

52:27H-66.6a

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2003 **CHAPTER:** 6

NJSA: 52:27H-66.6a (Urban enterprise zones—reimbursement)

BILL NO: S1751 (Substituted A2661)

SPONSOR(S): Charles and others

DATE INTRODUCED: July 2, 2002

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 12, 2002

SENATE November 14, 2002

DATE OF APPROVAL: January 27, 2003

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Senate Committee Substitute enacted)

S1751

[SPONSORS STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A2661

[SPONSORS STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

Bill and Sponsors Statement identical to S1751

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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No

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No

P.L. 2003, CHAPTER 6, *approved January 27, 2003*
Senate Committee Substitute (**CORRECTED COPY**) for
Senate, No. 1751

1 **AN ACT** concerning urban enterprise zones impacted by fiscal year
2 2003 transfers from the enterprise zone assistance fund accounts,
3 supplementing P.L.1983, c.303 (C.52:27H-60 et seq.) and
4 amending P.L.2002, c.38.

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

8
9 1. (New section) Notwithstanding the provisions of section 7 of
10 P.L.1983, c.303 (C.52:27H-66), section 21 of P.L.1983, c.303
11 (C.52:27H-80), section 11 of P.L.2001, c.347 (C.52:27H-66.6) or any
12 provision of law to the contrary, any designated enterprise zone that
13 has a separate municipal account in the enterprise zone assistance fund
14 that is reduced by the transfer from that fund made pursuant to section
15 69 of P.L.2002, c.38, shall have extended any designated five-year
16 period under which it is operating on July 1, 2002 for such period of
17 time as is necessary for the higher percentage rate of separate
18 enterprise zone assistance fund deposits to yield such additional sums
19 as is necessary to fully compensate for the amount transferred, except
20 that any zone beginning an extension of designation pursuant to
21 section 11 of P.L.2001, c.347 (C.52:27H-66.6) within twelve months
22 following the effective date of this section shall have extended the first
23 five-year period of its extension of designation for such period of time
24 as is necessary to fully compensate for the amount transferred.

25
26 2. (New section) Notwithstanding the provisions of any law to
27 the contrary, each municipality in which an urban enterprise zone is
28 designated whose separate account in the enterprise zone assistance
29 fund is reduced by the transfer from that fund made pursuant to
30 section 69 of P.L.2002, c.38, shall be allowed during State fiscal year
31 2003 to borrow without interest an amount up to an amount equal to
32 its annual account payment in State fiscal year 2000, 2001 or 2002,
33 whichever is greatest, from amounts on deposit in various separate
34 municipal accounts in the enterprise zone assistance fund that would
35 not otherwise be utilized in State fiscal year 2003 for projects for the
36 designated municipality. The amount borrowed shall be repaid by the
37 borrowing municipality to the respective project accounts within the
38 enterprise zone assistance fund in annual payments of at least 25% of
39 the amount borrowed during State fiscal years 2004 through 2007.

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

Matter underlined thus is new matter.

1 3. Section 69 of P.L.2002, c.38 is amended to read as follows:

2 69. Notwithstanding the provisions of any law to the contrary,
3 \$46,000,000 deposited in the Urban Enterprise Assistance Fund on or
4 after July 1, 2002 is transferred to the General Fund as State revenue.
5 [Notwithstanding the provisions of P.L.1983 c.303 (C:52:27H-60 et.
6 seq.) or any rule or regulation, each municipality in which an urban
7 enterprise zone is designated whose separate account in the Urban
8 Enterprise Zone Assistance Fund is reduced by this transfer, shall be
9 entitled during FY 2003 to borrow an amount up to an amount equal
10 to its annual account payment in FY 2000, FY 2001 or FY 2002,
11 whichever is highest, from amounts on deposit in various separate
12 municipal accounts in the Enterprise Zone Assistance Fund that would
13 not otherwise be utilized in FY 2003 for projects for the designated
14 municipality, such sums to be repaid by the borrowing municipality to
15 the respective project accounts within the Enterprise Zone Assistance
16 Fund in payments of at least 25% per year in FY 2004 through FY
17 2007.] Provided, however, that no money shall be transferred to the
18 General Fund from project funds for municipalities whose account
19 receipts in FY 2001 were less than \$1 million. [Those municipalities
20 whose separate project accounts are reduced by the transfer of the
21 \$46,000,000 to the General Fund shall have the designation as an
22 eligible municipality extended by two years.]
23 (cf: P.L.2002, c.38, s.69)

24
25 4. This act shall take effect immediately, except that section 1
26 shall take effect on July 1, 2003.

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29
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31 Reimburses certain urban enterprise zones for municipal account
32 monies transferred to the General Fund during fiscal year 2003 and
33 permits those zones to borrow from the enterprise zone assistance
34 fund.

SENATE, No. 1751

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JULY 2, 2002

Sponsored by:

Senator JOSEPH CHARLES, JR.

District 31 (Hudson)

Senator RAYMOND J. LESNIAK

District 20 (Union)

Co-Sponsored by:

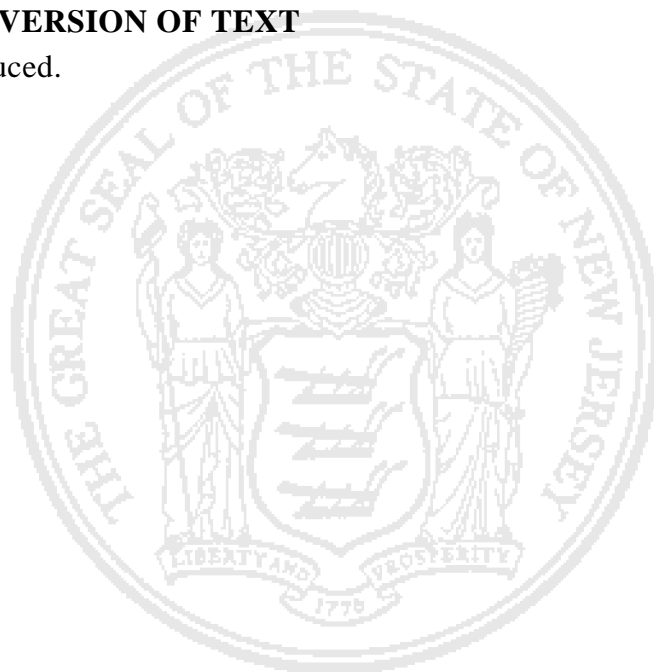
Senators Sacco and Bryant

SYNOPSIS

Extends certain urban enterprise zone designation periods and allows certain municipal urban enterprise zone borrowing from the Enterprise Zone Assistance Fund.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning urban enterprise zones impacted by fiscal year
2 2003 transfers from the urban enterprise zone assistance fund
3 accounts, supplementing P.L.1983, c.303 (C.52:27H-60 et seq.).
4

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

8 1. a. Notwithstanding the provisions of section 21 of P.L.1983,
9 c.303 (C.52:27H-66), section 20 of P.L.1983, c.303 (C.52:27H-80),
10 section 11 of P.L.2001, c.347 (C.52:27H-66.6) or any provision of law
11 to the contrary, any designated enterprise zone that has a separate
12 municipal account in the Enterprise Zone Assistance Fund that is
13 reduced by the transfer from that fund made pursuant to section 69 of
14 P.L.2002, c. (now pending before the Legislature as Senate Bill
15 No.2003 or Assembly Bill No.2500 of 2002), shall have extended any
16 designated five year period under which it is operating on July 1, 2002
17 for such period of time as is necessary for the higher percentage rate
18 of separate enterprise zone assistance fund deposits to fully
19 compensate for the amount transferred. This extension shall apply to
20 reduced sales tax rate collection authority and sales tax rate collection
21 deposit provisions otherwise established by law.

22 b. Notwithstanding the provisions of any law to the contrary, each
23 municipality in which an urban enterprise zone is designated whose
24 separate account in the Urban Enterprise Zone Assistance Fund is
25 reduced by the transfer from that fund made pursuant to section 69 of
26 P.L.2002, c. (now pending before the Legislature as Senate Bill
27 No.2003 or Assembly Bill No.2500 of 2002), shall be allowed during
28 State fiscal year 2003 to borrow without interest an amount up to an
29 amount equal to its annual account payment in State fiscal year 2000,
30 2001 or 2002, whichever is greater, from amounts on deposit in
31 various separate municipal accounts in the Enterprise Zone Assistance
32 Fund that would not otherwise be utilized in State fiscal year 2003 for
33 projects for the designated municipality. The amount borrowed shall
34 be repaid by the borrowing municipality to the respective project
35 accounts within the Enterprise Zone Assistance Fund in annual
36 payments of at least 25% of the amount borrowed during State fiscal
37 years 2004 through 2007.
38

39 2. This act shall take effect immediately and shall be retroactive to
40 July 1, 2002.
41

42
43 STATEMENT
44

45 This bill extends the current urban enterprise zone designations of
46 each zones' five year period tax rate reduction period for certain urban

S1751 CHARLES, LESNIAK

3

1 enterprise zones whose zone assistance accounts are reduced by the
2 fiscal year 2003 State transfer of \$46 million from those accounts in
3 the Enterprise Zone Assistance Fund to the General Fund. The
4 extension will apply in each such zone for the period of time that is
5 necessary for the higher percentage rate of separate enterprise zone
6 assistance fund deposits to fully compensate for the amount
7 transferred. The bill also allows those zones during State fiscal year
8 2003 to borrow without interest an amount up to an amount equal to
9 its annual assistance account payment in State fiscal year 2000, 2001
10 or 2002, whichever is greater, from amounts on deposit in various
11 separate municipal accounts in the Enterprise Zone Assistance Fund
12 that would not otherwise be utilized in State fiscal year 2003 for
13 projects for the designated municipality. The amount borrowed is
14 required to be repaid by the borrowing municipality to the respective
15 project accounts within the Enterprise Zone Assistance Fund in annual
16 payments of at least 25% of the amount borrowed during State fiscal
17 years 2004 through 2007.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1751

STATE OF NEW JERSEY

DATED: DECEMBER 9, 2002

The Assembly Appropriations Committee reports favorably Senate Bill No. 1751 (SCS).

Senate Bill No 1751 (SCS) provides a means by which an urban enterprise zone authority (UEZ) whose zone assistance account is reduced as a result of the transfer of account revenue for State use under the FY2003 appropriations act will be compensated for the amounts transferred.

The FY2003 appropriations act, P.L.2002 c.38, directed the transfer to the General Fund of up to \$46 million from deposits in any UEZ's zone assistance account for which receipts in FY2001 exceeded \$1 million. This bill provides for repayment of the moneys transferred by allowing the affected zones to receive a greater share of the special UEZ reduced-rate tax revenue than the share to which they would otherwise be entitled. Specifically, the repayment will be accomplished through an adjustment of the zone's five-year zone designation period that determines the proportion of revenue from the State sales and use tax, collected within the zone at a 3% tax rate rather than at the 6% rate applicable generally, that is allocable to the zone's account. (A zone in its first five-year designation period receives 100% of the reduced-rate revenue. Its share "steps down" to two-thirds of that revenue in the second five-year period (the rest going to the State), then to one-third of the revenue in the third five-year period. In the fourth and final five-year period, all of the reduced-rate revenue goes to the State and the zone receives no share of it.)

Under the bill, for each of the affected zones, the five-year UEZ designation period and associated revenue share that were in effect on July 1, 2002 will, effective July 1, 2003, be revived or extended for as long as is necessary for the higher percentage rate of separate enterprise zone assistance fund deposits under that designation to fully compensate for the amount transferred. For zones in which the rate "steps down" between July 1, 2002 and June 30, 2003, the rate will be "stepped up" as of July 1, 2003 to the level in effect one year earlier. For zones in which the effective rate is scheduled to "step down" on or after July 1, 2003, the "step-down" will be postponed until

repayment is completed.

In the single case of a zone that, under the general "extension law" enacted in 2001, will begin a renewed period of designation (i.e., its retention share will be "stepped back up" to 100% of reduced-rate revenue collected) within 12 months following the date on which the bill takes effect, repayment will commence at the end of that renewed designation period.

The bill also removes from the FY2003 appropriations act and establishes as continuing law a provision allowing the affected zones, during State fiscal year 2003, to borrow without interest an amount up to an amount equal to its annual assistance account payment in State fiscal year 2000, 2001 or 2002, whichever is greatest, from amounts on deposit in various separate municipal accounts in the Enterprise Zone Assistance Fund that would not otherwise be utilized in State fiscal year 2003 for projects for the designated municipality.

Finally, the bill amends the section in the FY2003 appropriations act under which the transfers were made to delete a zone designation provision superseded by the provisions of this bill.

As reported by the committee, this bill is identical to the Assembly Committee Substitute for Assembly Bill No. 2661 also reported by the committee.

FISCAL IMPACT:

Although the FY2003 appropriations act authorized transfers of up to \$46 million from the UEZ assistance fund, only \$36 million was found to be available for such transfer. The zone designation extensions provided under the bill will enable each of the 13 affected zones to recover the amounts transferred over two or three fiscal years. Because the extensions are to occur on a phased basis that, for each zone, will depend on the stage that the zone has attained in its progress through the 20-year designation schedule, the diversion of sales tax revenue from the State to the zone accounts that will result from the extensions will occur over a period of seven fiscal years. On the basis of information supplied by the Executive Branch, the Office of Legislative Services estimates that the reduction in State sales tax revenue that would otherwise accrue to the General Fund will be approximately \$7.2 million in FY2004, \$11.2 million in FY2005, \$7.4 million in FY2006, \$5.4 million in FY2007, \$3.1 million in FY2008, \$1.2 million in FY2009, and \$.3 million in FY2010.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1751**

STATE OF NEW JERSEY

DATED: OCTOBER 24, 2002

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill No. 1751.

This substitute bill provides a means by which an urban enterprise zone (UEZ) whose zone assistance account is reduced as a result of the transfer of account revenue for State use under the FY2003 appropriations act will be compensated for the amounts transferred.

The FY2003 appropriations act directed the transfer to the General Fund of up to \$46 million from deposits in any UEZ's zone assistance account for which receipts in FY2001 exceeded \$1 million. This bill provides for repayment of the moneys transferred by allowing the affected zones to receive a greater share of the special UEZ reduced-rate tax revenue than the share to which they would ordinarily be entitled. More specifically, the repayment would be accomplished through an adjustment of the zone's five-year zone designation period that determines the proportion of revenue from the State sales and use tax, collected within the zone at a 3% tax rate rather than at the 6% rate applicable generally, that is allocable to the zone's account. (A zone in its first five-year designation period receives 100% of the reduced-rate revenue. Its share "steps down" to two-thirds of that revenue in the second five-year period (the rest going to the State), then to one-third of the revenue in the third five-year period. In the fourth and final five-year period, all of the revenue goes to the State and the zone receives no share of it.)

Under the bill, for each of the affected zones, the five-year UEZ designation period and associated revenue share that were in effect on July 1, 2002 would, effective July 1, 2003, be revived or extended for as long as is necessary in order for the higher percentage rate of separate enterprise zone assistance fund deposits under that designation to fully compensate for the amount transferred. For zones in which the rate "steps down" between July 1, 2002 and June 30, 2003, the rate will be "stepped up" as of July 1, 2003 to the level in effect one year earlier. For zones in which the effective rate is scheduled to "step down" on or after July 1, 2003, the "step-down" will be postponed until repayment is completed.

In the single case of a zone that, under the general "extension law"

enacted in 2001, will begin a renewed period of designation (i.e., its retention share will be "stepped back up" to 100% of reduced-rate revenue collected) within 12 months following the date on which the bill takes effect, repayment will commence at the end of that renewed designation period.

The bill also removes from the FY2003 appropriations act and establishes as continuing law a provision allowing the affected zones, during State fiscal year 2003, to borrow without interest an amount up to an amount equal to its annual assistance account payment in State fiscal year 2000, 2001 or 2002, whichever is greatest, from amounts on deposit in various separate municipal accounts in the Enterprise Zone Assistance Fund that would not otherwise be utilized in State fiscal year 2003 for projects for the designated municipality.

Finally, the bill amends the section in the FY2003 appropriations act under which the transfers were made to delete a zone designation provision superseded by the provisions of this legislation.

COMPARISON OF SUBSTITUTE

The provisions of the substitute differ from those of the legislation as originally introduced by (1) incorporating the special provision applicable to the zone (Vineland) that is to begin a designation extension period after the bill becomes law, (2) delaying the date as of which the initial repayments begin from July 1, 2002 to July 1, 2003, and (3) adding the section that revises the language in the FY2003 appropriations act authorizing the transfer to delete provisions that, under the bill, will become part of the permanent statutory law.

FISCAL IMPACT

Although the FY2003 appropriations act authorized transfers of up to \$46 million from the UEZ assistance fund, only \$36 million was found to be available for such transfer. The zone designation extensions provided under the bill will enable each of the 13 affected zones to recover the amounts transferred over two or three fiscal years. Because the extensions are to occur on a phased basis that, for each zone, will depend on the stage that the zone has attained in its progress through the 20-year designation schedule, the diversion of sales tax revenue from the State to the zone accounts that will result from the extensions will occur over a period of seven fiscal years. On the basis of information supplied by the Executive, the Office of Legislative Services estimates that the reduction in State sales tax revenue that would otherwise accrue to the General Fund will be approximately \$7.2 million in FY2004, \$11.2 million in FY2005, \$7.4 million in FY2006, \$5.4 million in FY2007, \$3.1 million in FY2008, \$1.2 million in FY2009, and \$.3 million in FY2010.

ASSEMBLY, No. 2661

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED SEPTEMBER 9, 2002

Sponsored by:

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman JOSEPH CRYAN

District 20 (Union)

SYNOPSIS

Extends certain urban enterprise zone designation periods and allows certain municipal urban enterprise zone borrowing from the Enterprise Zone Assistance Fund.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/10/2002)

A2661 SIRES, CRYAN

2

1 AN ACT concerning urban enterprise zones impacted by fiscal year
2 2003 transfers from the urban enterprise zone assistance fund
3 accounts, supplementing P.L.1983, c.303 (C.52:27H-60 et seq.).
4

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

8 1. a. Notwithstanding the provisions of section 21 of P.L.1983,
9 c.303 (C.52:27H-66), section 20 of P.L.1983, c.303 (C.52:27H-80),
10 section 11 of P.L.2001, c.347 (C.52:27H-66.6) or any provision of law
11 to the contrary, any designated enterprise zone that has a separate
12 municipal account in the Enterprise Zone Assistance Fund that is
13 reduced by the transfer from that fund made pursuant to section 69 of
14 P.L.2002, c. (now pending before the Legislature as Senate Bill
15 No.2003 or Assembly Bill No.2500 of 2002), shall have extended any
16 designated five year period under which it is operating on July 1, 2002
17 for such period of time as is necessary for the higher percentage rate
18 of separate enterprise zone assistance fund deposits to fully
19 compensate for the amount transferred. This extension shall apply to
20 reduced sales tax rate collection authority and sales tax rate collection
21 deposit provisions otherwise established by law.

22 b. Notwithstanding the provisions of any law to the contrary, each
23 municipality in which an urban enterprise zone is designated whose
24 separate account in the Urban Enterprise Zone Assistance Fund is
25 reduced by the transfer from that fund made pursuant to section 69 of
26 P.L.2002, c. (now pending before the Legislature as Senate Bill
27 No.2003 or Assembly Bill No.2500 of 2002), shall be allowed during
28 State fiscal year 2003 to borrow without interest an amount up to an
29 amount equal to its annual account payment in State fiscal year 2000,
30 2001 or 2002, whichever is greater, from amounts on deposit in
31 various separate municipal accounts in the Enterprise Zone Assistance
32 Fund that would not otherwise be utilized in State fiscal year 2003 for
33 projects for the designated municipality. The amount borrowed shall
34 be repaid by the borrowing municipality to the respective project
35 accounts within the Enterprise Zone Assistance Fund in annual
36 payments of at least 25% of the amount borrowed during State fiscal
37 years 2004 through 2007.
38

39 2. This act shall take effect immediately and shall be retroactive to
40 July 1, 2002.
41

42
43 STATEMENT
44

45 This bill extends the current urban enterprise zone designations of
46 each zones' five year period tax rate reduction period for certain urban

A2661 SIRES, CRYAN

1 enterprise zones whose zone assistance accounts are reduced by the
2 fiscal year 2003 State transfer of \$46 million from those accounts in
3 the Enterprise Zone Assistance Fund to the General Fund. The
4 extension will apply in each such zone for the period of time that is
5 necessary for the higher percentage rate of separate enterprise zone
6 assistance fund deposits to fully compensate for the amount
7 transferred. The bill also allows those zones during State fiscal year
8 2003 to borrow without interest an amount up to an amount equal to
9 its annual assistance account payment in State fiscal year 2000, 2001
10 or 2002, whichever is greater, from amounts on deposit in various
11 separate municipal accounts in the Enterprise Zone Assistance Fund
12 that would not otherwise be utilized in State fiscal year 2003 for
13 projects for the designated municipality. The amount borrowed is
14 required to be repaid by the borrowing municipality to the respective
15 project accounts within the Enterprise Zone Assistance Fund in annual
16 payments of at least 25% of the amount borrowed during State fiscal
17 years 2004 through 2007.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 2661

STATE OF NEW JERSEY

DATED: DECEMBER 9, 2002

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 2661.

This Assembly Committee Substitute for Assembly Bill No. 2661 provides a means by which an urban enterprise zone authority (UEZ) whose zone assistance account is reduced as a result of the transfer of account revenue for State use under the FY2003 appropriations act will be compensated for the amounts transferred.

The FY2003 appropriations act, P.L.2002 c.38, directed the transfer to the General Fund of up to \$46 million from deposits in any UEZ's zone assistance account for which receipts in FY2001 exceeded \$1 million. This substitute provides for repayment of the moneys transferred by allowing the affected zones to receive a greater share of the special UEZ reduced-rate tax revenue than the share to which they would otherwise be entitled. Specifically, the repayment will be accomplished through an adjustment of the zone's five-year zone designation period that determines the proportion of revenue from the State sales and use tax, collected within the zone at a 3% tax rate rather than at the 6% rate applicable generally, that is allocable to the zone's account. (A zone in its first five-year designation period receives 100% of the reduced-rate revenue. Its share "steps down" to two-thirds of that revenue in the second five-year period (the rest going to the State), then to one-third of the revenue in the third five-year period. In the fourth and final five-year period, all of the reduced-rate revenue goes to the State and the zone receives no share of it.)

Under the substitute, for each of the affected zones, the five-year UEZ designation period and associated revenue share that were in effect on July 1, 2002 will, effective July 1, 2003, be revived or extended for as long as is necessary for the higher percentage rate of separate enterprise zone assistance fund deposits under that designation to fully compensate for the amount transferred. For zones in which the rate "steps down" between July 1, 2002 and June 30, 2003, the rate will be "stepped up" as of July 1, 2003 to the level in effect one year earlier. For zones in which the effective rate is scheduled to "step down" on or after July 1, 2003, the "step-down" will be postponed until repayment is completed.

In the single case of a zone that, under the general "extension law"

enacted in 2001, will begin a renewed period of designation (i.e., its retention share will be "stepped back up" to 100% of reduced-rate revenue collected) within 12 months following the date on which the substitute takes effect, repayment will commence at the end of that renewed designation period.

The substitute also removes from the FY2003 appropriations act and establishes as continuing law a provision allowing the affected zones, during State fiscal year 2003, to borrow without interest an amount up to an amount equal to its annual assistance account payment in State fiscal year 2000, 2001 or 2002, whichever is greatest, from amounts on deposit in various separate municipal accounts in the Enterprise Zone Assistance Fund that would not otherwise be utilized in State fiscal year 2003 for projects for the designated municipality.

Finally, the substitute amends the section in the FY2003 appropriations act under which the transfers were made to delete a zone designation provision superseded by the provisions of this substitute.

As substituted and reported by the committee, this substitute is identical to Senate Bill No. 1751 SCS also reported by the committee.

FISCAL IMPACT:

Although the FY2003 appropriations act authorized transfers of up to \$46 million from the UEZ assistance fund, only \$36 million was found to be available for such transfer. The zone designation extensions provided under the substitute will enable each of the 13 affected zones to recover the amounts transferred over two or three fiscal years. Because the extensions are to occur on a phased basis that, for each zone, will depend on the stage that the zone has attained in its progress through the 20-year designation schedule, the diversion of sales tax revenue from the State to the zone accounts that will result from the extensions will occur over a period of seven fiscal years. On the basis of information supplied by the Executive Branch, the Office of Legislative Services estimates that the reduction in State sales tax revenue that would otherwise accrue to the General Fund will be approximately \$7.2 million in FY2004, \$11.2 million in FY2005, \$7.4 million in FY2006, \$5.4 million in FY2007, \$3.1 million in FY2008, \$1.2 million in FY2009, and \$.3 million in FY2010.

COMPARISON OF SUBSTITUTE:

The provisions of the substitute differ from those of the legislation as originally introduced by (1) incorporating the special provision applicable to the zone (Vineland) that is to begin a designation extension period after the substitute becomes law, (2) delaying the date as of which the initial repayments begin from July 1, 2002 to July 1, 2003, and (3) adding the section that revises the language in the FY2003 appropriations act authorizing the transfer to delete provisions that, under the substitute, will become part of the permanent statutory law.