

[First Reprint]

ASSEMBLY, No. 5035

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblywoman SHAVONDA E. SUMTER

District 35 (Bergen and Passaic)

SYNOPSIS

Establishes the “Urban Wealth Fund Pilot Program.”

CURRENT VERSION OF TEXT

As reported by the Assembly Community Development and Affairs Committee on November 15, 2021, with amendments.



(Sponsorship Updated As Of: 11/8/2021)

1 AN ACT establishing the “Urban Wealth Fund Pilot Program” and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

3

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

6

7 1. a. The New Jersey Economic Development Authority, in
8 consultation with the State Treasurer, the New Jersey
9 Redevelopment Authority, the Division of Local Government
10 Services in the Department of Community Affairs, and the Chief
11 Diversity Officer in the State Department of the Treasury, shall
12 develop the “Urban Wealth Fund Pilot Program” for the purpose of:

13 (1) encouraging State entities and pilot municipalities to identify
14 publicly-owned assets that are capable of generating revenue;

15 (2) selecting publicly-owned assets to be held in the urban
16 wealth fund;

17 (3) contracting with a private asset management firm or firms to
18 manage publicly-owned assets held in the urban wealth fund in a
19 manner designed to enhance the revenue generated from those
20 assets;

21 (4) serving as a holding company for publicly-owned assets held
22 in the urban wealth fund;

23 (5) facilitating the transfer of management of selected publicly-
24 owned assets to the private asset management firm or firms; and

25 (6) enabling participating State entities and pilot municipalities
26 to allocate increased revenue derived from publicly-owned assets
27 held by the urban wealth fund to specific public purposes,
28 including:

29 (a) assistance to minority-owned businesses;

30 (b) improvements to infrastructure;

31 (c) investments in education; and

32 (d) reductions in property taxes.

33 b. The New Jersey Economic Development Authority shall:

34 (1) establish program guidelines and establish criteria to
35 evaluate assets for inclusion in the program;

36 (2) notify State entities and pilot municipalities of the
37 opportunity to participate in the pilot program;

38 (3) devise forms and procedures to enable State entities and
39 pilot municipalities to apply to participate in the program; and

40 (4) provide a portal on its Internet website to enable State
41 entities, pilot municipalities, and private asset management firms to
42 submit to the authority questions about the program and
43 applications to participate in the program.

44 c. A State entity or pilot municipality interested in
45 participating in the program may, in accordance with program
46 guidelines established by the authority:

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ACD committee amendments adopted November 15, 2021.

- 1 (1) undertake an inventory and evaluation of its assets for the
2 purpose of identifying assets that have sound commercial viability.
- 3 (2) conduct a valuation of assets identified as having sound
4 commercial viability for the purpose of determining the current
5 value and the potential value of each publicly-owned
6 '【commercial】' asset.
- 7 (3) identify publicly-owned '【commercial】' assets that are
8 undervalued and underleveraged.
- 9 (4) undertake a preliminary assessment of the structural issues,
10 financial benefits and risks, and social and policy impacts of
11 participating in the program.
- 12 (5) identify assets to include in an application to participate in
13 the program.
- 14 (6) submit an application to the authority in accordance with the
15 program guidelines established by the authority.
- 16 d. Upon receipt of an application, the authority shall:
 - 17 (1) assess the structural issues, financial benefits and risks, and
18 social and policy impacts of including assets in the urban wealth
19 fund.
 - 20 (2) preliminarily screen and evaluate each asset identified in an
21 application against established program criteria and rank each asset
22 based on the likelihood that inclusion of the asset in the program
23 may result in a significant increase in revenue generated from the
24 asset.
 - 25 (3) determine whether to approve an application, in whole or in
26 part, or with conditions, and determine which assets identified in an
27 application to include in the program. The authority may engage in
28 negotiations with an applicant for the purpose of assisting an
29 applicant in revising an application to satisfy program requirements.
- 30 e. The authority shall establish criteria for the selection of a
31 private asset management firm to manage assets held in the urban
32 wealth fund and shall advertise a request for proposals from
33 potential private asset management firms in an open and public
34 manner. The authority may award a contract to a private firm or
35 firms to manage assets held in the urban wealth fund for a term of
36 no more than five years.
- 37 f. A private asset management firm selected by the authority
38 shall manage assets held in the urban wealth fund in a manner that
39 will ensure compliance with all provisions of law applicable to the
40 asset, and program guidelines established by the authority, however,
41 the focus of the firm's management of the portfolio of assets shall
42 emphasize ways to enhance revenue to be derived from the assets.
- 43 g. The authority shall at least annually engage in an accounting
44 of revenues derived from assets held in the fund and shall distribute
45 to each program participant its share of revenues attributable to the
46 participant's asset or assets held in the fund.

1 h. A participating pilot municipality may appropriate revenues
2 distributed pursuant to subsection g. of this section for public
3 purposes authorized under the program guidelines, which shall
4 include:

- 5 (1) assistance to minority-owned businesses;
- 6 (2) improvements to infrastructure;
- 7 (3) investments in education; and
- 8 (4) reductions in property taxes.

9 i. Prior to the conclusion of the fourth year following the
10 award of a contract pursuant to subsection e. of this section, the
11 authority shall prepare and deliver to the Governor and to the
12 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
13 19.1), a report on the pilot program, which shall include
14 recommendations for changes to the program and recommendations
15 as to whether to allow the program to expire, to extend the pilot
16 program, or to make the program permanent.

17 j. Upon conclusion of the fifth year following the award of a
18 contract pursuant to subsection e. of this section, the authority shall
19 return control over the management of an asset included in the fund
20 to the State entity or pilot municipality that owns the asset.

21 k. As used in this section:

22 “Authority” means the New Jersey Economic Development
23 Authority established pursuant to section 4 of P.L.1974, c.80
24 (C.34:1B-4).

25 “Pilot municipality” means a “qualified municipality” as defined
26 in section 3 of the "New Jersey Urban Redevelopment Act,"
27 P.L.1996, c.62 (C.55:19-22).

28 “Pilot program” or “program” means the “Urban Wealth Fund
29 Pilot Program” established pursuant to subsection a. of this section.

30 “Publicly-owned ¹**【commercial】**¹ asset” ¹or “asset”¹ means a
31 government-owned asset that is capable of generating revenue.

32 “Urban wealth fund” or “fund” means an investment fund that is
33 set up to manage publicly-owned assets in order to maximize return
34 on the assets as a means of generating revenue.

35

36 2. This act shall take effect on the first day of the fourth month
37 next following enactment and shall expire upon the return of control
38 over the management of assets held in the fund to the respective
39 State entity or pilot municipality that owns the assets.