

ASSEMBLY, No. 2576

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 8, 2016

Sponsored by:

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District 15 (Hunterdon and Mercer)

Assemblywoman ELIZABETH MAHER MUOIO

District 15 (Hunterdon and Mercer)

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

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District 33 (Hudson)

SYNOPSIS

Extends urban enterprise zone designation in all qualifying municipalities for additional 10 years.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/3/2016)

A2576 GUSCIORA, MUOIO

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1 AN ACT concerning the extension of urban enterprise zone
2 designations and amending P.L.2001, c.347 and P.L.1983, c.303
3 and supplementing Title 52 of the Revised Statutes.

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

7
8 1. 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 P.L.1983, s.303 (C.52:27H-60 et al.). No more than 32
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 Except as otherwise provided by section 11 of P.L.2001, c.347
16 (C.52:27H-66.6) and section 3 of P.L. , c. (C.) (pending
17 before the Legislature as this bill), any designation granted shall be
18 for a period of 20 years, beginning with the year in which a zone is
19 eligible for an exemption to the extent of **[50%]** 50 percent of the
20 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
21 (C.54:32B-1 et seq.), and shall not be renewed at the end of that
22 period. In designating enterprise zones the authority shall seek to
23 avoid excessive geographic concentration of zones in any particular
24 region of the State. At least six of the 10 additional enterprise
25 zones authorized pursuant to section 3 of P.L.1993, c.367 shall be
26 located in counties in which enterprise zones have not previously
27 been designated and shall be designated within 90 days of the date
28 of the submittal of an application and zone development plan. The
29 authority shall accept applications within 90 days of the effective
30 date of P.L.1993, c.367. Notwithstanding the provisions of
31 P.L.1983, c.303 (C.52:27H-60 et **[seq.]** al.) to the contrary, the six
32 additional enterprise zones to be designated by the authority
33 pursuant to the criteria for priority consideration in this section shall
34 be entitled to an exemption to the extent of 50% of the tax imposed
35 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
36 seq.). The following criteria shall be utilized in according priority
37 consideration for designation of these zones by the authority:

38 a. One zone shall be located in a county of the second class
39 with a population greater than 595,000 and less than 675,000
40 according to the latest federal decennial census and shall be located
41 in the qualifying municipality in that county with the highest annual
42 average number of unemployed persons and the highest average
43 annual unemployment rate for the 1992 calendar year according to
44 the estimate by the State Department of Labor and Workforce
45 Development;

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

Matter underlined thus is new matter.

1 b. Two zones shall be located in a county of the second class
2 with a population greater than 445,000 and less than 455,000
3 according to the latest federal decennial census, one of which shall
4 be located in the qualifying municipality in that county with the
5 highest annual average number of unemployed persons and the
6 highest average annual unemployment rate for the 1992 calendar
7 year according to the estimate by the State Department of Labor and
8 Workforce Development, and one of which shall be located in the
9 qualifying municipality in that county with the second highest
10 annual average number of unemployed persons and the second
11 highest average annual unemployment rate for the 1992 calendar
12 year according to the estimate by the State Department of Labor and
13 Workforce Development;

14 c. One zone shall be located in a county of the third class with
15 a population greater than 84,000 and less than 92,000 according to
16 the latest federal decennial census and shall be located in the
17 qualifying municipality in that county with the highest annual
18 average number of unemployed persons and the highest average
19 annual unemployment rate for the 1992 calendar year according to
20 the estimate by the State Department of Labor and Workforce
21 Development;

22 d. One zone shall be located within two noncontiguous
23 qualifying municipalities but comprised of not more than two
24 noncontiguous areas each having a continuous border, if:

25 (1) both municipalities are located in the same county which
26 shall be a county of the fifth class with a population greater than
27 500,000 and less than 555,000 according to the latest federal
28 decennial census;

29 (2) the two municipalities submit a joint application and zone
30 development plan; and

31 (3) each of the municipalities has a population greater than
32 16,000 and less than 30,000 and a population density of more than
33 5,000 persons per square mile, according to the latest federal
34 decennial census; and

35 e. One zone shall be located within a municipality having a
36 population greater than 38,000 and less than 46,000 according to
37 the latest federal decennial census if the municipality is located
38 within a county of the fifth class with a population greater than
39 340,000 and less than 440,000 according to the latest federal
40 decennial census.

41 (cf: P.L.2004, c.75, s.2)

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

45 11. a. Notwithstanding the provisions of any law, rule,
46 regulation, or order to the contrary, the designation of an enterprise
47 zone by the authority pursuant to P.L.1983, c.303 [(C.52:27H-60 et
48 seq.)] (C.52:27H-60 et al.), which is located in a municipality in
49 which the annual average of unemployed persons is equal to or

1 greater than 2,000, or the municipal average annual unemployment
2 rate exceeds the State average annual unemployment rate, or an
3 enterprise zone which is located in a municipality contiguous to a
4 municipality in which an enterprise zone is designated pursuant to
5 P.L.1983, c.303 [(C.52:27H-60 et seq.)] (C.52:27H-60 et al.) and
6 in which the annual average of unemployed persons is equal to or
7 greater than 2,000 or the municipal average annual unemployment
8 rate exceeds the State average annual unemployment rate, shall,
9 following the expiration of the third five-year period during which
10 the State shall have collected reduced rate revenues within the zone
11 as provided in subsection c. of section 21 of P.L.1983, c.303
12 (C.52:27H-80), be extended by the authority, on a one-time basis,
13 except as provided in section 2 of P.L. , c. (C.) (pending
14 before the Legislature as this bill), for a period of 16 years, within
15 90 days after the effective date of P.L.2001, c.347 (C.52:27H-66.2
16 et al.), or within 90 days after the expiration of that third five-year
17 period, whichever is later.

18 b. During the 90-day period provided for in subsection a. of
19 this section, the authority shall notify all qualified businesses in the
20 enterprise zone that the benefits authorized by sections 16 through
21 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be
22 extended to qualified businesses in the enterprise zone commencing
23 with the designation of the extended enterprise zone and continuing
24 as long as a zone retains its designation as an extended enterprise
25 zone.

26 c. Notwithstanding [any other] the provisions of any law, rule,
27 or regulation to the contrary, 90 days after the expiration of the
28 period provided for in subsection c. of section 21 of P.L.1983, c.303
29 (C.52:27H-80), except as provided in subsection b. of section 6 of
30 P.L.1996, c.124 (C.13:1E-116.6) and, and after first depositing 10
31 percent of the gross amount of all revenues received from the
32 taxation of retail sales made by certified vendors from business
33 locations in an extended enterprise zone designated pursuant to
34 subsection a. of this section, to which this exemption shall apply,
35 into the account created in the name of the authority in the
36 enterprise zone assistance fund established pursuant to section 29 of
37 P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be
38 deposited immediately upon collection by the Department of the
39 Treasury, as follows:

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

45 (2) In the second five-year period during which the State shall
46 have collected reduced rate revenues within the extended enterprise
47 zone, 66 [2/3%] and 2/3 percent of [all] those revenues shall be

1 deposited in the enterprise zone assistance fund, and 33 **1/3%** and
2 1/3 percent shall be deposited in the General Fund;

3 (3) In the third five-year period during which the State shall
4 have collected reduced rate revenues within the extended enterprise
5 zone, 33 **1/3%** and 1/3 percent of **all** those revenues shall be
6 deposited in the enterprise zone assistance fund, and 66 **2/3%** and
7 2/3 percent shall be deposited in the General Fund;

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

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

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

33 (cf: P.L.2001, c.347, s.11)

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35 3. (New section) a. Notwithstanding the provisions of any law,
36 rule, or regulation to the contrary, the designation of an enterprise
37 zone by the authority in all qualifying municipalities that have been
38 designated as enterprise zones as of the operative date of P.L. , c.
39 (pending before the Legislature as this bill), shall be extended by
40 the authority, on a one-time basis, for a period of 10 additional
41 years beyond the date of expiration of such designation as of the
42 operative date of P.L. , c. (pending before the Legislature as this
43 bill), within 90 days after such expiration. This extension shall be
44 in addition to the one-time extension for a period of 16 years as
45 provided for in section 11 of P.L.2001, c.347 (C.52:27H-66.6).

46 b. During the 90-day period provided for in subsection a. of
47 this section, the authority shall notify all qualified businesses in the
48 enterprise zones extended pursuant to subsection a. of this section,

1 that the benefits authorized by sections 16 through 20 of P.L.1983,
2 c.303 (C.52:27H-75 through C.52:27H-79) shall be extended to
3 qualified businesses in the enterprise zones commencing with the
4 designation of the extended enterprise zones and continuing as long
5 as an enterprise zone retains its designation as an extended
6 enterprise zone.

7 c. Notwithstanding the provisions of any law, rule, or
8 regulation to the contrary, 90 days after the expiration of the
9 fifteenth year provided for in paragraph (3) of subsection c. of
10 section 11 of P.L.2001, c.347 (C.52:27H-66.6), except as provided
11 in subsection b. of section 6 of P.L.1996, c.124 (C.13:1E-116.6)
12 and, and after first depositing 10 percent of the gross amount of all
13 revenues received from the taxation of retail sales made by
14 qualified businesses from business locations in enterprise zones
15 extended pursuant to subsection a. of this section, to which this
16 exemption shall apply, into the account created in the name of the
17 authority in the enterprise zone assistance fund established pursuant
18 to section 29 of P.L.1983, c.303 (C.52:27H-88), the remaining 90
19 percent shall be deposited immediately upon collection by the
20 Department of the Treasury, as follows:

21 (1) In the first three-year period during which the State shall
22 have collected reduced rate revenues within the enterprise zones
23 extended pursuant to subsection a. of this section, those revenues
24 shall be deposited in the enterprise zone assistance fund;

25 (2) In the second three-year period during which the State shall
26 have collected reduced rate revenues within the enterprise zones
27 extended pursuant to subsection a. of this section, 66 and 2/3
28 percent of those revenues shall be deposited in the enterprise zone
29 assistance fund, and 33 and 1/3 percent shall be deposited in the
30 General Fund;

31 (3) In the third three-year period during which the State shall
32 have collected reduced rate revenues within the enterprise zones
33 extended pursuant to subsection a. of this section, 33 and 1/3
34 percent of those revenues shall be deposited in the enterprise zone
35 assistance fund, and 66 and 2/3 percent shall be deposited in the
36 General Fund; and

37 (4) In the final year during which the State shall have collected
38 reduced rate revenues within the enterprise zones extended pursuant
39 to subsection a. of this section, but not to exceed the life of the
40 enterprise zones, those revenues shall be deposited in the General
41 Fund.

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

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48 4. This act shall take effect immediately, but shall remain
49 inoperative until January 1, 2016.

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STATEMENT

This bill extends the designation of all previously designated urban enterprise zones (UEZs) for a one-time period of 10 years, thus continuing their participation in the Urban Enterprise Zone Program. The bill specifies that the 10-year extension of these UEZs be designated within 90 days of the date of expiration of their previous designation as UEZs. The bill authorizes qualifying retail businesses in the UEZs to charge and collect the State's sales and use tax (SUT) at one half of the normal rate.

The bill provides that, after dedicating 10 percent of the reduced-rate SUT revenues to the New Jersey Urban Enterprise Zone Authority: 1) during the first three-year extension period, the remaining revenues collected will be appropriated for use by the UEZs in these cities; 2) during the second three-year extension period, 66 and 2/3 percent of the remaining revenues collected will be appropriated for use by the UEZs in these cities and the remaining 33 and 1/3 percent will be deposited in the General Fund; 3) during the third three-year extension period, 33 and 1/3 percent of the remaining revenues collected will be appropriated for use by the UEZs in these cities and the remaining 66 and 2/3 percent will be deposited in the General Fund; and 4) in the final year, all remaining revenues will be deposited in the General Fund.