

SENATE, No. 1332

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 10, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senators Gill and Greenstein

SYNOPSIS

Establishes the "Neighborhood Scholar Revitalization Pilot Program."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/11/2021)

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-

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 year institution of higher education and who has at least \$7,000 of
2 outstanding student loan debt at the time of application for the pilot
3 program.

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

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

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

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

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

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

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

44 d. (1) Each pilot municipality shall designate targeted
45 residential neighborhoods for approval by the Commissioner of
46 Community Affairs. The commissioner shall approve the

1 designation of a targeted residential neighborhood that is primarily
2 residential in character and located in a census tract in which the
3 median household income is 60 percent or less of the median
4 income for the housing region in which the census tract is located,
5 as determined for a three-person household by the Council on
6 Affordable Housing in accordance with the latest federal decennial
7 census. A list of eligible census tracts within the pilot
8 municipalities shall be maintained by the Department of
9 Community Affairs and shall be adjusted upon publication of
10 median income figures by census tract after each federal decennial
11 census.

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

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

20 f. No later than three years after the effective date of
21 P.L. , c. (C.) (pending before the Legislature as this bill), the
22 authority, in consultation with the Commissioner of Community
23 Affairs, shall prepare and submit a report to the Governor and
24 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
25 19.1), evaluating the efficacy of the pilot program and making
26 recommendations for its expansion or termination.

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

31

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

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

44 a. A one-time credit of \$1,500.00 for each new full-time,
45 permanent employee employed at that location who is a resident of
46 the qualifying municipality in which the designated enterprise zone

1 is located, or any other qualifying municipality in which an urban
2 enterprise zone is located, and who immediately prior to
3 employment by the taxpayer was unemployed for at least 90 days,
4 or was dependent upon public assistance as the primary source of
5 income;

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

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

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

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

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

43 f. A newly employed employee shall not be deemed a new full-
44 time, permanent employee for the purposes of this section unless
45 the total number of full-time, permanent employees, including the
46 newly employed employee, employed by the employer in the zone

1 during the calendar year exceeds the greatest number of full-time,
2 permanent employees employed in the zone by the employer during
3 any prior calendar year during the period commencing with the date
4 of zone designation.

5 g. Any business entitled to, or that received a credit pursuant to
6 this section, and that is located in a pilot municipality shall be
7 entitled to an additional credit equal to the amount of each annual
8 regulated contribution to the "Neighborhood Scholar Revitalization
9 Student Loan Reimbursement Fund" established pursuant to section
10 3 of P.L. , c. (C.) (pending before the Legislature as this
11 bill).

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

13
14 5. Section 29 of P.L.1983, c.303, s.29 (C.52:27H-88) is
15 amended to read as follows:

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

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

39 The State Treasurer shall promulgate the rules and regulations
40 necessary to govern the administration of the fund for the purposes
41 of this section, which shall include, but not be limited to,
42 regulations requiring the establishment of separate bank accounts
43 for funds credited to the enterprise zone account of each
44 municipality from the enterprise zone assistance fund, commonly
45 known as "first generation funds," and funds generated from the
46 repayments of loans to individuals and businesses from the

1 enterprise zone account of each municipality and the proceeds from
2 the sale of properties and equipment acquired through the enterprise
3 zone program, commonly known as "second generation funds," and
4 the review, compilation, and monitoring of second generation fund
5 quarterly reports submitted by each enterprise zone.

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

12 b. (1) The enterprise zone assistance fund shall be used for the
13 purpose of assisting qualifying municipalities in which enterprise
14 zones are designated in undertaking economic development projects
15 in designated enterprise zones.

16 (2) Amounts from the enterprise zone assistance fund for
17 qualifying municipalities that are pilot municipalities for the
18 purposes of P.L. , c. (C.) (pending before the Legislature as
19 this bill) may be transferred to the "Neighborhood Scholar
20 Revitalization Student Loan Reimbursement Fund" established
21 pursuant to section 3 of P.L. , c. (C.) (pending before the
22 Legislature as this bill) to accomplish the purposes of that law.

23 c. The governing body of a qualifying municipality in which an
24 enterprise zone is designated and the zone development corporation
25 created or designated by the municipality for that enterprise zone
26 may, by resolution jointly adopted after public hearing, propose to
27 undertake an economic development project in the enterprise zone,
28 and to fund that project from moneys deposited in the enterprise
29 zone assistance fund and credited to the account maintained by the
30 State Treasurer for the enterprise zone.

31 The proposal so adopted shall set forth a plan for the project and
32 shall include:

33 (1) A description of the proposed project;

34 (2) An estimate of the total project costs, and an estimate of the
35 amounts of funding necessary annually from the enterprise zone
36 account;

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

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

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

44 (6) A description of the financial and programmatic controls and
45 reporting mechanisms to be used to guarantee that the funds will be

1 spent in accordance with the plan and that the project will
2 accomplish its purpose.

3 As used in this section, "project" means an activity funded by the
4 zone assistance fund through the qualified municipality and
5 implemented by the zone development corporation, which will lead
6 to the creation of new jobs and increased economic activity within
7 the zone, such as: the establishment of revolving loan programs for
8 qualified businesses in the zone to encourage private investment
9 and job creation, and marketing, advertising and special event
10 activities that will lead to increased economic activity or encourage
11 private investment and job creation in the zone, but not including
12 the expenditures therefor which are required to be reported pursuant
13 to "The New Jersey Campaign Contributions and Expenditures
14 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
15 associated therewith including the costs of economic analyses.

16 d. Upon adoption by the governing body of the qualifying
17 municipality and by the zone development corporation, the proposal
18 shall be sent to the authority for its evaluation and approval. The
19 authority shall approve the proposal if it shall find that the proposed
20 project furthers the policy and intentions of the zone development
21 plan approved by the authority, and that the estimated annual
22 payments for the project from the enterprise zone account to which
23 the proposal pertains are not likely to result in a deficit in that
24 account.

25 e. If the authority shall approve the proposal, it shall annually,
26 upon its receipt of a written statement from the governing body of
27 the qualifying municipality and the zone development corporation,
28 certify to the State Treasurer the amount to be paid in that year from
29 the enterprise zone account in the enterprise zone assistance fund
30 with respect to each approved project. The authority may at any
31 time revoke its approval of a project if it finds that the annual
32 payments made from the enterprise zone assistance fund are not
33 being used as required by this section.

34 f. Upon certification by the authority of the annual amount to
35 be paid to a qualifying zone with respect to any project, the State
36 Treasurer shall pay in each year to the qualifying municipality from
37 the amounts deposited in the enterprise zone assistance fund the
38 amount so certified, within the limits of the amounts credited to the
39 enterprise zone account of the qualifying municipality.

40 g. An amount not to exceed one-third of the amount deposited
41 in the account created in the name of the authority in the enterprise
42 zone assistance fund shall be used by the authority for the
43 coordination and administration of the program throughout the
44 State, including but not limited to costs for personnel, operating
45 expenses and marketing. The balance of the remaining amount
46 shall be distributed to qualifying municipalities in proportion to

1 each municipality's contribution to the enterprise zone assistance
2 fund for the coordination and administration of the program within
3 the municipality, including but not limited to costs for personnel,
4 operating expenses and marketing.
5 (cf: P.L.2018, c.19, s.4)

6
7 6. This act shall take effect immediately.
8
9

10 STATEMENT

11
12 This bill, entitled the "Neighborhood Scholar Revitalization Pilot
13 Program," is intended to aid in the revitalization of declining
14 neighborhoods in the older cities by "seeding" them with a new
15 middle class. The bill establishes a pilot program in three older
16 cities, one in each region of the State, to try to attract recent college
17 graduates to enter into a two-year commitment to settle within
18 certain targeted residential neighborhoods. The three initial cities
19 that will participate in the pilot program are Camden, Trenton, and
20 Jersey City. The cities would be responsible for identifying the
21 targeted residential neighborhoods, although those neighborhoods
22 would have to be primarily residential in character and located in a
23 census tract in which the median household income is 60 percent or
24 less of the median income for the housing region in which the
25 census tract is located, as determined for a three-person household
26 by the Council on Affordable Housing in accordance with the latest
27 federal decennial census.

28 Each of the three cities participating in the pilot program would
29 be eligible to offer up to 200 qualified graduates a financial
30 incentive to agree to maintain their primary residence within a
31 targeted residential neighborhood for a period of at least 24 months.
32 To qualify for participation in the program, a graduate would need a
33 degree from a two- or four-year accredited institution of higher
34 education, and proof of outstanding student loan indebtedness of at
35 least \$7,000. At the end of the required residency period, the
36 program participant would be reimbursed a total \$7,000 towards
37 their student loan obligations.

38 This pilot program would be administered by the Urban
39 Enterprise Zone Authority because businesses that already receive
40 tax credits under the urban enterprise zone program would be
41 entitled to receive additional tax credits for contributions made to
42 the "Neighborhood Scholar Revitalization Student Loan
43 Reimbursement Fund" established by the bill. This would assist
44 UEZ businesses in recruiting highly educated workers by offering
45 the student loan reimbursement program as an additional perk.
46 Monies from each pilot municipality's urban enterprise zone

1 assistance fund account could be transferred into the
2 "Neighborhood Scholar Revitalization Student Loan
3 Reimbursement Fund" for the purpose of funding student loan
4 reimbursements.

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