

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2290

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 6, 2021

SUMMARY

- Synopsis:** Establishes the “Neighborhood Scholar Revitalization Pilot Program.”
- Type of Impact:** State expenditure increase.
- Agencies Affected:** Urban Enterprise Zone Authority; Department of Community Affairs; New Jersey Housing and Mortgage Finance Agency; Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of Pilot Program</u>
State Cost Increase	Up to \$5.6 million

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase of up to \$5.6 million in State expenditures. The bill would offer up to 800 qualified college graduates \$7,000 each in student loan reimbursement if they maintain their primary residence within a targeted residential neighborhood for a period of at least 24 months. Additional costs associated with implementing the bill will be dependent upon the cost of establishing and administering the pilot program.

BILL DESCRIPTION

The bill requires the Urban Enterprise Zone Authority, in consultation with the Commissioner of Community Affairs, to establish the “Neighborhood Scholar Revitalization Pilot Program” in four cities within the State for the purpose of revitalizing declining neighborhoods by attracting recent college graduates to settle within certain targeted residential neighborhoods, as defined by each city. Camden, Trenton, Jersey City, and Paterson would each be eligible to offer up to 200 qualified graduates a financial incentive to agree to maintain their primary residence within a targeted residential neighborhood for a period of at least 24 months. To qualify for participation in the program, a graduate would need a degree from a two- or four-year accredited institution of

higher education, and proof of at least \$7,000 in outstanding student loans. At the end of the required residency period, the program participant would be reimbursed a total of \$7,000 towards their student loan obligations.

Businesses that already receive tax credits under the urban enterprise zone program would be entitled to receive additional tax credits for contributions made to the “Neighborhood Scholar Revitalization Student Loan Reimbursement Fund.” Monies from each pilot municipality’s urban enterprise zone assistance fund account could be transferred into the Neighborhood Scholar Revitalization Student Loan Reimbursement Fund for the purpose of the Neighborhood Scholar Revitalization Pilot Program.

At the end of three years, the Urban Enterprise Zone Authority, in consultation with the Commissioner of Community Affairs, would be required to report to the Governor and the Legislature on the success of the pilot program, and make recommendations regarding either the expansion or termination of the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an increase of up to \$5.6 million in State expenditures in the three years after the bill’s effective date. The bill would offer up to 800 qualified college graduates \$7,000 each in student loan reimbursement if they maintain their primary residence within a targeted residential neighborhood for a period of at least 24 months.

To support the program, the bill allows certain businesses to contribute monies to the Neighborhood Scholar Revitalization Student Loan Reimbursement Fund in exchange for a corporation business tax credit equal to the amount of their contribution. Additionally, monies from each pilot municipality’s urban enterprise zone assistance fund account could be transferred into the Neighborhood Scholar Revitalization Student Loan Reimbursement Fund for the purpose of the Neighborhood Scholar Revitalization Pilot Program. These provisions may result in a minimal impact on State revenues.

The bill tasks the following agencies with various roles in implementing and evaluating the Neighborhood Scholar Revitalization Pilot Program: the Urban Enterprise Zone Authority, the Department of Community Affairs, the New Jersey Housing and Mortgage Finance Agency, and the Department of the Treasury. These agencies may experience an indeterminate increase in administrative costs associated with carrying out these responsibilities.

Section: Local Government
Analyst: Abigail Stoyer
Assistant Research Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).