zone assistance fund
2 and 45 percent of such shall be deposited in the General Fund;

3 (k) In the 15th State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 50 percent
5 of the amount determined pursuant to paragraph (1) of subsection b.
6 of section 11 of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall be deposited in the enterprise zone assistance fund
8 and 50 percent of such amount shall be deposited in the General
9 Fund;

10 (l) In the 16th State fiscal year next following the effective date
11 of P.L. , c. (pending before the Legislature as this bill), 40 percent
12 of the amount determined pursuant to paragraph (1) of subsection b.
13 of section 11 of P.L. , c. (C.) (pending before the Legislature
14 as this bill) shall be deposited in the enterprise zone assistance fund
15 and 60 percent of such amount shall be deposited in the General
16 Fund;

17 (m) In the 17th State fiscal year next following the effective date
18 of P.L. , c. (pending before the Legislature as this bill), 30 percent
19 of the amount determined pursuant to paragraph (1) of subsection b.
20 of section 11 of P.L. , c. (C.) (pending before the Legislature
21 as this bill) shall be deposited in the enterprise zone assistance fund
22 and 70 percent of such amount shall be deposited in the General
23 Fund;

24 (n) In the 18th State fiscal year next following the effective date
25 of P.L. , c. (pending before the Legislature as this bill), 20 percent
26 of the amount determined pursuant to paragraph (1) of subsection b.
27 of section 11 of P.L. , c. (C.) (pending before the Legislature
28 as this bill) shall be deposited in the enterprise zone assistance fund
29 and 80 percent of such amount shall be deposited in the General
30 Fund;

31 (o) In the 19th State fiscal year next following the effective date
32 of P.L. , c. (pending before the Legislature as this bill), 10 percent
33 of the amount determined pursuant to paragraph (1) of subsection b.
34 of section 11 of P.L. , c. (C.) (pending before the Legislature
35 as this bill) shall be deposited in the enterprise zone assistance fund
36 and 90 percent of such amount shall be deposited in the General
37 Fund; and

38 (p) In the 20th State fiscal year next following the effective date
39 of P.L. , c. (pending before the Legislature as this bill), and each
40 State fiscal year thereafter, 100 percent of the amount determined
41 pursuant to paragraph (1) of subsection b. of section 11 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill) shall be
43 deposited in the General Fund.

44 (2) The State Treasurer shall maintain separate accounts for each
45 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et
46 seq.) that is in good standing with the UEZ Authority in accordance
47 with rules adopted by the UEZ Authority, and one in the authority's
48 name for the administration of the Urban Enterprise Zone program,

1 and for providing grants, investments, loans or other guaranties
2 related to qualified assistance fund expenses. The State Treasurer
3 shall credit to each account an amount of the moneys deposited in the
4 fund [equal to the amount of revenues collected from the taxation of
5 retail sales made in the zone and appropriated to the enterprise zone
6 assistance fund, or that amount of moneys appropriated to the fund
7 and required to be credited to the enterprise zone account of the
8 qualifying municipality pursuant to section 21 of P.L.1983, c.303
9 (C.52:27H-80)] determined by a formula that applies weight to a
10 zone municipality's number of commercial and industrial parcels as
11 recorded by the municipal tax assessor, its Municipal Revitalization
12 Index Distress Score, and the average number of unemployed persons
13 in the municipality according to data provided by the New Jersey
14 Department of Labor and Workforce Development. When funds are
15 received by a qualifying municipality pursuant to this subsection, the
16 funds shall be placed in a new trust or, for a qualifying municipality
17 that has a trust for an enterprise zone on the effective date of P.L. ,
18 c. (pending before the Legislature as this bill), in the existing trust.
19 The Division of Local Government Services in the Department of
20 Community Affairs shall promulgate regulations, policies, or
21 procedures as necessary to implement the provisions of this section.

22 (3) The State Treasurer shall promulgate the rules and regulations
23 necessary to govern the administration of the fund for the purposes
24 of this section, which shall include, but not be limited to, regulations
25 requiring the establishment of separate bank accounts for funds
26 credited to the enterprise zone account of each municipality from the
27 enterprise zone assistance fund, commonly known as "first
28 generation funds," and funds generated from the repayments of loans
29 to individuals and businesses from the enterprise zone account of
30 each municipality and the proceeds from the sale of properties and
31 equipment acquired through the enterprise zone program, commonly
32 known as "second generation funds," and the review, compilation,
33 and monitoring of second generation fund quarterly reports submitted
34 by each enterprise zone.

35 Any individual, including an individual who is not directly
36 employed by a municipality, with the authority to administer, allocate
37 or approve the use of zone assistance funds is subject to the "Local
38 Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et seq.),
39 unless the individual is a State employee or a special State officer.

40 b. The enterprise zone assistance fund shall be used for the
41 purpose of assisting qualifying municipalities in which enterprise
42 zones are designated in undertaking economic development projects
43 in designated enterprise zones by funding qualified assistance fund
44 expenses. However, a municipality shall not appropriate or expend
45 more than 25 percent of the amount annually credited to its enterprise
46 zone assistance fund for public safety purposes, as described
47 pursuant to paragraph (4) of subsection m. of section 3 of P.L.1983,
48 c.303 (C.52:27H-62).

1 c. The governing body of a qualifying municipality in which an
2 enterprise zone is designated and the zone development corporation
3 created or designated by the municipality for that enterprise zone
4 may, by resolution jointly adopted after public hearing, propose to
5 undertake an economic development project in the enterprise zone,
6 and to fund that project from moneys deposited in the enterprise zone
7 assistance fund and credited to the account maintained by the State
8 Treasurer for the enterprise zone.

9 The proposal so adopted shall set forth a plan for the project and
10 shall include:

11 (1) A description of the proposed project;

12 (2) An estimate of the total project costs, and an estimate of the
13 amounts of funding necessary annually from the enterprise zone
14 account;

15 (3) A statement of any other revenue sources to be used to finance
16 the project;

17 (4) A statement of the time necessary to complete the project;

18 (5) A statement of the manner in which the proposed project
19 furthers the municipality's policy and intentions for addressing
20 economic development in the enterprise zone as set forth in the zone
21 development plan approved by the authority; and

22 (6) A description of the financial and programmatic controls and
23 reporting mechanisms to be used to guarantee that the funds will be
24 spent in accordance with the plan and that the project will accomplish
25 its purpose.

26 As used in this section, "project" means an activity **【**funded by the
27 zone assistance fund through the qualified municipality and
28 implemented by the zone development corporation,**】** that satisfies the
29 requirements of a qualified assistance fund expense, as that term is
30 defined in subsection m. of section 3 of P.L.1983, c.303 (C.52:27H-
31 62), and which will lead to the creation of new jobs and increased
32 economic activity within the zone **【**, such as: the establishment of
33 revolving loan programs for qualified businesses in the zone to
34 encourage private investment and job creation, and marketing,
35 advertising and special event activities that will lead to increased
36 economic activity or encourage private investment and job creation
37 in the zone, but not including the expenditures therefor which are
38 required to be reported pursuant to "The New Jersey Campaign
39 Contributions and Expenditures Reporting Act," P.L.1973, c.83
40 (C.19:44A-1 et al.) and the costs associated therewith including the
41 costs of economic analyses**】**.

42 d. **【**Upon adoption by the governing body of the qualifying
43 municipality and by the zone development corporation, the proposal
44 shall be sent to the authority for its evaluation and approval. The
45 authority shall approve the proposal if it shall find that the proposed
46 project furthers the policy and intentions of the zone development
47 plan approved by the authority, and that the estimated annual

1 payments for the project from the enterprise zone account to which
2 the proposal pertains are not likely to result in a deficit in that
3 account.】 (Deleted by amendment, P.L. , c.) (pending before the
4 Legislature as this bill)

5 e. 【If the authority shall approve the proposal, it shall annually,
6 upon its receipt of a written statement from the governing body of
7 the qualifying municipality and the zone development corporation,
8 certify to the State Treasurer the amount to be paid in that year from
9 the enterprise zone account in the enterprise zone assistance fund
10 with respect to each approved project. The authority may at any time
11 revoke its approval of a project if it finds that the annual payments
12 made from the enterprise zone assistance fund are not being used as
13 required by this section.】 (Deleted by amendment, P.L. , c.)
14 (pending before the Legislature as this bill)

15 f. 【Upon certification by the authority of the annual amount to
16 be paid to a qualifying zone with respect to any project, the State
17 Treasurer shall pay in each year to the qualifying municipality from
18 the amounts deposited in the enterprise zone assistance fund the
19 amount so certified, within the limits of the amounts credited to the
20 enterprise zone account of the qualifying municipality.】 (Deleted by
21 amendment, P.L. , c.) (pending before the Legislature as this bill)

22 g. 【An amount not to exceed one-third of the amount deposited
23 in the account created in the name of the authority in the enterprise
24 zone assistance fund shall be used by the authority for the
25 coordination and administration of the program throughout the State,
26 including but not limited to costs for personnel, operating expenses
27 and marketing. The balance of the remaining amount shall be
28 distributed to qualifying municipalities in proportion to each
29 municipality's contribution to the enterprise zone assistance fund for
30 the coordination and administration of the program within the
31 municipality, including but not limited to costs for personnel,
32 operating expenses and marketing.】 (Deleted by amendment, P.L. ,
33 c.) (pending before the Legislature as this bill)

34 h. At the end of a State fiscal year, if a municipality has not
35 encumbered a portion of its allocation, such amount may be carried
36 forward to the next State fiscal year and the State fiscal year
37 thereafter. If at the end of the third State fiscal year any of those
38 unencumbered funds remain, then the funds shall be transferred to
39 the UEZ Authority's account in the enterprise zone assistance fund.

40 i. At the end of a State fiscal year, if a municipality has not
41 expended or otherwise committed a portion of its encumbered funds,
42 then such amount may be carried forward to the next three succeeding
43 State fiscal years. If at the end of the third State fiscal year any
44 unexpended funds remain, then the funds shall be transferred to the
45 UEZ Authority's account in the enterprise zone assistance fund.

46 j. At the end of a State fiscal year, the Department of
47 Community Affairs shall review an enterprise zone's expenditures of

1 funds received from the zone assistance fund. If the department finds
2 that an enterprise zone expended such funds in a manner inconsistent
3 with the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) and
4 P.L. , c. (pending before the Legislature as this bill), then the
5 enterprise zone shall repay such funds to the department through the
6 forfeiture of future zone assistance fund disbursements. The
7 department shall withhold future funding from the enterprise zone
8 until the enterprise zone enters into and complies with a corrective
9 action plan developed by the department.

10 (cf: P.L.2018, c.19, s.4)

11
12 11. (New section) a. There is created an Urban Enterprise Zone
13 Fund to be held by the State Treasurer, which shall be the repository
14 for all moneys appropriated annually to the fund beginning in State
15 Fiscal Year 2022 and thereafter. All moneys deposited in the fund
16 shall be held and disbursed in the amounts necessary to fulfill the
17 purposes of this section and subject to the requirements hereinafter
18 prescribed. The State Treasurer, in consultation with the UEZ
19 Authority, may invest and reinvest any moneys in the fund, or any
20 portion thereof, in legal obligations of the United States or of the
21 State or of any political subdivision thereof to strengthen capital
22 structures, leverage additional debt capital, and increase lending and
23 investing in economically disadvantaged communities, and in any
24 other manner that advances the goals of the UEZ program. Any
25 income from, interest on, or increment to moneys so invested or
26 reinvested shall be included in the fund.

27 b. The State Treasurer, in consultation with the UEZ Authority,
28 shall determine the gross amount of revenues generated from the
29 reduced sales tax collected within zones deposited in the assistance
30 fund along with the aggregate amount, expressed in dollars, of the
31 incentives provided under P.L.1983, c.303 (C.52:27H-60 et seq.) in
32 the 12-month period beginning January 1, 2019 and ending
33 December 31, 2019. This amount shall be the "UEZ base fund
34 amount" and beginning in State Fiscal Year 2022 shall be adjusted
35 annually based on the percentage change in the 12-month Consumer
36 Price Index from June 30 to July 1 of each year.

37 Beginning in State Fiscal Year 2022, and in each State fiscal year
38 thereafter, the UEZ base fund amount determined pursuant to this
39 subsection shall be appropriated to the Urban Enterprise Zone Fund
40 and allocated as follows:

41 (1) Subject to the provisions of subsection a. of section 29 of
42 P.L.1983, c.303 (C.52:27H-88), 20 percent shall be allocated to the
43 enterprise zone assistance fund for deposit into separate accounts in
44 accordance with section 29 of P.L.1983, c.303 (C.52:27H-88);

45 (2) Five percent shall be allocated to the enterprise zone
46 assistance fund for use by the UEZ Authority to provide loans, grants,
47 investments, and other assistance to qualified businesses, diverse
48 Statewide or regional business organizations that represent the

1 interests of minority businesses, as defined in section 2 of P.L.1986,
2 c.195 (C.52:27H-21.18), and qualified municipalities, and some
3 amount shall be allocated to the UEZ Authority for administration of
4 the Urban Enterprise Zone program, provided the amount allocated
5 to the UEZ Authority for administrative expenses shall not exceed
6 \$2,500,000 in State Fiscal Year 2022 and, for each State fiscal year
7 thereafter, shall not exceed \$2,500,000 as adjusted by the percentage
8 change in the 12-month Consumer Price Index from June 30 to July
9 1;

10 (3) Thirty percent, plus such additional funds as shall be
11 determined in accordance with subsection a. of section 29 of
12 P.L.1983, c.303 (C.52:27H-88), shall be allocated to the General
13 Fund; and

14 (4) No more than 45 percent shall be allocated to the combined
15 cost of qualified businesses with a UZ-2, UZ-4, or UZ-5 certification,
16 and the energy sales tax exemption. If less than 45 percent is needed
17 to meet the combined cost of the benefits claimed by qualified
18 businesses with a UZ-2, UZ-4, or UZ-5 certification, and the energy
19 sales tax exemption:

20 (a) 50 percent of the incremental amount dedicated under this
21 subsection shall be allocated to the enterprise zone assistance fund,
22 with 20 percent of this amount allocated for the UEZ Authority's use
23 and 80 percent allocated to separate accounts in the enterprise zone
24 assistance fund for each enterprise zone designated under P.L.1983,
25 c.303 (C.52:27H-60 et seq.); and

26 (b) 50 percent of the increment dedicated under this paragraph
27 shall be deposited in the General Fund.

28 Should more than 45 percent be needed for the combined allocated
29 cost in any current State fiscal year, the UEZ Authority shall reset
30 the Economic Distress Index percentile that governs business
31 qualification at the beginning of the State fiscal year to such number
32 that is projected to allow the allocation to remain at or under 45
33 percent.

34

35 12. (New section) a. As used in this section:

36 "Eligible block group" means a block group that meets or exceeds
37 the 50th percentile of the most recent Economic Distress Index; and

38 "Adjacent parcel" means a parcel of real property located within
39 the same municipality as an eligible block group, and which parcel
40 shares a border with an eligible block group, including but not limited
41 to sharing a property line with an eligible block group or bordering
42 on a public street with an eligible block group.

43 b. The UEZ Authority shall notify each qualified municipality
44 of each eligible block group within the municipality no later than 14
45 days after the effective date of P.L. , c. (pending before the
46 Legislature as this bill). The UEZ Authority shall then certify the
47 final eligible block groups and adjacent parcels to each municipality
48 and shall post a link to a list of eligible block groups and adjacent

1 parcels on the UEZ Authority's Internet homepage on the
2 Department of Community Affairs's Internet website.

3 c. A qualified business shall be located in an eligible block group
4 or on an adjacent parcel or be an industrial business in an industrial
5 hub. The certification of a qualified business that is not located in an
6 eligible block group or on an adjacent parcel shall expire on January
7 1, 2022 unless the business is located in a major job center or is an
8 industrial business located in an industrial hub.

9 d. The certification of a qualified business located in an eligible
10 block group or on an adjacent parcel shall expire at the end of the
11 10th State fiscal year following the State fiscal year in which the
12 business was first certified as a qualified business unless the business
13 is located in a major job center or is an industrial business in an
14 industrial hub. The certification for a business that has been certified
15 for more than 10 State fiscal years prior to the effective date of
16 P.L. , c. (pending before the Legislature as this bill) shall expire
17 on January 1, 2022 unless the business is located in a major job center
18 or is an industrial business in an industrial hub. A business whose
19 certification has expired shall not be eligible to seek a new
20 certification.

21 e. A business which satisfied the criteria for designation as a
22 qualified business immediately preceding the effective date of
23 P.L. , c. (pending before the Legislature as this bill), which
24 business is carrying out a qualified construction project, or which can
25 demonstrate to the UEZ Authority an actionable and feasible plan to
26 carry out a qualified construction project within one year of the
27 effective date of P.L. , c. (pending before the Legislature as this
28 bill), and which can demonstrate its reliance on the UZ-4 benefit, UZ-
29 5 benefit, or both, may apply to the UEZ Authority for a UZ-4
30 certification, a UZ-5 certification, or both, and the certification shall
31 continue until completion of the qualified construction project. The
32 Department of the Treasury shall provide to a qualified business a
33 certificate evidencing its UZ-4 certification or UZ-5 certification
34 which certificate shall indicate the location at which the sales tax
35 exemption provided for in section 20 of P.L.1983, c.303 (C.52:27H-
36 79) or section 8 of P.L. , c. (C.) is available.

37 f. The UEZ Authority may, upon application by the local UEZ
38 Coordinator or governing body of a qualifying municipality, issue a
39 UZ-4 certification to a qualified business undertaking a qualified
40 construction project in an enterprise zone, although the business is
41 not located within an eligible block group or on an adjacent parcel.
42 The UEZ Authority may grant this benefit to no more than eight
43 qualified construction projects, beyond those eligible under
44 subsection d. of this section, at any given time. A UZ-4 certification
45 issued under this subsection shall continue until completion of the
46 qualified construction project.

47 g. The UEZ Authority may, upon application by the local UEZ
48 Coordinator or the governing body of a qualified municipality, issue

1 a UZ-4 certification, a UZ-5 certification, or both, to a qualified
2 business located within an enterprise zone, although the business is
3 not located within an eligible block group or on an adjacent parcel.
4 The UEZ Authority may grant this benefit to no more than 24
5 qualified businesses, beyond those eligible under subsection e. of this
6 section, at any given time. Each UZ-4 certification or UZ-5
7 certification issued under this subsection shall remain active so long
8 as the business in receipt of the benefit remains qualified.

9
10 13. (New section) On or before June 30 of each year next
11 following the effective date of P.L. , c. (pending before the
12 Legislature as this bill), the State Treasurer shall provide to the UEZ
13 Authority an annual report of the aggregate amount, expressed in
14 dollars, of the incentives provided under P.L.1983, c.303 (C.52:27H-
15 60 et seq.) to all qualified businesses and municipalities. The report
16 shall include aggregate data on gross revenues, retail sales taxes
17 collected, and shall also include information on the address,
18 municipality, and industry of each business. All data from
19 participating businesses shall be collected through an online
20 application and consumer access portal, where possible.

21
22 14. (New section) The UEZ Authority shall conduct an annual
23 review that determines the number of participating businesses,
24 unemployment rate, median household income, and number of jobs
25 in each enterprise zone to assess the program's progress. The review
26 shall also include the total tax expenditures by zone and total zone
27 assistance funds expended as the requisite data becomes available
28 from the annual report from the Department of the Treasury required
29 pursuant to section 13 of P.L. , c. (C.) (pending before the
30 Legislature as this bill). The UEZ Authority shall review the status
31 of any projects that were approved by participating enterprise zones,
32 overall enterprise zone performance, and adherence to the zone
33 development plans. Each review shall include a detailed listing of
34 deliverables by each enterprise zone and the State that are to be
35 implemented and subsequently evaluated in the future.

36
37 15. (New section) The UEZ Authority and the Department of
38 Labor and Workforce and Development shall enter into a
39 memorandum of understanding to assist in substantial and
40 comprehensive data gathering and information sharing between the
41 two agencies to further the UEZ Authority's ability to evaluate
42 enterprise zone performance and compliance, and to initiate
43 enforcement actions.

44
45 16. (New section) Following the effective date of P.L. ,
46 c. (pending before the Legislature as this bill), no new applications
47 for the enterprise zone employee tax credit, pursuant to section 19 of
48 P.L.1983, c.303 (C.52:27H-78), or for the corporation business tax

1 exemption, pursuant to section 17 of P.L.1983, c.303 (C.52:27H-76),
2 shall be accepted.

3

4 17. Section 7 of P.L.1989, c.207 (C.54:4-3.145) is amended to
5 read as follows:

6 7. a. Each approved abatement shall be evidenced by a financial
7 agreement between the qualified municipality and the applicant. The
8 agreement shall be prepared by the applicant and shall contain the
9 representations that are required by the enabling ordinance. The
10 agreement shall provide for the applicant to annually pay to the
11 municipality an amount in lieu of real property taxes, to be computed
12 according to either subsection b. or c. of this section, as provided for
13 in the enabling ordinance.

14 b. Payments in lieu of taxes may be computed as two percent of
15 the cost of the improvements or conversion alterations, as appropriate
16 for five years following such completion and in the sixth and all
17 subsequent tax years following completion, 100% of the equalized
18 taxes otherwise due; or

19 c. Payments in lieu of taxes may be computed in the discretion
20 of the qualified municipality as a portion of the real property taxes
21 otherwise due, [according to the following schedule:

22 (1) In the first tax year following completion, no payment in lieu
23 of taxes otherwise due;

24 (2) In the second tax year following completion, an amount not
25 less than 20% of taxes otherwise due;

26 (3) In the third tax year following completion, an amount not less
27 than 40% of taxes otherwise due;

28 (4) In the fourth tax year following completion, an amount not
29 less than 60% of taxes otherwise due;

30 (5) In the fifth tax year following completion, an amount not less
31 than 80% of taxes otherwise due;

32 (6) In] provided that in the sixth and all subsequent tax years
33 following completion, payments in lieu of taxes shall equal 100% of
34 the equalized taxes otherwise due.

35 d. For the purposes of this section, the amount of "taxes
36 otherwise due" (not to be confused with "equalized taxes otherwise
37 due") shall be determined by including the appropriate percentage of
38 the assessed valuation of the abated structure, improvement or
39 conversion alteration, as the case may be, on the assessment list of
40 the municipality as taxable property, and levying taxes thereon in the
41 same manner as other taxes are levied pursuant to chapter 4 of Title
42 54 of the Revised Statutes; provided, however, that no value for a
43 property subject to the provisions of this act shall be included in the
44 calculation of the "net valuation on which county taxes are
45 apportioned" until the first tax year for which a municipal-wide
46 revaluation is implemented.

47 (cf: P.L.1991, c.469, s.2)

1 18. The following sections of law are repealed:
2 Section 4 of P.L.2001, c.347 (C.52:27H-66.3);
3 Section 6 of P.L.2001, c.347 (C.52:27H-66.5);
4 Section 11 of P.L.2001, c.347 (C.52:27H-66.6);
5 Section 16 of P.L.1983, c.303 (C.52:27H-75); and
6 Section 9 of P.L.1988, c.93 (C.52:27H-80.2).

7
8 19. This act shall take effect immediately.
9

10

11

STATEMENT

12

13 This bill would restore and reform the State Urban Enterprise
14 Zone (UEZ) Program. The bill proposes to recast the manner in
15 which the State allocates the amounts it spends in support of the UEZ
16 program in a manner to best reflect the legislative intent behind the
17 UEZ program.

18 The bill would expand the criteria for becoming a UEZ to enable
19 more municipalities to be eligible for UEZs, while enabling currently
20 designated UEZs and UEZ-businesses that would not qualify under
21 the new criteria to continue in the UEZ program for a limited period
22 of time. The criteria for designation of a new UEZ would be based
23 on the Municipal Revitalization Index (MRI) and provide that an area
24 would be eligible for designation as a UEZ if:

- 25 • the municipality in which the area is located is among the top
26 20 percent of the most distressed New Jersey municipalities,
27 according to the most recent MRI;
- 28 • the share of parcels accounted for by commercial and
29 industrial property within the municipality exceeds the
30 Statewide average of commercial and industrial parcels
31 according to the most recently released Property Value
32 Classification prepared by the Department of the Community
33 Affairs; and
- 34 • the municipality has an unemployment rate that exceeds the
35 annual Statewide unemployment rate.

36 The bill would also enhance eligibility for participation in the
37 program by providing for designation of a UEZ in a county that does
38 not have a UEZ. In this circumstance, the bill would allow for
39 designation of the area within the county that is the closest to meeting
40 the requirements for zone designation.

41 The bill would change composition of the UEZ Authority (UEZA)
42 by making the chair of the UEZA the Commissioner of Community
43 Affairs, instead of the leader of the New Jersey Economic
44 Development Authority, and by adding the Chief Executive Officer
45 of the New Jersey Redevelopment Authority as a member of the
46 UEZA instead of one of the public members, thereby reducing the
47 number of public members from five to four. The bill would require

1 the appointment of the new public members, to staggered terms of
2 office, following the reconstitution of the UEZA.

3 The bill would lift the statutory numerical limitation on the
4 number of UEZs and authorize the UEZA to designate new enterprise
5 zones from among qualifying municipalities determined to be
6 eligible under the bill's new UEZ criteria. The bill would phase out
7 the "UEZ-impacted business district" component of the UEZ
8 program, and would prohibit new applications for the UEZ employee
9 tax credit and for the UEZ corporation business tax exemption.

10 The bill would modify the process for qualifying municipalities to
11 adopt zone development plans and to achieve UEZ designation.
12 Under the bill, the UEZA's certification of a zone development plan
13 would constitute the UEZA's designation or re-designation of the
14 municipality as an enterprise zone. A zone development plan would
15 have a five-year life, and a municipality would be required to follow
16 the process set forth in the bill to renew plan approval (and UEZ
17 designation) to protect against lapse of enterprise zone designation.
18 A zone development plan would be the plan according to which the
19 UEZ program is administered in that zone. Under the bill, each
20 municipality that had a zone development plan approved more than
21 five years prior to the effective date of the bill must submit an
22 updated preliminary zone development plan. The bill would create a
23 funding stream to assist municipalities in formulating preliminary
24 zone development plans. The bill includes a provision protecting
25 existing qualified businesses from losing eligibility for certain UEZ-
26 related tax exemptions, even if the municipality in which the business
27 is located loses its UEZ designation.

28 The bill modifies the process and criteria for designation of UEZs
29 but allows currently designated zones to retain UEZ designation for
30 10 years. At that point, a municipality that does not meet the new
31 UEZ criteria would be ineligible for zone designation, while a zone
32 located within a municipality that meets the new criteria would be
33 designated as an UEZ for an additional 10 years.

34 The bill would change the boundaries of each zone, on the bill's
35 effective date, to make zone boundaries coterminous with the borders
36 of the municipality in which the zone is located. The bill specifies
37 that an area located within a UEZ after the bill's effective date will
38 not be considered sufficient for the determination that the area is in
39 need of redevelopment under the Local Redevelopment and Housing
40 Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of
41 granting tax exemptions or tax abatements, unless the area is located
42 within a UEZA-certified "eligible block group."

43 The bill defines the term "eligible block group" as a block group
44 (a statistical division of federally-designated census tracts) that meets
45 or exceeds the 50th percentile of the Economic Distress Index. The
46 bill defines "Economic Distress Index" as a standardized score
47 developed and maintained by the Department of Community Affairs
48 that equally incorporates the block group unemployment rate and

1 median household income according to the most recent five-year
2 estimate by the United States Census Bureau.

3 The bill uses the term “eligible block group” as a way to limit
4 eligibility of a business to qualify under the UEZ program. Under
5 the bill, as of January 1, 2022, certification of a qualified business
6 that is not located in an eligible block group would lapse unless the
7 business is located in a “major job center” or is an industrial business
8 located in an industrial hub. The bill defines “major job center” as a
9 block group with an Economic Distress Index score greater than or
10 equal to the 50th percentile and in which the jobs per square mile
11 meets or exceeds the State average according to the most recent
12 estimate by the United States Census Bureau.

13 The bill would alter the current method for distributing sales tax
14 revenues generated within UEZs by replacing the current system
15 (which allows each zone access to a percentage of the sales tax
16 revenue generated within that zone) with a new system (which would
17 distribute a percentage of the total monies appropriated annually to
18 the UEZ Fund, based upon a statutory formula). The new formula
19 would apply weight to: each UEZ municipality’s Municipal
20 Revitalization Index Distress Score; the average number of
21 unemployed persons in each UEZ municipality; and the number of
22 commercial and industrial parcels located in each UEZ municipality.

23 The bill would also alter the permissible uses of these funds by
24 replacing the current statutory criteria with a new term: “qualified
25 assistance fund expenses,” and defining that term as any reasonable
26 expense, which will lead to the creation of new jobs and increased
27 economic activity within the zone, related to:

28 (1) a construction project improving, altering, or repairing the
29 real property of a qualified business located in an enterprise zone;

30 (2) full or part time economic and community development
31 positions in the municipality, other governmental, or not-for-profit
32 organization, or marketing;

33 (3) loans, grants, and guarantees to businesses;

34 (4) payroll expenses and equipment purchases primarily for the
35 provision of law enforcement, fire protection, or emergency medical
36 services within commercial and transportation corridors;

37 (5) planning and other professional services related to economic
38 and community development;

39 (6) cleaning and maintenance of commercial and transportation
40 corridors;

41 (7) the improvement of public infrastructure in a commercial or
42 transportation corridor;

43 (8) the improvement of public infrastructure related to a
44 commercial, industrial, mixed use, or multi-family residential
45 property; or

46 (9) employment and training programs.

47 Under the bill, a municipality cannot appropriate or expend more
48 than 25 percent of the amount annually credited to its enterprise zone

1 assistance fund for public safety purposes, as described pursuant to
2 paragraph (4) above.

3 The bill makes several changes to the incentives and exemptions
4 available under the UEZ program. In so doing, the bill defines three
5 new terms: UZ-2 certification, UZ-4 certification, and UZ-5
6 certification, which refer to types of certification to be issued under
7 the bill by the UEZA.

8 Under the bill:

9 “UZ-2 certification” means a certification provided to a qualified
10 business that allows the qualified business a 50 percent sales tax
11 exemption for sales made by the business within the UEZ;

12 “UZ-4 certification” means a certification provided to a qualified
13 business that allows a contractor to make tax-free purchases of
14 materials, supplies, and services for the exclusive use of improving,
15 altering or repairing the real property of a qualified business located
16 in an enterprise zone; and

17 “UZ-5 certification” means a certification provided to a qualified
18 business allowing the business to make tax-free purchases of
19 personal property (other than motor vehicles and motor vehicle parts
20 and supplies) for the business’s exclusive use or consumption on its
21 premises within a UEZ. This exemption also applies to delivery
22 charges and charges for services performed for a qualified business
23 on its premises within a UEZ.

24 With regard to the 50 percent sales tax exemption for sales made
25 by the holder of a UZ-2 certificate, the bill would allow a business to
26 deliver merchandise (which receives this exemption) to a location
27 outside a UEZ provided the sale is physically transacted within the
28 zone. The bill would restrict eligibility for this exemption to sales
29 made by a qualified business from an “eligible block group” or a
30 parcel of property adjacent to an eligible block group and located
31 within the same municipality.

32 The bill would retain provisions of current law that require a UEZ
33 municipality and its zone development corporation to jointly adopt
34 proposed uses of UEZ funds, by joint resolution, but would delete
35 provisions of law that currently require the UEZA to review and
36 approve each proposed use of funds. The bill would add provisions
37 that address the escheat of a UEZs unencumbered or unexpended
38 funds, after allowing carry-forwards for a number of years. The bill
39 would also require the Department of Community Affairs (DCA) to
40 review each UEZ’s expenditures of UEZ funds, and require DCA,
41 upon finding that a zone improperly expended UEZ funds, to
42 withhold future funding from the enterprise zone until the enterprise
43 zone enters into and complies with a corrective action plan developed
44 by DCA.

45 The bill would establish a new methodology and process for
46 appropriating and allocating funds under the UEZ program. Under
47 the bill, the State Treasurer, in consultation with the UEZA, would
48 determine the gross amount of revenues generated from the reduced

1 sales tax collected within zones deposited in the assistance fund
2 along with the aggregate amount, expressed in dollars, of the
3 incentives provided under the UEZ program between January 1, 2019
4 and December 31, 2019. The bill characterizes this amount as the
5 “UEZ base fund amount.” Beginning in State Fiscal Year 2022, and
6 in each year thereafter, the bill calls for the appropriation of the UEZ
7 base fund amount to the Urban Enterprise Zone Fund, to be allocated
8 as follows:

- 9 (1) 20 percent to the enterprise zone assistance fund;
- 10 (2) Five percent to the enterprise zone assistance fund for use by
11 the UEZA to provide loans, grants and other assistance to qualified
12 businesses, diverse organizations, and qualified municipalities, and
13 an amount (not to exceed \$2,500,000) to the UEZA for administration
14 of the UEZ program;
- 15 (3) At least 30 percent to the General Fund; and
- 16 (4) No more than 45 percent to the combined cost qualified
17 businesses with UZ-2, UZ-4, UZ-5 certification, and the energy sales
18 tax exemption. The bill sets forth alternative allocations to apply if
19 either more or less than 45 percent of the UEZ base fund amount is
20 needed to meet these combined costs.

21 The bill provides that the amount to be deposited into the zone
22 assistance fund under the bill’s new funding mechanism will be
23 slowly phased out over a 20-year period.

24 The bill also provides that a qualified business’ certification will
25 lapse at the end of the 10th State fiscal year following the State fiscal
26 year in which the business had first been certified, unless that
27 business is located in a major job center or is an industrial business
28 located in an industrial hub. The certification for a business that has
29 been certified for more than 10 State fiscal years prior to the effective
30 date of this bill would lapse on January 1, 2022 unless that business
31 is located in a major job center or is an industrial business located in
32 an industrial hub. A business whose certification has lapsed would
33 not be eligible to seek a new certification.

34 However, the bill provides some ways for a business to continue
35 to qualify for certain UEZ program benefits even if the business is
36 not located in an eligible block group. First, if a qualified business
37 that would lose certification had satisfied the criteria for designation
38 immediately preceding the effective date of this bill, and the business
39 is carrying out a qualified construction project, or can demonstrate
40 an actionable and feasible plan to carry out a qualified construction
41 project within one year of the bill’s effective date, and the business
42 can demonstrate reliance on certain UEZ program benefits, the
43 business may apply to the UEZA to maintain those benefits for the
44 duration of the construction period for the qualified construction
45 project.

46 Second, the bill allows the UEZA, upon application by the local
47 UEZ Coordinator or municipal governing body, to grant UZ-4
48 benefits to a qualified business undertaking a construction project in

1 a UEZ, although the project is not within an eligible block group.
2 This would be limited to no more than eight construction projects,
3 Statewide, that do not otherwise qualify under the bill.

4 Third, the bill allows the UEZA, upon application by the local
5 UEZ Coordinator or municipal governing body, to grant UZ-4
6 benefits, UZ-5 benefits, or both, to a qualified business in an
7 enterprise zone, regardless of whether project is in an eligible block
8 group. This would be limited to no more than 24 businesses,
9 Statewide, that do not otherwise qualify under the bill.

10 The bill would modify a provision of law that governs the
11 computation of “payments in lieu of taxes” during the period of a
12 short-term property tax abatement, which may be awarded to
13 incentivize residential development within a UEZ, in order to afford
14 UEZ municipalities greater discretion over the amount of taxes
15 abated during each year of a five-year abatement period. Current law
16 requires 20 percent of the amount of property tax attributable to the
17 new development to be staggered in each year so that the full amount
18 of taxes owed is paid in the sixth year. The bill would remove the
19 provision that requires 20 percent to be staggered in each year but
20 retain the provision requiring the full amount of taxes owed to be
21 paid in the sixth and each subsequent year.

22 The bill would require the State Treasurer to provide the UEZA
23 an annual report of the aggregate amount, expressed in dollars, of the
24 incentives provided under the UEZ program to qualified businesses
25 and municipalities. The bill would require the UEZA to conduct an
26 annual review to assess the UEZ program’s progress. The bill would
27 also require the UEZA and the Department of Labor and Workforce
28 Development to enter into a Memorandum of Understanding to assist
29 in data gathering and information sharing between the two agencies
30 to further the UEZA’s ability to evaluate enterprise zone
31 performance, compliance, and initiate enforcement actions as
32 applicable.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5580

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5580, with committee amendments.

As amended, this bill would restore and reform the State Urban Enterprise Zone (UEZ) Program. The bill proposes to recast the manner in which the State allocates the amounts it spends in support of the UEZ program in a manner to best reflect the legislative intent behind the UEZ program.

The bill would enable currently designated UEZs and UEZ-businesses to continue in the UEZ program for a limited period of time.

The bill would change the composition of the UEZ Authority (UEZA) by making the chair of the UEZA the Commissioner of Community Affairs, instead of the leader of the New Jersey Economic Development Authority, and by adding the Chief Executive Officer of the New Jersey Redevelopment Authority as a member of the UEZA instead of one of the public members, thereby reducing the number of public members from five to four. The bill would require the appointment of the new public members, to staggered terms of office, following the reconstitution of the UEZA.

The bill would phase out the "UEZ-impacted business district" component of the UEZ program, and would prohibit new applications for the UEZ employee tax credit and for the UEZ corporation business tax exemption.

The bill would modify the process for qualifying municipalities to adopt zone development plans and achieve UEZ designations. Under the bill, the UEZA's certification of a zone development plan would constitute the UEZA's designation or re-designation of the municipality as an enterprise zone. A zone development plan would have a five-year life, and a municipality would be required to follow the process set forth in the bill to renew plan approval (and UEZ designation) to protect against lapse of enterprise zone designation. A zone development plan would be the plan according to which the UEZ program is administered in that zone. Under the bill, each municipality that had a zone development plan approved more than five years prior to the effective date of the bill must submit an updated preliminary zone development plan. The bill

includes a provision protecting existing qualified businesses from losing eligibility for certain UEZ-related tax exemptions, even if the municipality in which the business is located loses its UEZ designation.

The bill modifies the process and criteria for designation of UEZs but allows currently designated zones to retain UEZ designation for 10 years.

The bill would change the boundaries of each zone, on the bill's effective date, to make zone boundaries coterminous with the borders of the municipality in which the zone is located. The bill specifies that an area located within a UEZ after the bill's effective date will not be considered sufficient for the determination that the area is in need of redevelopment under the Local Redevelopment and Housing Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of granting tax exemptions or tax abatements, unless the area is located within a UEZA-certified "eligible block group."

The bill defines the term "eligible block group" as a block group that is located in an enterprise zone upon the enactment of this bill. The bill also defines the term "Economic Distress Index" as a standardized score developed and maintained by the Department of Community Affairs (DCA) that equally incorporates the block group unemployment rate and median household income according to the most recent five-year estimate by the United States Census Bureau.

The bill would alter the current method for distributing sales tax revenues generated within UEZs by replacing the current system (which allows each zone access to a percentage of the sales tax revenue generated within that zone) with a new system (which would distribute a percentage of the total monies appropriated annually to the UEZ Fund, based upon a statutory formula). The new formula would apply weight to: each UEZ municipality's Municipal Revitalization Index Distress Score; the average number of unemployed persons in each UEZ municipality; and the number of commercial and industrial parcels located in each UEZ municipality.

The bill would also alter the permissible uses of these funds by replacing the current statutory criteria with a new term: "qualified assistance fund expenses," and defining that term as any reasonable expense, which will lead to the creation of new jobs and increased economic activity within the zone, related to:

- (1) a construction project improving, altering, or repairing the real property of a qualified business located in an enterprise zone;
- (2) full or part time economic and community development positions in the municipality, other governmental, or not-for-profit organization, or marketing;
- (3) loans, grants, and guarantees to businesses;
- (4) payroll expenses and equipment purchases primarily for the provision of law enforcement, fire protection, or emergency medical

services within commercial and transportation corridors located exclusively in an enterprise zone;

(5) planning and other professional services related to economic and community development;

(6) cleaning and maintenance of commercial and transportation corridors;

(7) the improvement of public infrastructure in a commercial or transportation corridor;

(8) the improvement of public infrastructure related to a commercial, industrial, mixed use, or multi-family residential property;

(9) employment and training programs; or

(10) events meant to support and draw activity into the enterprise zone, including fairs, festivals, and concerts.

Under the bill, a municipality cannot appropriate or expend more than 25 percent of the amount annually credited to its enterprise zone assistance fund for public safety purposes, or more than 10 percent of the amount annually credited to its enterprise zone assistance fund for administrative expenses.

The bill makes several changes to the incentives and exemptions available under the UEZ program. In so doing, the bill defines three new terms: UZ-2 certification, UZ-4 certification, and UZ-5 certification, which refer to types of certification to be issued under the bill by the UEZA.

Under the bill:

“UZ-2 certification” means a certification provided to a qualified business that allows the qualified business a 50 percent sales tax exemption for sales made by the business within the UEZ;

“UZ-4 certification” means a certification provided to a qualified business that allows a contractor to make tax-free purchases of materials, supplies, and services for the exclusive use of substantially improving, altering or repairing the real property of a qualified business located in an enterprise zone; and

“UZ-5 certification” means a certification provided to a qualified business allowing the business to make tax-free purchases of personal property (other than motor vehicles and motor vehicle parts and supplies) for the business’s exclusive use or consumption on its premises within a UEZ. This exemption also applies to delivery charges and charges for services performed for a qualified business on its premises within a UEZ.

With regard to the 50 percent sales tax exemption for sales made by the holder of a UZ-2 certificate, the bill would allow a business to deliver merchandise (which receives this exemption) to a location outside a UEZ provided the sale is physically transacted within the zone. The bill would restrict eligibility for this exemption to sales made by a qualified business from an “eligible block group.”

The bill would retain provisions of current law that require a UEZ municipality and its zone development corporation to jointly

adopt proposed uses of UEZ funds, by joint resolution, but would remove provisions of law that currently require the UEZA to review and approve each proposed use of funds. The bill would add provisions that address the escheat of a UEZs unencumbered or unexpended funds, after allowing carry-forwards for a number of years. The bill would also require DCA to review each UEZ's expenditures of UEZ funds, and require DCA, upon finding that a zone improperly expended UEZ funds, to withhold future funding from the enterprise zone until the enterprise zone enters into and complies with a corrective action plan developed by DCA.

The bill provides the combined State tax expenditures in State Fiscal Year 2022 for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases, as expressed in the Fiscal Year 2022 State of New Jersey Tax Expenditure Report, would be the "ZAF base fund amount." In State Fiscal Year 2023, the amount appropriated to the enterprise zone assistance fund would be determined as follows: The State Treasurer, in consultation with the UEZ Authority, would determine the combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases in the six-month period beginning January 1, 2022 and ending June 30, 2022. The combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases for the six-month period beginning January 1, 2022 and ending June 30, 2022, would be multiplied by two and then subtracted from the ZAF base fund amount. The difference would be the State Fiscal Year 2023 appropriation to the enterprise zone assistance fund.

Beginning in State Fiscal Year 2024 and in each State fiscal year thereafter, the amount appropriated to the enterprise zone assistance fund would be determined as follows: After January 1 but prior to June 30, the State Treasurer, in consultation with the UEZ Authority, would develop a methodology to compare the combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases in the prior State fiscal year with the ZAF base fund amount to calculate the savings achieved by the bill. The savings determined would be the amount appropriated to the enterprise zone assistance fund for the State fiscal year.

Under the bill, for the State Fiscal Year 2023 and thereafter, the amount appropriated to the enterprise zone assistance fund would not exceed \$82,500,000, and in Fiscal Year 2024, and in each year thereafter, \$82,500,000 as adjusted annually based on the percentage change in the 12-month Consumer Price Index from June 30 to July 1 of each year, and would be no less than \$60,000,000. If the application of the formulas results in an appropriation to the enterprise zone assistance fund that is less than \$60,000,000 in any State fiscal year, then the State Treasurer, in

consultation with the UEZ Authority, would impose a limit on the receipts from retail sales of tangible personal property and sales of services to a qualified business that are exempt from the sales and use tax; provided, however, that no less than the receipts from the first \$50,000 of retail sales of tangible personal property and sales of services to a qualified business would be exempt from the sales and use tax.

The bill provides that the amount to be deposited into the zone assistance fund under the bill's new funding mechanism will be gradually phased out over a 10-year period.

The bill also provides that a qualified business' certification will lapse at the end of the 10th State fiscal year following the State fiscal year in which the business had first been certified. The certification for a business that has been certified for more than 10 State fiscal years prior to the effective date of this bill would lapse on January 1, 2022. A business whose certification has lapsed would not be eligible to seek a new certification.

The bill would modify a provision of law that governs the computation of "payments in lieu of taxes" during the period of a short-term property tax abatement, which may be awarded to incentivize residential development within a UEZ, in order to afford UEZ municipalities greater discretion over the amount of taxes abated during each year of a five-year abatement period. Current law requires 20 percent of the amount of property tax attributable to the new development to be staggered in each year so that the full amount of taxes owed is paid in the sixth year. The bill would remove the provision that requires 20 percent to be staggered in each year but retain the provision requiring the full amount of taxes owed to be paid in the sixth and each subsequent year.

The bill would require the State Treasurer to provide the UEZA an annual report of the aggregate amount, expressed in dollars, of the incentives provided under the UEZ program to qualified businesses and municipalities. The bill would require the UEZA to conduct an annual review to assess the UEZ program's progress. The bill would also require the UEZA and the Department of Labor and Workforce Development to enter into a Memorandum of Understanding to assist in data gathering and information sharing between the two agencies to further the UEZA's ability to evaluate enterprise zone performance, compliance, and initiate enforcement actions as applicable.

COMMITTEE AMENDMENTS:

The committee amendments:

- Add personnel and services to the list of qualified public safety expenses and specify that qualified public safety expenses are to be located exclusively in an enterprise zone.

- Add events meant to support and draw activity into the enterprise zone, including fairs, festivals, and concerts, to the list of qualified assistance fund expenses.
- Specify that to receive a UZ-4 certification, substantial improvement, altering, or repair of a structure or building has to occur.
- Remove definitions and references to major job center, industrial hub, industrial business, and adjacent parcel throughout the bill.
- Remove the provision that approval by the authority of the zone development plan for an enterprise zone coterminous with the borders of a municipality would not be considered sufficient for the determination that the area is in need of redevelopment.
- Provide that a zone development corporation or governing body of a municipality without a zone development plan in place, which can demonstrate to the UEZ Authority an actionable and feasible plan to carry out a project eligible for zone assistance funds, and which can demonstrate a reliance on zone assistance funding, may petition the authority for a distribution from that municipality's zone assistance fund account prior to the authority's approval of an updated preliminary zone development plan.
- Specify that the UEZ authority would not designate new enterprise zones following the enactment of the bill.
- Remove language that provided for the designation of a UEZ in a county that does not have a UEZ.
- Provide that receipts from the first \$100,000 of retail sales of tangible property to a qualified business for the exclusive use or consumption of such business within an enterprise zone are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, a supermarket or grocery store located in a food desert community, would be eligible for such tax exemption, notwithstanding the limit imposed under the bill.
- Provide that receipts from the first \$100,000 of retail sales of materials, supplies, and services for the exclusive use of erecting structures or buildings on, or improving, altering or repairing the real property of a qualified business, or a contractor hired by the qualified business to make such improvements, alterations, or repairs, are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, receipts from retail sales of materials, supplies, and services for the exclusive use of erecting new structures or buildings on, or substantially improving, altering or repairing the real property of a qualified

business would be eligible for such tax exemption notwithstanding the limit imposed under the bill.

- Define “substantially improving, altering, or repairing” to mean any reconstruction, rehabilitation, addition, or other improvement to a structure, of which the total cost equals to or exceeds 50 percent of the market value of the structure before the start of construction of the improvement. The UEZ Authority may, from time to time, alter this definition through regulation to respond to changing market conditions
- Provide that the amount to be deposited into the zone assistance fund under the bill’s new funding mechanism will be partially phased out over a 10-year period instead of a 20-year period.
- Provide that from the amounts allocated to the zone assistance fund in each State fiscal year, there would be deposited annually to the account in the authority's name, \$2,500,000 beginning in State Fiscal Year 2022, for the administration of the Urban Enterprise Zone program, and for providing grants, investments, loans, or other guaranties related to qualified assistance fund expenses. This amount would be adjusted annually by the percentage change in the 12-month Consumer Price Index from June 30 to July 1.
- Add that a municipality would not appropriate or expend more than 10 percent of the amount annually credited to its enterprise zone assistance fund for administrative expenses.
- Provide if in a State fiscal year the amount allocated to the enterprise zone assistance fund is less than the amount required to be allocated, the Legislature would appropriate to the enterprise zone assistance fund the amount that was not allocated in such State fiscal year in a succeeding State fiscal year along with the funds required to be allocated in that State fiscal year.
- Remove the creation of an Urban Enterprise Zone Fund and the percentage calculation of how UEZ funds are distributed with specific amounts to be appropriated by State fiscal year as described under the bill.
- Provide for State Fiscal Year 2023 and thereafter, the amount appropriated to the enterprise zone assistance fund would not exceed \$82,500,000, and in Fiscal Year 2024, and in each year thereafter, \$82,500,000 as adjusted annually based on the percentage change in the 12-month Consumer Price Index from June 30 to July 1 of each year, and would be no less than \$60,000,000.
- Remove language in the bill that provided ways for a business to continue to qualify for certain UEZ program benefits even if the business was not located in an eligible block group.
- Make technical corrections to the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill would result in (1) an indeterminate State expenditure increase due to administrative expenses; (2) an indeterminate State revenue decrease due to a tax exemption for certain businesses for two specific types of retail sales up to \$100,000 each and for certain businesses that allow for certain tax-free purchases; (3) an indeterminate local expenditure increase due to administrative costs associated with certain municipalities needing to submit an updated preliminary zone development plan; and (4) an indeterminate local revenue increase due to the ability to receive assistance for costs associated with formulating a preliminary zone development plan.

Under the bill, a variety of administrative expenses would be imposed on the State through additional requirements for the Department of Community Affairs, the Department of the Treasury, and the Department of Labor and Workforce Development.

According to documents provided to the OLS, the State currently forgoes an estimated \$300 million per year in tax expenditures through the UEZ program in 37 municipalities. This figure would maintain through the continuation of the UEZ program and this amount would increase due to a complete tax exemption for certain businesses for two specific types of retail sales up to \$100,000 each and for certain businesses that allow for tax-free purchases related to building or modifying real property and purchases of business related equipment.

Each UEZ municipality that had a zone development plan approved more than five years prior to the effective date of the bill would be required to submit an updated preliminary zone development plan. However, the bill would create a funding stream to assist municipalities in formulating these preliminary zone development plans.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 5580

with Assembly Floor Amendments
(Proposed by Assemblyman SCHAER)

ADOPTED: JUNE 21, 2021

These Assembly floor amendments specify that the State Treasurer would use a weighted formula that would apply 50 percent weight to a zone's municipality's number of commercial and industrial parcels and the average number of unemployed persons in the municipality, and 50 percent weight to the gross taxable sales in the municipality. Additionally, the amendments would appropriate \$42,500,000 from the General Fund to the enterprise zone assistance fund for the purposes and for the uses of that fund.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 5580

with Senate Floor Amendments
(Proposed by Senator SACCO)

ADOPTED: JUNE 24, 2021

These Senate floor amendments specify that section 8 and the amendments made by the bill to section 20 of P.L.1983, c.303 (C.52:27H-79) are to apply to sales and uses on and after January 1, 2022.

SENATE, No. 3600

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED APRIL 19, 2021

Sponsored by:

Senator NICHOLAS J. SACCO

District 32 (Bergen and Hudson)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Restores and revises Urban Enterprise Zone program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/10/2021)

S3600 SACCO, SINGLETON

2

1 AN ACT concerning urban enterprise zones, amending P.L.2001,
2 c.347 and P.L.1989, c.207, amending and supplementing
3 P.L.1983, c.303, and repealing various parts of the statutory law.

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

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

10 3. As used in **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.):

11 a. "Enterprise zone" or "zone" means an urban enterprise zone
12 designated by the authority pursuant to **[this act]** P.L.1983, c.303
13 (C.52:27H-60 et seq.);

14 b. "Authority" or "UEZ Authority" means the New Jersey Urban
15 Enterprise Zone Authority created by **[this act]** P.L.1983, c.303
16 (C.52:27H-60 et seq.);

17 c. "Qualified business" means any entity authorized to do
18 business in the State of New Jersey which, at the time of designation
19 as an enterprise zone or a UEZ-impacted business district, is engaged
20 in the active conduct of a trade or business in that zone or district; or
21 an entity which, after that designation but during the designation
22 period, becomes newly engaged in the active conduct of a trade or
23 business in that zone or district and has at least **[25%]** 25 percent of
24 its full-time employees employed at a business location in the zone
25 or district, **[meeting]** which zone or district meets the criteria set
26 forth in section 12 of P.L. , c. (C.) (pending before the
27 Legislature as this bill), or is an industrial business located in an
28 industrial hub, and which employees meet one or more of the
29 following criteria:

30 (1) Residents within the zone, the district, within another zone or
31 within a qualifying municipality; or

32 (2) Unemployed for at least six months prior to being hired and
33 residing in New Jersey, and recipients of New Jersey public
34 assistance programs for at least six months prior to being hired, or
35 either of the aforesaid; or

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

39 Approval as a qualified business shall be conditional upon meeting
40 all outstanding tax obligations, and may be withdrawn by the
41 authority if a business is continually delinquent in meeting its tax
42 obligations;

43 d. "Qualifying municipality" means any municipality **[in which**
44 there was, in the last full calendar year immediately preceding the
45 year in which application for enterprise zone designation is submitted

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

Matter underlined thus is new matter.

1 pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual
2 average of at least 2,000 unemployed persons, and in which the
3 municipal average annual unemployment rate for that year exceeded
4 the State average annual unemployment rate; except that any
5 municipality which qualifies for State aid pursuant to P.L.1978, c.14
6 (C.52:27D-178 et seq.) shall qualify if its municipal average annual
7 unemployment rate for that year exceeded the State average annual
8 unemployment rate. The annual average of unemployed persons and
9 the average annual unemployment rates shall be estimated for the
10 relevant calendar year by the Office of Labor Planning and Analysis
11 of the State Department of Labor and Workforce Development. In
12 addition to those municipalities that qualify pursuant to the criteria
13 set forth above, that municipality accorded priority designation
14 pursuant to subsection e. of section 7 of P.L.1983, c.303 (C.52:27H-
15 66), those municipalities set forth in paragraph (7), paragraph (8) of
16 section 3 of P.L.1995, c.382 (C.52:27H-66.1), and paragraph (9) of
17 section 3 of P.L.1995, c.382 as amended by section 3 of P.L.2004,
18 c.75 (C.52:27H-66.1), and the municipalities in which the three
19 additional enterprise zones, including the joint enterprise zone, are to
20 be designated pursuant to criteria according priority consideration for
21 designation of the zones pursuant to section 12 of P.L.2001, c.347
22 (C.52:27H-66.7) shall be deemed qualifying municipalities] :

23 (1) that was previously designated as a qualifying municipality
24 prior to the effective date of P.L. _____, c. _____ (pending before the
25 Legislature as this bill); or

26 (2) that is among the top 20 percent of the most distressed New
27 Jersey municipalities according to the most recent Municipal
28 Revitalization Index, and;

29 (a) in which the share of parcels accounted for by commercial and
30 industrial property exceeds the Statewide average of commercial and
31 industrial parcels according to the most recently released Property
32 Value Classification prepared by the Department of the Community
33 Affairs, and

34 (b) which has an unemployment rate that exceeds the most recent
35 annual Statewide unemployment rate;

36 e. "Public assistance" means income maintenance funds
37 administered by the Department of Human Services or by a county
38 welfare agency;

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

45 g. "Zone development plan" means a plan adopted by the
46 governing body of a qualifying municipality for the development of
47 an enterprise zone therein, and for the direction and coordination of
48 activities of the municipality, zone businesses and community

1 organizations within the enterprise zone toward the economic
2 betterment of the residents of the zone and the municipality;

3 h. "Zone neighborhood association" means a corporation or
4 association of persons who either are residents of, or have their
5 principal place of employment in, a municipality in which an
6 enterprise zone has been designated pursuant to **[this act]** P.L.1983,
7 c.303 (C.52:27H-60 et seq.); which is organized under the provisions
8 of Title 15 of the Revised Statutes or Title 15A of the New Jersey
9 Statutes; and which has for its principal purpose the encouragement
10 and support of community activities within, or on behalf of, the zone
11 so as to (1) stimulate economic activity, (2) increase or preserve
12 residential amenities, or (3) otherwise encourage community
13 cooperation in achieving the goals of the zone development plan;

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

17 j. "UEZ-impacted business district" or "district" means an
18 economically-distressed business district classified by the authority
19 as having been negatively impacted by two or more adjacent urban
20 enterprise zones in which **[50%]** 50 percent less sales tax is collected
21 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80);

22 k. "Block group" means statistical divisions of census tracts, that
23 are generally defined by the United States Census Bureau to contain
24 between 600 and 3,000 people and are used to present data and
25 control block numbering;

26 l. "Municipal Revitalization Index" means the index developed,
27 maintained, and updated from time to time, by the Department of
28 Community Affairs ranking New Jersey's municipalities according
29 to separate indicators that measure diverse aspects of social,
30 economic, physical, and fiscal conditions in each locality;

31 m. "Qualified assistance fund expense" means any reasonable
32 expense related to:

33 (1) a construction project improving, altering, or repairing the
34 real property of a qualified business located in an enterprise zone;

35 (2) full or part time economic and community development
36 positions in the municipality, other governmental, or not-for-profit
37 organization, or marketing;

38 (3) loans, grants, and guarantees to businesses;

39 (4) payroll expenses and equipment purchases primarily for the
40 provision of law enforcement, fire protection, or emergency medical
41 services within commercial and transportation corridors;

42 (5) planning and other professional services related to economic
43 and community development;

44 (6) cleaning and maintenance of commercial and transportation
45 corridors;

46 (7) the improvement of public infrastructure in a commercial or
47 transportation corridor;

- 1 (8) the improvement of public infrastructure related to a
2 commercial, industrial, mixed use, or multi-family residential
3 property; or
- 4 (9) employment and training programs.
- 5 n. “UEZ coordinator” means an individual designated by a
6 qualified municipality or zone development corporation as the
7 individual in charge of the activities related to the Urban Enterprise
8 Zone program in that municipality;
- 9 o. “UZ-2 certification” means the UEZ Authority’s certification
10 of a qualified business, pursuant to section 21 of P.L.1983, c.303
11 (C.52:27H-80), allowing the qualified business an exemption to the
12 extent of 50 percent of the tax imposed under the "Sales and Use Tax
13 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), when the sales transaction
14 physically occurs within an enterprise zone. The qualified business
15 may deliver merchandise to the purchaser at a location outside an
16 enterprise zone provided the sales transaction was physically made
17 within the enterprise zone. The regular tax rate shall be charged for
18 mail order, telephone, internet, and similar sales transactions
19 delivered within the State;
- 20 p. “UZ-4 certification” means the UEZ Authority’s certification
21 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), allowing a contractor of
23 the qualified business to make tax-free purchases of materials,
24 supplies, and services for the exclusive use of erecting a structure or
25 building on, or improving, altering, or repairing, the real property of
26 a qualified business located in an enterprise zone at the address
27 indicated on the qualified business’s application for certification to
28 the UEZ Authority;
- 29 q. “UZ-5 certification” means the UEZ Authority’s certification
30 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
31 (pending before the Legislature as this bill), allowing the qualified
32 business to make tax-free purchases of office and business equipment
33 and supplies, furnishings, trade fixtures, repair, or construction
34 materials and all other tangible personal property (other than motor
35 vehicles and motor vehicle parts and supplies) for the exclusive use
36 or consumption on the premises of the qualified business within an
37 enterprise zone at an address indicated on the qualified business’s
38 application for certification to the UEZ Authority. The exemption
39 may be used only for personal property controlled by the qualified
40 business. This exemption shall also apply to delivery charges and
41 charges for services performed for a qualified business at its zone
42 location, including repair, janitorial, and maintenance services;
- 43 r. “Economic Distress Index” means a standardized score
44 developed and maintained by the Department of Community Affairs
45 that equally incorporates the block group unemployment rate and
46 median household income according to the most recent five-year
47 estimate by the United States Census Bureau;

1 s. “Major job center” means a block group with an Economic
2 Distress Index score greater than or equal to the 50th percentile and
3 in which the jobs per square mile meets or exceeds the State average
4 according to the most recent estimate by the United States Census
5 Bureau;

6 t. “Industrial hub” means a block group with 100 or more
7 persons employed by industrial businesses;

8 u. “Industrial business” means a business with a North American
9 Industry Classification System code of 11 (Agriculture, Forestry,
10 Fishing and Hunting), 21 (Mining), 22 (Utilities), 23 (Construction),
11 31-33 (Manufacturing), 42 (Wholesale Trade), or 48-49
12 (Transportation and Warehousing);

13 v. “Commercial corridor” means the land area with frontage on
14 a State, county, local, or rail thoroughfare in an enterprise zone which
15 is predominantly commercial or industrial; and

16 w. “Transportation corridor” means a broad geographical band
17 that follows a general directional flow or connects major sources of
18 trips. It may contain a number of streets and highways and transit
19 lines or routes.

20 (cf: P.L.2006, c.34, s.3)

21

22 2. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to
23 read as follows:

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

26 (1) The **【Executive Director】** chief executive officer of the New
27 Jersey Economic Development Authority **【**, who shall be the chair of
28 the authority**】**;

29 (2) The Commissioner of the Department of Community Affairs,
30 who shall be the chair of the UEZ Authority;

31 (3) The Commissioner of the Department of Labor and
32 Workforce Development;

33 (4) The State Treasurer; **【and】**

34 (5) The chief executive officer of the New Jersey Redevelopment
35 Authority; and

36 (6) **【Five】** Four public members not holding any other office,
37 position or employment in the State Government, nor any local
38 elective office, who shall be appointed by the Governor with the
39 advice and consent of the Senate, and who shall be qualified for their
40 appointments by training and experience in the areas of local
41 government finance, economic development and redevelopment, or
42 volunteer civic service and community organization. No more than
43 **【three】** two public members shall be of the same political party. At
44 least one public member of the authority shall reside within an
45 enterprise zone; however, the provisions of this section shall apply
46 only to members appointed or reappointed after the effective date of
47 P.L.2001, c.347 (C.52:27H-66.2 et al.).

1 b. **【**The public members of the authority shall serve for terms of
2 five years, except that of the members first appointed, one shall serve
3 for a term of one year, one shall serve for a term of two years, one
4 shall serve for a term of three years, one shall serve for a term of four
5 years, and one shall serve for a term of five years. Vacancies in the
6 public membership shall be filled in the manner of the original
7 appointments but for the unexpired terms. **】** (Deleted by amendment,
8 P.L. , c.) (pending before the Legislature as this bill)

9 c. An ex officio member of the authority may, from time to time,
10 designate in writing to the authority an official within his respective
11 department to attend and represent the department at the meetings of
12 the authority from which the ex officio member is absent, and that
13 designated representative shall be entitled to vote and otherwise act
14 for the ex officio member at those meetings.

15 d. A true copy of the minutes of every meeting of the authority
16 shall be forthwith delivered by and under the certification of the
17 secretary thereof to the Governor. No action taken at such meeting
18 by the authority shall have force or effect until 10 days, Saturdays,
19 Sundays, and public holidays excepted, after the copy of the minutes
20 shall have been so delivered, unless during such 10-day period the
21 Governor shall approve the same, in which case such action shall
22 become effective upon such approval. If, in that 10-day period, the
23 Governor returns such copy of the minutes with veto of any action
24 taken by the authority or any member thereof at such meeting, such
25 action shall be null and void and of no effect.

26 e. The UEZ Authority, reconstituted pursuant to P.L. , c.
27 (C.) (pending before the Legislature as this bill), shall hold an
28 initial meeting on the first business day of the third month following
29 the date of enactment of P.L. , c. (C.) (pending before the
30 Legislature as this bill). The public members of the UEZ Authority
31 shall serve for terms of five years, except that of the members first
32 appointed to the reconstituted UEZ Authority pursuant to P.L. , c.
33 (C.) (pending before the Legislature as this bill), one shall serve
34 for a term of two years, one shall serve for a term of three years, one
35 shall serve for a term of four years, and one shall serve for a term of
36 five years. Vacancies in the public membership shall be filled in the
37 manner of the original appointments but for the unexpired terms.
38 (cf: P.L.2008, c.27, s.29)

39
40 3. Section 3 of P.L.2001, c.347 (C.52:27H-66.2) is amended to
41 read as follows:

42 3. The authority shall designate a classification known as a
43 "UEZ-impacted business district" for a municipality which can
44 demonstrate to the authority that its business district is economically
45 distressed and is being negatively impacted by the presence of two or
46 more adjacent enterprise zones in which **【50%】** 50 percent less sales
47 tax is collected pursuant to section 21 of P.L. 1983, c. 303 (C.52:27H-
48 80). Following the effective date of P.L. , c. (pending before the

1 Legislature as this bill), the UEZ Authority shall not designate a
2 business district as a UEZ-impacted business district. Any
3 designation as a UEZ-impacted business district existing on the
4 effective date of P.L. , c. (pending before the Legislature as this
5 bill) shall expire on the first day of the third year next following the
6 effective date of P.L. , c. (pending before the Legislature as this
7 bill) or upon certification of the UEZ-impacted business district as
8 an enterprise zone, whichever occurs first.

9 (cf: P.L.2001, c.347, s.3)

10

11 4. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to
12 read as follows:

13 9. a. Before **【applying】** the governing body of a qualifying
14 municipality may apply for designation **【of】** as an enterprise zone,
15 the municipal governing body shall cause a preliminary zone
16 development plan to be formulated, either by a zone development
17 corporation or by the governing body, with the assistance of those
18 officers and agencies of the municipality as the governing body may
19 see fit. **【The】** For a municipality with a zone development plan that
20 was approved more than five years prior to the effective date
21 of P.L. , c. (pending before the Legislature as this bill), the
22 governing body of the municipality shall submit an updated
23 preliminary zone development plan pursuant to this section. In
24 formulating a preliminary zone development plan pursuant to this
25 section, a zone development corporation or the governing body of the
26 municipality shall consult with representatives of diverse Statewide
27 or regional business organizations that represent the interests of
28 minority businesses, as defined in section 2 of P.L.1986, c. 195
29 (C.52:27H-21.18), which organizations shall have no less than 30
30 days to review a proposed preliminary zone development plan and
31 submit comments to the zone development corporation or governing
32 body. Each preliminary zone development plan shall **【set forth the**
33 boundaries of the proposed enterprise zone,**】** include findings of fact
34 concerning the economic and social conditions existing in the area
35 proposed for an enterprise zone, and the municipality's policy and
36 intentions for addressing these conditions, and may include
37 proposals respecting:

38 **【a.】** (1) Utilizing the powers conferred on the municipality by
39 law for the purpose of stimulating investment in and economic
40 development of the proposed zone;

41 **【b.】** (2) Utilizing State assistance through the provisions of **【this**
42 act**】** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to **【exemptions**
43 from, and credits against,**】** State **【taxes】** tax benefits and enterprise
44 zone assistance funds;

45 **【c.】** (3) Securing the involvement in, and commitment to, zone
46 economic development by private entities, including zone

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1 neighborhood associations, voluntary community organizations
2 supported by residents and businesses in the zone;

3 **[d.]** (4) Utilizing the powers conferred by law to revise
4 municipal planning and zoning ordinances and other land use
5 regulations as they pertain to the zone, in order to enhance the
6 attraction of the zone to prospective developers;

7 **[e.]** (5) Increasing the availability and efficiency of support
8 services, public and private, generally used by and necessary to the
9 efficient functioning of commercial and industrial facilities in the
10 area, and the extent to which the increase or improvement is to be
11 provided and financed by the municipal government or by other
12 entities.

13 b. (1) The governing body of a municipality may request
14 from the UEZ Authority an amount not to exceed 10 percent of the
15 municipality's zone assistance fund allocation or \$125,000,
16 whichever is greater, to fund, in whole or in part, the costs associated
17 with formulating a preliminary zone development plan, which
18 amount the governing body may use to pay employees, or to retain a
19 consultant, to formulate the plan. Prior to soliciting a consultant to
20 formulate the plan with these funds, the governing body of a
21 municipality shall submit to the UEZ Authority the proposed
22 solicitation.

23 (2) The UEZ Authority shall review the proposed solicitation and
24 may provide recommended modifications to the proposed
25 solicitation. The governing body of a municipality or a zone
26 development corporation may incur expenses related to the
27 preparation of the preliminary zone development plan for potential
28 reimbursement at a later time by the UEZ Authority, provided the
29 authority determines the expenses are reasonable. The governing
30 body of a municipality or a zone development corporation shall
31 complete a preliminary zone development plan with assistance from
32 the UEZ Authority, as needed, in accordance with a timeline
33 established by the authority pursuant to rules, regulations, or
34 guidelines adopted by the authority.

35 (3) Within 14 days of receipt, unless the authority finds material
36 deficiencies in a preliminary zone development plan, the authority
37 shall approve and certify the preliminary zone development plan as
38 the zone development plan. The zone development plan shall be the
39 plan according to which the Urban Enterprise Zone program shall be
40 administered in that zone, and certification of the plan shall constitute
41 the authority's designation or re-designation of the municipality as
42 an enterprise zone. Should the authority find deficiencies with a
43 preliminary zone development plan, it shall provide a corrective
44 action plan to the municipality.

45 (4) Notwithstanding the provisions of subsection g. of section 5
46 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
47 approval by the authority of the zone development plan for an
48 enterprise zone coterminous with the borders of a municipality shall

1 not be considered sufficient for the determination that the area is in
2 need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
3 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
4 exemptions within the enterprise zone district pursuant to the
5 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
6 adoption of a tax abatement and exemption ordinance pursuant to the
7 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
8 however, the authority's certification of a final eligible block group
9 within an enterprise zone pursuant to section 12 of P.L. , c. (C.)
10 (pending before the Legislature as this bill), shall be considered
11 sufficient for the determination that an area within a final eligible
12 block group is in need of redevelopment for the purpose of granting
13 tax exemptions within the eligible block group pursuant to the
14 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
15 of a tax abatement and exemption ordinance pursuant to the
16 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

17 c. If no zone development plan is in place, upon petition of the
18 zone development corporation or governing body of the municipality,
19 the UEZ Authority may grant a distribution from that municipality's
20 zone assistance fund account for an eligible project that responds to
21 an impact of a public health emergency or state of emergency
22 declared by the Governor.

23 d. No zone development plan shall remain in force once it has
24 been certified by the UEZ Authority for more than five years. The
25 governing body of a municipality or zone development corporation
26 shall follow the process enumerated in subsections a. and b. of this
27 section to ensure a zone development plan remains current to protect
28 against lapse of enterprise zone designation.

29 e. Notwithstanding the provisions of this section to the contrary,
30 a qualified business in an enterprise zone having such qualified status
31 immediately preceding the effective date of P.L. , c. (pending
32 before the Legislature as this bill), and which is qualified under
33 P.L. , c. (pending before the Legislature as this bill), shall remain
34 eligible for the exemptions from the tax imposed under the "Sales
35 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), pursuant to
36 sections 20 and 21 of P.L.1983, c.303 (C.52:27H-79 and C.52:27H-
37 80), and shall be eligible for the exemption under section 8 of P.L. ,
38 c. (C.) (pending before the Legislature as this bill) even if the
39 municipality in which the business is located fails to submit a zone
40 development plan in accordance with this section; provided,
41 however, a municipality failing to submit a zone development plan
42 under this section shall not be eligible for loans, grants, and other
43 assistance from the UEZ Authority, except as provided for in
44 subsection c. of this section, until a revised zone development plan is
45 submitted and approved by the UEZ Authority.

46 (cf: P.L.1983, c.539, s.1)

1 5. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
2 read as follows:

3 10. a. An area defined by a continuous border within one
4 qualifying municipality **【**or within two or more contiguous
5 qualifying municipalities and two noncontiguous areas each having
6 a continuous border within two noncontiguous qualifying
7 municipalities**】** shall be eligible for designation as a zone if:

8 **【a.】** (1) It has been designated an "area in need of rehabilitation"
9 pursuant to Article VIII, Section I, paragraph 6 of the Constitution of
10 the State of New Jersey **【**and P.L.1977, c.12 (C.54:4-3.95 et seq.)**】**;
11 or is qualified for that designation in the judgment of the authority;
12 and

13 **【b.】** (2) It meets the criteria established by the authority pursuant
14 to **【**this act**】** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to the
15 incidence of poverty, unemployment and general economic distress.

16 b. In addition to areas eligible for designation as a zone pursuant
17 to subsection a. of this section, an area shall be eligible for
18 designation as an enterprise zone if the municipality in which the area
19 is located is among the top 20 percent of the most distressed New
20 Jersey municipalities, according to the most recent Municipal
21 Revitalization Index, and:

22 (1) the share of parcels accounted for by commercial and
23 industrial property within the municipality exceeds the Statewide
24 average of commercial and industrial parcels according to the most
25 recently released Property Value Classification prepared by the
26 Department of the Community Affairs, and

27 (2) the municipality has an unemployment rate that exceeds the
28 most recent annual Statewide unemployment rate.

29 c. If a county does not contain an area that qualifies to be
30 designated as an enterprise zone, the UEZ Authority may, upon
31 application, designate as an enterprise zone the area within the county
32 which is in the most distressed municipality in the county according
33 to the most recent Municipal Revitalization Index.

34 d. In the case of a qualifying municipality with a population
35 exceeding 5,000, designation as a zone shall be contingent upon such
36 municipality appointing a full-time economic development officer,
37 who may also serve as the UEZ Coordinator, or establishing a zone
38 development corporation.

39 (cf: P.L.1993, c.367, s.5)

40

41 6. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
42 read as follows:

43 13. a. In designating eligible areas as enterprise zones, the
44 authority shall **【**accord preference to**】** approve zone development
45 plans which:

46 (1) Have **【**the greatest**】** potential for success in stimulating
47 primarily new economic activity in the area;

1 (2) Are designed to address **【the greatest degree of】** urban
2 distress, as measured by existing levels of unemployment, poverty,
3 and property tax arrearages;

4 (3) Demonstrate **【the most】** substantial and reliable commitments
5 of resources by zone businesses, zone neighborhood associations,
6 voluntary community organizations and other private entities to the
7 economic success of the zone;

8 (4) Demonstrate **【the most】** substantial effort and commitment by
9 the municipality to encourage economic activity in the area and to
10 remove disincentives for job creation compatible with the fiscal
11 condition of the municipality.

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

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

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

22 (3) The degree of commitment made by public and private entities
23 to utilize minority contractors and assure equal opportunities for
24 employment in connection with any construction or reconstruction to
25 be undertaken in the eligible area;

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

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

31 c. A designated zone that is operative on the effective date of
32 P.L. , c. (pending before the Legislature as this bill) shall remain
33 a designated zone until the end of the 10th State fiscal year next
34 following the effective date of P.L. , c. (pending before the
35 Legislature as this bill).

36 d. (1) On the first day of the ninth State fiscal year next
37 following the effective date of P.L. , c. (pending before the
38 Legislature as this bill), the UEZ Authority shall determine which
39 zones are within municipalities that are among the top 20 percent of
40 the most distressed New Jersey municipalities, according to the most
41 recent Municipal Revitalization Index, and whether:

42 (a) the share of parcels accounted for by commercial and
43 industrial property within each municipality exceeds the Statewide
44 average of commercial and industrial parcels according to the most
45 recently released Property Value Classification prepared by the
46 Department of the Community Affairs, and

47 (b) each municipality has an unemployment rate that exceeds the
48 most recent annual Statewide unemployment rate.

1 (2) (a) A zone located within a municipality that does not meet
2 the criteria set forth in paragraph (1) of this subsection shall be
3 ineligible for designation as an enterprise zone at the close of the 10th
4 State fiscal year after the effective date of P.L. , c. (pending before
5 the Legislature as this bill).

6 (b) A zone located within a municipality that meets the criteria
7 set forth in paragraph (1) of this subsection shall be designated an
8 enterprise zone for an additional 10 years.

9 e. (1) Notwithstanding the provisions of section 10 of P.L.1983,
10 c.303 (C.52:27H-69), section 2 of P.L.1985, c.391 (C.52:27H-69.1),
11 or any other law or regulation to the contrary, boundaries of each
12 zone shall be coterminous with borders of an eligible municipality
13 beginning on the effective date of P.L. , c. (pending before the
14 Legislature as this bill).

15 (2) Notwithstanding the provisions of subsection g. of section 5
16 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
17 the extension of the boundaries of a zone to be coterminous with the
18 borders of a municipality pursuant to this subsection shall not be
19 considered sufficient for the determination that the area is in need of
20 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
21 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
22 exemptions within the enterprise zone district pursuant to the
23 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
24 adoption of a tax abatement and exemption ordinance pursuant to the
25 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
26 however, certification of a final eligible block group within an
27 enterprise zone certified pursuant to section 12 of P.L. , c. (C.)
28 (pending before the Legislature as this bill) shall be considered
29 sufficient for the determination that an area within a final eligible
30 block group is in need of redevelopment for the purpose of granting
31 tax exemptions within the eligible block group pursuant to the
32 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
33 of a tax abatement and exemption ordinance pursuant to the
34 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

35 f. Following the effective date of P.L. , c. (pending before the
36 Legislature as this bill), the UEZ Authority may designate enterprise
37 zones from among qualifying municipalities determined to be
38 eligible notwithstanding the limitation on the number of eligible
39 zones set forth in section 7 of P.L.1983, c.303 (C.52:27H-66), section
40 3 of P.L.1995, c.382 (C.52:27H-66.1), and section 12 of P.L.2001,
41 c.347 (C.52:27H-66.7).

42 (cf: P.L.1983, c.303, s.13)

43
44 7. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to
45 read as follows:

46 20. a. Receipts from retail sales of tangible personal property
47 (except motor vehicles and energy) and sales of services (except
48 telecommunications services and utility services) to a qualified

1 business for the exclusive use or consumption of such business within
2 an enterprise zone are exempt from the taxes imposed under the
3 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

4 b. (Deleted by amendment, P.L.2011, c.28)

5 c. As used in this section:

6 "Qualified business" includes a person who is certified as a
7 qualified business by the authority **[**on or before the date a claim for
8 refund is made and filed with the Director of the Division of Taxation
9 in the Department of the Treasury pursuant to subsection e. of this
10 section**]** and provided a UZ-5 certification by the authority pursuant
11 to subsection d. or f. of section 12 of P.L. , c. (C.) (pending
12 before the Legislature as this bill).

13 d. (Deleted by amendment, P.L.2011, c.28)

14 e. **[**(1) Notwithstanding the provisions of section 20 of P.L.1966,
15 c.30 (C.54:32B-20) and the provisions of R.S.54:49-14, the Director
16 of the Division of Taxation in the Department of the Treasury shall
17 refund to a person who is a qualified business the amount of any sales
18 tax or any use tax paid by the person in connection with that person's
19 purchase of tangible personal property or services that is exempt,
20 pursuant to subsection a. of this section, from the taxes imposed by
21 P.L.1966, c.30 (C.54:32B-1 et seq.) if the person who is a qualified
22 business makes and files a claim for refund with the director within
23 one year of the date the payment of tax for purchase is made.

24 (2) A person who is a qualified business shall make and file a
25 claim for refund on such forms, and accompanied by auditable
26 receipts and such other documentation, as the director may
27 prescribe.**]** (Deleted by amendment, P.L. , c.) (pending before the
28 Legislature as this bill)

29 (cf: P.L.2011, c.28, s.1)

30

31 8. (New section) a. Receipts from retail sales of materials,
32 supplies, and services for the exclusive use of erecting structures or
33 buildings on, or improving, altering or repairing the real property of
34 a qualified business, or a contractor hired by the qualified business
35 to make such improvements, alterations, or repairs, are exempt from
36 the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30
37 (C.54:32B-1 et seq.).

38 b. As used in this section:

39 "Qualified business" includes a person who is certified as a
40 qualified business by the authority and provided a UZ-4 certification
41 by the authority pursuant to subsection d. or f. of section 12 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill) on or before
43 the date a claim for refund is made and filed with the Director of the
44 Division of Taxation in the Department of the Treasury pursuant to
45 subsection b. of this section.

46

47 9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to
48 read as follows:

1 21. Receipts of retail sales, except retail sales of motor vehicles,
2 of alcoholic beverages as defined in the "Alcoholic Beverage Tax
3 Law," R.S.54:41-1 et seq., of cigarettes as defined in the "Cigarette
4 Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), of manufacturing
5 machinery, equipment or apparatus, and of energy, made by a
6 **【certified】** seller located in an eligible block group or on an adjacent
7 parcel, as defined in subsection a. of section 12 of P.L. _____, c.
8 (C. _____) (pending before the Legislature as this bill) and provided a
9 UZ-2 certification by the authority from a place of business owned
10 or leased and regularly operated by the seller for the purpose of
11 making retail sales, and located in a designated enterprise zone
12 established pursuant to the "New Jersey Urban Enterprise Zones
13 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted
14 business district established prior to the effective date of P.L. _____, c.
15 (pending before the Legislature as this bill) pursuant to section 3 of
16 P.L.2001, c.347 (C.52:27H-66.2), are exempt to the extent of **【50%】**
17 50 percent of the tax imposed under the "Sales and Use Tax Act,"
18 P.L.1966, c.30 (C.54:32B-1 et seq.).

19 Any seller, which is a qualified business having a place of business
20 located in a designated enterprise zone or in a designated UEZ-
21 impacted business district, may apply to the **【Director of the Division**
22 **of Taxation in the Department of the Treasury】** UEZ Authority for a
23 UZ-2 certification pursuant to this section provided the seller is
24 located in an eligible block group or an adjacent parcel, as defined in
25 subsection a. of section 12 of P.L. _____, c. (C. _____) (pending before
26 the Legislature as this bill). The **【director】** UEZ Authority shall
27 certify a seller if the **【director】** UEZ Authority shall find that the
28 seller owns or leases and regularly operates a place of business
29 located in the designated enterprise zone or in the designated UEZ-
30 impacted business district for the purpose of making retail sales, that
31 items are regularly exhibited and offered for retail sale at that
32 location, and that the place of business is not utilized primarily for
33 the purpose of catalogue or mail order sales. The certification under
34 this section shall remain in effect during the time the business retains
35 its status as a qualified business meeting the eligibility criteria of
36 section 27 of P.L.1983, c.303 (C.52:27H-86). However, the
37 **【director】** UEZ Authority may at any time revoke a certification
38 granted pursuant to this section if the **【director】** UEZ Authority shall
39 determine that the seller no longer complies with the provisions of
40 this section. The Department of the Treasury shall provide to a
41 qualified business a certificate evidencing its UZ-2 certification,
42 which certificate shall indicate the location at which the sales tax
43 exemption provided for in this section is available.

44 Notwithstanding the provisions of **【this act】** P.L.1983, c.303
45 (C.52:27H-60 et seq.) to the contrary, except as may otherwise be
46 provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the
47 authority may, in its discretion, determine if the provisions of this

1 section shall apply to any enterprise zone designated after the
2 effective date of P.L.1985, c.142 (C.52:27H-66 et al.); provided,
3 however, that the authority may make such a determination only
4 where the authority finds that the award of an exemption of 50
5 percent of the tax imposed under the "Sales and Use Tax Act,"
6 P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse
7 economic impact upon any other urban enterprise zone.

8 **【**Notwithstanding any other provisions of law to the contrary,
9 except as provided in subsection b. of section 6 of P.L.1996, c.124
10 (C.13:1E-116.6), after first depositing 10 percent of the gross amount
11 of all revenues received from the taxation of retail sales made by
12 certified sellers from business locations in designated enterprise
13 zones to which this exemption shall apply into the account created in
14 the name of the authority in the enterprise zone assistance fund
15 pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the
16 remaining 90 percent shall be deposited immediately upon collection
17 by the Department of the Treasury, as follows:

18 a. In the first five-year period during which the State shall have
19 collected reduced rate revenues within an enterprise zone, all such
20 revenues shall be deposited in the enterprise zone assistance fund
21 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

22 b. In the second five-year period during which the State shall
23 have collected reduced rate revenues within an enterprise zone, 66
24 2/3% of all those revenues shall be deposited in the enterprise zone
25 assistance fund, and 33 1/3% shall be deposited in the General Fund;

26 c. In the third five-year period during which the State shall have
27 collected reduced rate revenues within an enterprise zone, 33 1/3%
28 of all those revenues shall be deposited in the enterprise zone
29 assistance fund, and 66 2/3% shall be deposited in the General Fund;

30 d. In the final five-year period during which the State shall have
31 collected reduced rate revenues within an enterprise zone, but not to
32 exceed the life of the enterprise zone, all those revenues shall be
33 deposited in the General Fund.

34 Commencing on the effective date of P.L.1993, c.144, all revenues
35 in any enterprise zone to which the provisions of this section have
36 been extended prior to the enactment of P.L.1993, c.144 shall be
37 deposited into the enterprise zone assistance fund until there shall
38 have been deposited all revenues into that fund for a total of five full
39 years, as set forth in subsection a. of this section. The State Treasurer
40 then shall proceed to deposit funds into the enterprise zone assistance
41 fund according to the schedule set forth in subsections b. through d.
42 of this section, beginning at the point where the enterprise zone was
43 located on that schedule on the effective date of P.L.1993, c.144. No
44 enterprise zone shall receive the deposit benefit granted by any one
45 subsection of this section for more than five cumulative years.

46 The revenues required to be deposited in the enterprise zone
47 assistance fund under this section shall be used for the purposes of
48 that fund and for the uses prescribed in section 29 of P.L.1983, c.303

1 (C.52:27H-88), subject to annual appropriations being made for those
2 purposes and uses.】

3 (cf: P.L.2011, c.49, s.15)

4

5 10. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
6 read as follows:

7 29. a. (1) There is created an enterprise zone assistance fund to
8 be held by the State Treasurer, which shall be the repository for all
9 moneys required to be deposited therein under section 【21 of
10 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
11 the fund】 11 of P.L. , c. (C.) (pending before the Legislature
12 as this bill). All moneys deposited in the fund shall be held and
13 disbursed in the amounts necessary to fulfill the purposes of this
14 section and subject to the requirements hereinafter prescribed. The
15 State Treasurer may invest and reinvest any moneys in the fund, or
16 any portion thereof, to strengthen capital structures, leverage
17 additional debt capital, and increase lending and investing in
18 economically disadvantaged communities, and in any other manner
19 that advances the goals of the Urban Enterprise Zone program,
20 including, but not limited to legal obligations of the United States or
21 of the State or of any political subdivision thereof or government-
22 sponsored enterprises. Any income from, interest on, or increment to
23 moneys so invested or reinvested shall be included in the fund.

24 Notwithstanding the provisions of section 11 of P.L. , c.
25 (C.) (pending before the Legislature as this bill) or any other
26 provision of law to the contrary, the amount to be deposited in the
27 enterprise zone assistance fund shall be as follows:

28 (a) In the first five State fiscal years next following the effective
29 date of P.L. , c. (pending before the Legislature as this bill), 100
30 percent of the amount determined pursuant to paragraph (1) of
31 subsection b. of section 11 of P.L. , c. (C.) (pending before
32 the Legislature as this bill) shall be deposited in the enterprise zone
33 assistance fund;

34 (b) In the sixth State fiscal year next following the effective date
35 of P.L. , c. (pending before the Legislature as this bill), 95 percent
36 of the amount determined pursuant to paragraph (1) of subsection b.
37 of section 11 of P.L. , c. (C.) (pending before the Legislature
38 as this bill) shall be deposited in the enterprise zone assistance fund
39 and five percent of such amount shall be deposited in the General
40 Fund;

41 (c) In the seventh State fiscal year next following the effective
42 date of P.L. , c. (pending before the Legislature as this bill), 90
43 percent of the amount determined pursuant to paragraph (1) of
44 subsection b. of section 11 of P.L. , c. (C.) (pending before
45 the Legislature as this bill) shall be deposited in the enterprise zone
46 assistance fund and 10 percent of such amount shall be deposited in
47 the General Fund;

1 (d) In the eighth State fiscal year next following the effective date
2 of P.L. , c. (pending before the Legislature as this bill), 85 percent
3 of the amount determined pursuant to paragraph (1) of subsection b.
4 of section 11 of P.L. , c. (C.) (pending before the Legislature
5 as this bill) shall be deposited in the enterprise zone assistance fund
6 and 15 percent of such amount shall be deposited in the General
7 Fund;

8 (e) In the ninth State fiscal year next following the effective date
9 of P.L. , c. (pending before the Legislature as this bill), 80 percent
10 of the amount determined pursuant to paragraph (1) of subsection b.
11 of section 11 of P.L. , c. (C.) (pending before the Legislature
12 as this bill) shall be deposited in the enterprise zone assistance fund
13 and 20 percent of such amount shall be deposited in the General
14 Fund;

15 (f) In the 10th State fiscal year next following the effective date
16 of P.L. , c. (pending before the Legislature as this bill), 75 percent
17 of the amount determined pursuant to paragraph (1) of subsection b.
18 of section 11 of P.L. , c. (C.) (pending before the Legislature
19 as this bill) shall be deposited in the enterprise zone assistance fund
20 and 25 percent of such amount shall be deposited in the General
21 Fund;

22 (g) In the 11th State fiscal year next following the effective date
23 of P.L. , c. (pending before the Legislature as this bill), 70 percent
24 of the amount determined pursuant to paragraph (1) of subsection b.
25 of section 11 of P.L. , c. (C.) (pending before the Legislature
26 as this bill) shall be deposited in the enterprise zone assistance fund
27 and 30 percent of such amount shall be deposited in the General
28 Fund;

29 (h) In the 12th State fiscal year next following the effective date
30 of P.L. , c. (pending before the Legislature as this bill), 65 percent
31 of the amount determined pursuant to paragraph (1) of subsection b.
32 of section 11 of P.L. , c. (C.) (pending before the Legislature
33 as this bill) shall be deposited in the enterprise zone assistance fund
34 and 35 percent of such amount shall be deposited in the General
35 Fund;

36 (i) In the 13th State fiscal year next following the effective date
37 of P.L. , c. (pending before the Legislature as this bill), 60 percent
38 of the amount determined pursuant to paragraph (1) of subsection b.
39 of section 11 of P.L. , c. (C.) (pending before the Legislature
40 as this bill) shall be deposited in the enterprise zone assistance fund
41 and 40 percent of such amount shall be deposited in the General
42 Fund;

43 (j) In the 14th State fiscal year next following the effective date
44 of P.L. , c. (pending before the Legislature as this bill), 55 percent
45 of the amount determined pursuant to paragraph (1) of subsection b.
46 of section 11 of P.L. , c. (C.) (pending before the Legislature
47 as this bill) shall be deposited in the enterprise zone assistance fund
48 and 45 percent of such shall be deposited in the General Fund;

1 (k) In the 15th State fiscal year next following the effective date
2 of P.L. , c. (pending before the Legislature as this bill), 50 percent
3 of the amount determined pursuant to paragraph (1) of subsection b.
4 of section 11 of P.L. , c. (C.) (pending before the Legislature
5 as this bill) shall be deposited in the enterprise zone assistance fund
6 and 50 percent of such amount shall be deposited in the General
7 Fund;

8 (l) In the 16th State fiscal year next following the effective date
9 of P.L. , c. (pending before the Legislature as this bill), 40 percent
10 of the amount determined pursuant to paragraph (1) of subsection b.
11 of section 11 of P.L. , c. (C.) (pending before the Legislature
12 as this bill) shall be deposited in the enterprise zone assistance fund
13 and 60 percent of such amount shall be deposited in the General
14 Fund;

15 (m) In the 17th State fiscal year next following the effective date
16 of P.L. , c. (pending before the Legislature as this bill), 30 percent
17 of the amount determined pursuant to paragraph (1) of subsection b.
18 of section 11 of P.L. , c. (C.) (pending before the Legislature
19 as this bill) shall be deposited in the enterprise zone assistance fund
20 and 70 percent of such amount shall be deposited in the General
21 Fund;

22 (n) In the 18th State fiscal year next following the effective date
23 of P.L. , c. (pending before the Legislature as this bill), 20 percent
24 of the amount determined pursuant to paragraph (1) of subsection b.
25 of section 11 of P.L. , c. (C.) (pending before the Legislature
26 as this bill) shall be deposited in the enterprise zone assistance fund
27 and 80 percent of such amount shall be deposited in the General
28 Fund;

29 (o) In the 19th State fiscal year next following the effective date
30 of P.L. , c. (pending before the Legislature as this bill), 10 percent
31 of the amount determined pursuant to paragraph (1) of subsection b.
32 of section 11 of P.L. , c. (C.) (pending before the Legislature
33 as this bill) shall be deposited in the enterprise zone assistance fund
34 and 90 percent of such amount shall be deposited in the General
35 Fund; and

36 (p) In the 20th State fiscal year next following the effective date
37 of P.L. , c. (pending before the Legislature as this bill), and each
38 State fiscal year thereafter, 100 percent of the amount determined
39 pursuant to paragraph (1) of subsection b. of section 11 of P.L. , c.
40 (C.) (pending before the Legislature as this bill) shall be
41 deposited in the General Fund.

42 (2) The State Treasurer shall maintain separate accounts for each
43 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et
44 seq.) that is in good standing with the UEZ Authority in accordance
45 with rules adopted by the UEZ Authority, and one in the authority's
46 name for the administration of the Urban Enterprise Zone program,
47 and for providing grants, investments, loans or other guaranties
48 related to qualified assistance fund expenses. The State Treasurer

1 shall credit to each account an amount of the moneys deposited in the
2 fund [equal to the amount of revenues collected from the taxation of
3 retail sales made in the zone and appropriated to the enterprise zone
4 assistance fund, or that amount of moneys appropriated to the fund
5 and required to be credited to the enterprise zone account of the
6 qualifying municipality pursuant to section 21 of P.L.1983, c.303
7 (C.52:27H-80)] determined by a formula that applies weight to a
8 zone municipality's number of commercial and industrial parcels as
9 recorded by the municipal tax assessor, its Municipal Revitalization
10 Index Distress Score, and the average number of unemployed persons
11 in the municipality according to data provided by the New Jersey
12 Department of Labor and Workforce Development. When funds are
13 received by a qualifying municipality pursuant to this subsection, the
14 funds shall be placed in a new trust or, for a qualifying municipality
15 that has a trust for an enterprise zone on the effective date of P.L. ,
16 c. (pending before the Legislature as this bill), in the existing trust.
17 The Division of Local Government Services in the Department of
18 Community Affairs shall promulgate regulations, policies, or
19 procedures as necessary to implement the provisions of this section.

20 (3) The State Treasurer shall promulgate the rules and regulations
21 necessary to govern the administration of the fund for the purposes
22 of this section, which shall include, but not be limited to, regulations
23 requiring the establishment of separate bank accounts for funds
24 credited to the enterprise zone account of each municipality from the
25 enterprise zone assistance fund, commonly known as "first
26 generation funds," and funds generated from the repayments of loans
27 to individuals and businesses from the enterprise zone account of
28 each municipality and the proceeds from the sale of properties and
29 equipment acquired through the enterprise zone program, commonly
30 known as "second generation funds," and the review, compilation,
31 and monitoring of second generation fund quarterly reports submitted
32 by each enterprise zone.

33 Any individual, including an individual who is not directly
34 employed by a municipality, with the authority to administer, allocate
35 or approve the use of zone assistance funds is subject to the "Local
36 Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et seq.),
37 unless the individual is a State employee or a special State officer.

38 b. The enterprise zone assistance fund shall be used for the
39 purpose of assisting qualifying municipalities in which enterprise
40 zones are designated in undertaking economic development projects
41 in designated enterprise zones by funding qualified assistance fund
42 expenses. However, a municipality shall not appropriate or expend
43 more than 25 percent of the amount annually credited to its enterprise
44 zone assistance fund for public safety purposes, as described
45 pursuant to paragraph (4) of subsection m. of section 3 of P.L.1983,
46 c.303 (C.52:27H-62).

47 c. The governing body of a qualifying municipality in which an
48 enterprise zone is designated and the zone development corporation

1 created or designated by the municipality for that enterprise zone
2 may, by resolution jointly adopted after public hearing, propose to
3 undertake an economic development project in the enterprise zone,
4 and to fund that project from moneys deposited in the enterprise zone
5 assistance fund and credited to the account maintained by the State
6 Treasurer for the enterprise zone.

7 The proposal so adopted shall set forth a plan for the project and
8 shall include:

9 (1) A description of the proposed project;

10 (2) An estimate of the total project costs, and an estimate of the
11 amounts of funding necessary annually from the enterprise zone
12 account;

13 (3) A statement of any other revenue sources to be used to finance
14 the project;

15 (4) A statement of the time necessary to complete the project;

16 (5) A statement of the manner in which the proposed project
17 furthers the municipality's policy and intentions for addressing
18 economic development in the enterprise zone as set forth in the zone
19 development plan approved by the authority; and

20 (6) A description of the financial and programmatic controls and
21 reporting mechanisms to be used to guarantee that the funds will be
22 spent in accordance with the plan and that the project will accomplish
23 its purpose.

24 As used in this section, "project" means an activity **【**funded by the
25 zone assistance fund through the qualified municipality and
26 implemented by the zone development corporation, **】** that satisfies the
27 requirements of a qualified assistance fund expense, as that term is
28 defined in subsection m. of section 3 of P.L.1983, c.303 (C.52:27H-
29 62), and which will lead to the creation of new jobs and increased
30 economic activity within the zone **【**, such as: the establishment of
31 revolving loan programs for qualified businesses in the zone to
32 encourage private investment and job creation, and marketing,
33 advertising and special event activities that will lead to increased
34 economic activity or encourage private investment and job creation
35 in the zone, but not including the expenditures therefor which are
36 required to be reported pursuant to "The New Jersey Campaign
37 Contributions and Expenditures Reporting Act," P.L.1973, c.83
38 (C.19:44A-1 et al.) and the costs associated therewith including the
39 costs of economic analyses**】**.

40 d. **【**Upon adoption by the governing body of the qualifying
41 municipality and by the zone development corporation, the proposal
42 shall be sent to the authority for its evaluation and approval. The
43 authority shall approve the proposal if it shall find that the proposed
44 project furthers the policy and intentions of the zone development
45 plan approved by the authority, and that the estimated annual
46 payments for the project from the enterprise zone account to which
47 the proposal pertains are not likely to result in a deficit in that

1 account.】 (Deleted by amendment, P.L. , c.) (pending before the
2 Legislature as this bill)

3 e. 【If the authority shall approve the proposal, it shall annually,
4 upon its receipt of a written statement from the governing body of
5 the qualifying municipality and the zone development corporation,
6 certify to the State Treasurer the amount to be paid in that year from
7 the enterprise zone account in the enterprise zone assistance fund
8 with respect to each approved project. The authority may at any time
9 revoke its approval of a project if it finds that the annual payments
10 made from the enterprise zone assistance fund are not being used as
11 required by this section.】 (Deleted by amendment, P.L. , c.)
12 (pending before the Legislature as this bill)

13 f. 【Upon certification by the authority of the annual amount to
14 be paid to a qualifying zone with respect to any project, the State
15 Treasurer shall pay in each year to the qualifying municipality from
16 the amounts deposited in the enterprise zone assistance fund the
17 amount so certified, within the limits of the amounts credited to the
18 enterprise zone account of the qualifying municipality.】 (Deleted by
19 amendment, P.L. , c.) (pending before the Legislature as this bill)

20 g. 【An amount not to exceed one-third of the amount deposited
21 in the account created in the name of the authority in the enterprise
22 zone assistance fund shall be used by the authority for the
23 coordination and administration of the program throughout the State,
24 including but not limited to costs for personnel, operating expenses
25 and marketing. The balance of the remaining amount shall be
26 distributed to qualifying municipalities in proportion to each
27 municipality's contribution to the enterprise zone assistance fund for
28 the coordination and administration of the program within the
29 municipality, including but not limited to costs for personnel,
30 operating expenses and marketing.】 (Deleted by amendment, P.L. ,
31 c.) (pending before the Legislature as this bill)

32 h. At the end of a State fiscal year, if a municipality has not
33 encumbered a portion of its allocation, such amount may be carried
34 forward to the next State fiscal year and the State fiscal year
35 thereafter. If at the end of the third State fiscal year any of those
36 unencumbered funds remain, then the funds shall be transferred to
37 the UEZ Authority's account in the enterprise zone assistance fund.

38 i. At the end of a State fiscal year, if a municipality has not
39 expended or otherwise committed a portion of its encumbered funds,
40 then such amount may be carried forward to the next three succeeding
41 State fiscal years. If at the end of the third State fiscal year any
42 unexpended funds remain, then the funds shall be transferred to the
43 UEZ Authority's account in the enterprise zone assistance fund.

44 j. At the end of a State fiscal year, the Department of
45 Community Affairs shall review an enterprise zone's expenditures of
46 funds received from the zone assistance fund. If the department finds
47 that an enterprise zone expended such funds in a manner inconsistent

1 with the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.)
2 and P.L. , c. (pending before the Legislature as this bill), then the
3 enterprise zone shall repay such funds to the department through the
4 forfeiture of future zone assistance fund disbursements. The
5 department shall withhold future funding from the enterprise zone
6 until the enterprise zone enters into and complies with a corrective
7 action plan developed by the department.

8 (cf: P.L.2018, c.19, s.4)

9
10 11. (New section) a. There is created an Urban Enterprise Zone
11 Fund to be held by the State Treasurer, which shall be the repository
12 for all moneys appropriated annually to the fund beginning in State
13 Fiscal Year 2022 and thereafter. All moneys deposited in the fund
14 shall be held and disbursed in the amounts necessary to fulfill the
15 purposes of this section and subject to the requirements hereinafter
16 prescribed. The State Treasurer, in consultation with the UEZ
17 Authority, may invest and reinvest any moneys in the fund, or any
18 portion thereof, in legal obligations of the United States or of the
19 State or of any political subdivision thereof to strengthen capital
20 structures, leverage additional debt capital, and increase lending and
21 investing in economically disadvantaged communities, and in any
22 other manner that advances the goals of the UEZ program. Any
23 income from, interest on, or increment to moneys so invested or
24 reinvested shall be included in the fund.

25 b. The State Treasurer, in consultation with the UEZ Authority,
26 shall determine the gross amount of revenues generated from the
27 reduced sales tax collected within zones deposited in the assistance
28 fund along with the aggregate amount, expressed in dollars, of the
29 incentives provided under P.L.1983, c.303 (C.52:27H-60 et seq.) in
30 the 12-month period beginning January 1, 2019 and ending
31 December 31, 2019. This amount shall be the "UEZ base fund
32 amount" and beginning in State Fiscal Year 2022 shall be adjusted
33 annually based on the percentage change in the 12-month Consumer
34 Price Index from June 30 to July 1 of each year.

35 Beginning in State Fiscal Year 2022, and in each State fiscal year
36 thereafter, the UEZ base fund amount determined pursuant to this
37 subsection shall be appropriated to the Urban Enterprise Zone Fund
38 and allocated as follows:

39 (1) Subject to the provisions of subsection a. of section 29 of
40 P.L.1983, c.303 (C.52:27H-88), 20 percent shall be allocated to the
41 enterprise zone assistance fund for deposit into separate accounts in
42 accordance with section 29 of P.L.1983, c.303 (C.52:27H-88);

43 (2) Five percent shall be allocated to the enterprise zone
44 assistance fund for use by the UEZ Authority to provide loans, grants,
45 investments, and other assistance to qualified businesses, diverse
46 Statewide or regional business organizations that represent the
47 interests of minority businesses, as defined in section 2 of P.L.1986,
48 c.195 (C.52:27H-21.18), and qualified municipalities, and some

1 amount shall be allocated to the UEZ Authority for administration of
2 the Urban Enterprise Zone program, provided the amount allocated
3 to the UEZ Authority for administrative expenses shall not exceed
4 \$2,500,000 in State Fiscal Year 2022 and, for each State fiscal year
5 thereafter, shall not exceed \$2,500,000 as adjusted by the percentage
6 change in the 12-month Consumer Price Index from June 30 to July
7 1;

8 (3) Thirty percent, plus such additional funds as shall be
9 determined in accordance with subsection a. of section 29 of
10 P.L.1983, c.303 (C.52:27H-88), shall be allocated to the General
11 Fund; and

12 (4) No more than 45 percent shall be allocated to the combined
13 cost of qualified businesses with a UZ-2, UZ-4, or UZ-5 certification,
14 and the energy sales tax exemption. If less than 45 percent is needed
15 to meet the combined cost of the benefits claimed by qualified
16 businesses with a UZ-2, UZ-4, or UZ-5 certification, and the energy
17 sales tax exemption:

18 (a) 50 percent of the incremental amount dedicated under this
19 subsection shall be allocated to the enterprise zone assistance fund,
20 with 20 percent of this amount allocated for the UEZ Authority's use
21 and 80 percent allocated to separate accounts in the enterprise zone
22 assistance fund for each enterprise zone designated under P.L.1983,
23 c.303 (C.52:27H-60 et seq.); and

24 (b) 50 percent of the increment dedicated under this paragraph
25 shall be deposited in the General Fund.

26 Should more than 45 percent be needed for the combined allocated
27 cost in any current State fiscal year, the UEZ Authority shall reset
28 the Economic Distress Index percentile that governs business
29 qualification at the beginning of the State fiscal year to such number
30 that is projected to allow the allocation to remain at or under 45
31 percent.

32

33 12. (New section) a. As used in this section:

34 "Eligible block group" means a block group that meets or exceeds
35 the 50th percentile of the most recent Economic Distress Index; and

36 "Adjacent parcel" means a parcel of real property located within
37 the same municipality as an eligible block group, and which parcel
38 shares a border with an eligible block group, including but not limited
39 to sharing a property line with an eligible block group or bordering
40 on a public street with an eligible block group.

41 b. The UEZ Authority shall notify each qualified municipality
42 of each eligible block group within the municipality no later than 14
43 days after the effective date of P.L. , c. (pending before the
44 Legislature as this bill). The UEZ Authority shall then certify the
45 final eligible block groups and adjacent parcels to each municipality
46 and shall post a link to a list of eligible block groups and adjacent
47 parcels on the UEZ Authority's Internet homepage on the
48 Department of Community Affairs' Internet website.

1 c. A qualified business shall be located in an eligible block group
2 or on an adjacent parcel or be an industrial business in an industrial
3 hub. The certification of a qualified business that is not located in an
4 eligible block group or on an adjacent parcel shall expire on January
5 1, 2022 unless the business is located in a major job center or is an
6 industrial business located in an industrial hub.

7 d. The certification of a qualified business located in an eligible
8 block group or on an adjacent parcel shall expire at the end of the
9 10th State fiscal year following the State fiscal year in which the
10 business was first certified as a qualified business unless the business
11 is located in a major job center or is an industrial business in an
12 industrial hub. The certification for a business that has been certified
13 for more than 10 State fiscal years prior to the effective date of
14 P.L. , c. (pending before the Legislature as this bill) shall expire
15 on January 1, 2022 unless the business is located in a major job center
16 or is an industrial business in an industrial hub. A business whose
17 certification has expired shall not be eligible to seek a new
18 certification.

19 e. A business which satisfied the criteria for designation as a
20 qualified business immediately preceding the effective date of
21 P.L. , c. (pending before the Legislature as this bill), which
22 business is carrying out a qualified construction project, or which can
23 demonstrate to the UEZ Authority an actionable and feasible plan to
24 carry out a qualified construction project within one year of the
25 effective date of P.L. , c. (pending before the Legislature as this
26 bill), and which can demonstrate its reliance on the UZ-4 benefit, UZ-
27 5 benefit, or both, may apply to the UEZ Authority for a UZ-4
28 certification, a UZ-5 certification, or both, and the certification shall
29 continue until completion of the qualified construction project. The
30 Department of the Treasury shall provide to a qualified business a
31 certificate evidencing its UZ-4 certification or UZ-5 certification
32 which certificate shall indicate the location at which the sales tax
33 exemption provided for in section 20 of P.L.1983, c.303 (C.52:27H-
34 79) or section 8 of P.L. , c. (C.) is available.

35 f. The UEZ Authority may, upon application by the local UEZ
36 Coordinator or governing body of a qualifying municipality, issue a
37 UZ-4 certification to a qualified business undertaking a qualified
38 construction project in an enterprise zone, although the business is
39 not located within an eligible block group or on an adjacent parcel.
40 The UEZ Authority may grant this benefit to no more than eight
41 qualified construction projects, beyond those eligible under
42 subsection d. of this section, at any given time. A UZ-4 certification
43 issued under this subsection shall continue until completion of the
44 qualified construction project.

45 g. The UEZ Authority may, upon application by the local UEZ
46 Coordinator or the governing body of a qualified municipality, issue
47 a UZ-4 certification, a UZ-5 certification, or both, to a qualified
48 business located within an enterprise zone, although the business is

1 not located within an eligible block group or on an adjacent parcel.
2 The UEZ Authority may grant this benefit to no more than 24
3 qualified businesses, beyond those eligible under subsection e. of this
4 section, at any given time. Each UZ-4 certification or UZ-5
5 certification issued under this subsection shall remain active so long
6 as the business in receipt of the benefit remains qualified.
7

8 13. (New section) On or before June 30 of each year next
9 following the effective date of P.L. , c. (pending before the
10 Legislature as this bill), the State Treasurer shall provide to the UEZ
11 Authority an annual report of the aggregate amount, expressed in
12 dollars, of the incentives provided under P.L.1983, c.303 (C.52:27H-
13 60 et seq.) to all qualified businesses and municipalities. The report
14 shall include aggregate data on gross revenues, retail sales taxes
15 collected, and shall also include information on the address,
16 municipality, and industry of each business. All data from
17 participating businesses shall be collected through an online
18 application and consumer access portal, where possible.
19

20 14. (New section) The UEZ Authority shall conduct an annual
21 review that determines the number of participating businesses,
22 unemployment rate, median household income, and number of jobs
23 in each enterprise zone to assess the program's progress. The review
24 shall also include the total tax expenditures by zone and total zone
25 assistance funds expended as the requisite data becomes available
26 from the annual report from the Department of the Treasury required
27 pursuant to section 13 of P.L. , c. (C.) (pending before the
28 Legislature as this bill). The UEZ Authority shall review the status
29 of any projects that were approved by participating enterprise zones,
30 overall enterprise zone performance, and adherence to the zone
31 development plans. Each review shall include a detailed listing of
32 deliverables by each enterprise zone and the State that are to be
33 implemented and subsequently evaluated in the future.
34

35 15. (New section) The UEZ Authority and the Department of
36 Labor and Workforce and Development shall enter into a
37 memorandum of understanding to assist in substantial and
38 comprehensive data gathering and information sharing between the
39 two agencies to further the UEZ Authority's ability to evaluate
40 enterprise zone performance and compliance, and to initiate
41 enforcement actions.
42

43 16. (New section) Following the effective date of P.L. , c.
44 (pending before the Legislature as this bill), no new applications for
45 the enterprise zone employee tax credit, pursuant to section 19 of
46 P.L.1983, c.303 (C.52:27H-78), or for the corporation business tax
47 exemption, pursuant to section 17 of P.L.1983, c.303 (C.52:27H-76),
48 shall be accepted.

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27

1 17. Section 7 of P.L.1989, c.207 (C.54:4-3.145) is amended to
2 read as follows:

3 7. a. Each approved abatement shall be evidenced by a financial
4 agreement between the qualified municipality and the applicant. The
5 agreement shall be prepared by the applicant and shall contain the
6 representations that are required by the enabling ordinance. The
7 agreement shall provide for the applicant to annually pay to the
8 municipality an amount in lieu of real property taxes, to be computed
9 according to either subsection b. or c. of this section, as provided for
10 in the enabling ordinance.

11 b. Payments in lieu of taxes may be computed as two percent of
12 the cost of the improvements or conversion alterations, as appropriate
13 for five years following such completion and in the sixth and all
14 subsequent tax years following completion, 100% of the equalized
15 taxes otherwise due; or

16 c. Payments in lieu of taxes may be computed in the discretion of
17 the qualified municipality as a portion of the real property taxes
18 otherwise due, **[**according to the following schedule:

19 (1) In the first tax year following completion, no payment in lieu
20 of taxes otherwise due;

21 (2) In the second tax year following completion, an amount not
22 less than 20% of taxes otherwise due;

23 (3) In the third tax year following completion, an amount not less
24 than 40% of taxes otherwise due;

25 (4) In the fourth tax year following completion, an amount not
26 less than 60% of taxes otherwise due;

27 (5) In the fifth tax year following completion, an amount not less
28 than 80% of taxes otherwise due;

29 (6) **In** provided that in the sixth and all subsequent tax years
30 following completion, payments in lieu of taxes shall equal 100% of
31 the equalized taxes otherwise due.

32 d. For the purposes of this section, the amount of "taxes otherwise
33 due" (not to be confused with "equalized taxes otherwise due") shall
34 be determined by including the appropriate percentage of the
35 assessed valuation of the abated structure, improvement or
36 conversion alteration, as the case may be, on the assessment list of
37 the municipality as taxable property, and levying taxes thereon in the
38 same manner as other taxes are levied pursuant to chapter 4 of Title
39 54 of the Revised Statutes; provided, however, that no value for a
40 property subject to the provisions of this act shall be included in the
41 calculation of the "net valuation on which county taxes are
42 apportioned" until the first tax year for which a municipal-wide
43 revaluation is implemented.

44 (cf: P.L.1991, c.469, s.2)

45

46 18. The following sections of law are repealed:

47 Section 4 of P.L.2001, c.347 (C.52:27H-66.3);

48 Section 6 of P.L.2001, c.347 (C.52:27H-66.5);

1 Section 11 of P.L.2001, c.347 (C.52:27H-66.6);
2 Section 16 of P.L.1983, c.303 (C.52:27H-75); and
3 Section 9 of P.L.1988, c.93 (C.52:27H-80.2).

4
5 19. This act shall take effect immediately.
6
7

8 STATEMENT
9

10 This bill would restore and reform the State Urban Enterprise
11 Zone (UEZ) Program. The bill proposes to recast the manner in
12 which the State allocates the amounts it spends in support of the UEZ
13 program in a manner to best reflect the legislative intent behind the
14 UEZ program.

15 The bill would expand the criteria for becoming a UEZ to enable
16 more municipalities to be eligible for UEZs, while enabling currently
17 designated UEZs and UEZ-businesses that would not qualify under
18 the new criteria to continue in the UEZ program for a limited period
19 of time. The criteria for designation of a new UEZ would be based
20 on the Municipal Revitalization Index (MRI) and provide that an area
21 would be eligible for designation as a UEZ if:

- 22 • the municipality in which the area is located is among the top
23 20 percent of the most distressed New Jersey municipalities,
24 according to the most recent MRI;
- 25 • the share of parcels accounted for by commercial and
26 industrial property within the municipality exceeds the
27 Statewide average of commercial and industrial parcels
28 according to the most recently released Property Value
29 Classification prepared by the Department of the Community
30 Affairs; and
- 31 • the municipality has an unemployment rate that exceeds the
32 annual Statewide unemployment rate.

33 The bill would also enhance eligibility for participation in the
34 program by providing for designation of a UEZ in a county that does
35 not have a UEZ. In this circumstance, the bill would allow for
36 designation of the area within the county that is the closest to meeting
37 the requirements for zone designation.

38 The bill would change composition of the UEZ Authority (UEZA)
39 by making the chair of the UEZA the Commissioner of Community
40 Affairs, instead of the leader of the New Jersey Economic
41 Development Authority, and by adding the Chief Executive Officer
42 of the New Jersey Redevelopment Authority as a member of the
43 UEZA instead of one of the public members, thereby reducing the
44 number of public members from five to four. The bill would require
45 the appointment of the new public members, to staggered terms of
46 office, following the reconstitution of the UEZA.

47 The bill would lift the statutory numerical limitation on the
48 number of UEZs and authorize the UEZA to designate new enterprise

1 zones from among qualifying municipalities determined to be
2 eligible under the bill's new UEZ criteria. The bill would phase out
3 the "UEZ-impacted business district" component of the UEZ
4 program, and would prohibit new applications for the UEZ employee
5 tax credit and for the UEZ corporation business tax exemption.

6 The bill would modify the process for qualifying municipalities to
7 adopt zone development plans and to achieve UEZ designation.
8 Under the bill, the UEZA's certification of a zone development plan
9 would constitute the UEZA's designation or re-designation of the
10 municipality as an enterprise zone. A zone development plan would
11 have a five-year life, and a municipality would be required to follow
12 the process set forth in the bill to renew plan approval (and UEZ
13 designation) to protect against lapse of enterprise zone designation.
14 A zone development plan would be the plan according to which the
15 UEZ program is administered in that zone. Under the bill, each
16 municipality that had a zone development plan approved more than
17 five years prior to the effective date of the bill must submit an
18 updated preliminary zone development plan. The bill would create a
19 funding stream to assist municipalities in formulating preliminary
20 zone development plans. The bill includes a provision protecting
21 existing qualified businesses from losing eligibility for certain UEZ-
22 related tax exemptions, even if the municipality in which the business
23 is located loses its UEZ designation.

24 The bill modifies the process and criteria for designation of UEZs
25 but allows currently designated zones to retain UEZ designation for
26 10 years. At that point, a municipality that does not meet the new
27 UEZ criteria would be ineligible for zone designation, while a zone
28 located within a municipality that meets the new criteria would be
29 designated as an UEZ for an additional 10 years.

30 The bill would change the boundaries of each zone, on the bill's
31 effective date, to make zone boundaries coterminous with the borders
32 of the municipality in which the zone is located. The bill specifies
33 that an area located within a UEZ after the bill's effective date will
34 not be considered sufficient for the determination that the area is in
35 need of redevelopment under the Local Redevelopment and Housing
36 Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of
37 granting tax exemptions or tax abatements, unless the area is located
38 within a UEZA-certified "eligible block group."

39 The bill defines the term "eligible block group" as a block group
40 (a statistical division of federally-designated census tracts) that meets
41 or exceeds the 50th percentile of the Economic Distress Index. The
42 bill defines "Economic Distress Index" as a standardized score
43 developed and maintained by the Department of Community Affairs
44 that equally incorporates the block group unemployment rate and
45 median household income according to the most recent five-year
46 estimate by the United States Census Bureau.

47 The bill uses the term "eligible block group" as a way to limit
48 eligibility of a business to qualify under the UEZ program. Under

1 the bill, as of January 1, 2022, certification of a qualified business
2 that is not located in an eligible block group would lapse unless the
3 business is located in a “major job center” or is an industrial business
4 located in an industrial hub. The bill defines “major job center” as a
5 block group with an Economic Distress Index score greater than or
6 equal to the 50th percentile and in which the jobs per square mile
7 meets or exceeds the State average according to the most recent
8 estimate by the United States Census Bureau.

9 The bill would alter the current method for distributing sales tax
10 revenues generated within UEZs by replacing the current system
11 (which allows each zone access to a percentage of the sales tax
12 revenue generated within that zone) with a new system (which would
13 distribute a percentage of the total monies appropriated annually to
14 the UEZ Fund, based upon a statutory formula). The new formula
15 would apply weight to: each UEZ municipality’s Municipal
16 Revitalization Index Distress Score; the average number of
17 unemployed persons in each UEZ municipality; and the number of
18 commercial and industrial parcels located in each UEZ municipality.

19 The bill would also alter the permissible uses of these funds by
20 replacing the current statutory criteria with a new term: “qualified
21 assistance fund expenses,” and defining that term as any reasonable
22 expense, which will lead to the creation of new jobs and increased
23 economic activity within the zone, related to:

24 (1) a construction project improving, altering, or repairing the
25 real property of a qualified business located in an enterprise zone;

26 (2) full or part time economic and community development
27 positions in the municipality, other governmental, or not-for-profit
28 organization, or marketing;

29 (3) loans, grants, and guarantees to businesses;

30 (4) payroll expenses and equipment purchases primarily for the
31 provision of law enforcement, fire protection, or emergency medical
32 services within commercial and transportation corridors;

33 (5) planning and other professional services related to economic
34 and community development;

35 (6) cleaning and maintenance of commercial and transportation
36 corridors;

37 (7) the improvement of public infrastructure in a commercial or
38 transportation corridor;

39 (8) the improvement of public infrastructure related to a
40 commercial, industrial, mixed use, or multi-family residential
41 property; or

42 (9) employment and training programs.

43 Under the bill, a municipality cannot appropriate or expend more
44 than 25 percent of the amount annually credited to its enterprise zone
45 assistance fund for public safety purposes, as described pursuant to
46 paragraph (4) above.

47 The bill makes several changes to the incentives and exemptions
48 available under the UEZ program. In so doing, the bill defines three

1 new terms: UZ-2 certification, UZ-4 certification, and UZ-5
2 certification, which refer to types of certification to be issued under
3 the bill by the UEZA.

4 Under the bill:

5 “UZ-2 certification” means a certification provided to a qualified
6 business that allows the qualified business a 50 percent sales tax
7 exemption for sales made by the business within the UEZ;

8 “UZ-4 certification” means a certification provided to a qualified
9 business that allows a contractor to make tax-free purchases of
10 materials, supplies, and services for the exclusive use of improving,
11 altering or repairing the real property of a qualified business located
12 in an enterprise zone; and

13 “UZ-5 certification” means a certification provided to a qualified
14 business allowing the business to make tax-free purchases of
15 personal property (other than motor vehicles and motor vehicle parts
16 and supplies) for the business’s exclusive use or consumption on its
17 premises within a UEZ. This exemption also applies to delivery
18 charges and charges for services performed for a qualified business
19 on its premises within a UEZ.

20 With regard to the 50 percent sales tax exemption for sales made
21 by the holder of a UZ-2 certificate, the bill would allow a business to
22 deliver merchandise (which receives this exemption) to a location
23 outside a UEZ provided the sale is physically transacted within the
24 zone. The bill would restrict eligibility for this exemption to sales
25 made by a qualified business from an “eligible block group” or a
26 parcel of property adjacent to an eligible block group and located
27 within the same municipality.

28 The bill would retain provisions of current law that require a UEZ
29 municipality and its zone development corporation to jointly adopt
30 proposed uses of UEZ funds, by joint resolution, but would delete
31 provisions of law that currently require the UEZA to review and
32 approve each proposed use of funds. The bill would add provisions
33 that address the escheat of a UEZs unencumbered or unexpended
34 funds, after allowing carry-forwards for a number of years. The bill
35 would also require the Department of Community Affairs (DCA) to
36 review each UEZ’s expenditures of UEZ funds, and require DCA,
37 upon finding that a zone improperly expended UEZ funds, to
38 withhold future funding from the enterprise zone until the enterprise
39 zone enters into and complies with a corrective action plan developed
40 by DCA.

41 The bill would establish a new methodology and process for
42 appropriating and allocating funds under the UEZ program. Under
43 the bill, the State Treasurer, in consultation with the UEZA, would
44 determine the gross amount of revenues generated from the reduced
45 sales tax collected within zones deposited in the assistance fund
46 along with the aggregate amount, expressed in dollars, of the
47 incentives provided under the UEZ program between January 1, 2019
48 and December 31, 2019. The bill characterizes this amount as the

1 “UEZ base fund amount.” Beginning in State Fiscal Year 2022, and
2 in each year thereafter, the bill calls for the appropriation of the UEZ
3 base fund amount to the Urban Enterprise Zone Fund, to be allocated
4 as follows:

- 5 (1) 20 percent to the enterprise zone assistance fund;
- 6 (2) Five percent to the enterprise zone assistance fund for use by
7 the UEZA to provide loans, grants and other assistance to qualified
8 businesses, diverse organizations, and qualified municipalities, and
9 an amount (not to exceed \$2,500,000) to the UEZA for administration
10 of the UEZ program;
- 11 (3) At least 30 percent to the General Fund; and
- 12 (4) No more than 45 percent to the combined cost qualified
13 businesses with UZ-2, UZ-4, UZ-5 certification, and the energy sales
14 tax exemption. The bill sets forth alternative allocations to apply if
15 either more or less than 45 percent of the UEZ base fund amount is
16 needed to meet these combined costs.

17 The bill provides that the amount to be deposited into the zone
18 assistance fund under the bill’s new funding mechanism will be
19 slowly phased out over a 20-year period.

20 The bill also provides that a qualified business’ certification will
21 lapse at the end of the 10th State fiscal year following the State fiscal
22 year in which the business had first been certified, unless that
23 business is located in a major job center or is an industrial business
24 located in an industrial hub. The certification for a business that has
25 been certified for more than 10 State fiscal years prior to the effective
26 date of this bill would lapse on January 1, 2022 unless that business
27 is located in a major job center or is an industrial business located in
28 an industrial hub. A business whose certification has lapsed would
29 not be eligible to seek a new certification.

30 However, the bill provides some ways for a business to continue
31 to qualify for certain UEZ program benefits even if the business is
32 not located in an eligible block group. First, if a qualified business
33 that would lose certification had satisfied the criteria for designation
34 immediately preceding the effective date of this bill, and the business
35 is carrying out a qualified construction project, or can demonstrate
36 an actionable and feasible plan to carry out a qualified construction
37 project within one year of the bill’s effective date, and the business
38 can demonstrate reliance on certain UEZ program benefits, the
39 business may apply to the UEZA to maintain those benefits for the
40 duration of the construction period for the qualified construction
41 project.

42 Second, the bill allows the UEZA, upon application by the local
43 UEZ Coordinator or municipal governing body, to grant UZ-4
44 benefits to a qualified business undertaking a construction project in
45 a UEZ, although the project is not within an eligible block group.
46 This would be limited to no more than eight construction projects,
47 Statewide, that do not otherwise qualify under the bill.

1 Third, the bill allows the UEZA, upon application by the local
2 UEZ Coordinator or municipal governing body, to grant UZ-4
3 benefits, UZ-5 benefits, or both, to a qualified business in an
4 enterprise zone, regardless of whether project is in an eligible block
5 group. This would be limited to no more than 24 businesses,
6 Statewide, that do not otherwise qualify under the bill.

7 The bill would modify a provision of law that governs the
8 computation of “payments in lieu of taxes” during the period of a
9 short-term property tax abatement, which may be awarded to
10 incentivize residential development within a UEZ, in order to afford
11 UEZ municipalities greater discretion over the amount of taxes
12 abated during each year of a five-year abatement period. Current law
13 requires 20 percent of the amount of property tax attributable to the
14 new development to be staggered in each year so that the full amount
15 of taxes owed is paid in the sixth year. The bill would remove the
16 provision that requires 20 percent to be staggered in each year but
17 retain the provision requiring the full amount of taxes owed to be
18 paid in the sixth and each subsequent year.

19 The bill would require the State Treasurer to provide the UEZA
20 an annual report of the aggregate amount, expressed in dollars, of the
21 incentives provided under the UEZ program to qualified businesses
22 and municipalities. The bill would require the UEZA to conduct an
23 annual review to assess the UEZ program’s progress. The bill would
24 also require the UEZA and the Department of Labor and Workforce
25 Development to enter into a Memorandum of Understanding to assist
26 in data gathering and information sharing between the two agencies
27 to further the UEZA’s ability to evaluate enterprise zone
28 performance, compliance, and initiate enforcement actions as
29 applicable.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE No. 3600

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 10, 2021

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 3600.

As amended, this bill would restore and reform the State Urban Enterprise Zone (UEZ) Program. The bill proposes to recast the manner in which the State allocates the amounts it spends in support of the UEZ program in a manner to best reflect the legislative intent behind the UEZ program.

The bill would enable currently designated UEZs and UEZ-businesses to continue in the UEZ program for a limited period of time.

The bill would change composition of the UEZ Authority (UEZA) by making the chair of the UEZA the Commissioner of Community Affairs, instead of the leader of the New Jersey Economic Development Authority, and by adding the Chief Executive Officer of the New Jersey Redevelopment Authority as a member of the UEZA instead of one of the public members, thereby reducing the number of public members from five to four. The bill would require the appointment of the new public members, to staggered terms of office, following the reconstitution of the UEZA.

The bill would phase out the "UEZ-impacted business district" component of the UEZ program, and would prohibit new applications for the UEZ employee tax credit and for the UEZ corporation business tax exemption.

The bill would modify the process for qualifying municipalities to adopt zone development plans and to achieve UEZ designation. Under the bill, the UEZA's certification of a zone development plan would constitute the UEZA's designation or re-designation of the municipality as an enterprise zone. A zone development plan would have a five-year life, and a municipality would be required to follow the process set forth in the bill to renew plan approval (and UEZ designation) to protect against lapse of enterprise zone designation. A zone development plan would be the plan according to which the UEZ program is administered in that zone. Under the bill, each municipality that had a zone development plan approved more than five years prior to the effective date of the bill must submit an updated preliminary zone development plan. The bill

would create a funding stream to assist municipalities in formulating preliminary zone development plans. The bill includes a provision protecting existing qualified businesses from losing eligibility for certain UEZ-related tax exemptions, even if the municipality in which the business is located loses its UEZ designation.

The bill modifies the process and criteria for designation of UEZs but allows currently designated zones to retain UEZ designation for 10 years.

The bill would change the boundaries of each zone, on the bill's effective date, to make zone boundaries coterminous with the borders of the municipality in which the zone is located. The bill specifies that an area located within a UEZ after the bill's effective date will not be considered sufficient for the determination that the area is in need of redevelopment under the Local Redevelopment and Housing Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of granting tax exemptions or tax abatements, unless the area is located within a UEZA-certified "eligible block group."

The bill defines the term "eligible block group" as a block group (a statistical division of federally-designated census tracts) that meets or exceeds the 50th percentile of the Economic Distress Index. The bill defines "Economic Distress Index" as a standardized score developed and maintained by the Department of Community Affairs (DCA) that equally incorporates the block group unemployment rate and median household income according to the most recent five-year estimate by the United States Census Bureau.

The bill uses the term "eligible block group" as a way to limit eligibility of a business to qualify under the UEZ program. Under the bill, as of January 1, 2022, certification of a qualified business that is not located in an eligible block group would lapse unless the business is located in a "major job center" or is an industrial business located in an industrial hub. The bill defines "major job center" as a block group with an Economic Distress Index score greater than or equal to the 50th percentile and in which the jobs per square mile meets or exceeds the State average according to the most recent estimate by the United States Census Bureau.

The bill would alter the current method for distributing sales tax revenues generated within UEZs by replacing the current system (which allows each zone access to a percentage of the sales tax revenue generated within that zone) with a new system (which would distribute a percentage of the total monies appropriated annually to the UEZ Fund, based upon a statutory formula). The new formula would apply weight to: each UEZ municipality's Municipal Revitalization Index Distress Score; the average number of unemployed persons in each UEZ municipality; and the number

of commercial and industrial parcels located in each UEZ municipality.

The bill would also alter the permissible uses of these funds by replacing the current statutory criteria with a new term: “qualified assistance fund expenses,” and defining that term as any reasonable expense, which will lead to the creation of new jobs and increased economic activity within the zone, related to:

(1) a construction project improving, altering, or repairing the real property of a qualified business located in an enterprise zone;

(2) full or part time economic and community development positions in the municipality, other governmental, or not-for-profit organization, or marketing;

(3) loans, grants, and guarantees to businesses;

(4) payroll expenses and equipment purchases primarily for the provision of law enforcement, fire protection, or emergency medical services within commercial and transportation corridors located exclusively in an enterprise zone;

(5) planning and other professional services related to economic and community development;

(6) cleaning and maintenance of commercial and transportation corridors;

(7) the improvement of public infrastructure in a commercial or transportation corridor;

(8) the improvement of public infrastructure related to a commercial, industrial, mixed use, or multi-family residential property;

(9) employment and training programs; or

(10) non-construction related purchases in an amount not to exceed \$50,000 for a qualified business that employs 25 or fewer employees.

Under the bill, a municipality cannot appropriate or expend more than 25 percent of the amount annually credited to its enterprise zone assistance fund for public safety purposes, as described pursuant to paragraph (4) above.

The bill makes several changes to the incentives and exemptions available under the UEZ program. In so doing, the bill defines three new terms: UZ-2 certification, UZ-4 certification, and UZ-5 certification, which refer to types of certification to be issued under the bill by the UEZA.

Under the bill:

“UZ-2 certification” means a certification provided to a qualified business that allows the qualified business a 50 percent sales tax exemption for sales made by the business within the UEZ;

“UZ-4 certification” means a certification provided to a qualified business that allows a contractor to make tax-free purchases of materials, supplies, and services for the exclusive use of improving,

altering or repairing the real property of a qualified business located in an enterprise zone; and

“UZ-5 certification” means a certification provided to a qualified business allowing the business to make tax-free purchases of personal property (other than motor vehicles and motor vehicle parts and supplies) for the business’s exclusive use or consumption on its premises within a UEZ. This exemption also applies to delivery charges and charges for services performed for a qualified business on its premises within a UEZ.

With regard to the 50 percent sales tax exemption for sales made by the holder of a UZ-2 certificate, the bill would allow a business to deliver merchandise (which receives this exemption) to a location outside a UEZ provided the sale is physically transacted within the zone. The bill would restrict eligibility for this exemption to sales made by a qualified business from an “eligible block group” or a parcel of property adjacent to an eligible block group and located within the same municipality.

The bill would retain provisions of current law that require a UEZ municipality and its zone development corporation to jointly adopt proposed uses of UEZ funds, by joint resolution, but would delete provisions of law that currently require the UEZA to review and approve each proposed use of funds. The bill would add provisions that address the escheat of a UEZs unencumbered or unexpended funds, after allowing carry-forwards for a number of years. The bill would also require DCA to review each UEZ’s expenditures of UEZ funds, and require DCA, upon finding that a zone improperly expended UEZ funds, to withhold future funding from the enterprise zone until the enterprise zone enters into and complies with a corrective action plan developed by DCA.

The bill would establish a new methodology and process for appropriating and allocating funds under the UEZ program. Under the bill, the State Treasurer, in consultation with the UEZA, would determine the gross amount of revenues generated from the reduced sales tax collected within zones deposited in the assistance fund along with the aggregate amount, expressed in dollars, of the incentives provided under the UEZ program between January 1, 2019 and December 31, 2019. The bill characterizes this amount as the “UEZ base fund amount.” Beginning in State Fiscal Year 2022, and in each year thereafter, the bill calls for the appropriation of the UEZ base fund amount to the Urban Enterprise Zone Fund, to be allocated as follows:

- (1) 20 percent to the enterprise zone assistance fund;
- (2) Five percent to the enterprise zone assistance fund for use by the UEZA to provide loans, grants and other assistance to qualified businesses, diverse organizations, and qualified municipalities, and an amount (not to exceed \$2,500,000) to the UEZA for administration of the UEZ program;

(3) At least 30 percent to the General Fund; and

(4) No more than 45 percent to the combined cost qualified businesses with UZ-2, UZ-4, UZ-5 certification, and the energy sales tax exemption. The bill sets forth alternative allocations to apply if either more or less than 45 percent of the UEZ base fund amount is needed to meet these combined costs.

The bill provides that the amount to be deposited into the zone assistance fund under the bill's new funding mechanism will be slowly phased out over a 10-year period.

The bill also provides that a qualified business' certification will lapse at the end of the 10th State fiscal year following the State fiscal year in which the business had first been certified, unless that business is located in a major job center or is an industrial business located in an industrial hub. The certification for a business that has been certified for more than 10 State fiscal years prior to the effective date of this bill would lapse on January 1, 2022 unless that business is located in a major job center or is an industrial business located in an industrial hub. A business whose certification has lapsed would not be eligible to seek a new certification.

However, the bill provides some ways for a business to continue to qualify for certain UEZ program benefits even if the business is not located in an eligible block group. First, if a qualified business that would lose certification had satisfied the criteria for designation immediately preceding the effective date of this bill, and the business is carrying out a qualified construction project, or can demonstrate an actionable and feasible plan to carry out a qualified construction project within one year of the bill's effective date, and the business can demonstrate reliance on certain UEZ program benefits, the business may apply to the UEZA to maintain those benefits for the duration of the construction period for the qualified construction project.

Second, the bill allows the UEZA, upon application by the local UEZ Coordinator or municipal governing body, to grant UZ-4 benefits to a qualified business undertaking a construction project in a UEZ, although the project is not within an eligible block group. This would be limited to no more than eight construction projects, Statewide, that do not otherwise qualify under the bill.

Third, the bill allows the UEZA, upon application by the local UEZ Coordinator or municipal governing body, to grant UZ-4 benefits, UZ-5 benefits, or both, to a qualified business in an enterprise zone, regardless of whether project is in an eligible block group. This would be limited to no more than 24 businesses, Statewide, that do not otherwise qualify under the bill.

The bill would modify a provision of law that governs the computation of "payments in lieu of taxes" during the period of a short-term property tax abatement, which may be awarded to incentivize residential development within a UEZ, in order to afford

UEZ municipalities greater discretion over the amount of taxes abated during each year of a five-year abatement period. Current law requires 20 percent of the amount of property tax attributable to the new development to be staggered in each year so that the full amount of taxes owed is paid in the sixth year. The bill would remove the provision that requires 20 percent to be staggered in each year but retain the provision requiring the full amount of taxes owed to be paid in the sixth and each subsequent year.

The bill would require the State Treasurer to provide the UEZA an annual report of the aggregate amount, expressed in dollars, of the incentives provided under the UEZ program to qualified businesses and municipalities. The bill would require the UEZA to conduct an annual review to assess the UEZ program's progress. The bill would also require the UEZA and the Department of Labor and Workforce Development to enter into a Memorandum of Understanding to assist in data gathering and information sharing between the two agencies to further the UEZA's ability to evaluate enterprise zone performance, compliance, and initiate enforcement actions as applicable.

COMMITTEE AMENDMENTS:

The committee amendments:

- Specify that qualified public safety expenses are to be located exclusively in an enterprise zone.
- Add non-construction related purchases in an amount not to exceed \$50,000 for a qualified business that employs 25 or fewer employees to the list of qualified assistance fund expenses.
- Provide that on or after January 1, 2022, a seller, which is a qualified business, would not be eligible to receive the exemption of 50 percent of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) if the seller's place of business is located in a designated enterprise zone or in a designated UEZ-impacted business district within a block group, with relatively low indicators of economic distress exhibited by a ranking at or below the 10th percentile of the most recent Economic Distress Index.
- Provide that if a project is to extend across either multiple years or multiple phases, the governing body of a qualifying municipality may, by resolution approved by a majority of the governing body, issue revenue anticipation notes backed by the pledge of an enterprise zone assistance fund, receiving the borrowed funds from the State Treasurer according to the provisions of the bill.
- Provide that the State would, not later than 24 months after any such occurrence, repay to the enterprise zone assistance fund, or to any account within the fund, any moneys that are

appropriated from the enterprise zone assistance fund unless the moneys are appropriated for a purpose as provided for in the bill.

- Provide that the State would, not later than 24 months after any such occurrence, repay to the Urban Enterprise Zone Fund, any moneys that are appropriated from the Urban Enterprise Zone Fund, unless the moneys are appropriated for a purpose as provided for in the bill.
- Remove language throughout the bill regarding the designation and creation of new UEZs.
- Remove language that provided for the designation of a UEZ in a county that does not have a UEZ.
- Provide that the amount to be deposited into the zone assistance fund under the bill's new funding mechanism will be partially phased out over a 10-year period instead of a 20-year period.
- Make technical corrections to the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3600

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3600 (1R), with committee amendments.

As amended, this bill would restore and reform the State Urban Enterprise Zone (UEZ) Program. The bill proposes to recast the manner in which the State allocates the amounts it spends in support of the UEZ program in a manner to best reflect the legislative intent behind the UEZ program.

The bill would enable currently designated UEZs and UEZ-businesses to continue in the UEZ program for a limited period of time.

The bill would change the composition of the UEZ Authority (UEZA) by making the chair of the UEZA the Commissioner of Community Affairs, instead of the leader of the New Jersey Economic Development Authority, and by adding the Chief Executive Officer of the New Jersey Redevelopment Authority as a member of the UEZA instead of one of the public members, thereby reducing the number of public members from five to four. The bill would require the appointment of the new public members, to staggered terms of office, following the reconstitution of the UEZA.

The bill would phase out the "UEZ-impacted business district" component of the UEZ program, and would prohibit new applications for the UEZ employee tax credit and for the UEZ corporation business tax exemption.

The bill would modify the process for qualifying municipalities to adopt zone development plans and achieve UEZ designations. Under the bill, the UEZA's certification of a zone development plan would constitute the UEZA's designation or re-designation of the municipality as an enterprise zone. A zone development plan would have a five-year life, and a municipality would be required to follow the process set forth in the bill to renew plan approval (and UEZ designation) to protect against lapse of enterprise zone designation. A zone development plan would be the plan according to which the UEZ program is administered in that zone. Under the bill, each municipality that had a zone development plan approved

more than five years prior to the effective date of the bill must submit an updated preliminary zone development plan. The bill includes a provision protecting existing qualified businesses from losing eligibility for certain UEZ-related tax exemptions, even if the municipality in which the business is located loses its UEZ designation.

The bill modifies the process and criteria for designation of UEZs but allows currently designated zones to retain UEZ designation for 10 years.

The bill would change the boundaries of each zone, on the bill's effective date, to make zone boundaries coterminous with the borders of the municipality in which the zone is located. The bill specifies that an area located within a UEZ after the bill's effective date will not be considered sufficient for the determination that the area is in need of redevelopment under the Local Redevelopment and Housing Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of granting tax exemptions or tax abatements, unless the area is located within a UEZA-certified "eligible block group."

The bill defines the term "eligible block group" as a block group that is located in an enterprise zone upon the enactment of this bill. The bill also defines the term "Economic Distress Index" as a standardized score developed and maintained by the Department of Community Affairs (DCA) that equally incorporates the block group unemployment rate and median household income according to the most recent five-year estimate by the United States Census Bureau.

The bill would alter the current method for distributing sales tax revenues generated within UEZs by replacing the current system (which allows each zone access to a percentage of the sales tax revenue generated within that zone) with a new system (which would distribute a percentage of the total monies appropriated annually to the UEZ Fund, based upon a statutory formula). The new formula would apply a 50 percent weight to each UEZ municipality's Municipal Revitalization Index Distress Score, the average number of unemployed persons in each UEZ municipality and number of commercial and industrial parcels located in each UEZ municipality, and would apply a 50 percent weight to the gross taxable sales in the municipality subject to reduced sales tax.

The bill would also alter the permissible uses of these funds by replacing the current statutory criteria with a new term: "qualified assistance fund expenses," and defining that term as any reasonable expense, which will lead to the creation of new jobs and increased economic activity within the zone, related to:

- (1) a construction project improving, altering, or repairing the real property of a qualified business located in an enterprise zone;

(2) full or part time economic and community development positions in the municipality, other governmental, or not-for-profit organization, or marketing;

(3) loans, grants, and guarantees to businesses;

(4) payroll expenses and equipment purchases primarily for the provision of law enforcement, fire protection, or emergency medical services within commercial and transportation corridors located exclusively in an enterprise zone;

(5) planning and other professional services related to economic and community development;

(6) cleaning and maintenance of commercial and transportation corridors;

(7) the improvement of public infrastructure in a commercial or transportation corridor;

(8) the improvement of public infrastructure related to a commercial, industrial, mixed use, or multi-family residential property;

(9) employment and training programs; or

(10) events meant to support and draw activity into the enterprise zone, including fairs, festivals, and concerts.

Under the bill, a municipality cannot appropriate or expend more than 25 percent of the amount annually credited to its enterprise zone assistance fund for public safety purposes, or more than 10 percent of the amount annually credited to its enterprise zone assistance fund for administrative expenses.

The bill makes several changes to the incentives and exemptions available under the UEZ program. In so doing, the bill defines three new terms: UZ-2 certification, UZ-4 certification, and UZ-5 certification, which refer to types of certification to be issued under the bill by the UEZA.

Under the bill:

“UZ-2 certification” means a certification provided to a qualified business that allows the qualified business a 50 percent sales tax exemption for sales made by the business within the UEZ;

“UZ-4 certification” means a certification provided to a qualified business that allows a contractor to make tax-free purchases of materials, supplies, and services for the exclusive use of substantially improving, altering or repairing the real property of a qualified business located in an enterprise zone; and

“UZ-5 certification” means a certification provided to a qualified business allowing the business to make tax-free purchases of personal property (other than motor vehicles and motor vehicle parts and supplies) for the business’s exclusive use or consumption on its premises within a UEZ. This exemption also applies to delivery charges and charges for services performed for a qualified business on its premises within a UEZ.

With regard to the 50 percent sales tax exemption for sales made by the holder of a UZ-2 certificate, the bill would allow a business to deliver merchandise (which receives this exemption) to a location outside a UEZ provided the sale is physically transacted within the zone. The bill would restrict eligibility for this exemption to sales made by a qualified business from an “eligible block group.”

The bill would retain provisions of current law that require a UEZ municipality and its zone development corporation to jointly adopt proposed uses of UEZ funds, by joint resolution, but would remove provisions of law that currently require the UEZA to review and approve each proposed use of funds. The bill would add provisions that address the escheat of a UEZs unencumbered or unexpended funds, after allowing carry-forwards for a number of years. The bill would also require DCA to review each UEZ’s expenditures of UEZ funds, and require DCA, upon finding that a zone improperly expended UEZ funds, to withhold future funding from the enterprise zone until the enterprise zone enters into and complies with a corrective action plan developed by DCA.

The bill provides the combined State tax expenditures in State Fiscal Year 2022 for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases, as expressed in the Fiscal Year 2022 State of New Jersey Tax Expenditure Report, would be the “ZAF base fund amount.” In State Fiscal Year 2023, the amount appropriated to the enterprise zone assistance fund would be determined as follows: The State Treasurer, in consultation with the UEZ Authority, would determine the combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases in the six-month period beginning January 1, 2022 and ending June 30, 2022. The combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases for the six-month period beginning January 1, 2022 and ending June 30, 2022, would be multiplied by two and then subtracted from the ZAF base fund amount. The difference would be the State Fiscal Year 2023 appropriation to the enterprise zone assistance fund.

Beginning in State Fiscal Year 2024 and in each State fiscal year thereafter, the amount appropriated to the enterprise zone assistance fund would be determined as follows: After January 1 but prior to June 30, the State Treasurer, in consultation with the UEZ Authority, would develop a methodology to compare the combined State tax expenditures for the Urban Enterprise Zone Special Sales Tax Rate and Urban Enterprise Zone Exempt Business Purchases in the prior State fiscal year with the ZAF base fund amount to calculate the savings achieved by the bill. The savings determined would be the amount appropriated to the enterprise zone assistance fund for the State fiscal year.

Under the bill, for the State Fiscal Year 2023 and thereafter, the amount appropriated to the enterprise zone assistance fund would not exceed \$82,500,000, and in Fiscal Year 2024, and in each year thereafter, \$82,500,000 as adjusted annually based on the percentage change in the 12-month Consumer Price Index from June 30 to July 1 of each year, and would be no less than \$60,000,000. If the application of the formulas results in an appropriation to the enterprise zone assistance fund that is less than \$60,000,000 in any State fiscal year, then the State Treasurer, in consultation with the UEZ Authority, would impose a limit on the receipts from retail sales of tangible personal property and sales of services to a qualified business that are exempt from the sales and use tax; provided, however, that no less than the receipts from the first \$50,000 of retail sales of tangible personal property and sales of services to a qualified business would be exempt from the sales and use tax.

The bill provides that the amount to be deposited into the zone assistance fund under the bill's new funding mechanism will be gradually phased out over a 10-year period.

The bill also provides that a qualified business' certification will lapse at the end of the 10th State fiscal year following the State fiscal year in which the business had first been certified. The certification for a business that has been certified for more than 10 State fiscal years prior to the effective date of this bill would lapse on January 1, 2022. A business whose certification has lapsed would not be eligible to seek a new certification.

The bill would modify a provision of law that governs the computation of "payments in lieu of taxes" during the period of a short-term property tax abatement, which may be awarded to incentivize residential development within a UEZ, in order to afford UEZ municipalities greater discretion over the amount of taxes abated during each year of a five-year abatement period. Current law requires 20 percent of the amount of property tax attributable to the new development to be staggered in each year so that the full amount of taxes owed is paid in the sixth year. The bill would remove the provision that requires 20 percent to be staggered in each year but retain the provision requiring the full amount of taxes owed to be paid in the sixth and each subsequent year.

The bill would require the State Treasurer to provide the UEZA an annual report of the aggregate amount, expressed in dollars, of the incentives provided under the UEZ program to qualified businesses and municipalities. The bill would require the UEZA to conduct an annual review to assess the UEZ program's progress. The bill would also require the UEZA and the Department of Labor and Workforce Development to enter into a Memorandum of Understanding to assist in data gathering and information sharing between the two agencies to further the UEZA's ability to evaluate

enterprise zone performance, compliance, and initiate enforcement actions as applicable.

The bill would take effect immediately; provided however, that section 8 and the amendments made by the bill to section 20 of P.L.1983, c.303 (C.52:27H-79), would apply to sales and uses on and after January 1, 2022.

COMMITTEE AMENDMENTS:

The committee amendments:

- Add personnel and services to the list of qualified public safety expenses.
- Add events meant to support and draw activity into the enterprise zone, including fairs, festivals, and concerts, to the list of qualified assistance fund expenses.
- Specify that to receive a UZ-4 certification, substantial improvement, altering, or repair of a structure or building has to occur.
- Remove definitions and references to major job center, industrial hub, industrial business, and adjacent parcel throughout the bill.
- Remove the provision that approval by the authority of the zone development plan for an enterprise zone coterminous with the borders of a municipality would not be considered sufficient for the determination that the area is in need of redevelopment.
- Provide that a zone development corporation or governing body of a municipality without a zone development plan in place, which can demonstrate to the UEZ Authority an actionable and feasible plan to carry out a project eligible for zone assistance funds, and which can demonstrate a reliance on zone assistance funding, may petition the authority for a distribution from that municipality's zone assistance fund account prior to the authority's approval of an updated preliminary zone development plan.
- Provide that receipts from the first \$100,000 of retail sales of tangible property to a qualified business for the exclusive use or consumption of such business within an enterprise zone are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, a supermarket or grocery store located in a food desert community, would be eligible for such tax exemption, notwithstanding the limit imposed under the bill.
- Provide that receipts from the first \$100,000 of retail sales of materials, supplies, and services for the exclusive use of erecting structures or buildings on, or improving, altering or repairing the real property of a qualified business, or a contractor hired by the qualified business to make such

improvements, alterations, or repairs, are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, receipts from retail sales of materials, supplies, and services for the exclusive use of erecting new structures or buildings on, or substantially improving, altering or repairing the real property of a qualified business would be eligible for such tax exemption notwithstanding the limit imposed under the bill.

- Define “substantially improving, altering, or repairing” to mean any reconstruction, rehabilitation, addition, or other improvement to a structure, of which the total cost equals to or exceeds 50 percent of the market value of the structure before the start of construction of the improvement. The UEZ Authority may, from time to time, alter this definition through regulation to respond to changing market conditions.
- Provide that from the amounts allocated to the zone assistance fund in each State fiscal year, there would be deposited annually to the account in the authority's name, \$2,500,000 beginning in State Fiscal Year 2022, for the administration of the Urban Enterprise Zone program, and for providing grants, investments, loans, or other guaranties related to qualified assistance fund expenses. This amount would be adjusted annually by the percentage change in the 12-month Consumer Price Index from June 30 to July 1.
- Add that a municipality would not appropriate or expend more than 10 percent of the amount annually credited to its enterprise zone assistance fund for administrative expenses.
- Provide if in a State fiscal year the amount allocated to the enterprise zone assistance fund is less than the amount required to be allocated, the Legislature would appropriate to the enterprise zone assistance fund the amount that was not allocated in such State fiscal year in a succeeding State fiscal year along with the funds required to be allocated in that State fiscal year.
- Specify that the State Treasurer would use a weighted formula that would apply 50 percent weight to a zone’s municipality’s number of commercial and industrial parcels, the municipality’s Municipal Revitalization Index Distress Score, and the average number of unemployed persons in the municipality, and 50 percent weight to the gross taxable sales in the municipality subject to reduced sales tax.
- Remove the creation of an Urban Enterprise Zone Fund and the percentage calculation of how UEZ funds are distributed with specific amounts to be appropriated by State fiscal year as described under the bill.
- Provide for State Fiscal Year 2023 and thereafter, the amount appropriated to the enterprise zone assistance fund would not

exceed \$82,500,000, and in Fiscal Year 2024, and in each year thereafter, \$82,500,000 as adjusted annually based on the percentage change in the 12-month Consumer Price Index from June 30 to July 1 of each year, and would be no less than \$60,000,000.

- Remove language in the bill that provided ways for a business to continue to qualify for certain UEZ program benefits even if the business was not located in an eligible block group.
- Appropriate \$42,500,000 from the General Fund to the enterprise zone assistance fund for the purposes and for the uses of that fund.
- Specify that section 8 and the amendments made by the bill to section 20 of P.L.1983, c.303 (C.52:27H-79) are to apply to sales and uses on and after January 1, 2022.
- Make technical corrections to the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill would result in (1) an indeterminate State expenditure increase due to administrative expenses; (2) an indeterminate increase in State revenue due to modifying Urban Enterprise Zone (UEZ) designation criteria and potentially phasing out currently designated zones after 10 years; (3) an indeterminate State revenue decrease due to a complete tax exemption for certain businesses for two specific types of retail sales up to \$100,000 each and for certain businesses that allow for certain tax-free purchases; (4) an indeterminate local expenditure increase due to administrative costs associated with certain municipalities needing to submit an updated preliminary zone development plan; and (5) an indeterminate local revenue increase due to the ability to receive assistance for costs associated with formulating a preliminary zone development plan.

Under the bill, a variety of administrative expenses would be imposed on the State through additional requirements for the Department of Community Affairs, the Department of the Treasury, and the Department of Labor and Workforce Development.

According to documents provided to the OLS, the State currently forgoes an estimated \$300 million per year in tax expenditures through the UEZ program in 37 municipalities. This figure would maintain through the continuation of the UEZ program and this amount would increase due to a tax exemption for certain businesses for two specific types of retail sales up to \$100,000 each and for certain businesses that allow for tax-free purchases related to building or modifying real property and purchases of business related equipment.

Each UEZ municipality that had a zone development plan approved more than five years prior to the effective date of the bill would be required to submit an updated preliminary zone development plan. However, the bill would create a funding stream to assist

municipalities in formulating these preliminary zone development plans.

Current law provides a five-year property tax abatement period to be awarded to incentivize residential development within a UEZ. Current law requires 20 percent of the amount of property tax attributable to the new development to be staggered in each year so that the full amount of taxes owed is paid in the sixth year. The bill would remove the provision that requires 20 percent to be staggered in each year, but retain the provision requiring the full amount of taxes owed to be paid in the sixth and each subsequent year.

The bill also appropriates \$42.5 million from the General Fund to the enterprise zone assistance fund for the purposes and for the uses of that fund.

Governor Phil Murphy

Acting Governor Oliver Signs Landmark Urban Enterprise Zone Reform Bill

08/16/2021

ELIZABETH – Acting Governor Sheila Oliver signed into law today the Urban Enterprise Zone (UEZ) Reform Bill (A5580/S3600). The legislation restores and revises the UEZ Program and appropriates \$42.5 million in Zone Assistance Funds (ZAF) for FY22, bringing the program back to full operation after having been without a funding source for more than ten years.

“The UEZ Program helps support the local economy, particularly in our urban centers,” **said Acting Governor Sheila Oliver, who also serves as Commissioner of the Department of Community Affairs (DCA) and will now be the Chair of the UEZ Authority.** “I am excited to sign this legislation today restoring UEZ funding, especially as many of these cities and businesses located in the designated communities continue to recover from the pandemic. Starting today, the UEZ Program will be an essential part of the state’s economic recovery strategy.”

Created in 1983, the UEZ Program Authority, an affiliate agency of the Department of Community Affairs, was created to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private-sector jobs through public and private investment. In a previous iteration of the program, UEZ provided a dedicated funding source for local economic development in the form of a reduced state sales tax. Those state sales tax funds were then deployed in UEZ communities to promote economic development. A dedicated funding source, which ended in 2011, is being restored under the law signed today.

Currently, there are 32 zones, which are spread across 37 municipalities and home to approximately 7,267 UEZ-certified businesses. The first five municipalities joined the program in 1986, with the most recent joining in 2002. The original UEZ designations granted to municipalities were set to expire after 20 years. 16-year extensions were granted in 2001. The Legislature and Gov. Phil Murphy recognized the value of the program, signing legislation restoring expired UEZ’s in five cities while also extending the program an additional five years. All UEZs are currently set to expire between 2023 and 2025.

“The UEZ Authority Board, staff, and I are very excited that the Governor and Lt. Governor Oliver have refunded the program because they understand the importance of creating and maintaining thriving urban communities,” **said UEZ Executive Director Tracy Fredericks.** “The UEZ revised legislation will make it possible for small, medium, and large businesses within the zones to provide jobs to the community; and that is what the UEZ Program is all about.”

In 2018, the New Jersey Legislature directed DCA to study the Urban Enterprise Zone program and submit recommendations as to whether the program should be continued as is, be amended, or expire. The outcome was the 2019 New Jersey Urban Enterprise Zone Program Assessment, an economic study, which forecasted the economic impact of the UEZ program, determined whether it should be continued, and provided recommendations on how the program should be structured in the future.

The study, prepared by the John S. Watson Institute for Public Policy, PEL Analytics, and Anderson Economic Group, measured the net economic impact of the UEZ Program by analyzing employment

counts, payroll expenditures, and gross receipts for participating and non-participating businesses located in UEZs across the state.

The analysis of the qualitative and quantitative data compiled determined that the UEZ program is a valuable tool in New Jersey's economic toolbox and should remain available to designated municipalities.

Highlights of the new legislation:

- Creates a new process for developing a zone development plan, which would have a five-year life. Requirement for an updated preliminary zone development plan for municipalities with plans that are five years old or older.
- When creating a zone development plan, each UEZ must consult with representatives of diverse statewide or regional business organizations that represent the interests of minority businesses.
- Currently designated UEZs can retain UEZ designation for 10 years.
- Business to business sales tax exemption capped at the first \$100,000 of purchases.
- 10-year limit on UEZ business certification. Businesses certified prior to effective date of the bill will lose certification at the end of the tenth state fiscal year following the effective date of the bill.
- New Zone Assistance Fund (ZAF) allocation formula – 50% weight to MRI Distress Score, the average number of unemployed persons in each UEZ municipality, and the number of commercial and industrial parcels and 50% weight to gross taxable sales subject to reduced UEZ sales tax.
- 25% cap on Zone Assistance Fund (ZAF) use for public safety expenses.
- 10% cap on ZAF Fund use to cover administrative expenses.
- Initial \$42.5 million ZAF appropriation from the General Fund.
- Total ZAF funding capped at \$82.5 million (increases annually in line with the CPI).

Under the new law, the UEZ Authority Board at DCA will take on the following responsibilities:

- Conduct an annual review at the end of the state fiscal year of each local UEZ's use of ZAF funds.
- Prepare an annual report that must include the number of participating businesses, unemployment rate, median household income, and number of jobs in each UEZ.
- Enter into an MOU with the New Jersey Department of Labor and Workforce Development to assist in data gathering and information sharing to further the UEZ Authority's ability to evaluate UEZ performance, compliance, and initiate enforcement actions.
- Work with the Division of Local Government Services in DCA to prepare regulations, policies, or procedures to implement requirements for municipalities to place their Zone Assistance Fund allocations in segregated UEZ trusts.

"For more than a decade, the UEZ Program Authority has gone without a funding source, making it difficult for many inner city businesses to financially expand and grow," **said Senator Nicholas Sacco**. "With this legislation signed into law, businesses all over New Jersey will now receive the funding and opportunities that they have, for far too long, gone without."

"As Chair of the Senate Community and Urban Affairs Committee, it is critically important that we foster economic growth and nurture small businesses, especially in our urban centers," **said Senator Troy Singleton**. "Small businesses in the designated urban communities will see a much needed boost in support from the restored Urban Enterprise Zone Program, which will greatly assist in their long-term recovery following the pandemic."

"Especially as we work to recuperate from the financial impact of the COVID-19 pandemic, this initiative will play a critical role in ensuring our urban communities and downtown centers not only fully recover but continue to attract new businesses and become even better places to live and grow," **said Senator M. Teresa Ruiz**. "I am grateful to see the UEZ legislation signed into law, returning the program to full operation."

"As we continue economic recovery, we must ensure every small business has the resources they need as they rebuild. Leveraging every dollar spent in designated Urban Enterprise Zones of the State is key to this

recovery and to preparing for long-term revitalization of our communities, especially those hardest hit during the public health crisis," **said Assembly members Gary Schaer, Angela McKnight, William Spearman, and Vince Mazzeo** . "Now is the time to fully restore the UEZ program, giving it a renewed purpose in helping small businesses and strengthening local economies."

"From enabling our business districts to recover, thrive and exceed expectations to increasing opportunities through job creation, community-based developments, infrastructure improvements, and expansion efforts, the Urban Enterprise Zone program is a proven economic and financial mechanism for promoting public and private investment, as well as the continued growth and success of our municipalities," **said Elizabeth Mayor J. Christian Bollwage**. "The UEZ Mayors Commission is grateful for the support of the Governor's Office and the Legislature, as we continue to work together to provide the resources our local business communities need to sustain, grow and succeed."

"The New Jersey Urban Mayors Association has long awaited the day where UEZ resources are returned to our communities. This vital tool has been a catalyst for economic development in so many of our urban centers," **said Ras J. Baraka, Mayor of Newark, and President of the New Jersey Urban Mayors Association**. "I applaud Governor Murphy's leadership on this issue and the leadership of Lt. Governor Oliver, also in her role as Commissioner of DCA, in addition to our NJ Legislators who worked collectively with our communities to create an enhanced UEZ program that will only better our municipalities, our businesses and most importantly our residents."

"The recent census reveals that the NJ Hispanic Population is 21.6 percent," **said Statewide Hispanic Chamber of Commerce President Carlos Medina**. "New Jersey needs initiatives like these that will add fuel the huge economic impact that over 120,000 Hispanic businesses currently provide to the state. The Statewide Hispanic Chamber of Commerce of NJ thanks the Administration for giving us a seat at the table."

"This is encouraging news to many Urban Communities across our state," **said John Harmon, President and CEO of the African American Chamber of Commerce of New Jersey**. "These resources will lead to increased economic opportunities and potential growth for many businesses during these challenging times and beyond."