

ASSEMBLY, No. 2290

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 27, 2020

Sponsored by:

Assemblyman WILLIAM F. MOEN

District 5 (Camden and Gloucester)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Co-Sponsored by:

Assemblywoman Sumter

SYNOPSIS

Establishes the "Neighborhood Scholar Revitalization Pilot Program."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/14/2020)

1 AN ACT establishing a pilot program to provide incentives to
2 improve the tax base in certain municipalities and supplementing
3 and amending P.L.1983, c.303.

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

7
8 1. (New section) This act shall be known and may be referred
9 to as the "Neighborhood Scholar Revitalization Pilot Program."

10
11 2. (New section) The Legislature finds and declares:

12 a. Urban blight has substantially reduced the taxable value of
13 property in many neighborhoods in New Jersey's older cities,
14 depriving these cities of the ability to raise necessary taxes to
15 support city services.

16 b. The migration of the middle class from the cities to the
17 suburbs during the latter half of the 20th Century started a cycle of
18 poverty, neglect, and blight that continues to deter reinvestment and
19 resettlement of a middle class in order to reestablish a middle class.

20 c. A root cause of urban blight is the loss of the municipal tax
21 base. Attempts to revitalize urban areas through redevelopment
22 projects and through the urban enterprise zone program have met
23 moderate success in business districts, but less success within
24 declining residential neighborhoods.

25 d. A pilot program specifically designed to attract college
26 graduates to targeted areas in certain cities may be a key component
27 to the revitalization of our older cities.

28 e. It is therefore an appropriate public purpose to establish a
29 pilot program through the Urban Enterprise Zone Authority to
30 provide, as a financial incentive, for the reimbursement of a certain
31 portion of a college graduate's student loans in return for their
32 commitment to move into a targeted residential neighborhood for a
33 period of at least two years.

34
35 3. (New section) a. For the purposes of P.L. , c. (C.)
36 (pending before the Legislature as this bill):

37 "Fund" means the "Neighborhood Scholar Revitalization Student
38 Loan Reimbursement Fund" established pursuant to subsection b. of
39 this section.

40 "Pilot municipality" means Camden City in Camden County,
41 Trenton City in Mercer County, and Jersey City in Hudson County.

42 "Pilot program" means the Neighborhood Scholar Revitalization
43 Pilot Program established under subsection c. of this section.

44 "Qualified participant" means an individual who has been
45 awarded a degree upon graduating from an accredited two- or four-
46 year institution of higher education and who has at least \$7,000 of

**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 outstanding student loan debt at the time of application for the pilot
2 program.

3 "Regulated contribution" means a contribution to the fund by a
4 qualified business that receives a tax credit pursuant to subsection
5 g. of section 19 of P.L.1983, c.303 (C.52:27H-78), subject to any
6 limits imposed by the authority.

7 "Targeted residential neighborhood" means a delineated
8 residential area within a pilot municipality designated pursuant to
9 subsection d. of this section.

10 b. There is created a "Neighborhood Scholar Revitalization
11 Student Loan Reimbursement Fund" to be held by the State
12 Treasurer, which shall be the repository for all monies required to
13 be deposited therein in exchange for tax credits granted under
14 subsection g. of section 19 of P.L.1983, c.303 (C.52:27H-78), or
15 transferred from the enterprise zone assistance fund pursuant to
16 section 29 of P.L.1983, c.303 (C.52:27H-88).

17 c. (1) The Urban Enterprise Zone Authority, working in
18 consultation with the Commissioner of Community Affairs, shall
19 establish the Neighborhood Scholar Revitalization Pilot Program
20 with the purpose of offering college graduates with student loan
21 debt a financial inducement, in the way of student loan
22 reimbursement payments, in return for their commitment to relocate
23 into a targeted residential neighborhood for a period of at least 24
24 months.

25 (2) The pilot program shall be limited to 200 qualified
26 participants within each of the three pilot municipalities. New
27 qualified participants may be added to replace participants who fail
28 to complete their 24-month commitment period.

29 (3) Each qualified participant shall enter into a written contract
30 to maintain their principal residence within a dwelling located
31 within a targeted residential neighborhood for a period of at least 24
32 months. A qualified participant may change residences during the
33 24-month commitment period, so long as they remain within a
34 targeted residential neighborhood.

35 (4) At the completion of the 24-month commitment period, each
36 qualified participant shall be entitled to receive from the fund a
37 student loan reimbursement payment of \$7,000, representing \$3,500
38 for each 12-month period within the 24-month commitment period.
39 A reimbursement payment received pursuant to this section shall
40 not be included as income for the purpose of taxation under the
41 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or for
42 any income limit required for participation in any State program.

43 d. (1) Each pilot municipality shall designate targeted
44 residential neighborhoods for approval by the Commissioner of
45 Community Affairs. The commissioner shall approve the
46 designation of a targeted residential neighborhood that is primarily
47 residential in character and located in a census tract in which the
48 median household income is 60 percent or less of the median

1 income for the housing region in which the census tract is located,
2 as determined for a three-person household by the Council on
3 Affordable Housing in accordance with the latest federal decennial
4 census. A list of eligible census tracts within the pilot
5 municipalities shall be maintained by the Department of
6 Community Affairs and shall be adjusted upon publication of
7 median income figures by census tract after each federal decennial
8 census.

9 (2) The Department of Community Affairs shall maintain a list
10 of targeted residential neighborhoods on its Internet website and
11 each pilot municipality shall maintain a list of targeted residential
12 neighborhoods within that municipality on its Internet website.

13 e. The authority shall work with the New Jersey Housing and
14 Mortgage Finance Authority to develop and offer favorable loan
15 programs to qualified participants seeking to purchase homes within
16 a targeted residential neighborhood.

17 f. No later than three years after the effective date of
18 P.L. , c. (C.) (pending before the Legislature as this bill), the
19 authority, in consultation with the Commissioner of Community
20 Affairs, shall prepare and submit a report to the Governor and
21 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
22 19.1), evaluating the efficacy of the pilot program and making
23 recommendations for its expansion or termination.

24 g. The authority, in consultation with the Commissioner of
25 Community Affairs, shall promulgate rules and regulations to
26 effectuate the purposes of P.L. , c. (C.) (pending before the
27 Legislature as this bill).

28
29 4. Section 19 of P.L.1983, c.303 (C.52:27H-78) is amended to
30 read as follows:

31 19. Any qualified business subject to the provisions of the
32 "Corporation Business Tax Act (1945)," P.L.1945, c.162
33 (C.54:10A-1 et seq.), as actively engaged in the conduct of business
34 from a location within an enterprise zone designated pursuant to
35 this act, which business at that location consists primarily of
36 manufacturing or other business which is not retail sales or
37 warehousing oriented, shall receive an enterprise zone employee tax
38 credit against the amount of tax imposed under the "Corporation
39 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as
40 hereinafter provided:

41 a. A one-time credit of **【\$1,500.00】** \$1,500 for each new full-
42 time, permanent employee employed at that location who is a
43 resident of the qualifying municipality in which the designated
44 enterprise zone is located, or any other qualifying municipality in
45 which an urban enterprise zone is located, and who immediately
46 prior to employment by the taxpayer was unemployed for at least 90
47 days, or was dependent upon public assistance as the primary
48 source of income;

1 b. A one-time credit of ~~【\$500.00】~~ \$500 for each new full-time,
2 permanent employee employed at that location who is a resident of
3 a qualifying municipality in which a designated enterprise zone is
4 located, or any other qualifying municipality in which an urban
5 enterprise zone is located, who does not meet the requirements of
6 subsection a. of this section, and who was not, immediately prior to
7 employment by the taxpayer, employed at a location within the
8 qualifying municipality;

9 c. A qualified business which is not entitled to an employee tax
10 credit under this section, but meets the eligibility criteria pursuant
11 to the provisions of subsection c. of section 27 of P.L.1983, c.303
12 (C.52:27H-86), shall receive a one-time credit in an amount equal
13 to ~~【8%】~~ eight percent of each new investment made by the
14 qualified business in the enterprise zone under an agreement
15 approved by the authority.

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

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

35 e. A tax credit shall be permitted under this section only for
36 those new full-time, permanent employees who have been
37 employed for at least six continuous months by the taxpayer during
38 the tax year for which the tax credit is claimed.

39 f. A newly employed employee shall not be deemed a new full-
40 time, permanent employee for the purposes of this section unless
41 the total number of full-time, permanent employees, including the
42 newly employed employee, employed by the employer in the zone
43 during the calendar year exceeds the greatest number of full-time,
44 permanent employees employed in the zone by the employer during
45 any prior calendar year during the period commencing with the date
46 of zone designation.

47 g. Any business entitled to, or that received a credit pursuant to
48 this section, and that is located in a pilot municipality shall be

1 entitled to an additional credit equal to the amount of each annual
2 regulated contribution to the "Neighborhood Scholar Revitalization
3 Student Loan Reimbursement Fund" established pursuant to section
4 3 of P.L. , c. (C.) (pending before the Legislature as this
5 bill).

6 (cf: P.L.1988, c.93, s.4)

7
8 5. Section 29 of P.L.1983, c.303, s.29 (C.52:27H-88) is
9 amended to read as follows:

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

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

33 The State Treasurer shall promulgate the rules and regulations
34 necessary to govern the administration of the fund for the purposes
35 of this section, which shall include, but not be limited to,
36 regulations requiring the establishment of separate bank accounts
37 for funds credited to the enterprise zone account of each
38 municipality from the enterprise zone assistance fund, commonly
39 known as "first generation funds," and funds generated from the
40 repayments of loans to individuals and businesses from the
41 enterprise zone account of each municipality and the proceeds from
42 the sale of properties and equipment acquired through the enterprise
43 zone program, commonly known as "second generation funds," and
44 the review, compilation, and monitoring of second generation fund
45 quarterly reports submitted by each enterprise zone.

46 Any individual, including an individual who is not directly
47 employed by a municipality, with the authority to administer,
48 allocate or approve the use of zone assistance funds is subject to the

1 "Local Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et
2 seq.), unless the individual is a State employee or a special State
3 officer.

4 b. (1) The enterprise zone assistance fund shall be used for
5 the purpose of assisting qualifying municipalities in which
6 enterprise zones are designated in undertaking economic
7 development projects in designated enterprise zones.

8 (2) Amounts from the enterprise zone assistance fund for
9 qualifying municipalities that are pilot municipalities for the
10 purposes of P.L. , c. (C.) (pending before the Legislature as
11 this bill) may be transferred to the "Neighborhood Scholar
12 Revitalization Student Loan Reimbursement Fund" established
13 pursuant to section 3 of P.L. , c. (C.) (pending before the
14 Legislature as this bill) to accomplish the purposes of that law.

15 c. The governing body of a qualifying municipality in which an
16 enterprise zone is designated and the zone development corporation
17 created or designated by the municipality for that enterprise zone
18 may, by resolution jointly adopted after public hearing, propose to
19 undertake an economic development project in the enterprise zone,
20 and to fund that project from moneys deposited in the enterprise
21 zone assistance fund and credited to the account maintained by the
22 State Treasurer for the enterprise zone.

23 The proposal so adopted shall set forth a plan for the project and
24 shall include:

25 (1) A description of the proposed project;

26 (2) An estimate of the total project costs, and an estimate of the
27 amounts of funding necessary annually from the enterprise zone
28 account;

29 (3) A statement of any other revenue sources to be used to
30 finance the project;

31 (4) A statement of the time necessary to complete the project;

32 (5) A statement of the manner in which the proposed project
33 furthers the municipality's policy and intentions for addressing
34 economic development in the enterprise zone as set forth in the
35 zone development plan approved by the authority; and

36 (6) A description of the financial and programmatic controls and
37 reporting mechanisms to be used to guarantee that the funds will be
38 spent in accordance with the plan and that the project will
39 accomplish its purpose.

40 As used in this section, "project" means an activity funded by the
41 zone assistance fund through the qualified municipality and
42 implemented by the zone development corporation, which will lead
43 to the creation of new jobs and increased economic activity within
44 the zone, such as: the establishment of revolving loan programs for
45 qualified businesses in the zone to encourage private investment
46 and job creation, and marketing, advertising and special event
47 activities that will lead to increased economic activity or encourage
48 private investment and job creation in the zone, but not including

1 the expenditures therefor which are required to be reported pursuant
2 to "The New Jersey Campaign Contributions and Expenditures
3 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
4 associated therewith including the costs of economic analyses.

5 d. Upon adoption by the governing body of the qualifying
6 municipality and by the zone development corporation, the proposal
7 shall be sent to the authority for its evaluation and approval. The
8 authority shall approve the proposal if it shall find that the proposed
9 project furthers the policy and intentions of the zone development
10 plan approved by the authority, and that the estimated annual
11 payments for the project from the enterprise zone account to which
12 the proposal pertains are not likely to result in a deficit in that
13 account.

14 e. If the authority shall approve the proposal, it shall annually,
15 upon its receipt of a written statement from the governing body of
16 the qualifying municipality and the zone development corporation,
17 certify to the State Treasurer the amount to be paid in that year from
18 the enterprise zone account in the enterprise zone assistance fund
19 with respect to each approved project. The authority may at any
20 time revoke its approval of a project if it finds that the annual
21 payments made from the enterprise zone assistance fund are not
22 being used as required by this section.

23 f. Upon certification by the authority of the annual amount to
24 be paid to a qualifying zone with respect to any project, the State
25 Treasurer shall pay in each year to the qualifying municipality from
26 the amounts deposited in the enterprise zone assistance fund the
27 amount so certified, within the limits of the amounts credited to the
28 enterprise zone account of the qualifying municipality.

29 g. An amount not to exceed one-third of the amount deposited
30 in the account created in the name of the authority in the enterprise
31 zone assistance fund shall be used by the authority for the
32 coordination and administration of the program throughout the
33 State, including but not limited to costs for personnel, operating
34 expenses and marketing. The balance of the remaining amount
35 shall be distributed to qualifying municipalities in proportion to
36 each municipality's contribution to the enterprise zone assistance
37 fund for the coordination and administration of the program within
38 the municipality, including but not limited to costs for personnel,
39 operating expenses and marketing.

40 (cf: P.L.2018, c.19, s.4)

41
42 6. This act shall take effect immediately.
43

44 STATEMENT

45
46 This bill, entitled the "Neighborhood Scholar Revitalization Pilot
47 Program," is intended to aid in the revitalization of declining
48 neighborhoods in the older cities by "seeding" them with a new

1 middle class. The bill establishes a pilot program in three older
2 cities, one in each region of the State, to try to attract recent college
3 graduates to enter into a two-year commitment to settle within
4 certain targeted residential neighborhoods. The three initial cities
5 that will participate in the pilot program are Camden, Trenton, and
6 Jersey City. The cities would be responsible for identifying the
7 targeted residential neighborhoods, although those neighborhoods
8 would have to be primarily residential in character and located in a
9 census tract in which the median household income is 60 percent or
10 less of the median income for the housing region in which the
11 census tract is located, as determined for a three-person household
12 by the Council on Affordable Housing in accordance with the latest
13 federal decennial census.

14 Each of the three cities participating in the pilot program would
15 be eligible to offer up to 200 qualified graduates a financial
16 incentive to agree to maintain their primary residence within a
17 targeted residential neighborhood for a period of at least 24 months.
18 To qualify for participation in the program, a graduate would need a
19 degree from a two- or four-year accredited institution of higher
20 education, and proof of outstanding student loan indebtedness of at
21 least \$7,000. At the end of the required residency period, the
22 program participant would be reimbursed a total \$7,000 towards
23 their student loan obligations.

24 This pilot program would be administered by the Urban
25 Enterprise Zone Authority because businesses that already receive
26 tax credits under the urban enterprise zone program would be
27 entitled to receive additional tax credits for contributions made to
28 the "Neighborhood Scholar Revitalization Student Loan
29 Reimbursement Fund" established by the bill. This would assist
30 UEZ businesses in recruiting highly educated workers by offering
31 the student loan reimbursement program as an additional perk.
32 Monies from each pilot municipality's urban enterprise zone
33 assistance fund account could be transferred into the
34 "Neighborhood Scholar Revitalization Student Loan
35 Reimbursement Fund" for the purpose of funding student loan
36 reimbursements.

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