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District 20 (Union)
Assemblyman GARY S. SCHAER
District 36 (Bergen and Passaic)
Assemblyman BOB ANDRZEJCZAK
District 1 (Atlantic, Cape May and Cumberland)

Co-Sponsored by:
Assemblywoman Spencer, Assemblymen Caputo, Johnson, Gusciora, Senators Sacco, Van Drew, Ruiz, Cunningham, Pou, Sarlo, Stack and Singer

SYNOPSIS
Dedicates 30 percent of all UEZ sales tax revenues to respective UEZ account and 70 percent of UEZ sales tax revenues to General Fund.

CURRENT VERSION OF TEXT
As introduced.

(Sponsorship Updated As Of: 12/19/2014)
AN ACT concerning urban enterprise zone sales tax revenues and

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

1. Section 11 of P.L.2001, c.347 (C.52:27H-66.6) is amended
to read as follows:

   a. Notwithstanding the provisions of any law, rule,
   regulation or order to the contrary, the designation of an enterprise
   zone by the authority pursuant to P.L.1983, c.303 [(C.52:27H-60 et seq.)] (C.52:27H-60 et al.), which is located in a municipality in
   which the annual average of unemployed persons is equal to or
   greater than 2,000, or the municipal average annual unemployment
   rate exceeds the State average annual unemployment rate, or an
   enterprise zone which is located in a municipality contiguous to a
   municipality in which an enterprise zone is designated pursuant to
   P.L.1983, c.303 [(C.52:27H-60 et seq.)] (C.52:27H-60 et al.) and
   in which the annual average of unemployed persons is equal to or
   greater than 2,000 or the municipal average annual unemployment
   rate exceeds the State average annual unemployment rate, shall,
   following the expiration of the third five-year period during which
   the State shall have collected reduced rate revenues within the zone
   as provided in subsection c. of section 21 of P.L.1983,
   c.303 (C.52:27H-80), be extended by the authority, on a one-time
   basis, for a period of 16 years, within 90 days after the effective
   date of P.L.2001, c.347 (C.52:27H-66.2 et al.), or within 90 days
   after the expiration of that third five-year period, whichever is later.

   b. During the 90-day period provided for in subsection a. of
   this section, the authority shall notify all qualified businesses in the
   enterprise zone that the benefits authorized by sections 16 through
   20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be
   extended to qualified businesses in the enterprise zone commencing
   with the designation of the extended enterprise zone and continuing
   as long as a zone retains its designation as an extended enterprise
   zone.

   c. Notwithstanding any other provisions of any law, rule or
   regulation to the contrary, 90 days after the expiration of the period
   provided for in subsection c. of section 21 of P.L.1983,
   c.303 (C.52:27H-80), except as provided in subsection b. of section
   6 of P.L.1996, c.124 (C.13:1E-116.6), [(and after first depositing
   10] the Department of the Treasury shall deposit 30 percent of the
gross amount of all revenues received from the taxation of retail
sales made by certified vendors from business locations in an
extended enterprise zone designated pursuant to this section, to which this exemption shall apply, into the account

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.
created in the name of the authority in the enterprise zone assistance fund pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88) and the remaining [90] 70 percent shall be deposited immediately upon collection by the Department of the Treasury, as follows:

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

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

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

4. In the final year during which the State shall have collected reduced rate revenues within the extended enterprise zone, but not to exceed the life of the enterprise zone, all those revenues shall be deposited in the General Fund.

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

d. The designation as an extended enterprise zone pursuant to this section shall terminate if the authority determines that the municipality in which the zone is located fails to meet the criteria of subsection a. of this section for three consecutive years. Any enterprise zone which loses its designation as an extended enterprise zone pursuant to this subsection shall be eligible to re-apply to the authority for designation as an extended enterprise zone pursuant to the provisions of P.L.1983, c.303 [(C.52:27H-60 et seq.) (C.52:27H-60 et al.)]. If the authority approves its application, an urban enterprise zone designation may be extended to the applicant in accordance with the schedules set forth in P.L.1983, c.303 [(C.52:27H-60 et seq.) (C.52:27H-60 et al.)], beginning at the point where the enterprise zone was located on such schedules on the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.). (cf: P.L.2001, c.347, s.11)

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

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

Notwithstanding the provisions of this act P.L.1983, c.303 (C.52:27H-60 et al.) to the contrary, except as may otherwise be provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the authority may, in its discretion, determine if the provisions of this section shall apply to any enterprise zone designated after the effective date of P.L.1985, c.142 (C.52:27H-66 et al.) (C.52:27H-80.1 et al.); provided, however, that the authority may make such a determination only where the authority finds that the award of an exemption of 50 percent of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse economic impact upon any other urban enterprise zone.

Notwithstanding any other provisions of law to the contrary, except as provided in subsection b. of section 6 of P.L.1996, c.124 (C.13:1E-116.6), [after first depositing 10] the Department
of the Treasury shall deposit 30 percent of the gross amount of all revenues received from the taxation of retail sales made by certified sellers from business locations in designated enterprise zones to which this exemption shall apply into the account created in the name of the authority in the enterprise zone assistance fund pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88) and the remaining 70 percent shall be deposited immediately upon collection by the Department of the Treasury, as follows:

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

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

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

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

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

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

(cf: P.L.2011, c.49, s.15)
3. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to read as follows:

29. a. (1) There is created an enterprise zone assistance fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to the assistance fund. All moneys deposited in the assistance fund shall be held and disbursed in the amounts necessary to fulfill the purposes of this section and subject to the requirements hereinafter prescribed. The State Treasurer may invest and reinvest any moneys in the assistance fund, or any portion thereof, in legal obligations of the United States or of the State or of any political subdivision thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the assistance fund.

(2) The State Treasurer shall maintain separate accounts for each enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et al.), and one in the authority's name for the administration of the Urban Enterprise Zone program. The State Treasurer shall credit to each account an amount of the moneys deposited in the assistance fund equal to the amount of revenues collected from the taxation of retail sales made in the zone and appropriated to the enterprise zone assistance fund, or that amount of moneys appropriated to the assistance fund and required to be credited to the enterprise zone account of the qualifying municipality pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

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

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

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

c. The governing body of a qualifying municipality in which an enterprise zone is designated and the zone development corporation created or designated by the qualifying municipality for that enterprise zone may, by resolution jointly adopted after public hearing, propose to undertake a project for the public improvement of the enterprise zone or to increase eligible municipal services in the enterprise zone, and to fund that project or increase in eligible municipal services from moneys deposited in the enterprise zone assistance fund and credited to the account maintained by the State Treasurer for the enterprise zone.

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

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

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

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

(4) A statement of the time necessary to complete the project, or of the time during which the increased municipal services are to be maintained;

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

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

As used in this section, "project" means an activity funded by the zone assistance fund through the qualified municipality and implemented by the zone development corporation, including the purchasing, leasing, condemning, or otherwise acquiring of land or other property, or an interest therein, in the enterprise zone or as necessary for a right-of-way or other easement to or from the enterprise zone; the relocating and moving of persons or businesses displaced by the acquisition of land or property; the rehabilitation and redevelopment of land or property, including demolition, clearance, removal, relocation, renovation, alteration, construction, reconstruction, installation, or repair of land or a building, street, highway, alley, utility, service, or other structure or improvement which will lead to increased economic activity within the zone; the
purchase and installation of closed circuit television surveillance
systems or other related equipment and those expenses associated
with homeland security and domestic preparedness; the acquisition,
construction, reconstruction, rehabilitation, or installation of public
facilities and improvements, except buildings and facilities for the
general conduct of government and schools; the establishment of
revolving loan or grant programs for qualified businesses in the
zone to encourage private investment and job creation, matching
grant programs for the establishment or operation of pedestrian
malls, special improvement districts and tax increment districts, or
other appropriate entity; marketing, advertising, and special event
activities that will lead to increased economic activity or encourage
private investment and job creation in the zone, but not including
the expenditures therefor which are required to be reported pursuant
to "The New Jersey Campaign Contributions and Expenditures
associated therewith including the costs of an administrative
appraisal, economic and environmental analyses, environmental
remediation, engineering, planning, design, architectural, surveying,
or other professional or managerial services.

As used in this section, "eligible municipal services" means the
hiring of additional policemen or firemen assigned duties in the
enterprise zone, or the purchasing or leasing of additional police or
fire vehicles, equipment, or apparatus to be used for the provision
of augmented or upgraded public safety services in the enterprise
zone and its immediate vicinities. For any proposal that increases
eligible municipal services, the proposal shall state that it furthers
the policy and intentions of the zone development plan approved by
the authority; that the qualifying municipality has furnished
satisfactory assurances that the additional police officers or
firefighters to be hired, or the additional vehicles, equipment, or
apparatus to be purchased or leased, shall be used to augment or
upgrade public safety in the enterprise zone, and shall not be used
in other areas of the qualifying municipality; that the qualifying
municipality shall annually appropriate for the increased eligible
municipal services an amount equal to 20 percent of the amount of
annual payments for the eligible municipal services from the
enterprise zone account and shall not request for the increased
eligible municipal services an amount equal to more than 35 percent
of the amount of annual payments into the enterprise zone account,
unless the municipality and the authority have entered into an
agreement or agreements to the contrary prior to July 1, 1992; and
that the estimated annual payments for the eligible municipal
services from the enterprise zone account to which the proposal
pertains are not likely to result in a deficit in that account.

d. Upon adoption by the governing body of the qualifying
municipality and by the zone development corporation, [the] only a
proposal for undertaking a project shall be sent to the authority for
its evaluation and approval. The authority shall approve the proposal if it shall find [·] that the proposed project furthers the policy and intentions of the zone development plan approved by the authority, and that the estimated annual payments for the project from the enterprise zone account to which the proposal pertains are not likely to result in a deficit in that account.

[(1) In the case of a project, that the proposed project furthers the policy and intentions of the zone development plan approved by the authority, and that the estimated annual payments for the project from the enterprise zone account to which the proposal pertains are not likely to result in a deficit in that account;] (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

[(2) In the case of an increase in eligible municipal services, that the proposal furthers the policy and intentions of the zone development plan approved by the authority; that the qualifying municipality has furnished satisfactory assurances that the additional policemen or firemen to be hired, or the additional vehicles, equipment, or apparatus to be purchased or leased, shall be used to augment or upgrade public safety in the enterprise zone, and shall not be used in other areas of the municipality; that the qualifying municipality shall annually appropriate for the increased eligible municipal services an amount equal to 20% of the amount of annual payments for the eligible municipal services from the enterprise zone account and shall not request for the increased eligible municipal services an amount equal to more than 35% of the amount of annual payments into the enterprise zone account, unless the municipality and the authority have entered into an agreement or agreements to the contrary prior to July 1, 1992; and that the estimated annual payments for the eligible municipal services from the enterprise zone account to which the proposal pertains are not likely to result in a deficit in that account.] (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

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

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

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

h. (1) As used in this section, "project" means an activity funded by the enterprise zone assistance fund through the qualifying municipality and implemented by the zone development corporation, including the purchasing, leasing, condemning, or otherwise acquiring of land or other property, or an interest therein, in the enterprise zone or as necessary for a right-of-way or other easement to or from the enterprise zone; the relocating and moving of persons or businesses displaced by the acquisition of land or property; the rehabilitation and redevelopment of land or property, including demolition, clearance, removal, relocation, renovation, alteration, construction, reconstruction, installation, or repair of land or a building, street, highway, alley, utility, service, or other structure or improvement which will lead to increased economic activity within the enterprise zone; the purchase and installation of closed circuit television surveillance systems or other related equipment and those expenses associated with homeland security and domestic preparedness; the acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, except buildings and facilities for the general conduct of government and schools; the establishment of revolving loan or grant programs for qualified businesses in the enterprise zone to encourage private investment and job creation, matching grant programs for the establishment or operation of pedestrian malls, special improvement districts and tax increment districts, or other appropriate entity; marketing, advertising, and special event activities that will lead to increased economic activity or encourage private investment and job creation in the enterprise zone, but not including the expenditures therefor which are required to be reported pursuant to "The New Jersey Campaign Contributions and...
Expenditures Reporting Act,” P.L.1973, c.83 (C.19:44A-1 et al.) and the costs associated therewith including the costs of an administrative appraisal, economic and environmental analyses, environmental remediation, engineering, planning, design, architectural, surveying, or other professional or managerial services.

(2) As used in this section, "eligible municipal services" means the hiring of additional police officers or firefighters assigned duties in the enterprise zone, or the purchasing or leasing of additional police or fire vehicles, equipment, or apparatus to be used for the provision of augmented or upgraded public safety services in the enterprise zone and its immediate vicinities. (cf: P.L.2009, c.25, s.1)

4. This act shall take effect immediately, but shall remain inoperative until July 1, 2015.

STATEMENT

This bill requires that, as of July 1, 2015, 30 percent of all reduced rate sales tax revenues collected by qualified businesses in urban enterprise zones (UEZs) be deposited to the accounts held in the Enterprise Zone Assistance Fund (assistance fund) in the name of the respective municipalities having UEZs and the remaining 70 percent of those revenues are to be deposited in the General Fund. In doing so, the bill removes the UEZ tax revenue deposit and appropriation allocation schedules for the assistance fund, including the requirement that the Urban Enterprise Zone Authority (authority) receive up to one-third of those revenues for the coordination and administration of the UEZ program throughout the State. Under current law, qualifying UEZs are designated for a 20-year period and, after 15 years of that 20-year period, UEZs may qualify, on a one-time basis, for an additional 16-year period.

Further, the bill removes the ability of the authority to consider a proposal by a municipality having a UEZ to fund the cost of an increase in “eligible municipal services,” as that term is defined in law, from the assistance fund account in the name of the municipality having a UEZ. Under the bill, UEZs are to receive from their assistance fund account the authority-approved amount for a project and the municipal-certified amount for eligible municipal services in the UEZ.