

52:27H-65.1

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(Urban enterprises)

NJSA: 52:27H-65.1

LAWS OF: 1993 **CHAPTER:** 367

BILL NO: A1259

SPONSOR(S): DiGaetano and others

DATE INTRODUCED: May 4, 1992

COMMITTEE: **ASSEMBLY:** Appropriations; Economic & Community Development
SENATE: Commerce; Budget

AMENDED DURING PASSAGE: Yes Amendments during passage denoted by superscript numbers
4th reprint enacted

DATE OF PASSAGE: **ASSEMBLY:** November 30, 1993
SENATE: December 16, 1993

DATE OF APPROVAL: January 5, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes 11-9-92 & 6-15-92
SENATE: Yes 5-17-93 & 12-6-93

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clippings--attached
KBG:pp

P.L.1993, CHAPTER 367, approved January 5, 1994
1992 Assembly No. 1259 (Fourth Reprint)

1 AN ACT concerning urban enterprise zones ¹[and],¹ amending
2 and supplementing¹ 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 3 of P.L.1983, c.303 (C.52:27H-62) is amended to
7 read as follows:

8 3. As used in this act:

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

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

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

22 (1) Residents within the zone, within another zone or within
23 ³[the] a qualifying³ municipality ³[within which the zone or any
24 other zone is located]³; or

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

29 (3) Determined to be economically disadvantaged pursuant to
30 the Jobs Training Partnership Act, Pub.L.97-300 (29 U.S.C. §1501
31 et seq.);

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

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:

¹ Assembly AEC committee amendments adopted June 15, 1992.

² Assembly floor amendments adopted November 16, 1992.

³ Senate SCM committee amendments adopted May 17, 1993.

⁴ Senate SBA committee amendments adopted December 6, 1993.

1 et seq.) shall qualify if its municipal average annual
 2 unemployment rate for that year exceeded the State average
 3 annual unemployment rate. The annual average of unemployed
 4 persons and the average annual unemployment rates shall be
 5 estimated for the relevant calendar year by the Office of Labor
 6 Statistics, Division of Planning and Research of the State
 7 Department of Labor ³. For purposes of P.L.1983, c.303
 8 (C.52:27H-60 et seq.), the ⁴[56] ⁷ municipalities in which the
 9 ⁴[56] ⁶ enterprise zones are to be designated pursuant to criteria
 10 according priority consideration for designation of these zones
 11 pursuant to section 7 of P.L.1983, c.303 (C.52:27H-66), shall be
 12 deemed qualifying municipalities³:

13 e. "Public assistance" means income maintenance funds
 14 administered by the Department of Human Services or by a
 15 county ⁴[³or municipal³]⁴ welfare agency ⁴[³or a housing subsidy
 16 or assistance, such as federal section 8 subsidies, public housing
 17 authority units, or any affordable housing project meeting the
 18 requirements of the State Department of Community Affairs³]⁴;

19 f. "Zone development corporation" means a nonprofit
 20 corporation or association created or designated by the governing
 21 body of a qualifying municipality to formulate and propose a
 22 preliminary zone development plan pursuant to section 9 of [this
 23 act] P.L.1983, c.303 (C.52:27H-66) and to prepare, monitor,
 24 administer and implement the zone development plan;

25 g. "Zone development plan" means a plan adopted by ⁴[³joint
 26 resolution of³]⁴ the governing body of a qualifying municipality
 27 ⁴[³and its zone development corporation³]⁴ for the development
 28 of an enterprise zone therein, and for the direction and
 29 coordination of activities of the municipality, zone businesses and
 30 community organizations within the enterprise zone toward the
 31 economic betterment of the residents of the zone and the
 32 municipality ⁴[³. Such plans shall be updated by the municipality
 33 and the zone development corporation every three years³]⁴;

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

45 i. "Enterprise zone assistance fund" or "assistance fund"
 46 means the fund created by section 29 of [this act] P.L.1983, c.303
 47 (C.52:27H-88).

48 (cf: P.L.1988, c.93, s.1)

49 2. Section 5 of P.L.1983, c.303 (C.52:27H-84) is amended to
 50 read as follows:

51 5. For purposes of compliance with Article V, Section IV,
 52 paragraph 1 of the Constitution of the State of New Jersey, the
 53 authority created by this act is allocated to the Department of
 54 Commerce and Economic Development. All clerical and

1 professional assistants, and all personnel, procurement, budgetary
 2 and other administrative services necessary or incidental to its
 3 proper functioning shall be provided by and through that
 4 department. The authority shall, subject to the availability of
 5 funds, reimburse the department for all administrative services
 6 provided to the authority pursuant to this section.

7 (cf: P.L.1983, c.303, s.5)

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

10 7. The authority shall designate enterprise zones from among
 11 those areas of qualifying municipalities determined to be eligible
 12 pursuant to this act. No more than [10] ³[20] ⁴[70³] ²⁰⁴
 13 enterprise zones shall be in effect at any one time. No more than
 14 one enterprise zone shall be designated in any one municipality.
 15 Any designation granted shall be for a period of 20 years and shall
 16 not be renewed at the end of that period. In designating
 17 enterprise zones the authority shall seek to avoid excessive
 18 geographic concentration of zones in any particular region of the
 19 State [, and of the initial five enterprise zones designated by the
 20 authority, two shall be located in the 10 southernmost counties of
 21 the State and at least one shall be located in one of the five
 22 counties next most northern to those 10 counties, shall be located
 23 in a municipality of not less than 45,000 nor more than 46,000
 24 population and shall be designated within 90 days of the effective
 25 date of this amendatory and supplementary act]. At least ¹[five]
 26 ³[six¹] ⁴[55³] six⁴ of the ³[10] ⁴[60³] ¹⁰⁴ additional enterprise
 27 zones authorized pursuant to ³[section 3 of P.L. . . . c. (C. . . .)]
 28 (now pending before the Legislature as this bill), shall be located
 29 in counties in which enterprise zones have not previously been
 30 designated and] this 1993 amendatory and supplementary act³
 31 ⁴shall be located in counties in which enterprise zones have not
 32 previously been designated and⁴ shall be designated within 90
 33 days of the ³date of the submittal of an application and zone
 34 development plan. The authority shall accept applications within
 35 90 days of the³ effective date of this ³1993 amendatory and
 36 supplementary³ act. ¹Notwithstanding the provisions of
 37 P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the ³[six]
 38 ⁴[55³] six⁴ additional enterprise zones to be designated by the
 39 authority pursuant to the criteria for priority consideration in
 40 this section shall be entitled to an exemption to the extent of
 41 50% of the tax imposed under the "Sales and Use Tax Act,"
 42 P.L.1966, c.30 (C.54:32B-1 et seq.).¹ The following criteria shall
 43 be utilized in according priority consideration for designation of
 44 these zones by the authority:

45 a. One zone shall be located in a county of the second class
 46 with a population greater than 595,000 and less than ³[650,000]
 47 675,000³ according to the latest federal decennial census and
 48 shall be located in the ³[qualified] qualifying³ municipality in
 49 that county with the highest annual average ³number³ of
 50 unemployed persons and the highest average annual
 51 unemployment rate for the ⁴[last full] 1992⁴ calendar year
 52 ⁴[immediately preceding the year in which application for
 53 enterprise zone designation is submitted]⁴ according to the
 54 estimate by the State Department of Labor ⁴[³, except that,

1 notwithstanding any provision of P.L.1983, c.303 (C.52:27H-60 et
 2 seq.) to the contrary, that zone shall extend into a contiguous
 3 municipality which is in that same county and which has a
 4 population greater than 7,850 and less than 8,350 according to the
 5 latest federal decennial census³;⁴;

6 b. Two zones shall be located in a county of the second class
 7 with a population greater than 445,000 and less than 455,000
 8 according to the latest federal decennial census, one of which
 9 shall be located in the ³[qualified] qualifying³ municipality in
 10 that county with the highest ³annual³ average ¹number¹ of
 11 unemployed persons ³and the highest average annual
 12 unemployment rate³ for the ⁴[last full] 1992⁴ calendar year
 13 ⁴[immediately preceding the year in which application for
 14 enterprise zone designation is submitted]⁴ according to the
 15 estimate by the State Department of Labor, and one of which
 16 shall be located in the ³[qualified] qualifying³ municipality in
 17 that county with the ³second³ highest ³annual average number of
 18 unemployed persons and the second highest³ average ³annual³
 19 unemployment rate for the ⁴[last full] 1992⁴ calendar year
 20 ⁴[immediately preceding the year in which application for
 21 enterprise zone designation is submitted]⁴ according to the
 22 estimate by the State Department of Labor;

23 c. One zone shall be located in a county of the third class with
 24 a population greater than 84,000 and less than 92,000 according
 25 to the latest federal decennial census and shall be located in the
 26 ³[qualified] qualifying³ municipality in that county with the
 27 highest annual average ¹number¹ of unemployed persons and the
 28 highest average annual unemployment rate for the ⁴[last full]
 29 1992⁴ calendar year ⁴[immediately preceding the year in which
 30 application for enterprise zone designation is submitted]⁴
 31 according to the estimate by the State Department of Labor;
 32 ¹[and]¹

33 d. One zone shall be located within two noncontiguous
 34 ³[qualified] qualifying³ municipalities but comprised of not more
 35 than two noncontiguous areas each having a continuous border, if:

36 (1) both municipalities are located in the same county which
 37 shall be a county of the fifth class with a population greater than
 38 500,000 and less than 555,000 according to the latest federal
 39 decennial census;

40 (2) the two municipalities submit a joint application and
 41 ³zone³ development plan; and

42 (3) ¹[both] each of the¹ municipalities ¹[have] has¹ a population
 43 greater than 16,000 and less than 30,000 ³and a population
 44 density of more than 5,000 persons per square mile,³ according to
 45 the latest federal decennial census¹; ³[and]³ ⁴and⁴

46 e. One zone shall be located within a ³[qualified]³
 47 municipality having a population greater than 38,000 and less
 48 than 48,000 according to the latest federal decennial census if
 49 the municipality is located within a county of the fifth class with
 50 a population greater than 340,000 and less than 440,000 according
 51 to the latest federal decennial census¹ ⁴;³

52 f. One zone shall be located in a county of the first class with
 53 a population greater than 750,000 according to the latest federal
 54 decennial census and shall be located in the qualifying

- 1 municipality in that county with a population greater than 73,500
2 but less than 78,000 according to the latest federal decennial
3 census;
- 4 g. One zone shall be located in a county of the first class with
5 a population greater than 750,000 according to the latest federal
6 decennial census and shall be located in the qualifying
7 municipality in that county with a population greater than 61,000
8 but less than 61,500 according to the latest federal decennial
9 census;
- 10 h. One zone shall be located in a municipality having a
11 population greater than 36,000 and less than 37,500 according to
12 the latest federal decennial census if the municipality is located
13 in a county of the first class with a population greater than
14 825,300 and less than 845,400 according to the latest federal
15 decennial census;
- 16 i. One zone shall be located in a municipality having a
17 population greater than 24,400 and less than 25,600 according to
18 the latest federal decennial census if the municipality has a
19 population density of greater than 8,100 and less than 8,600
20 persons per square mile and is located in a county of the first
21 class with a population greater than 825,300 and less than 845,400
22 according to the latest federal decennial census;
- 23 j. One zone shall be located in a municipality having a
24 population greater than 17,100 and less than 18,350 according to
25 the latest federal decennial census if the municipality has a
26 population density of greater than 9,500 and less than 10,200
27 persons per square mile and is located in a county of the first
28 class with a population greater than 825,300 and less than 845,400
29 according to the latest federal decennial census;
- 30 k. One zone shall be located in a municipality having a
31 population greater than 15,900 and less than 16,900 according to
32 the latest federal decennial census if the municipality has a
33 population density of greater than 7,250 and less than 7,700
34 persons per square mile and is located in a county of the first
35 class with a population greater than 825,300 and less than 845,400
36 according to the latest federal decennial census;
- 37 l. One zone shall be located in a municipality having a
38 population greater than 13,750 and less than 16,600 according to
39 the latest federal decennial census if the municipality has a
40 population density of greater than 5,500 and less than 6,650
41 persons per square mile and is located in a county of the first
42 class with a population greater than 825,300 and less than 845,400
43 according to the latest federal decennial census;
- 44 m. One zone shall be located in a municipality having a
45 population greater than 10,600 and less than 11,200 according to
46 the latest federal decennial census if the municipality has a
47 population density of greater than 5,600 and less than 5,900
48 persons per square mile and is located in a county of the first
49 class with a population greater than 825,300 and less than 845,400
50 according to the latest federal decennial census;
- 51 n. One zone shall be located in a qualifying municipality
52 having a population greater than 61,400 and less than 65,100
53 according to the latest federal decennial census if the
54 municipality is located in a county of the first class with a

1 population less than 600,000 according to the latest federal
 2 decennial census;

3 o. One zone shall be located in a municipality having a
 4 population greater than 34,200 and less than 35,400 according to
 5 the latest federal decennial census if the municipality is located
 6 in a county of the first class with a population greater than
 7 750,000 according to the latest federal decennial census;

8 p. One zone shall be located in each municipality in a county
 9 with an unemployment rate of at least 8.0 percent according to
 10 the estimate by the State Department of Labor, for the last full
 11 calendar year immediately preceding the year in which
 12 application for enterprise zone designation is submitted, which
 13 county has a population greater than 195,000 but less than
 14 235,000 and a population density of greater than 600 and less than
 15 750 persons per square mile according to the latest federal
 16 decennial census; and

17 q. One zone shall be located in each municipality in a county
 18 of the third class with a population of less than 70,000 according
 19 to the latest federal decennial census³⁴.

20 4. Section 8 of P.L.1983, c.303 (C.52:27H-67) is amended to
 21 read as follows:

22 8. The governing body of any qualifying municipality may, by
 23 ordinance, create or designate a nonprofit corporation
 24 ³established³ pursuant to the provisions of Title 15 of the
 25 Revised Statutes or Title 15A of the New Jersey Statutes to act
 26 as the zone development corporation for the municipality. Any
 27 zone development corporation so created or so designated shall
 28 include on its board of directors representatives of the
 29 government of the qualifying municipality, members of the
 30 business community thereof, and representatives of community
 31 organizations in the municipality, and the total membership of
 32 the board of directors shall be broadly representative of
 33 businesses and communities within the municipality;

34 Notwithstanding the provisions of any other law to the
 35 contrary, a zone development corporation shall be considered to
 36 be a local development corporation for the purpose of receiving
 37 any State financial or technical assistance as may be available,
 38 and the creation of a zone development corporation shall not
 39 preclude a qualifying municipality from creating another local
 40 development corporation for the municipality with
 41 responsibilities not related to the enterprise zone, nor preclude
 42 that other corporation from receiving State financial or technical
 43 assistance.

44 (cf: P.L.1983, c.303, s.8)

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

47 10. An area defined by a continuous border within one
 48 qualifying municipality or within two or more contiguous
 49 qualifying municipalities and two ¹[noncontiguous]
 50 noncontiguous¹ areas each having a continuous border within two
 51 ¹[noncontiguous] noncontiguous¹ qualifying municipalities shall be
 52 eligible for designation as a zone if:

53 a. It has been designated an "area in need of rehabilitation"
 54 pursuant to Article VIII, Section I, paragraph 6 of the

1 Constitution of the State of New Jersey and P.L.1977, c.12
2 (C.54:4-3.95 et seq.); or is qualified for that designation in the
3 judgment of the authority; and

4 b. It meets the criteria established by the authority pursuant
5 to this act relating to the incidence of poverty, unemployment
6 and general economic distress.

7 (cf: P.L.1985, c.391, s.1)

8 ⁴[36. Section 16 of P.L.1983, c.303 (C.52:27H-75) is amended
9 to read as follows:

10 16. A qualified business shall be eligible for an award based
11 upon the amount of unemployment insurance tax it has paid for
12 those new employees who meet the criteria set forth in
13 subsection c. of section 3 of this act. The award shall apply only
14 to those new employees whose gross salaries are less than
15 [\$4,500.00] \$6,250 per quarter, and shall commence in the next
16 succeeding quarter. The award shall be based on the following
17 schedule:

- 18 a. First four years in zone; an amount equal to 50% of the
19 employer's unemployment insurance payment;
20 b. Second four years in zone; an amount equal to 40% of the
21 employer's unemployment insurance payment;
22 c. Third four years in zone; an amount equal to 30% of the
23 employer's unemployment insurance payment;
24 d. Fourth four years in zone; an amount equal to 20% of the
25 employer's unemployment insurance payment;
26 e. Fifth four years in zone; an amount equal to 10% of the
27 employer's unemployment insurance payment.

28 Prior to July 1, 1986, a qualified business with an
29 unemployment insurance rating of more than 4.1% shall qualify
30 for this award so long as it shall maintain that rating. On and
31 after July 1, 1986, no qualified business with a deficit reserve
32 ratio as provided for in R.S. 43:21-7 shall qualify for this award
33 as long as it shall maintain that ratio.³

34 (cf: P.L.1988, c.93, s.3)]⁴

35 ⁴[37. Section 18 of P.L.1983, c.303 (C.52:27H-77) is amended
36 to read as follows:

37 18. a. Enterprise zone employee tax credits or enterprise zone
38 investment tax credits provided under section 19 of this act shall
39 not reduce a taxpayer's tax liability under the "Corporation
40 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.) in
41 any tax year by more than 50% of the amount otherwise due, but
42 either employee tax credits or investment tax credits remaining
43 and unused in a tax year may be carried forward by the taxpayer
44 to the next succeeding tax year and applied against 50% of the
45 amount of tax otherwise due in that succeeding tax year.

46 b. For a person who is a sole proprietor or partner in a
47 partnership, enterprise zone employee tax credits and investment
48 tax credits provided by section 19 of P.L.1983, c.303
49 (C.52:27H-78) shall not reduce a taxpayer's tax liability under
50 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
51 in any tax year by more than 50 percent of the amount otherwise
52 due, but any tax credits remaining and unused in a tax year may
53 be carried forward by the taxpayer to the next succeeding tax
54 year and applied against 50 percent of the amount of tax

1 otherwise due in that succeeding tax year. The tax imposed
2 pursuant to N.J.S.54A:1-1 et seq. shall first be reduced by the
3 credit allowable pursuant to section 19 of P.L.1983, c.303
4 (C.54:27H-78) prior to the allowance of the credit pursuant to
5 N.J.S.54A:4-1.³

6 (cf: P.L.1988, c.93, s.8)]⁴

7 ⁴[3a. Section 19 of P.L.1983, c.303 (C.52:27H-78) is amended
8 to read as follows:

9 19. Any qualified business subject to the provisions of the
10 "Corporation Business Tax Act (1945)," P.L.1945, c.162
11 (C.54:10A-1 et seq.), as actively engaged in the conduct of
12 business from a location within an enterprise zone designated
13 pursuant to this act, which business at that location consists
14 primarily of manufacturing or other business which is not retail
15 sales or warehousing oriented, shall receive an enterprise zone
16 employee tax credit against the amount of tax imposed under the
17 "Corporation Business Tax Act (1945)," P.L.1945, c.162
18 (C.54:10A-1 et seq.), as [hereinafter] provided [:] by this section.

19 A person who is a sole proprietor of or a partner in a qualified
20 business actively engaged in the conduct of business from a
21 location within an enterprise zone designated pursuant to
22 P.L.1983, c.303 (C.52:27H-60 et seq.), which business at that
23 location consists primarily of manufacturing or other business
24 which is not retail sales or warehousing oriented, shall receive an
25 enterprise zone employee tax credit against the amount of tax
26 imposed under the "New Jersey Gross Income Tax Act,"
27 N.J.S.54A:1-1 et seq., as provided by this section. In the case of
28 a partnership, the credit shall be allowed to each partner based
29 upon each partner's share of the partnership's distributable net
30 income, as determined from information individually provided to
31 the State Treasurer pursuant to law for the purpose of
32 ascertaining the personal income of those partners attributable to
33 that business.

34 Enterprise zone employee tax credits shall be provided as
35 follows:

36 a. A one-time credit of \$1,500.00 for each new full-time,
37 permanent employee employed at that location who is a resident
38 of the qualifying municipality in which the designated enterprise
39 zone is located, or any other qualifying municipality [in which an
40 urban enterprise zone is located], and who immediately prior to
41 employment by the taxpayer was unemployed for at least 90 days,
42 or was [dependent upon] receiving public assistance [as the
43 primary source of income];

44 b. A one-time credit of \$500.00 for each new full-time,
45 permanent employee employed at that location who is a resident
46 of a qualifying municipality [in which a designated enterprise
47 zone is located, or any other qualifying municipality in which an
48 urban enterprise zone is located], who does not meet the
49 requirements of subsection a. of this section, and who was not,
50 immediately prior to employment by the taxpayer, employed at a
51 location within the qualifying municipality;

52 c. A qualified business which is not entitled to an employee
53 tax credit under this section, but meets the eligibility criteria
54 pursuant to the provisions of subsection c. of section 27 of

1 P.L.1983, c.303 (C.52:27H-86), shall receive a one-time credit in
2 an amount equal to 8% of each new investment made by the
3 qualified business in the enterprise zone under an agreement
4 approved by the authority.

5 This credit shall be applied against the taxpayer's [corporation
6 business] tax liability subject to the limitations and carry forward
7 provisions set forth in section 18 of P.L.1983, c.303
8 (C.52:27H-77); provided, however, that a qualified business shall
9 not claim an employee tax credit and an investment tax credit
10 authorized pursuant to this subsection in the same year regardless
11 of whether those credits were earned for the tax year or carried
12 forward from a previous year.

13 d. The enterprise zone employee tax credit shall be allowed in
14 the tax year immediately following the tax year in which the new
15 full-time, permanent employee was first employed by the
16 taxpayer, and shall be permitted in any tax year of a 20 year
17 period from the date of designation of the enterprise zone, or of
18 a period of 20 tax years from the date within that designation
19 period upon which the taxpayer is first subject to the provisions
20 of the "Corporation Business Tax Act (1945)," P.L.1945, c.162
21 (C.54:10A-1 et seq.), whichever date is later and the termination
22 of the designation of an enterprise zone at the end of a 20 year
23 designation period shall not terminate the eligibility period
24 provided under this section;

25 e. A tax credit shall be permitted under this section only for
26 those new full-time, permanent employees who have been
27 employed for at least six continuous months by the taxpayer
28 [during the tax year for which the tax credit is claimed].

29 f. A newly employed employee shall not be deemed a new
30 full-time, permanent employee for the purposes of this section
31 unless the total number of full-time, permanent employees,
32 including the newly employed employee, employed by the
33 employer in the zone during the calendar year exceeds the
34 greatest number of full-time, permanent employees employed in
35 the zone by the employer during any prior calendar year during
36 the period commencing with the date of zone designation.³
37 (cf: P.L.1988, c.93, s.4)⁴

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

40 20. Retail sales of tangible personal property (except motor
41 vehicles) and sales of services [(except telecommunications)] to a
42 qualified business for the exclusive use or consumption of such
43 business within an enterprise zone are exempt from the taxes
44 imposed under the "Sales and Use Tax Act," P.L.1986, c.30
45 (C.54:32B-1 et seq.).³

46 (cf: P.L.1990, c.40, s.9)⁴

47 ³[6.] ⁴[10.] ³ 6. ⁴ Section 21 of P.L.1983, c.303 (C.52:27H-80) is
48 amended to read as follows:

49 21. Receipts of retail sales, except retail sales of motor
50 vehicles, of alcoholic beverages as defined in the "Alcoholic
51 Beverage Tax Law," R.S.54:41-1 et seq., cigarettes as defined in
52 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and
53 of manufacturing machinery, equipment or apparatus, made by a
54 certified vendor from a place of business owned or leased and

1 regularly operated by the vendor for the purpose of making retail
 2 sales, and located in a designated enterprise zone established
 3 pursuant to the "New Jersey Urban Enterprise Zones Act,"
 4 P.L.1983, c.303 (C.52:27H-60 et al.), are exempt to the extent of
 5 50% of the tax imposed under the "Sales and Use Tax Act,"
 6 P.L.1986, c.30 (C.54:32B-1 et seq.).

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

24 Notwithstanding the provisions of this act to the contrary,
 25 except as may otherwise be provided by section 3[3] 7³ of
 26 P.L. 1983³, c. 303³ (C. 52:27H-66³) 3[now before the
 27 Legislature as this bill)]^{3, 1} the authority may, in its discretion,
 28 determine whether or not the provisions of this section shall
 29 apply to any enterprise zone designated after the effective date
 30 of P.L.1985, c.142 (C.52:27H-66 et al.); provided, however, that
 31 the authority may make such a determination only where the
 32 authority finds that the award of an exemption of 60 percent of
 33 the tax imposed under the "Sales and Use Tax Act," P.L.1986,
 34 c.30 (C.54:32B-1 et seq.) will not have any adverse economic
 35 impact upon any other urban enterprise zone.

36 Notwithstanding any other provisions of law to the contrary,
 37 90 percent of] after first depositing 10 percent of the gross
 38 amount of³ all revenues received from the taxation of retail sales
 39 made by certified vendors from business locations in designated
 40 enterprise zones to which this exemption shall apply³[.] into the
 41 account created in the name of the authority in the enterprise
 42 zone assistance fund pursuant to section 29 of P.L.1983, c.303
 43 (C.52:27H-88), the remaining 90 percent³ shall be deposited
 44 immediately upon collection by the Department of the Treasury,
 45 3[after first depositing 10 percent of the gross amount collected
 46 into the account created in the name of the authority in the
 47 enterprise zone assistance fund pursuant to section 29 of
 48 P.L.1983, c.303 (C.52:27H-88)]³ as follows:

49 a. In the first five year period [of the enterprise zone
 50 designation] 4[that] during which⁴ the State shall have collected
 51 reduced rate revenues within an enterprise zone, all such
 52 revenues shall be deposited in the enterprise zone assistance fund
 53 created pursuant to section 29 of [this act] P.L.1983, c.303
 54 (C.52:27H-88):

1 b. In the second five year period [of the enterprise zone
2 designation] ⁴[that] during which⁴ the State shall have collected
3 reduced rate revenues within an enterprise zone, 66 2/3% of all
4 those revenues shall be deposited in the enterprise zone
5 assistance fund, and 33 1/3% shall be deposited in the General
6 Fund;

7 c. In the third five year period [of the enterprise zone
8 designation] ⁴[that] during which⁴ the State shall have collected
9 reduced rate revenues within an enterprise zone, 33 1/3% of all
10 those revenues shall be deposited in the enterprise zone
11 assistance fund, and 66 2/3% shall be deposited in the General
12 Fund;

13 d. In the final five year period [of the enterprise zone
14 designation] ⁴[that] during which⁴ the State shall have collected
15 reduced rate revenues within an enterprise zone, but not to
16 exceed the life of the enterprise zone, all those revenues shall be
17 deposited in the General Fund.

18 Commencing on the effective date of P.L.⁴1993⁴, c.⁴
19 (C.) (now pending before the Legislature as this bill)] 144⁴,
20 all revenues in any enterprise zone to which the provisions of this
21 section have been extended prior to the enactment of P.L.⁴1993
22 c.⁴ (C.) (now pending before the Legislature as this bill)]
23 144⁴ shall be deposited into the enterprise zone assistance fund
24 until there shall have been deposited all revenues into that fund
25 for a total of five full years, as set forth in subsection a. of this
26 section. The State Treasurer then shall proceed to deposit funds
27 into the enterprise zone assistance fund according to the schedule
28 set forth in subsections b. through d. of this section, beginning at
29 the point where the enterprise zone was located on that schedule
30 on the effective date of P.L.⁴1993⁴, c.⁴ (C.) (now
31 pending before the Legislature as this bill)] 144⁴. No enterprise
32 zone shall receive the deposit benefit granted by any one
33 subsection of this section for more than five cumulative years.

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

39 (cf: P.L.1993, c.144, s.1)

40 ³[7.] ⁴[11.] ³7. ⁴ Section 22 of P.L.1983, c.303 (C.52:27H-81) is
41 amended to read as follows:

42 22. The Director of the Division of Taxation in the
43 Department of the Treasury shall promulgate such rules and
44 regulations as may be necessary to effectuate the provisions of
45 sections 17 through 21 inclusive, and sections 27 and 29 of [this
46 act] P.L.1983, c.303 (C.52:27H-76 to C.52:27H-80, inclusive,
47 C.52:27H-86 and C.52:27H-88). The Commissioner of the
48 Department of Commerce and Economic Development shall
49 promulgate such rules and regulations as may be necessary to
50 effectuate the provisions of section 18 of [this act] P.L.1983,
51 c.303 (C.52:27H-75).

52 (cf: P.L.1983, c.303, s.22)

53 ³[8.] ⁴[12.] ³8. ⁴ Section 27 of P.L.1983, c.303 (C.52:27H-86) is
54 amended to read as follows:

- 1 27. To be eligible for any of the incentives provided under this
2 act a qualified business must demonstrate to the satisfaction of
3 the authority that:
- 4 a. The business will create new employment in the
5 municipality; and
- 6 b. The business will not create unemployment in other areas of
7 the State, including the municipality in which the zone is located.
- 8 c. For the purposes of eligibility for the incentives provided
9 under sections 17, 19, 20, and 21 of P.L.1983, c.303 (C.52:27H-76,
10 52:27H-78, 52:27H-79, and 52:27H-80, respectively), a qualified
11 business shall not be required to meet the requirements of
12 subsection a. of this section, if:
- 13 (1) At the time of designation of the enterprise zone or at the
14 time zone designation is extended by expansion to the location of
15 a business, the qualified business had been engaged in the active
16 conduct of a trade or business in that zone or in the added area of
17 that zone for at least one year prior to that designation or
18 expansion;
- 19 (2) The qualified business employs fewer than 50 ⁴[full
20 time]³ employees;
- 21 (3) The qualified business has entered into an agreement,
22 approved by the authority, with the governing body of the
23 qualifying municipality ²[or with the zone development
24 corporation if so authorized by the municipality]² ⁴[or with the
25 zone development corporation if so authorized by the
26 municipality]³ in which the enterprise zone is located, under
27 which the qualified business agrees to undertake an investment in
28 the enterprise zone in lieu of the employment of new employees.
29 An investment permitted under an agreement shall be in an
30 amount and of a nature which the municipal governing body and
31 the authority find shall contribute substantially to the economic
32 attractiveness of the enterprise zone, and may include, but shall
33 not be limited to:
- 34 (a) The improvement of the exterior appearance or customer
35 facilities of the property constituting the place of business of the
36 qualified business within the zone; provided that the improvement
37 is of a permanent nature and not required to meet existing
38 ordinances or code regulations; or
- 39 (b) Monetary contributions to the qualifying municipality ²[or
40 a designated agent of the municipality such as the zone
41 development corporation, a district management corporation
42 operating a special improvement district or tax increment
43 district, or other appropriate entity]² to undertake improvements
44 to increase the safety ⁴[³economic health]³ or attractiveness
45 of the zone to businesses which may wish to locate there or to
46 consumer visitors to the zone, including, but not limited to litter
47 clean-up and control, landscaping, parking areas and facilities,
48 recreational and rest areas and facilities, repair or improvements
49 to public streets, curbing, sidewalks and pedestrian
50 thoroughfares, street lighting, or increased police, fire or
51 sanitation services in the enterprise zone.
- 52 In order to meet the requirements of paragraph (3) of this
53 subsection, an ²[initial]² ⁴[initial]³ investment shall be in an
54 amount no less than \$5,000.00 if the qualified business employs 10

1 or fewer employees, or if the qualified business employs more
2 than 10 employees, not less than the amount produced by
3 multiplying the number of employees employed by the qualified
4 business by \$500.00. ²A qualified business shall be required to
5 make an investment for each year the qualified business does not
6 meet the requirements of subsection a. of this section.² In order
7 to receive the incentives permitted by this section, the business
8 shall provide written evidence of the investment to the authority.

9 ⁴[³d. The municipality may by joint resolution with the zone
10 development corporation, or within its zone development plan,
11 design appropriate criteria and standards for such agreements and
12 for such appropriate entities to receive funds as required under
13 this section and authorize the zone development corporation to
14 enter into such agreements on its behalf.³⁴

15 (cf: P.L.1988, c.93, s.7)

16 ³[9.] ⁴[¹³.³] ⁹.⁴ Section 29 of P.L.1983, c.303 (C.52:27H-88) is
17 amended to read as follows:

18 29. a. There is created an enterprise zone assistance fund to
19 be held by the State Treasurer, which shall be the repository for
20 all moneys required to be deposited therein under section 21 of
21 [this act] P.L.1983, c.303 (C.52:27H-80) or moneys appropriated
22 annually to the fund. All moneys deposited in the fund shall be
23 held and disbursed in the amounts necessary to fulfill the
24 purposes of this section and subject to the requirements
25 hereinafter prescribed. The State Treasurer may invest and
26 reinvest any moneys in the fund, or any portion thereof, in legal
27 obligations of the United States or of the State or of any political
28 subdivision thereof. Any income from, interest on, or increment
29 to moneys so invested or reinvested shall be included in the fund.

30 The State Treasurer shall maintain separate accounts for each
31 enterprise zone designated under this act, and one in the
32 authority's name for the administration of the Urban Enterprise
33 Zone program. The State Treasurer shall credit to each account
34 an amount of the moneys deposited in the fund equal to the
35 amount of revenues collected from the taxation of retail sales
36 made in the zone and appropriated to the enterprise zone
37 assistance fund, or that amount of moneys appropriated to the
38 fund and required to be credited to the enterprise zone account
39 of the qualifying municipality pursuant to section 21 of P.L.1983,
40 c.303 (C.52:27H-80).

41 The State Treasurer shall promulgate the rules and regulations
42 necessary to govern the administration of the fund for the
43 purposes of this section.

44 b. The enterprise zone assistance fund shall be used for the
45 purpose of assisting qualifying municipalities in which enterprise
46 zones are designated in undertaking public improvements,
47 economic development projects and in upgrading eligible
48 municipal services in designated enterprise zones.

49 c. The governing body of a qualifying municipality in which an
50 enterprise zone is designated and the zone development
51 corporation created ³or designated³ by the municipality for that
52 enterprise zone may, by resolution jointly adopted after public
53 hearing, propose to undertake a project for the public
54 improvement ⁴[³or economic development³]⁴ of the enterprise

1 zone or to increase eligible municipal services in the enterprise
2 zone, and to fund that project or increase in eligible municipal
3 services from moneys deposited in the enterprise zone assistance
4 fund and credited to the account maintained by the State
5 Treasurer for the enterprise zone.

6 The proposal so adopted shall set forth a plan for the project or
7 for the increase in eligible municipal services and shall include:

8 (1) A description of the proposed project or of the municipal
9 services to be increased;

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

14 (3) A statement of any other revenue sources to be used to
15 finance the project or to fund the increase in eligible municipal
16 services;

17 (4) A statement of the time necessary to complete the project,
18 or of the time during which the increased municipal services are
19 to be maintained; [and]

20 (5) A statement of the manner in which the proposed project
21 or increase in municipal services furthers the municipality's
22 policy and intentions for addressing the economic and social
23 conditions existing in the area of the enterprise zone as set forth
24 in the zone development plan approved by the authority[.]; and

25 (6) A description of the financial and programmatic controls
26 and reporting mechanisms to be used to guarantee that the funds
27 will be spent in accordance with the plan and that the project or
28 increased municipal service will accomplish its purpose.

29 As used in this section, "project" means an activity funded by
30 the zone assistance fund through the qualified municipality and
31 implemented by the zone development corporation, including the
32 purchasing, leasing, condemning, or otherwise acquiring of land or
33 other property, or an interest therein, in the enterprise zone or as
34 necessary for a right-of-way or other easement to or from the
35 enterprise zone; the relocating and moving of persons or
36 businesses displaced by the acquisition of land or property; the
37 rehabilitation ³[and] ⁴[or³] and⁴ redevelopment of land or
38 property, including demolition, clearance, removal, relocation,
39 renovation, alteration, construction, reconstruction, installation
40 or repair of a land or a building, street, highway, alley, utility,
41 service or other structure or improvement which will lead to
42 increased economic activity within the zone; the acquisition,
43 construction, reconstruction, rehabilitation, or installation of
44 public facilities and improvements, except buildings and facilities
45 for the general conduct of government and schools; the
46 establishment of revolving loan or grant programs for qualified
47 businesses in the zone to encourage private investment and job
48 creation, matching grant programs for the establishment or
49 operation of pedestrian malls, special improvement districts and
50 tax increment districts, or other appropriate entity; and the costs
51 associated therewith including the costs of an administrative
52 appraisal, economic and environmental analyses for,
53 environmental remediation, engineering, planning, design,
54 architectural, surveying or other professional or managerial

1 services necessary to effectuate the project.

2 As used in this section, "eligible municipal services" means the
3 hiring of additional policemen or firemen assigned duties in the
4 enterprise zone, or the purchasing or leasing of additional police
5 or fire vehicles, equipment or apparatus to be used for the
6 provision of augmented or upgraded public safety services in the
7 enterprise zone and its immediate vicinities.

8 d. Upon adoption by the governing body of the qualifying
9 municipality and by the zone development corporation, the
10 proposal shall be sent to the authority for its evaluation and
11 approval. The authority shall approve the proposal if it shall find:

12 (1) In the case of a project, that the proposed project furthers
13 the policy and intentions of the zone development plan approved
14 by the authority, and that the estimated annual payments for the
15 project from the enterprise zone account to which the proposal
16 pertains are not likely to result in a deficit in that account;

17 (2) In the case of an increase in eligible municipal services,
18 that the proposal furthers the policy and intentions of the zone
19 development plan approved by the authority; that the qualifying
20 municipality has furnished satisfactory assurances that the
21 additional policemen or firemen to be hired, or the additional
22 vehicles, equipment or apparatus to be purchased or leased, shall
23 be used to augment or upgrade public safety in the enterprise
24 zone, and shall not be used in other areas of the municipality;
25 that the qualifying municipality shall annually appropriate for the
26 increased eligible municipal services an amount equal to 20% of
27 the amount of annual payments for the eligible municipal services
28 from the enterprise zone account and shall not request for the
29 increased eligible municipal services an amount equal to more
30 than 35% of the amount of annual payments into the enterprise
31 zone account, unless the municipality and the authority have
32 entered into an agreement or agreements to the contrary prior to
33 July 1, 1992; and that the estimated annual payments for the
34 eligible municipal services from the enterprise zone account to
35 which the proposal pertains are not likely to result in a deficit in
36 that account.

37 e. If the authority shall approve the proposal, it shall annually,
38 upon its receipt of a written statement from the governing body
39 of the qualifying municipality and the zone development
40 corporation, certify to the State Treasurer the amount to be paid
41 in that year from the enterprise zone account in the enterprise
42 zone assistance fund with respect to each project or increase in
43 eligible municipal services approved. The authority may at any
44 time revoke its approval of a project or an increase in eligible
45 municipal services if it finds that the annual payments made from
46 the enterprise zone assistance fund are not being used as required
47 by this section.

48 f. Upon certification by the authority of the annual amount to
49 be paid to a qualifying [municipality] zone with respect to any
50 project or increase in eligible municipal services, the State
51 Treasurer shall pay in each year to the qualifying municipality
52 from the amounts deposited in the enterprise zone assistance
53 fund the amount so certified, within the limits of the amounts
54 credited to the enterprise zone account of the qualifying

1 municipality.

2 g. An amount not to exceed one-third of the amount deposited
 3 in the account created in the name of the authority in the
 4 enterprise zone assistance fund shall be used by the authority for
 5 the coordination and administration of the program throughout
 6 the State, including but not limited to costs for personnel,
 7 operating expenses and marketing. The balance of the remaining
 8 amount shall be distributed to qualifying municipalities in
 9 proportion to each municipality's contribution to the enterprise
 10 zone assistance fund for the coordination and administration of
 11 the program within the municipality, including but not limited to
 12 costs for personnel, operating expenses and marketing.

13 (cf: P.L.1983, c.303, s.29)

14 ³[10.] ⁴[14.³] 10.⁴ Section 30 of P.L.1983, c.303 (C.52:27H-89)
 15 is amended to read as follows:

16 30. No enterprise zones shall be designated after [the date
 17 occurring ten years from the effective date of this act] January
 18 1, 1996.

19 (cf: P.L.1983, c.303, s.30)

20 ³[^{11.}] ⁴[^{15.}³] 11.⁴ (New section) In addition to the duties of
 21 the authority required under section 6 of P.L.1983, c.303
 22 (C.52:27H-65), the authority shall also prepare a fiscal impact
 23 study of each additional enterprise zone designated pursuant to
 24 ³[section 3 of P.L. , c. (C.) now before the Legislature
 25 as this bill)] this 1993 amendatory and supplementary act³ ⁴and
 26 for each enterprise zone designated prior to this act⁴. The study
 27 shall include, but not be limited to, an analysis of the effects of
 28 each ⁴[newly-designated]⁴ enterprise zone on the local economy
 29 of the area in which the zone is located and an assessment of the
 30 effectiveness of these zones in addressing the goals of the "New
 31 Jersey Urban Enterprise Zones Act," P.L.1983, c.303
 32 (C.52:27H-60 et seq.). The study shall be completed within a
 33 reasonable time after the end of one year following the
 34 designation of ⁴[these] the additional⁴ zones by the authority
 35 ⁴pursuant to the priority consideration criteria set forth in this
 36 1993 amendatory and supplementary act⁴. The authority shall
 37 submit its study to the Governor and the Legislature, including
 38 any recommendations for legislation to improve the effectiveness
 39 of operation of these zones, within two years from the effective
 40 date of ³[P.L. c. (C.) now before the Legislature as this
 41 bill.)] this 1993 amendatory and supplementary act^{3,1} ⁴The
 42 authority shall use funds available from the account created in
 43 the name of the authority in the enterprise zone assistance fund
 44 for the administration of the program to pay for the cost of the
 45 study.⁴

46 ¹[11.] ³[12.1] ⁴[16.³] 12.⁴ This act shall take effect on the first
 47 day of the third month following enactment, but the State
 48 Treasurer and the Commissioner of Commerce and Economic
 49 Development may take such anticipatory actions as may be
 50 necessary for the timely implementation of this act upon the
 51 effective date thereof.

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Permits designation of ten additional enterprise zones.

1 occurring ten years from the effective date of this act] January
2 1, 1996.

3 (cf: P.L.1983, c.303, s.30)

4 11. This act shall take effect on the first day of the third
5 month following enactment, but the State Treasurer and the
6 Commissioner of Commerce and Economic Development may
7 take such anticipatory actions as may be necessary for the timely
8 implementation of this act upon the effective date thereof.

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STATEMENT

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13 This bill would amend the "New Jersey Urban Enterprise Zones
14 Act," P.L.1983, c.303 (C.52:27H-60 et seq.) to enhance the
15 enterprise zone program as an instrument of economic
16 development and redevelopment in the communities where that
17 program operates.

18 Specifically, the bill would alter the definition of a "qualified
19 business" in an enterprise zone which would be eligible for
20 certain tax benefits by providing that at least 25% of the newly
21 hired full-time employees of such a business be New Jersey
22 residents who are unemployed or public assistance recipients for
23 a minimum of six months. Under the current law the minimum
24 period is one year.

25 The bill would also increase the responsibilities of zone
26 development corporations by authorizing those bodies to prepare,
27 monitor, administer and implement zone development plans.
28 Under the current provisions of the "New Jersey Urban
29 Enterprise Zones Act," the zone development corporations may
30 only formulate and propose a preliminary zone plan.
31 Additionally, the bill would authorize the governing body of a
32 qualifying municipality to designate a non-profit corporation to
33 act as the municipality's zone development corporation.
34 Currently, the law specifies that a qualifying municipality may
35 only create, rather than designate a zone development
36 corporation.

37 The bill would also require the New Jersey Urban Enterprise
38 Zone Authority to reimburse the Department of Commerce and
39 Economic Development for all administrative services provided
40 to the authority, subject to the availability of administrative
41 monies in the authority's budget. Under current law, there is no
42 requirement for reimbursement to the department.

43 The bill would also amend section 7 of P.L.1983, c.303
44 (C.52:27H-66) in order to allow the authority to designate 10
45 additional enterprise zones from among those areas of qualifying
46 municipalities determined to be eligible. Under the current
47 provisions of that section, the authority is prevented from
48 authorizing the existence of more than 10 enterprise zones at any
49 one time. The bill also provides that at least five of the new
50 zones shall be located in counties in which there currently are no
51 zones. Certain criteria for designation of those five new zones
52 have also been set forth.

53 The bill would also amend the "New Jersey Urban Enterprise
54 Zones Act" to provide that 10% of the gross amount collected by

1 vendors from retail sales within an enterprise zone be distributed
2 by the State Treasurer in the following manner: one-third of the
3 10% would be used for coordination and administration of the
4 program throughout the State, while the balance of the fund
5 would be distributed to zone development corporations in
6 proportion to each such zone's contribution to the enterprise
7 zone assistance fund for the coordination and administration of
8 the program within the municipality.

9 The bill would also provide in the law that any adopted proposal
10 for the improvement of an enterprise zone or increasing a zone's
11 eligible municipal services must contain a description of the
12 financial and programmatic controls and reporting mechanisms to
13 guarantee proper expenditure of project funds. The bill would
14 also limit the amount spent on increased eligible municipal
15 services to 35% of the amount of annual payments into the
16 enterprise zone account.

17 Finally, the bill would extend until January 1, 1996, the period
18 of time in which the New Jersey Urban Enterprise Zone Authority
19 could designate additional enterprise zones.

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24 _____
Permits designation of ten additional enterprise zones.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1259

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1259 (1R).

Assembly Bill No. 1259 (1R) amends the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.), to enhance the enterprise zone program.

The bill increases the maximum number of enterprise zones the authority may designate from 10 to 20. The bill provides that at least six of the new zones, given priority consideration and to be designated within 90 days of enactment of the bill pursuant to criteria included in the bill, shall be located in counties in which currently there are no zones. The bill requires that the six new priority consideration zones be zones in which qualified businesses may be certified for the 50% sales tax exemption on goods sold, an exemption which is otherwise subject to the discretion of the authority. The six priority consideration zones will be located in Perth Amboy, Passaic, Paterson, Phillipsburg, Lakewood and a dual-municipal zone in Asbury Park and Long Branch.

To be a "qualified business" eligible for the 50% sales tax exemption and other tax credits, 25% of the full-time employees at the enterprise zone location must meet one of three criteria. The bill alters one criterion by changing the time for which such employees must have been unemployed or public assistance recipients prior to hiring from one year to six months.

The bill increases the responsibilities of zone development corporations by authorizing those bodies to prepare, monitor, administer and implement zone development plans. Currently a zone development corporation may only formulate and propose a preliminary zone plan. The bill authorizes the governing body of a qualifying municipality to designate a non-profit corporation to act as the municipality's zone development corporation. Currently, a qualifying municipality may only create, rather than designate, a zone development corporation.

The bill provides that any proposal adopted for the improvement of an enterprise zone or increasing a zone's eligible municipal services must contain a description of the financial and programmatic controls and reporting mechanisms to guarantee proper expenditure of project funds. The bill limits the maximum amount spent on increased eligible municipal services to 35% of the amount of annual payments into the zone's individual enterprise zone account.

The bill requires the New Jersey Urban Enterprise Zone Authority to report to the Governor and the Legislature on the effectiveness of the operation of the new zones after the zones

have been in operation for one year, and extends until January 1, 1996, the authority's power to designate additional enterprise zones.

The bill amends the allocation of the sales taxes collected by vendors certified for the 50% sales tax exemption on goods sold. Urban enterprise zone designations are limited to terms of twenty years. Currently, all of the taxes collected by reduced rate vendors at enterprise zone locations are deposited to the enterprise zone assistance fund for the first five years the zone is designated. The reduced rate collections are deposited two thirds to the assistance fund and one third to the General Fund in the second five years of the designation, one third to the assistance fund and two thirds to the General Fund in the second five years of the designation, and all to the General Fund in the fourth five years of the designation. Currently, all of the revenues deposited to the assistance fund are deposited in a separate account for each municipality, in proportion to the collections of reduced rate vendors in each zone.

The bill amends that system to provide that 10% of the taxes collected by reduced rate vendors be deposited to the enterprise zone assistance fund in an account of the authority. The authority would use one third of its account for administration of the program throughout the State and two thirds of its account for distribution to urban enterprise zone municipalities in which reduced sales taxes are collected. The bill requires the New Jersey Urban Enterprise Zone Authority to reimburse the Department of Commerce and Economic Development for all administrative services provided to the authority, subject to the availability of funds.

The bill then provides a new schedule for the allocation of the remaining 90% of the taxes collected by reduced rate vendors. For zones in which vendors have been authorized to collect sales taxes at a reduced rate prior to enactment of the bill, a special five year period is provided. For those five years all of the revenues collected by reduced rate vendors (remaining after the 10% authority share is deducted) would be deposited to the enterprise zone assistance fund. At the end of the special five years, the deposit of funds would return to the deposits schedule at the point where special five year provision took effect. This has the effect of doubling the five year period in which all revenues are deposited to the assistance fund and eliminating the last five year period in which all revenues are deposited to the General Fund. Affecting zones in which vendors have been authorized to collect reduced rate sales taxes at some time after the designation of the zone, the bill would change the twenty year deposit schedule to run from the time the lower sales tax rates are collected rather than from the time the zone is designated.

FISCAL IMPACT:

The Department of Commerce and Economic Development has estimated the cost of adding three new positions to the authority staff required by the new enterprise zones and increased authority responsibility at \$135,503 in the first year of implementation, \$142,878 in the second year of implementation and \$150,793 in the third year of implementation. The reallocation of 3 1/3% of the reduced rate collections to an authority account combined with the

requirement that administrative costs be borne by the authority would suggest that in the early years of the authorization of reduced sales tax collections for a zone (during which the funds would otherwise be deposited to the enterprise zone's account) the costs of increased administration will not be supported by the General Fund. In the later years of the authorization of reduced sales tax collections (when the funds would otherwise be deposited to the General Fund) the costs will be supported by decreases to General Fund revenue.

Of the ten additional zones authorized to be designated under the bill, qualified businesses in at least six of those new zones will be permitted to collect sales tax at a reduced rate of 3 percent instead of the current rate of 6 percent. Because the bill makes the criteria for qualification more liberal, more businesses in existing zones will be qualified. Both of these changes reduce State sales tax revenue. The alterations to the deposit schedules which have the effect of decreasing the share of the collections of reduced rate vendors deposited to the General Fund also decrease State sales tax revenues.

None of the agencies involved in administering the program, the Departments of Commerce and Economic Development, Labor and the Treasury, however, accurately track the total amount of sales tax lost to the State as a result of the program. Therefore, it is difficult to determine the potential revenue loss that will result from the creation of from at least six new zones permitted by the bill to offer a 50 percent sales tax reduction, from the increase in qualified businesses in existing zones or from the changes in deposit schedules.

ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT
AGRICULTURE AND TOURISM COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1259

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 1992

The Assembly Economic and Community Development, Agriculture and Tourism Committee reports favorably Assembly Bill No. 1259 with committee amendments.

As amended, this bill would amend the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) to enhance the enterprise zone program as an instrument of economic development and redevelopment in the communities where that program operates.

Specifically, the bill would alter the definition of a "qualified business" in an enterprise zone which would be eligible for certain tax benefits by providing that at least 25% of the newly hired full-time employees of such a business be New Jersey residents who are unemployed or public assistance recipients for a minimum of six months. Under the current law the minimum period is one year.

The bill would also increase the responsibilities of zone development corporations by authorizing those bodies to prepare, monitor, administer and implement zone development plans. Under the current provisions of the "New Jersey Urban Enterprise Zones Act," the zone development corporations may only formulate and propose a preliminary zone plan. Additionally, the bill would authorize the governing body of a qualifying municipality to designate a non-profit corporation to act as the municipality's zone development corporation. Currently, the law specifies that a qualifying municipality may only create, rather than designate a zone development corporation.

The bill would also require the New Jersey Urban Enterprise Zone Authority to reimburse the Department of Commerce and Economic Development for all administrative services provided to the authority, subject to the availability of administrative monies in the authority's budget. Under current law, there is no requirement for reimbursement to the department.

The bill would also amend section 7 of P.L.1983, c.303 (C.52:27H-66) in order to allow the authority to designate 10 additional enterprise zones from among those areas of qualifying municipalities determined to be eligible. Under the current provisions of that section, the authority is prevented from authorizing the existence of more than 10 enterprise zones at any one time. The bill also provides that at least six of the new zones shall be located in counties in which there currently are no zones. Certain criteria for designation of those six new zones have also been set forth. In addition, the bill requires that the six new zones shall be entitled to the 50% sales tax exemption on the sale of goods by businesses located within these zones. Under current law,

the designation of additional enterprise zones in which the sales tax exemption applies is discretionary with the authority.

The bill would also amend the "New Jersey Urban Enterprise Zones Act" to provide that 10% of the gross amount collected by vendors from retail sales within an enterprise zone be distributed by the State Treasurer in the following manner: one-third of the 10% would be used for coordination and administration of the program throughout the State, while the balance of the fund would be distributed to zone development corporations in proportion to each such zone's contribution to the enterprise zone assistance fund for the coordination and administration of the program within the municipality.

The bill would also provide in the law that any adopted proposal for the improvement of an enterprise zone or increasing a zone's eligible municipal services must contain a description of the financial and programmatic controls and reporting mechanisms to guarantee proper expenditure of project funds. The bill would also limit the amount spent on increased eligible municipal services to 35% of the amount of annual payments into the enterprise zone account.

The bill also requires the authority to report to the Governor and the Legislature on the effectiveness of the operation of the new zones after the zones have been in operation for one year.

Finally, the bill would extend until January 1, 1996, the period of time in which the New Jersey Urban Enterprise Zone Authority could designate additional enterprise zones.

The committee adopted amendments to provide that priority consideration be accorded to a sixth urban enterprise zone from the ten additional zones to be designated by the authority. The amendments also provide that the six additional enterprise zones to be designated by the authority pursuant to the priority consideration criteria shall be entitled to the 50% sales tax exemption. The amendments further provide that a fiscal impact study of the additional enterprise zones shall be conducted one year after the designation of the zones and shall be submitted to the Governor and the Legislature within two years after the effective date of the act.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 1259

with committee amendments

STATE OF NEW JERSEY

DATED: May 17, 1993

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The Senate Commerce Committee reports favorably, and with committee amendments, Assembly Bill No. 1259 (2R).

This bill, as amended, increases the maximum number of enterprise zones the New Jersey Urban Enterprise Zone Authority may designate from 10 to 70. The bill provides that at least 55 of the new zones, given priority consideration and to be designated within 90 days of the date of the submittal of an application and zone development plan, shall be selected pursuant to criteria included in the bill. The bill requires that the 55 new priority consideration zones be zones in which qualified businesses may be certified for the 50% sales tax exemption on goods sold, an exemption which is otherwise subject to the discretion of the authority. The 55 priority consideration zones will be located in Perth Amboy (with an extension into South Amboy), Passaic, Paterson, Phillipsburg, Lakewood, East Orange, Irvington, Hackensack, Bergenfield, Dumont, New Milford, North Arlington, River Edge, Bayonne, Belleville, the 15 municipalities in Salem County, the 24 municipalities in Gloucester County, and a dual-municipal zone in Asbury Park and Long Branch.

To be a "qualified business" eligible for the 50% sales tax exemption and other tax credits, 25% of the full-time employees at the enterprise zone location must meet one of three criteria. The bill alters one criterion by changing the time for which such employees must have been unemployed or public assistance recipients prior to hiring from one year to six months.

The bill increases the responsibilities of zone development corporations by authorizing those bodies to prepare, monitor, administer and implement zone development plans. Currently, a zone development corporation may only formulate and propose a preliminary zone plan. The bill authorizes the governing body of a qualifying municipality to designate a non-profit corporation to act as the municipality's zone development corporation. Currently, a qualifying municipality may only create, rather than designate, a zone development corporation.

The bill provides that any proposal adopted for the improvement of an enterprise zone or increasing a zone's eligible municipal services must contain a description of the financial and programmatic controls and reporting mechanisms to guarantee proper expenditure of project funds. The bill limits the maximum amount spent on increased eligible municipal services to 35% of the amount of annual payments into the zone's individual enterprise zone account.

The bill requires the New Jersey Urban Enterprise Zone Authority to report to the Governor and the Legislature on the effectiveness of the operation of the new zones after the zones have been in operation for one year, and extends until January 1, 1996, the authority's power to designate additional enterprise zones.

The bill amends the allocation of the sales taxes collected by vendors certified for the 50% sales tax exemption on goods sold. Urban enterprise zone designations are limited to terms of twenty years. Currently, all of the taxes collected by reduced rate vendors at enterprise zone locations are deposited to the enterprise zone assistance fund for the first five years the zone is designated. The reduced rate collections are deposited in amounts of two thirds to the assistance fund and one third to the General Fund in the second five years of the designation, one third to the assistance fund and two thirds to the General Fund in the third five years of the designation, and all to the General Fund in the fourth five years of the designation. Currently, all of the revenues deposited to the assistance fund are deposited in a separate account for each municipality, in proportion to the collections of reduced rate vendors in each zone. The bill amends that system to provide that 10% of the taxes collected by reduced rate vendors be deposited to the enterprise zone assistance fund in an account of the authority. The authority would use one third of its account for administration of the program throughout the State and two thirds of its account for distribution to urban enterprise zone municipalities in which reduced sales taxes are collected. The bill requires the New Jersey Urban Enterprise Zone Authority to reimburse the Department of Commerce and Economic Development for all administrative services provided to the authority, subject to the availability of funds.

The bill then provides a new schedule for the allocation of the remaining 90% of the taxes collected by reduced rate vendors. For zones in which vendors have been authorized to collect sales taxes at a reduced rate prior to enactment of the bill, a special five year period is provided. For those five years all of the revenues collected by reduced rate vendors (remaining after the 10% authority share is deducted) would be deposited to the enterprise zone assistance fund. At the end of the special five years, the deposit of funds would return to the deposits schedule at the point where the special five year provision took effect. This has the effect of doubling the five year period in which all revenues are deposited to the assistance fund and eliminating the last five year period in which all revenues are deposited to the General Fund. Affecting zones in which vendors have been authorized to collect reduced rate sales taxes at some time after the designation of the zone, the bill would change the twenty year deposit schedule to run from the time the lower sales tax rates are collected rather than from the time the zone is designated.

The bill also clarifies the fact that an investment must be made by a qualified business in lieu of the employment of new employees for each year the business does not create new employment.

The committee amendments make the following changes:

- a. Extend the 25% hiring criteria for new businesses to all qualified municipalities;

- b. Expand the meaning of "public assistance" recipients to include all New Jersey residents who receive rent subsidies or live in public housing or affordable housing projects;
- c. Require a zone development plan to be jointly adopted by the municipality and its designated zone development corporation and to be updated every three years;
- d. Provide for a timetable for the submittal of urban enterprise zone applications;
- e. Raise the gross salary limitation for unemployment tax credits to \$6,250 per quarter from \$4,500;
- f. Provide benefits to sole proprietors and partnerships as is currently provided to corporations in regard to enterprise zone employees tax credits and investment tax credits;
- g. Enable businesses to receive the current one time tax credit for an expanded definition of a new hire;
- h. Re-exempt telecommunications services sales tax for qualified businesses;
- i. Allow municipalities to adopt appropriate criteria and standards for acceptable investments and to designate the zone development corporation to act on its behalf.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[THIRD REPRINT]

ASSEMBLY, No. 1259

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with Senate committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 6, 1993

The Senate Budget and Appropriations Committee reports without recommendation Assembly Bill No. 1259 [3R], with committee amendments.

Assembly Bill No. 1259 [3R], as amended, increases from ten to 20 the maximum number of enterprise zones the New Jersey Urban Enterprise Zone Authority may designate. Prior to being amended, the bill would have increased from 10 to 70 the number of permitted enterprise zones.

Six of the ten new zones are to be selected based on the priority consideration criteria in the bill and designated within 90 days after the submission of an application and development plan to the authority. These six zones would be located in Perth Amboy, Passaic, Paterson, Phillipsburg and Lakewood. A dual-municipal zone will be located in Asbury Park and Long Branch. These zones will be located in counties which currently have no zones.

The six new priority consideration zones will be entitled to the 50 percent sales tax exemption on goods sold within the zone, an exemption which is otherwise subject to the discretion of the authority.

The bill requires the authority to prepare a report for the Governor and the Legislature on the fiscal impact and effectiveness of the ten existing enterprise zones and the six new zones designated by priority consideration under the provisions of the bill. The authority's power to designate new zones is extended to January 1, 1996.

The allocation of the sales taxes collected by businesses within enterprise zones is revised to allocated 10 percent of those taxes for deposit to the enterprise zone assistance fund for the use of the authority. The authority would use one third of these funds for the administration of the program and two thirds for distribution to enterprise zone municipalities in which the reduced sales taxes were collected for the coordination and administration of the program within the municipality.

It is noted that, except for the amendment described in the above paragraph, the other amendments made by this bill to section 21 of P.L.1983, c.303 (C.52:27H-80) (contained in section 10 of the bill) concerning the allocation of reduced rate sales tax revenues collected in enterprise zones have already become law by the passage of P.L.1993, c.144 on June 21, 1993.

COMMITTEE AMENDMENTS

The committee amended the bill to remove the amendments adopted by the Senate Commerce Committee on May 17, 1993; however, several technical and clarifying amendments made by the Senate Commerce Committee have been retained.

The amendments deleted provisions which would have provided to qualified sole proprietors and partnerships located in enterprise zones the same employee and investment tax credits which are currently available to corporations located in these zones; required a zone development plan to be jointly adopted by the municipality and its designated zone development corporation and to be updated every three years; raised the gross salary limitation for unemployment tax credits from \$4,500 to \$6,250 per quarter; expanded the meaning of "public assistance" recipients to include State residents who receive rent subsidies or live in public housing or affordable housing projects; allowed municipalities to adopt appropriate criteria and standards for acceptable investments and to designate the zone development corporation to act on the municipality's behalf; and exempted telecommunications services provided to qualified businesses within enterprise zones from the sales tax.

In addition, the committee amended section 10 of the bill (which amends section 21 of P.L.1983, c.303 (C.52:27H-80)) to conform it to current law. Section 21 of P.L.1983, c.303 (C.52:27H-80) was amended by P.L.1993, c.144, which became law on June 21, 1993.

Finally, the committee amended the bill to require the Urban Enterprise Zone Authority to conduct a fiscal impact and effectiveness study of the ten existing enterprise zones and the six new zones to be designated by priority consideration in accordance with the provisions of this bill. The authority is to pay for this study out of funds available to it in the enterprise zone assistance fund for the administration of the program.

FISCAL IMPACT

In a fiscal note prepared by the Office of Legislative Services (OLS) on a previous version of the bill, the OLS concluded that it is difficult to determine the potential revenue loss which will result from the creation of new enterprise zones and from the increase in qualified businesses in existing zones because the agencies involved in administering the enterprise program (the Departments of Commerce and Economic Development, Labor and the Treasury) do not accurately track all of the tax incentives granted to qualified businesses in these zones. However, the enactment of the bill will result in revenue loss.

In addition, the Department of Commerce and Economic Development estimated that three new positions would have to be added to the authority staff as a result of the authorization to designate ten additional enterprise zones. The cost for these new positions would be \$135,503 in the first year of implementation, \$142,878 in the second year and \$150,793 in the third year. Because the bill requires the authority to reimburse the department for the administrative services it provides to the authority, there would be no charge to the General Fund for these costs.

FISCAL NOTE TO
[FIRST REPRINT]
ASSEMBLY, No. 1259

STATE OF NEW JERSEY

DATED: October 22, 1992

Assembly Bill No. 1259 (1R) of 1992 amends various provisions of the "New Jersey Urban Enterprise Zones Act, P.L.1983, c.303 (C.52:27H-60 et seq.) to allow the New Jersey Urban Enterprise Zone Authority to designate 10 additional enterprise zones from among those areas of qualifying municipalities determined to be eligible. The bill provides that at least six of the new zones shall be located in counties in which there are currently no zones and requires that these six new zones shall be entitled to the 50 percent sales tax exemption on the sale of goods by businesses located within these zones. The bill would alter the definition of a "qualified business" in an enterprise zone which would be eligible for certain tax benefits by providing that at least 25 percent of the newly hired full-time employees of such a business be New Jersey residents who are unemployed or public assistance recipients for a minimum of six months. Under current law, the minimum period is one year.

The bill would also amend the act to provide that 10 percent of the gross amount collected by vendors from the taxation of retail sales within an enterprise zone be distributed by the State in the following manner: one-third of the 10 percent would be used for coordination and administration of the program throughout the State, while the balance of the fund would be distributed to zone development corporations in proportion to each such zone's contribution to the enterprise zone assistance fund for the coordination and administration of the program within the municipality.

Additionally, the bill would require the authority to reimburse the Department of Commerce and Economic Development for all administrative services provided to the authority.

The Department of the Treasury, Division of Taxation has not provided any cost estimates concerning the potential revenue loss impact of this bill.

The Department of Commerce and Economic Development has provided the following cost estimates concerning its responsibilities under the bill:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
\$135,503	\$142,878	\$150,793

The above estimates reflect the salary costs of adding three new positions to the authority staff: two field coordinators at \$40,000, \$42,000 and \$44,210 each for the next three years, respectively and one technical assistant at \$19,147, \$20,104 and \$21,061 for the next three years, respectively. The balance of the funds for each respective year would cover fringe benefits and non-salary costs.

The Office of Legislative Services (OLS) agrees with the Department of Commerce and Economic Development estimate in that it is reasonable and notes that the bill designates that these administrative costs would be borne by the New Jersey Urban Enterprise Zone Authority. Therefore, there would be no charge to the General Fund for these administrative services.

The OLS also notes that, of the ten additional zones designated to be created by the bill, qualified businesses in six zones would be permitted to collect sales tax at a reduced rate of 3 percent instead of the current rate of 6 percent. Current law provides that in the first five years after designation as an urban enterprise zone, the amount collected in sales tax revenues is distributed to the municipality in which the zone is located; in the next five years, the municipality receives 2/3 of the collections and the State 1/3; in years 11 through 15, the municipality receives 1/3 and the State 2/3; and finally, in years 16 through 20, the State receives the entire 3 percent. Thus, over the 20 year period, the State forgoes the entire amount of sales tax that would have been collected in the first five years of designation and receives one-half the amount in the last five years.

The OLS additionally notes that these tax-related provisions are considered reductions to State revenue because, without zone participation, businesses would collect additional taxes for the State and not be eligible for credits against taxes due the State. None of the agencies involved in administering the program, the Departments of Commerce and Economic Development, Labor and the Treasury, however, accurately track the total amount of sales tax lost to the State as a result of the program. Therefore, it is difficult to determine the potential revenue loss that will result from the creation of the ten additional zones or the extent of the revenue loss to the State from the six zones permitted by the bill to offer a 50 percent sales tax reduction.

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



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001
Contact:

Jon Shure
Audrey Kelly
609-777-2600

TRENTON, N.J. 08625

Release:
Wednesday
January 5, 1994

GOVERNOR FLORIO EXPANDS URBAN ENTERPRISE PROGRAM

PERTH AMBOY - Investing in programs that will help rebuild and revitalize New Jersey's urban areas, Gov. Jim Florio today signed legislation that will create 10 new Urban Enterprise Zones throughout the state.

"By creating these enterprise zones, we're giving our cities the tools they need to compete for business and to help put people to work," the Governor said during a bill-signing ceremony at Amboy Mall in Perth Amboy. "It's part of a holistic approach that taps into all the resources that make our cities valuable places to live and work."

"Urban enterprise zones give our cities a chance to fill their stores and office buildings. They put people back to work and pride back in downtown," Governor Florio said. "These zones are a symbol of urban rebirth. They're a commitment that says our cities can do more than survive - they can grow and prosper."

The legislation, A-1259, amends the New Jersey Urban Enterprise Zone Act to allow for the creation of 10 additional zones. The new zones would be created in counties that do not currently have a UEZ in operation. Six of the ten zones are identified in the legislation - Perth Amboy, Passaic, Paterson, Phillipsburg, Lakewood, and Asbury Park. The remainder will be designated by the Urban Enterprise Zone Authority.

In a statement included with the bill-signing, the Governor cautioned the Legislature against expanding the program beyond the 10 new zones until a complete review of the benefits of urban enterprise zones is performed by a study commission. The statement is attached.

Businesses in the urban enterprise zones are allowed to charge customers half the state sales tax rate, or 3 percent. Under the terms of this legislation, for businesses to qualify for the tax break, 25 percent of their newly-hired employees must be New Jersey residents who were unemployed or received public assistance for a minimum of six months prior to their new employment.

[FIRST REPRINT]
ASSEMBLY, No. 1259

STATE OF NEW JERSEY

INTRODUCED MAY 4, 1992

By Assemblymen DiGAETANO, T. SMITH, Kelly,
Mikulak, Haytaian, Lance, Oros and Catania

1 AN ACT concerning urban enterprise zones ¹[and],¹ amending
2 and supplementing¹ 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 3 of P.L.1983, c.303 (C.52:27H-62) is amended to
7 read as follows:

8 3. As used in this act:

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

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

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

22 (1) Residents within the zone, within another zone or within
23 the municipality within which the zone or any other zone is
24 located; or

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

29 (3) Determined to be economically disadvantaged pursuant to
30 the Jobs Training Partnership Act, Pub.L.97-300 (29 U.S.C. §1501
31 et seq.);

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

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:

¹ Assembly AEC committee amendments adopted June 15, 1992.

1 annual unemployment rate. The annual average of unemployed
2 persons and the average annual unemployment rates shall be
3 estimated for the relevant calendar year by the Office of Labor
4 Statistics, Division of Planning and Research of the State
5 Department of Labor;

6 e. "Public assistance" means income maintenance funds
7 administered by the Department of Human Services or by a
8 county welfare agency;

9 f. "Zone development corporation" means a nonprofit
10 corporation or association created or designated by the governing
11 body of a qualifying municipality to formulate and propose a
12 preliminary zone development plan pursuant to section 9 of [this
13 act] P.L.1983, c.303 (C.52:27H-68) and to prepare, monitor,
14 administer and implement the zone development plan;

15 g. "Zone development plan" means a plan adopted by the
16 governing body of a qualifying municipality for the development
17 of an enterprise zone therein, and for the direction and
18 coordination of activities of the municipality, zone businesses and
19 community organizations within the enterprise zone toward the
20 economic betterment of the residents of the zone and the
21 municipality;

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

33 i. "Enterprise zone assistance fund" or "assistance fund"
34 means the fund created by section 29 of [this act] P.L.1983, c.303
35 (C.52:27H-88).

36 (cf: P.L.1988, c.93, s.1)

37 2. Section 5 of P.L.1983, c.303 (C.52:27H-64) is amended to
38 read as follows:

39 5. For purposes of compliance with Article V, Section IV,
40 paragraph 1 of the Constitution of the State of New Jersey, the
41 authority created by this act is allocated to the Department of
42 Commerce and Economic Development. All clerical and
43 professional assistants, and all personnel, procurement, budgetary
44 and other administrative services necessary or incidental to its
45 proper functioning shall be provided by and through that
46 department. The authority shall, subject to the availability of
47 funds, reimburse the department for all administrative services
48 provided to the authority pursuant to this section.

49 (cf: P.L.1983, c.303, s.5)

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

52 7. The authority shall designate enterprise zones from among
53 those areas of qualifying municipalities determined to be eligible
54 pursuant to this act. No more than [10] 20 enterprise zones shall

1 be in effect at any one time. No more than one enterprise zone
2 shall be designated in any one municipality. Any designation
3 granted shall be for a period of 20 years and shall not be renewed
4 at the end of that period. In designating enterprise zones the
5 authority shall seek to avoid excessive geographic concentration
6 of zones in any particular region of the State [, and of the initial
7 five enterprise zones designated by the authority, two shall be
8 located in the 10 southernmost counties of the State and at least
9 one shall be located in one of the five counties next most
10 northern to those 10 counties, shall be located in a municipality
11 of not less than 45,000 nor more than 46,000 population and shall
12 be designated within 90 days of the effective date of this
13 amendatory and supplementary act]. At least ¹[five] ¹six¹ of the
14 10 additional enterprise zones authorized pursuant to section 3 of
15 P.L. , c. (C.) (now pending before the Legislature as this
16 bill), shall be located in counties in which enterprise zones have
17 not previously been designated and shall be designated within 90
18 days of the effective date of this act. ¹Notwithstanding the
19 provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) to the
20 contrary, the six additional enterprise zones to be designated by
21 the authority pursuant to the criteria for priority consideration in
22 this section shall be entitled to an exemption to the extent of
23 50% of the tax imposed under the "Sales and Use Tax Act,"
24 P.L.1966, c.30 (C.54:32B-1 et seq.).¹ The following criteria shall
25 be utilized in according priority consideration for designation of
26 these zones by the authority:

27 a. One zone shall be located in a county of the second class
28 with a population greater than 595,000 and less than 650,000
29 according to the latest federal decennial census and shall be
30 located in the qualified municipality in that county with the
31 highest annual average of unemployed persons and the highest
32 average annual unemployment rate for the last full calender year
33 immediately preceding the year in which application for
34 enterprise zone designation is submitted according to the
35 estimate by the State Department of Labor;

36 b. Two zones shall be located in a county of the second class
37 with a population greater than 445,000 and less than 455,000
38 according to the latest federal decennial census, one of which
39 shall be located in the qualified municipality in that county with
40 the highest average ¹number¹ of unemployed persons for the last
41 full calender year immediately preceding the year in which
42 application for enterprise zone designation is submitted according
43 to the estimate by the State Department of Labor, and one of
44 which shall be located in the qualified municipality in that county
45 with the highest average unemployment rate for the last full
46 calender year immediately preceding the year in which
47 application for enterprise zone designation is submitted according
48 to the estimate by the State Department of Labor;

49 c. One zone shall be located in a county of the third class with
50 a population greater than 84,000 and less than 92,000 according
51 to the latest federal decennial census and shall be located in the
52 qualified municipality in that county with the highest annual
53 average ¹number¹ of unemployed persons and the highest average
54 annual unemployment rate for the last full calender year

1 immediately preceeding the year in which application for
2 enterprise zone designation is submitted according to the
3 estimate by the State Department of Labor; ¹[and]¹

4 d. One zone shall be located within two noncontiguous
5 qualified municipalities but comprised of not more than two
6 noncontiguous areas each having a continuous border, if:

7 (1) both municipalities are located in the same county which
8 shall be a county of the fifth class with a population greater than
9 500,000 and less than 555,000 according to the latest federal
10 decennial census;

11 (2) the two municipalities submit a joint application and
12 development plan; and

13 (3) ¹[both] each of the¹ municipalities ¹[have] has¹ a population
14 greater than 16,000 and less than 30,000 according to the latest
15 federal decennial census¹; and

16 e. One zone shall be located within a qualified municipality
17 having a population greater than 38,000 and less than 46,000
18 according to the latest federal decennial census if the
19 municipality is located within a county of the fifth class with a
20 population greater than 340,000 and less than 440,000 according
21 to the latest federal decennial census.¹

22 (cf: P.L.1985, c.142, s.2)

23 4. Section 8 of P.L.1983, c.303 (C.52:27H-67) is amended to
24 read as follows:

25 8. The governing body of any qualifying municipality may, by
26 ordinance, create or designate a nonprofit corporation pursuant
27 to the provisions of Title 15 of the Revised Statutes or Title 15A
28 of the New Jersey Statutes to act as the zone development
29 corporation for the municipality. Any zone development
30 corporation so created or so designated shall include on its board
31 of directors representatives of the government of the qualifying
32 municipality, members of the business community thereof, and
33 representatives of community organizations in the municipality,
34 and the total membership of the board of directors shall be
35 broadly representative of businesses and communities within the
36 municipality.

37 Notwithstanding the provisions of any other law to the
38 contrary, a zone development corporation shall be considered to
39 be a local development corporation for the purpose of receiving
40 any State financial or technical assistance as may be available,
41 and the creation of a zone development corporation shall not
42 preclude a qualifying municipality from creating another local
43 development corporation for the municipality with
44 responsibilities not related to the enterprise zone, nor preclude
45 that other corporation from receiving State financial or technical
46 assistance.

47 (cf: P.L.1983, c.303, s.8)

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

50 10. An area defined by a continuous border within one
51 qualifying municipality or within two or more contiguous
52 qualifying municipalities and two ¹[noncontiguous]
53 noncontiguous¹ areas each having a continuous border within two
54 ¹[noncontiguous] noncontiguous¹ qualifying municipalities shall be

1 eligible for designation as a zone if:

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

7 b. It meets the criteria established by the authority pursuant
8 to this act relating to the incidence of poverty, unemployment
9 and general economic distress.

10 (cf: P.L.1985, c.391, s.1)

11 6. Section 21 of P.L.1989, c.303 (C.52:27H-80) is amended to
12 read as follows:

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

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

42 Notwithstanding the provisions of this act to the contrary,
43 except as may otherwise be provided by section 3 of P.L. , c.
44 (C.) (now before the Legislature as this bill),¹ the authority
45 may, in its discretion, determine whether or not the provisions of
46 this section shall apply to any enterprise zone designated after
47 the effective date of P.L.1985, c.142 (C.52:27H-66 et seq.);
48 provided, however, that the authority may make such a
49 determination only where the authority finds that the award of an
50 exemption of 50 percent of the tax imposed under the "Sales and
51 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) will not have
52 any adverse economic impact upon any other urban enterprise
53 zone.

54 Notwithstanding any other provisions of law to the contrary, 90

1 percent of all revenues received from the taxation of retail sales
2 made by certified vendors from business locations in designated
3 enterprise zones to which this exemption shall apply, shall be
4 deposited immediately upon collection by the Department of the
5 Treasury, after first depositing 10 percent of the gross amount
6 collected into the account created in the name of the authority in
7 the enterprise zone assistance fund pursuant to section 29 of
8 P.L.1983, c.303 (C.52:27H-88) as follows:

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

14 b. In the second five year period [of the enterprise zone
15 designation] that the State shall have collected reduced rate
16 revenues within an enterprise zone, 66 2/3% of all those revenues
17 shall be deposited in the enterprise zone assistance fund, and 33
18 1/3% shall be deposited in the General Fund;

19 c. In the third five year period [of the enterprise zone
20 designation] that the State shall have collected reduced rate
21 revenues within an enterprise zone, 33 1/3% of all those revenues
22 shall be deposited in the enterprise zone assistance fund, and 66
23 2/3% shall be deposited in the General Fund;

24 d. In the final five year period [of the enterprise zone
25 designation] that the State shall have collected reduced rate
26 revenues within an enterprise zone, but not to exceed the life of
27 the enterprise zone, all those revenues shall be deposited in the
28 General Fund.

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

45 The revenues required to be deposited in the enterprise zone
46 assistance fund under this section shall be used for the purposes
47 of that fund and for the uses prescribed in section 29 of [this act]
48 P.L.1983, c.303 (C.52:27H-88), subject to annual appropriations
49 being made for those purposes and uses.

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

51 7. Section 22 of P.L.1983, c.303 (C.52:27H-81) is amended to
52 read as follows:

53 22. The Director of the Division of Taxation in the
54 Department of the Treasury shall promulgate such rules and

1 regulations as may be necessary to effectuate the provisions of
2 sections 17 through 21 inclusive, and sections 27 and 29 of [this
3 act] P.L.1983, c.303 (C.52:27H-76 to C.52:27H-80, inclusive,
4 C.52:27H-86 and C.52:27H-88). The Commissioner of the
5 Department of Commerce and Economic Development shall
6 promulgate such rules and regulations as may be necessary to
7 effectuate the provisions of section 16 of [this act] P.L.1983,
8 c.303 (C.52:27H-75).

9 (cf: P.L.1983, c.303, s.22)

10 8. Section 27 of P.L.1983, c.303 (C.52:27H-86) is amended to
11 read as follows:

12 27. To be eligible for any of the incentives provided under this
13 act a qualified business must demonstrate to the satisfaction of
14 the authority that:

15 a. The business will create new employment in the
16 municipality; and

17 b. The business will not create unemployment in other areas of
18 the State, including the municipality in which the zone is located.

19 c. For the purposes of eligibility for the incentives provided
20 under sections 17, 19, 20, and 21 of P.L.1983, c.303 (C.52:27H-76,
21 52:27H-78, 52:27H-79, and 52:27H-80, respectively), a qualified
22 business shall not be required to meet the requirements of
23 subsection a. of this section, if:

24 (1) At the time of designation of the enterprise zone or at the
25 time zone designation is extended by expansion to the location of
26 a business, the qualified business had been engaged in the active
27 conduct of a trade or business in that zone or in the added area of
28 that zone for at least one year prior to that designation or
29 expansion;

30 (2) The qualified business employs fewer than 50 employees;

31 (3) The qualified business has entered into an agreement,
32 approved by the authority, with the governing body of the
33 qualifying municipality or with the zone development corporation
34 if so authorized by the municipality in which the enterprise zone
35 is located, under which the qualified business agrees to undertake
36 an investment in the enterprise zone in lieu of the employment of
37 new employees. An investment permitted under an agreement
38 shall be in an amount and of a nature which the municipal
39 governing body and the authority find shall contribute
40 substantially to the economic attractiveness of the enterprise
41 zone, and may include, but shall not be limited to:

42 (a) The improvement of the exterior appearance or customer
43 facilities of the property constituting the place of business of the
44 qualified business within the zone; provided that the improvement
45 is of a permanent nature and not required to meet existing
46 ordinances or code regulations; or

47 (b) Monetary contributions to the qualifying municipality or a
48 designated agent of the municipality such as the zone
49 development corporation, a district management corporation
50 operating a special improvement district or tax increment
51 district, or other appropriate entity to undertake improvements
52 to increase the safety or attractiveness of the zone to businesses
53 which may wish to locate there or to consumer visitors to the
54 zone, including, but not limited to litter clean-up and control,

1 landscaping, parking areas and facilities, recreational and rest
2 areas and facilities, repair or improvements to public streets,
3 curbing, sidewalks and pedestrian thoroughfares, street lighting,
4 or increased police, fire or sanitation services in the enterprise
5 zone.

6 In order to meet the requirements of paragraph (3) of this
7 subsection, an initial investment shall be in an amount no less
8 than \$5,000.00 if the qualified business employs 10 or fewer
9 employees, or if the qualified business employs more than 10
10 employees, not less than the amount produced by multiplying the
11 number of employees employed by the qualified business by
12 \$500.00. In order to receive the incentives permitted by this
13 section, the business shall provide written evidence of the
14 investment to the authority.

15 (cf: P.L.1988, c.93, s.7)

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

18 29. a. There is created an enterprise zone assistance fund to
19 be held by the State Treasurer, which shall be the repository for
20 all moneys required to be deposited therein under section 21 of
21 [this act] P.L.1983, c.303 (C.52:27H-80) or moneys appropriated
22 annually to the fund. All moneys deposited in the fund shall be
23 held and disbursed in the amounts necessary to fulfill the
24 purposes of this section and subject to the requirements
25 hereinafter prescribed. The State Treasurer may invest and
26 reinvest any moneys in the fund, or any portion thereof, in legal
27 obligations of the United States or of the State or of any political
28 subdivision thereof. Any income from, interest on, or increment
29 to moneys so invested or reinvested shall be included in the fund.

30 The State Treasurer shall maintain separate accounts for each
31 enterprise zone designated under this act, and one in the
32 authority's name for the administration of the Urban Enterprise
33 Zone program. The State Treasurer shall credit to each account
34 an amount of the moneys deposited in the fund equal to the
35 amount of revenues collected from the taxation of retail sales
36 made in the zone and appropriated to the enterprise zone
37 assistance fund, or that amount of moneys appropriated to the
38 fund and required to be credited to the enterprise zone account
39 of the qualifying municipality pursuant to section 21 of P.L.1983,
40 c.303 (C.52:27H-80).

41 The State Treasurer shall promulgate the rules and regulations
42 necessary to govern the administration of the fund for the
43 purposes of this section.

44 b. The enterprise zone assistance fund shall be used for the
45 purpose of assisting qualifying municipalities in which enterprise
46 zones are designated in undertaking public improvements, and
47 economic development projects and in upgrading eligible
48 municipal services in designated enterprise zones.

49 c. The governing body of a qualifying municipality in which an
50 enterprise zone is designated and the zone development
51 corporation created by the municipality for that enterprise zone
52 may, by resolution jointly adopted after public hearing, propose
53 to undertake a project for the public improvement of the
54 enterprise zone or to increase eligible municipal services in the

1 enterprise zone, and to fund that project or increase in eligible
2 municipal services from moneys deposited in the enterprise zone
3 assistance fund and credited to the account maintained by the
4 State Treasurer for the enterprise zone.

5 The proposal so adopted shall set forth a plan for the project or
6 for the increase in eligible municipal services and shall include:

7 (1) A description of the proposed project or of the municipal
8 services to be increased;

9 (2) An estimate of the total project costs, or of the total costs
10 of increasing the municipal services, 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
14 finance the project or to fund the increase in eligible municipal
15 services;

16 (4) A statement of the time necessary to complete the project,
17 or of the time during which the increased municipal services are
18 to be maintained; [and]

19 (5) A statement of the manner in which the proposed project
20 or increase in municipal services furthers the municipality's
21 policy and intentions for addressing the economic and social
22 conditions existing in the area of the enterprise zone as set forth
23 in the zone development plan approved by the authority[.]; and

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

28 As used in this section, "project" means an activity funded by
29 the zone assistance fund through the qualified municipality and
30 implemented by the zone development corporation, including the
31 purchasing, leasing, condemning, or otherwise acquiring of land or
32 other property, or an interest therein, in the enterprise zone or as
33 necessary for a right-of-way or other easement to or from the
34 enterprise zone; the relocating and moving of persons or
35 businesses displaced by the acquisition of land or property; the
36 rehabilitation and redevelopment of land or property, including
37 demolition, clearance, removal, relocation, renovation,
38 alteration, construction, reconstruction, installation or repair of
39 a land or a building, street, highway, alley, utility, service or
40 other structure or improvement which will lead to increased
41 economic activity within the zone; the acquisition, construction,
42 reconstruction, rehabilitation, or installation of public facilities
43 and improvements, except buildings and facilities for the general
44 conduct of government and schools; the establishment of
45 revolving loan or grant programs for qualified businesses in the
46 zone to encourage private investment and job creation, matching
47 grant programs for the establishment or operation of pedestrian
48 malls, special improvement districts and tax increment districts,
49 or other appropriate entity; and the costs associated therewith
50 including the costs of an administrative appraisal, economic and
51 environmental analyses [or], environmental remediation,
52 engineering, planning, design, architectural, surveying or other
53 professional or managerial services necessary to effectuate the
54 project.

1 As used in this section, "eligible municipal services" means the
2 hiring of additional policemen or firemen assigned duties in the
3 enterprise zone, or the purchasing or leasing of additional police
4 or fire vehicles, equipment or apparatus to be used for the
5 provision of augmented or upgraded public safety services in the
6 enterprise zone and its immediate vicinities.

7 d. Upon adoption by the governing body of the qualifying
8 municipality and by the zone development corporation, the
9 proposal shall be sent to the authority for its evaluation and
10 approval. The authority shall approve the proposal if it shall find:

11 (1) In the case of a project, that the proposed project furthers
12 the policy and intentions of the zone development plan approved
13 by the authority, and that the estimated annual payments for the
14 project from the enterprise zone account to which the proposal
15 pertains are not likely to result in a deficit in that account;

16 (2) In the case of an increase in eligible municipal services,
17 that the proposal furthers the policy and intentions of the zone
18 development plan approved by the authority; that the qualifying
19 municipality has furnished satisfactory assurances that the
20 additional policemen or firemen to be hired, or the additional
21 vehicles, equipment or apparatus to be purchased or leased, shall
22 be used to augment or upgrade public safety in the enterprise
23 zone, and shall not be used in other areas of the municipality;
24 that the qualifying municipality shall annually appropriate for the
25 increased eligible municipal services an amount equal to 20% of
26 the amount of annual payments for the eligible municipal services
27 from the enterprise zone account and shall not request for the
28 increased eligible municipal services an amount equal to more
29 than 35% of the amount of annual payments into the enterprise
30 zone account, unless the municipality and the authority have
31 entered into an agreement or agreements to the contrary prior to
32 July 1, 1992; and that the estimated annual payments for the
33 eligible municipal services from the enterprise zone account to
34 which the proposal pertains are not likely to result in a deficit in
35 that account.

36 e. If the authority shall approve the proposal, it shall annually,
37 upon its receipt of a written statement from the governing body
38 of the qualifying municipality and the zone development
39 corporation, certify to the State Treasurer the amount to be paid
40 in that year from the enterprise zone account in the enterprise
41 zone assistance fund with respect to each project or increase in
42 eligible municipal services approved. The authority may at any
43 time revoke its approval of a project or an increase in eligible
44 municipal services if it finds that the annual payments made from
45 the enterprise zone assistance fund are not being used as required
46 by this section.

47 f. Upon certification by the authority of the annual amount to
48 be paid to a qualifying [municipality] zone with respect to any
49 project or increase in eligible municipal services, the State
50 Treasurer shall pay in each year to the qualifying municipality
51 from the amounts deposited in the enterprise zone assistance
52 fund the amount so certified, within the limits of the amounts
53 credited to the enterprise zone account of the qualifying
54 municipality.

1 g. An amount not to exceed one-third of the amount deposited
 2 in the account created in the name of the authority in the
 3 enterprise zone assistance fund shall be used by the authority for
 4 the coordination and administration of the program throughout
 5 the State, including but not limited to costs for personnel,
 6 operating expenses and marketing. The balance of the remaining
 7 amount shall be distributed to qualifying municipalities in
 8 proportion to each municipality's contribution to the enterprise
 9 zone assistance fund for the coordination and administration of
 10 the program within the municipality, including but not limited to
 11 costs for personnel, operating expenses and marketing.

12 (cf: P.L.1983, c.303, s.29)

13 10. Section 30 of P.L.1983, c.303 (C.52:27H-89) is amended to
 14 read as follows:

15 30. No enterprise zones shall be designated after [the date
 16 occurring ten years from the effective date of this act] January
 17 1, 1996.

18 (cf: P.L.1983, c.303, s.30)

19 11. (New section) In addition to the duties of the authority
 20 required under section 6 of P.L.1983, c.303 (C.52:27H-65), the
 21 authority shall also prepare a fiscal impact study of each
 22 additional enterprise zone designated pursuant to section 3 of
 23 P.L. , c. (C.) (now before the Legislature as this bill). The
 24 study shall include, but not be limited to, an analysis of the
 25 effects of each newly-designated enterprise zone on the local
 26 economy of the area in which the zone is located and an
 27 assessment of the effectiveness of these zones in addressing the
 28 goals of the "New Jersey Urban Enterprise Zones Act," P.L.1983,
 29 c.303 (C.52:27H-60 et seq.). The study shall be completed within
 30 a reasonable time after the end of one year following the
 31 designation of these zones by the authority. The authority shall
 32 submit its study to the Governor and the Legislature, including
 33 any recommendations for legislation to improve the effectiveness
 34 of operation of these zones, within two years from the effective
 35 date of P.L. c. (C.)(now before the Legislature as this bill).¹

36 ¹[11.] 12.¹ This act shall take effect on the first day of the
 37 third month following enactment, but the State Treasurer and the
 38 Commissioner of Commerce and Economic Development may
 39 take such anticipatory actions as may be necessary for the timely
 40 implementation of this act upon the effective date thereof.

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45 Permits designation of ten additional enterprise zones.