

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 3186

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 14, 2021

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 3186.

As amended and reported, this bill establishes the “Urban Wealth Fund Pilot Program” (program) for the purpose of determining whether identification of undervalued publicly-owned assets (asset), which are capable of generating revenue, and enhancing the ability of those assets to generate revenue, by depoliticizing and professionalizing management and control over those assets, is viable and should be extended Statewide.

The New Jersey Economic Development Authority (EDA) is to develop program details, in consultation with the State Treasurer, the New Jersey Redevelopment Authority, the Division of Local Government Services in the Department of Community Affairs, and the Chief Diversity Officer in the State Department of the Treasury. The purpose of the program is provided for in the bill.

The bill requires the EDA to establish program guidelines and establish criteria to evaluate assets for inclusion in the program. The bill directs the EDA to: notify State entities and pilot municipalities of the opportunity to participate in the program; devise forms and procedures to enable State entities and pilot municipalities to apply to participate in the program; and provide a portal on its Internet website to enable State entities, pilot municipalities, and private asset management firms to submit to the EDA questions about the program, and to submit applications to participate in the program.

The actions that a State entity or pilot municipality interested in participating in the program may take, in accordance with program guidelines to be established by the EDA, are provided for in this bill, as are the actions the EDA must take upon receipt of an application.

The bill directs the EDA to establish criteria for the selection of a private asset management firm to manage assets held in the fund and advertise a request for proposals from potential private asset management firms in an open and public manner. The EDA may award a contract to a private firm or firms to manage assets held in the fund for a term of no more than five years.

The bill provides that a private asset management firm selected by the EDA is to manage assets held in the fund in a manner that will

ensure compliance with all provisions of law applicable to the asset, and program guidelines established by the EDA, however, the focus of the firm's management of the portfolio of assets is to emphasize ways to enhance revenue to be derived from the assets.

The bill requires the EDA to at least annually engage in an accounting of revenues derived from assets held in the fund, and distribute to each program participant its share of revenues attributable to the participant's asset or assets held in the fund. The bill provides that a participating pilot municipality may appropriate these revenues for public purposes authorized under the program guidelines.

The bill requires the EDA to prepare and deliver to the Governor and the Legislature a report on the program, including the EDA's recommendations for changes to the program and its recommendations as to whether the Legislature should allow the program to expire, extend the program, or make the program permanent.

The committee amended the bill to correct an inconsistency for the name of a definition provided in the bill.