

52:27H-80

**LEGISLATIVE HISTORY CHECKLIST**  
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(Urban enterprise zones--schedule)

**NJSA:** 52:27H-80

**LAWS OF:** 1993 **CHAPTER:** 144

**BILL NO:** A1625

**SPONSOR(S)** LoBiondo

**DATE INTRODUCED:** June 29, 1992

**COMMITTEE:** **ASSEMBLY:** Economic and Community Development  
**SENATE:** Budget

**AMENDED DURING PASSAGE:** Yes Amendments during passage  
First reprint enacted denoted by superscript numbers

**DATE OF PASSAGE:** **ASSEMBLY:** March 1, 1993 Veto over-ride 5-20-93  
**SENATE:** March 22, 1993 Veto over-ride 6-14-93

**DATE OF APPROVAL:** June 21, 1993 Without Governor's approval

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** Yes

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

KBG:pp

[FIRST REPRINT]  
ASSEMBLY, No. 1625

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1992

By Assemblymen LoBIONDO and GIBSON

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

3

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

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

8 21. Receipts of retail sales, except retail sales of motor  
9 vehicles, of alcoholic beverages as defined in the "Alcoholic  
10 Beverage Tax Law," R.S.54:41-1 et seq., cigarettes as defined in  
11 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and  
12 of manufacturing machinery, equipment or apparatus, made by a  
13 certified vendor from a place of business owned or leased and  
14 regularly operated by the vendor for the purpose of making retail  
15 sales, and located in a designated enterprise zone established  
16 pursuant to the "New Jersey Urban Enterprise Zones Act,"  
17 P.L.1983, c.303 (C.52:27H-60 et seq.), are exempt to the extent  
18 of 50% of the tax imposed under the "Sales and Use Tax Act,"  
19 P.L.1966, c.30 (C.54:32B-1 et seq.).

20 Any vendor, which is a qualified business having a place of  
21 business located in a designated enterprise zone, may apply to the  
22 Director of the Division of Taxation in the Department of the  
23 Treasury for certification pursuant to this section. The director  
24 shall certify a vendor if he shall find that the vendor owns or  
25 leases and regularly operates a place of business located in the  
26 designated enterprise zone for the purpose of making retail sales,  
27 that items are regularly exhibited and offered for retail sale at  
28 that location, and that the place of business is not utilized  
29 primarily for the purpose of catalogue or mail order sales. The  
30 certification under this section shall remain in effect during the  
31 time the business retains its status as a qualified business  
32 meeting the eligibility criteria of section 27 of P.L.1983, c.303  
33 (C.52:27H-86). However, the director may at any time revoke a  
34 certification granted pursuant to this section if he shall  
35 determine that the vendor no longer complies with the provisions  
36 of this section.

37 Notwithstanding the provisions of this act to the contrary, the  
38 authority may, in its discretion, determine whether or not the  
39 provisions of this section shall apply to any enterprise zone  
40 designated after the effective date of P.L.1985, c.142  
41 (C.52:27H-66 et seq.); provided, however, that the authority may  
42 make such a determination only where the authority finds that

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 numeral's has been adopted as follows:  
1 Assembly AEC committee amendments adopted February 22, 1993.

1 the award of an exemption of 50 percent of the tax imposed  
2 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
3 seq.) will not have any adverse economic impact upon any other  
4 urban enterprise zone. Notwithstanding any other provisions of  
5 law to the contrary, all revenues received from the taxation of  
6 retail sales made by certified vendors from business locations in  
7 designated enterprise zones to which this exemption shall apply,  
8 shall be deposited immediately upon collection by the  
9 Department of the Treasury, as follows:

10 a. In the first five year period [of] <sup>1</sup>[that] during which<sup>1</sup> the  
11 <sup>1</sup>[provisions of this section are extended to an] State shall have  
12 collected reduced rate revenues within an<sup>1</sup> enterprise zone  
13 [designation], all such revenues shall be deposited in the  
14 enterprise zone assistance fund created pursuant to section 29 of  
15 <sup>1</sup>[this act] P.L.1983, c.303 (C.52:27H-88)<sup>1</sup>;

16 b. In the second five year period [of] <sup>1</sup>[that] during which<sup>1</sup> the  
17 <sup>1</sup>[provisions of this section are extended to an] State shall have  
18 collected reduced rate revenues within an<sup>1</sup> enterprise zone  
19 [designation], 66 2/3% of all those revenues shall be deposited in  
20 the enterprise zone assistance fund, and 33 1/3% shall be  
21 deposited in the General Fund;

22 c. In the third five year period [of] <sup>1</sup>[that] during which<sup>1</sup> the  
23 <sup>1</sup>[provisions of this section are extended to an] State shall have  
24 collected reduced rate revenues within an<sup>1</sup> enterprise zone  
25 [designation], 33 1/3% of all those revenues shall be deposited in  
26 the enterprise zone assistance fund, and 66 2/3% shall be  
27 deposited in the General Fund;

28 d. In the final five year period [of] <sup>1</sup>[that] during which<sup>1</sup> the  
29 <sup>1</sup>[provisions of this section are extended to an] State shall have  
30 collected reduced rate revenues within an<sup>1</sup> enterprise zone  
31 [designation], but not to exceed the life of the enterprise zone,  
32 all those revenues shall be deposited in the General Fund.

33 Commencing on the effective date of <sup>1</sup>[this amendatory act,]  
34 P.L. ...., c. .... (C. ....) (now pending before the Legislature as this  
35 bill), all revenues<sup>1</sup> in any enterprise zone to which the provisions  
36 of this section <sup>1</sup>[previously]<sup>1</sup> have been extended <sup>1</sup>prior to the  
37 enactment of P.L. ...., c. ... (C. ....) (now pending before the  
38 Legislature as this bill)<sup>1</sup> shall <sup>1</sup>[deposit all revenues] be  
39 deposited<sup>1</sup> into the enterprise zone assistance fund until <sup>1</sup>[it has]  
40 there shall have been<sup>1</sup> deposited all revenues into that fund for a  
41 total of five full years, as set forth in subsection a. of this  
42 section. The <sup>1</sup>[enterprise zone] State Treasurer<sup>1</sup> then shall  
43 proceed to deposit funds into the enterprise zone assistance fund  
44 according to the schedule set forth in subsections b. through d. of  
45 this section, beginning at the point where the enterprise zone was  
46 located on that schedule on the effective date of <sup>1</sup>[this  
47 amendatory act] P.L. ...., c. .... (C. ....) (now pending before the  
48 Legislature as this bill)<sup>1</sup>. No enterprise zone shall receive the  
49 deposit benefit granted by any one subsection of this section for  
50 more than five cumulative years.

51 The revenues required to be deposited in the enterprise zone  
52 assistance fund under this section shall be used for the purposes  
53 of that fund and for the uses prescribed in section 29 of <sup>1</sup>[this  
54 act] P.L.1983, c.303 (C.52:27H-88)<sup>1</sup>, subject to annual

1 appropriations being made for those purposes and uses.  
2 (cf: P.L.1990, c.40, s.10)

3 2. This act shall take effect immediately.

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7

8 Clarifies provision of "New Jersey Urban Enterprise Zones Act."

1 the award of an exemption of 50 percent of the tax imposed  
2 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
3 seq.) will not have any adverse economic impact upon any other  
4 urban enterprise zone. Notwithstanding any other provisions of  
5 law to the contrary, all revenues received from the taxation of  
6 retail sales made by certified vendors from business locations in  
7 designated enterprise zones to which this exemption shall apply,  
8 shall be deposited immediately upon collection by the  
9 Department of the Treasury, as follows:

10 a. In the first five year period [of] that the provisions of this  
11 section are extended to an enterprise zone [designation], all such  
12 revenues shall be deposited in the enterprise zone assistance fund  
13 created pursuant to section 29 of this act;

14 b. In the second five year period [of] that the provisions of this  
15 section are extended to an enterprise zone [designation], 66 2/3%  
16 of all those revenues shall be deposited in the enterprise zone  
17 assistance fund, and 33 1/3% shall be deposited in the General  
18 Fund;

19 c. In the third five year period [of] that the provisions of this  
20 section are extended to an enterprise zone [designation], 33 1/3%  
21 of all those revenues shall be deposited in the enterprise zone  
22 assistance fund, and 66 2/3% shall be deposited in the General  
23 Fund;

24 d. In the final five year period [of] that the provisions of this  
25 section are extended to an enterprise zone [designation], but not  
26 to exceed the life of the enterprise zone, all those revenues shall  
27 be deposited in the General Fund.

28 Commencing on the effective date of this amendatory act, in  
29 any enterprise zone to which the provisions of this section  
30 previously have been extended shall deposit all revenues into the  
31 enterprise zone assistance fund until it has deposited all revenues  
32 into that fund for a total of five full years, as set forth in  
33 subsection a. of this section. The enterprise zone then shall  
34 proceed to deposit funds into the enterprise zone assistance fund  
35 according to the schedule set forth in subsections b. through d. of  
36 this section, beginning at the point where the enterprise zone was  
37 located on that schedule on the effective date of this amendatory  
38 act. No enterprise zone shall receive the deposit benefit granted  
39 by any one subsection of this section for more than five  
40 cumulative years.

41 The revenues required to be deposited in the enterprise zone  
42 assistance fund under this section shall be used for the purposes  
43 of that fund and for the uses prescribed in section 29 of this act,  
44 subject to annual appropriations being made for those purposes  
45 and uses.

46 (cf: P.L.1990, c.40, s.10)

47 2. This act shall take effect immediately.

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49  
50 STATEMENT

51  
52 This bill amends section 21 of P.L.1983, c.303 (C.52:27H-80) to  
53 clarify that the schedule of deposits into the zone fund shall  
54 begin at the time that the 50% sales tax exemption is granted to

1 an enterprise zone, rather than at the time that the enterprise  
2 zone is initially designated. Currently, an enterprise zone loses  
3 part of the full deposit benefit if the 50% sales tax exemption is  
4 not granted at the time that the enterprise zone is initially  
5 designated.

6 Under the bill any enterprise zone granted the 50% sales tax  
7 exemption that did not receive the full five year benefit of 100%  
8 deposits into the zone fund will deposit all revenues into that  
9 fund until it has received the full five year benefit. At that time  
10 the zone would continue along the deposit schedule from the  
11 point where it had left off.

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16 Clarifies provision of "New Jersey Urban Enterprise Zones Act."

ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT,  
AGRICULTURE AND TOURISM COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1625

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1993

The Assembly Economic and Community Development, Agriculture and Tourism Committee reports favorably Assembly Bill No. 1625 with committee amendments.

As amended, this bill amends section 21 of P.L.1983, c.303 (C.52:27H-80) to clarify that the schedule of deposits into the zone fund shall begin at the time that the 50% sales tax exemption is granted to an enterprise zone, rather than at the time that the enterprise zone is initially designated. Currently, an enterprise zone loses part of the full deposit benefit if the 50% sales tax exemption is not granted at the time that the enterprise zone is initially designated.

Under the bill, for any enterprise zone granted the 50% sales tax exemption that did not receive the full five year benefit of 100% deposits into the zone fund, the Department of the Treasury will deposit all revenues into that fund until it has received the full five year benefit. At that time the zone would continue along the deposit schedule from the point where it had left off.

The amendments adopted by the committee are intended to make necessary language clarifications which are technical in nature.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1625

STATE OF NEW JERSEY

DATED: MARCH 11, 1993

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1625 [1R].

Assembly Bill No. 1625 [1R] clarifies the schedule of deposits to be made into the enterprise zone assistance fund created by section 29 of P.L.1983, c.303 (C.52:27H-88). Under the bill, the deposits are to begin at the time that the 50% sales tax exemption is granted to an enterprise zone, rather than at the time that the enterprise zone is initially designated. Currently, an enterprise zone loses part of the full five-year deposit benefit if the 50% sales tax exemption is not granted at the time that the enterprise zone is initially designated.

In addition, the bill permits an existing enterprise zone with the 50% sales tax exemption that did not receive the full five-year benefit of 100% deposits into the fund to deposit all revenues into that fund until the full five-year benefit has been received. After that time, the deposits to the fund would continue in accordance with the deposit schedule in the bill from the point where the deposits had left off.

The enterprise zone assistance fund is a fund maintained by the State Treasurer and used for the purpose of assisting qualifying municipalities with enterprise zones in making public improvements and upgrading eligible municipal services within these zones.

As reported by the committee, this bill is identical to Senate Bill No. 422 [1R] of 1992.

FISCAL IMPACT

Information received by the Office of Legislative Services (OLS) from the Department of the Treasury indicates that, assuming a July 1, 1993 effective date, the bill will increase the enterprise zone assistance fund by \$6.6 million in FY 1994 and \$6.7 million in FY 1995, resulting in revenue losses from the General Fund due to the diversion of that sales tax revenue.

The department estimates that the total gross operating expenditures required by the bill are \$32,624 in the first year, \$34,854 in the second year, and \$37,085 in the third year for data processing, salary and benefits for an additional technical assistant management position and for other unspecified services.

OLS expresses no opinion concerning the accuracy of the estimates from the Department of the Treasury since the basis for these estimates was not provided for examination. OLS questions the estimate for increased costs for a new technical assistant management position since additional work required by the bill would be minimal and may be absorbed by existing staff.

The Department of Commerce and Economic Development has indicated that the bill will not result in any additional costs to that department.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

May 10, 1993

ASSEMBLY BILL NO. 1625

(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14, of the New Jersey Constitution, I herewith return Assembly Bill No. 1625 (First Reprint) with my objections for reconsideration.

This bill amends the "New Jersey Urban Enterprise Zones Act" to provide that any enterprise zone that is granted the 50 percent sales tax exemption and did not receive the full five-year benefit of the 100 percent deposits into the Enterprise Zone Assistance Fund, will deposit all such revenues into the Fund until it has received the full five-year benefit. At that time, the zone would continue along the deposit schedule from the point where it had left off.

Currently, an enterprise zone loses part of the full deposit benefit when the 50 percent sales tax exemption is not granted at the same time that the enterprise zone is initially designated. In this regard, I wholeheartedly support the goal of Assembly Bill No. 1625 (First Reprint) which is to clarify the original intent of the Act by specifying that the 15-year deposit schedule would begin when the sales tax benefit takes effect.

However, in this legislative session a series of bills have been introduced that direct the Urban Enterprise Zone Authority to expand the program by designating additional zones. Initially, it was intended that these zones increase jobs and investment in targeted economically distressed urban centers by providing significant tax and business incentives. However, the economic advantages of these zones may diminish as they proliferate across the State. Therefore, it is only common sense that we must pause before undertaking any further expansion of this program in order to permit an evaluation of the Program's success, and detriments.

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EXECUTIVE DEPARTMENT

I therefore join in the concern recently expressed by the Office of Legislative Services that the ten-year Urban Enterprise Zone Program should be re-evaluated in order to determine whether or not the original goals are being met. In order to ensure the economic stability of our State, I am recommending that the Urban Enterprise Zone Authority conduct a comprehensive review of the Urban Enterprise Zone Program. Incorporated into that study should be an assessment of the number of jobs created as a result of the program, and the fiscal impact that urban enterprise zones have upon neighboring communities that have not been designated a zone, as well as those communities that will be impacted by proposed defense base closures and realignments. Additionally, this study should explore the economic activity generated in the State, the direct, indirect and induced benefits to the State, and whether the benefits of this Program should be extended to communities that will be impacted by the proposed defense base closures and realignments. Based on the results of this study, the Authority should recommend, if necessary, modifications to the Program. The completion of this study shall not alter the immediate effective date of Assembly Bill No. 1625 (First Reprint).

In conjunction with that study, I am recommending that we use this opportunity to review the financial impact of other legislative initiatives that seek to grant tax incentives similar to those granted under the Urban Enterprise Zone Program. For example, this session, legislation has been introduced that would provide for a 3 percent sales tax within an entire county for most retail purchases, excluding automobiles, cigarettes, alcohol and goods ordered by mail or telephone. Although I welcome new State initiatives that will revitalize the economy and meet the needs of business and our communities, we must proceed cautiously with measures that may result in a significant loss of revenues to the State.

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EXECUTIVE DEPARTMENT

Therefore, I herewith return Assembly Bill No. 1625 (First Reprint) and recommend that it be amended as follows:

Page 3, After Section 1: Insert new sections 2 and 3 as follows:

"2. The authority shall conduct a comprehensive study of the Urban Enterprise Zone program for the purpose of determining whether or not the goals of that program are being met and to assess the general economic impact of the program. The study shall include, but not necessarily be limited to, an analysis of: job creation, particularly among that segment of the population dependent upon public assistance as their primary source of income; job creation among residents of each zone; economic activity stimulated in each zone through private investment; direct, indirect and induced benefits from the program to the State economy; the effect of the zone upon contiguous municipalities without zones, as well as those communities that will be impacted by proposed defense base closures and realignments; and a determination as to whether the Program should be extended beyond depressed urban areas to communities that will suffer a substantial financial impact from the proposed defense base closures and realignments. The authority shall make any recommendations it deems necessary to modify the program.

In conjunction with the study authorized in this section, the authority shall review the financial impact of pending legislation that seeks to grant tax incentives similar to those granted under the Urban Enterprise Zone program, including but not necessarily limited to reductions in the State sales tax on retail purchases.

The authority shall report its findings and recommendations to the Legislature and Governor within nine months of the effective date of P.L.

c. (C. ) (now pending before the Legislature as this bill).

3. The authority is hereby authorized to utilize monies deposited in the enterprise zone assistance fund, created pursuant to section 26 of P.L. 1983, c. 303 (52:27H-88), not to exceed \$75,000, to defray the costs of conducting the study required by section 2 of P.L. , c. (C. ) (now pending before the Legislature as this bill)."

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

Page 3, Section 2, Line 3: Delete "2." insert "4."

Resectfully

/s/ Jim Florio

GOVERNOR

[seal]

Attest:

/s/ M. Robert DeCotiis

Chief Counsel to the Governor