

SENATE, No. 3186

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED NOVEMBER 16, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

SYNOPSIS

Establishes the “Urban Wealth Fund Pilot Program.”

CURRENT VERSION OF TEXT

As introduced.



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 participating
45 in the program may, in accordance with program guidelines
46 established by the authority:

47 (1) undertake an inventory and evaluation of its assets for the
48 purpose of identifying assets that have sound commercial viability.

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

- 1 (1) assistance to minority-owned businesses;
2 (2) improvements to infrastructure;
3 (3) investments in education; and
4 (4) reductions in property taxes.
- 5 i. Prior to the conclusion of the fourth year following the award
6 of a contract pursuant to subsection e. of this section, the authority
7 shall prepare and deliver to the Governor and to the Legislature,
8 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report on
9 the pilot program, which shall include recommendations for
10 changes to the program and recommendations as to whether to
11 allow the program to expire, to extend the pilot program, or to make
12 the program permanent.
- 13 j. Upon conclusion of the fifth year following the award of a
14 contract pursuant to subsection e. of this section, the authority shall
15 return control over the management of an asset included in the fund
16 to the State entity or pilot municipality that owns the asset.
- 17 k. As used in this section:
- 18 “Authority” means the New Jersey Economic Development
19 Authority established pursuant to section 4 of P.L.1974, c.80
20 (C.34:1B-4).
- 21 “Pilot municipality” means a “qualified municipality” as defined
22 in section 3 of the “New Jersey Urban Redevelopment Act,”
23 P.L.1996, c.62 (C.55:19-22).
- 24 “Pilot program” or “program” means the “Urban Wealth Fund
25 Pilot Program” established pursuant to subsection a. of this section.
- 26 “Publicly-owned commercial asset” means a government-owned
27 asset that is capable of generating revenue.
- 28 “Urban wealth fund” or “fund” means an investment fund that is
29 set up to manage publicly-owned assets in order to maximize return
30 on the assets as a means of generating revenue.
- 31
- 32 2. This act shall take effect on the first day of the fourth month
33 next following enactment and shall expire upon the return of control
34 over the management of assets held in the fund to the respective
35 State entity or pilot municipality that owns the assets.
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- 37

38 STATEMENT

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40 This bill would establish the “Urban Wealth Fund Pilot Program”
41 for the purpose of determining whether identification of
42 undervalued publicly-owned assets, which are capable of generating
43 revenue, and enhancing the ability of those assets to generate
44 revenue, by depoliticizing and professionalizing management and
45 control over those assets, is viable and should be extended
46 statewide.

1 The New Jersey Economic Development Authority would
2 develop program details, in consultation with the State Treasurer,
3 the New Jersey Redevelopment Authority, the Division of Local
4 Government Services in the Department of Community Affairs, and
5 the Chief Diversity Officer in the State Department of the Treasury.

6 The purpose of the program is to:

- 7 • encourage State entities and pilot municipalities to identify
8 publicly-owned assets that are capable of generating
9 revenue;
- 10 • select publicly-owned assets to be held in the urban wealth
11 fund;
- 12 • contract with a private asset management firm or firms to
13 manage publicly-owned assets held in the urban wealth fund
14 in a manner designed to enhance the revenue generated from
15 those assets;
- 16 • serve as a holding company for publicly-owned assets held
17 in the urban wealth fund;
- 18 • facilitate the transfer of management of selected publicly-
19 owned assets to the private asset management firm or firms;
20 and
- 21 • enable participating State entities and pilot municipalities to
22 allocate increased revenue derived from publicly-owned
23 assets held by the urban wealth fund to specific public
24 purposes, including:
 - 25 ○ assistance to minority-owned businesses;
 - 26 ○ improvements to infrastructure;
 - 27 ○ investments in education; and
 - 28 ○ reductions in property taxes.

29 The bill would require the New Jersey Economic Development
30 Authority (EDA) to establish program guidelines and establish
31 criteria to evaluate assets for inclusion in the program. The bill
32 would direct the EDA to: notify State entities and pilot
33 municipalities of the opportunity to participate in the pilot program;
34 devise forms and procedures to enable State entities and pilot
35 municipalities to apply to participate in the program; and provide a
36 portal on its Internet website to enable State entities, pilot
37 municipalities, and private asset management firms to submit to the
38 authority questions about the program, and to submit applications to
39 participate in the program.

40 A State entity or pilot municipality interested in participating in
41 the program may, in accordance with program guidelines to be
42 established by the EDA:

- 43 • undertake an inventory and evaluation of its assets for the
44 purpose of identifying assets that have sound commercial
45 viability.

- 1 • conduct a valuation of assets identified as having sound
- 2 commercial viability for the purpose of determining the
- 3 current value and the potential value of each publicly-owned
- 4 commercial asset.
- 5 • identify publicly-owned commercial assets that are
- 6 undervalued and underleveraged.
- 7 • undertake a preliminary assessment of the structural issues,
- 8 financial benefits and risks, and social and policy impacts of
- 9 participating in the program.
- 10 • identify assets to include in an application to participate in
- 11 the program.
- 12 • submit an application to the EDA in accordance with
- 13 program guidelines established by the EDA.

14 Upon receipt of an application, the EDA would:

- 15 • assess the structural issues, financial benefits and risks, and
- 16 social and policy impacts of including assets in the urban
- 17 wealth fund;
- 18 • preliminarily screen and evaluate each asset identified in an
- 19 application against established program criteria and rank
- 20 each asset based on the likelihood that inclusion of the asset
- 21 in the program may result in a significant increase in
- 22 revenue generated from the asset; and
- 23 • determine whether to approve an application, in whole or in
- 24 part, or with conditions, and determine which assets
- 25 identified in an application to include in the program. The
- 26 bill would authorize the EDA to engage in negotiations with
- 27 an applicant for the purpose of assisting the applicant in
- 28 revising an application to satisfy program requirements.

29 The bill would direct the EDA to establish criteria for the

30 selection of a private asset management firm to manage assets held

31 in the urban wealth fund and advertise a request for proposals from

32 potential private asset management firms in an open and public

33 manner. The authority may award a contract to a private firm or

34 firms to manage assets held in the urban wealth fund for a term of

35 no more than five years.

36 The bill provides that a private asset management firm selected

37 by the EDA is do manage assets held in the urban wealth fund in a

38 manner that will ensure compliance with all provisions of law

39 applicable to the asset, and program guidelines established by the

40 EDA, however, the focus of the firm's management of the portfolio

41 of assets shall emphasize ways to enhance revenue to be derived

42 from the assets.

43 The bill would require the EDA to at least annually engage in an

44 accounting of revenues derived from assets held in the fund, and

45 distribute to each program participant its share of revenues

46 attributable to the participant's asset or assets held in the fund. The

1 bill provides that a participating pilot municipality may appropriate
2 these revenues for public purposes authorized under the program
3 guidelines, which would include: assistance to minority-owned
4 businesses; improvements to infrastructure; investments in
5 education; and reductions in property taxes.

6 The bill would require the EDA to prepare and deliver to the
7 Governor and the Legislature a report on the pilot program,
8 including the EDA's recommendations for changes to the program
9 and its recommendations as to whether the Legislature should allow
10 the pilot program to expire, extend the pilot program, or make the
11 program permanent. The bill would direct the EDA to prepare and
12 deliver the report prior to the conclusion of the fourth year
13 following the award of a contract to the private asset management
14 firm. Upon conclusion of the fifth year following the award of that
15 contract, the authority would return control over the management of
16 asset held in the Urban Wealth Fund to the State entity or pilot
17 municipality that owns the asset.