

## CHAPTER 347

AN ACT concerning urban enterprise zones and enterprise zone-impacted business districts, amending and supplementing P.L.1983, c.303 (C.52:27H-60 et seq.).

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

1. Section 2 of P.L.1983, c.303 (C.52:27H-61) is amended to read as follows:

C.52:27H-61 Legislative findings, determinations.

2. The Legislature finds and determines:
  - a. That there persist in this State, particularly in its urban centers, areas of economic distress characterized by high unemployment, low investment of new capital, blighted conditions, obsolete or abandoned industrial or commercial structures, and deteriorating tax bases.
  - b. That the severe and persistent deterioration of these areas demands vigorous and coordinated efforts by private and public entities to restore their prosperity and enable them to resume significant contributions to the economic and social life of the State.
  - c. That the economic revitalization of these areas requires application of the skills and entrepreneurial vigor of private enterprise; and it is the responsibility of government to provide a framework within which encouragement be given to private capital investment in these areas, disincentives to investment be removed or abated, and mechanisms be provided for the coordination and cooperation of private and public agencies in restoring the economic viability and prosperity of these areas.
  - d. That certain urban areas which continue to experience high levels of unemployment should be able to continue to receive the aforementioned assistance and incentives necessary to promote economic revitalization of those areas.
  - e. That a business district with urban enterprise zones adjacent to it on two or more sides can be negatively impacted because the businesses in the adjacent enterprise zones are permitted to collect 50% less sales tax and thus have a significant advantage in competition for customers. The impacted business district can become economically distressed because there is a disincentive to businesses to invest in or stay in that business district.

2. Section 3 of P.L.1983, c.303 (C.52:27H-62) is amended to read as follows:

C.52:27H-62 Definitions.

3. As used in this act:
  - a. "Enterprise zone" or "zone" means an urban enterprise zone designated by the authority pursuant to this act;
  - b. "Authority" means the New Jersey Urban Enterprise Zone Authority created by this act;
  - c. "Qualified business" means any entity authorized to do business in the State of New Jersey which, at the time of designation as an enterprise zone or a UEZ-impacted business district, is engaged in the active conduct of a trade or business in that zone or district; or an entity which, after that designation but during the designation period, becomes newly engaged in the active conduct of a trade or business in that zone or district and has at least 25% of its full-time employees employed at a business location in the zone or district, meeting one or more of the following criteria:
    - (1) Residents within the zone, the district, within another zone or within a qualifying municipality; or
    - (2) Unemployed for at least six months prior to being hired and residing in New Jersey, and recipients of New Jersey public assistance programs for at least six months prior to being hired, or either of the aforesaid; or
    - (3) Determined to be low income individuals pursuant to the Workforce Investment Act of 1998, Pub. L. 105-220 (29 U.S.C. s.2811);
  - d. "Qualifying municipality" means any municipality in which there was, in the last full calendar year immediately preceding the year in which application for enterprise zone designation is submitted pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual average of at least 2,000 unemployed persons, and in which the municipal average annual unemployment rate for that year exceeded the State average annual unemployment rate; except that any municipality which qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.) shall qualify if

its municipal average annual unemployment rate for that year exceeded the State average annual unemployment rate. The annual average of unemployed persons and the average annual unemployment rates shall be estimated for the relevant calendar year by the Office of Labor Planning and Analysis of the State Department of Labor. In addition to those municipalities that qualify pursuant to the criteria set forth above, that municipality accorded priority designation pursuant to subsection e. of section 7 of P.L.1983, c.303 (C.52:27H-66), that municipality set forth in paragraph (7) of section 3 of P.L.1995, c.382 (C.52:27H-66.1) and the municipalities in which the three additional enterprise zones, including the joint enterprise zone, are to be designated pursuant to criteria according priority consideration for designation of the zones pursuant to section 12 of P.L.2001, c.347 (C.52:27H-66.7) shall be deemed qualifying municipalities;

e. "Public assistance" means income maintenance funds administered by the Department of Human Services or by a county welfare agency;

f. "Zone development corporation" means a nonprofit corporation or association created or designated by the governing body of a qualifying municipality to formulate and propose a preliminary zone development plan pursuant to section 9 of P.L.1983, c.303 (C.52:27H-68) and to prepare, monitor, administer and implement the zone development plan;

g. "Zone development plan" means a plan adopted by the governing body of a qualifying municipality for the development of an enterprise zone therein, and for the direction and coordination of activities of the municipality, zone businesses and community organizations within the enterprise zone toward the economic betterment of the residents of the zone and the municipality;

h. "Zone neighborhood association" means a corporation or association of persons who either are residents of, or have their principal place of employment in, a municipality in which an enterprise zone has been designated pursuant to this act; which is organized under the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes; and which has for its principal purpose the encouragement and support of community activities within, or on behalf of, the zone so as to (1) stimulate economic activity, (2) increase or preserve residential amenities, or (3) otherwise encourage community cooperation in achieving the goals of the zone development plan;

i. "Enterprise zone assistance fund" or "assistance fund" means the fund created by section 29 of P.L.1983, c.303 (C.52:27H-88); and

j. "UEZ-impacted business district" or "district" means an economically-distressed business district classified by the authority as having been negatively impacted by two or more adjacent urban enterprise zones in which 50% less sales tax is collected pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

#### C.52:27H-66.2 "UEZ-impacted business district."

3. The authority shall designate a classification known as a "UEZ-impacted business district" for a municipality which can demonstrate to the authority that its business district is economically distressed and is being negatively impacted by the presence of two or more adjacent enterprise zones in which 50% less sales tax is collected pursuant to section 21 of P.L. 1983, c. 303 (C.52:27H-80).

#### C.52:27H-66.3 Application for classification of UEZ-impacted business district.

4. a. A municipality shall apply to the authority for the classification of UEZ-impacted business district by submitting an application as required by the authority along with detailed findings made after a public hearing that the business district is economically distressed and that the adjacent enterprise zones are having a negative impact upon the municipality's business district.

b. In according consideration for designation of the UEZ-impacted business district classification authorized pursuant to section 3 of P.L.2001, c.347 (C.52:27H-66.2), the following criteria shall be utilized by the authority:

(1) the district shall be located in a municipality which is between two municipalities each of which has an enterprise zone; and

(2) the borders of the two enterprise zones of the adjacent municipalities shall in part be contiguous to the border of the applicant municipality.

C.52:27H-66.4 UEZ-impacted business district, tax exemption for qualified businesses.

5. a. A qualified business within a UEZ-impacted business district authorized pursuant to section 3 of P.L.2001, c.347 (C.52:27H-66.2) shall be entitled to an exemption to the extent of 50% from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) in accordance with section 21 of the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-80) to the same extent as that granted to qualified businesses in the adjacent enterprise zones provided that the qualified business applies to the Director of the Division of Taxation in the Department of the Treasury for certification pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80), meets the eligibility criteria of section 27 of P.L.1983, c.303 (C.52:27H-86), and satisfies the annual certification requirements of section 28 of P.L.1983, c.303 (C.52:27H-87).

b. The reduced rate revenues authorized by this section and received from the taxation of retail sales made by qualified businesses in the UEZ-impacted business district shall be deposited in the General Fund and not allocated in accordance with section 21 of the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-80), to the enterprise zone assistance fund.

c. Other than the reduction in sales tax rate provided to qualified businesses pursuant to this section, no tax credits, incentives, programs or other benefits of the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.), shall be available to businesses in the district as a result of a UEZ-impacted business district designation.

C.52:27H-66.5 Review of designation as UEZ-impacted business district.

6. When the duration of one or more of the enterprise zones adjacent to the UEZ-impacted business district expires but the UEZ-impacted business district continues to be adjacent to one or more remaining enterprise zones, the authority shall review the designation of the UEZ-impacted business district. If upon conducting a hearing, the authority finds that the business district continues to be economically distressed and negatively impacted by the remaining adjacent enterprise zone, the UEZ-impacted business district designation shall be continued. The designation of UEZ-impacted business district shall terminate automatically when the duration of the last enterprise zone adjacent to the district ends.

7. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to read as follows:

C.52:27H-63 New Jersey Urban Enterprise Zone Authority.

4. a. There is created the New Jersey Urban Enterprise Zone Authority, which shall consist of:

(1) The Chief Executive Officer and Secretary of the New Jersey Commerce and Economic Growth Commission, who shall be chairman of the authority;

(2) The Commissioner of the Department of Community Affairs;

(3) The Commissioner of the Department of Labor;

(4) The State Treasurer; and

(5) Five public members not holding any other office, position or employment in the State Government, nor any local elective office, who shall be appointed by the Governor with the advice and consent of the Senate, and who shall be qualified for their appointments by training and experience in the areas of local government finance, economic development and redevelopment, or volunteer civic service and community organization. No more than three public members shall be of the same political party. At least one public member of the authority shall reside within an enterprise zone; however, the provisions of this section shall apply only to members appointed or reappointed after the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.).

b. The public members of the authority shall serve for terms of five years, except that of the members first appointed, one shall serve for a term of one year, one shall serve for a term of two years, one shall serve for a term of three years, one shall serve for a term of four years, and one shall serve for a term of five years. Vacancies in the public membership shall be filled in the manner of the original appointments but for the unexpired terms.

c. An ex officio member of the authority may, from time to time, designate in writing to the authority an official within his respective department to attend and represent the department at

the meetings of the authority from which the ex officio member is absent, and that designated representative shall be entitled to vote and otherwise act for the ex officio member at those meetings.

8. Section 7 of P.L.1983, c.303 (C.52:27H-66) is amended to read as follows:

C.52:27H-66 Designation of enterprise zones.

7. The authority shall designate enterprise zones from among those areas of qualifying municipalities determined to be eligible pursuant to this act. No more than 30 enterprise zones shall be in effect at any one time. No more than one enterprise zone shall be designated in any one municipality. Except as otherwise provided by section 11 of P.L.2001, c.347 (C.52:27H-66.6), any designation granted shall be for a period of 20 years, beginning with the year in which a zone is eligible for an exemption to the extent of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), and shall not be renewed at the end of that period. In designating enterprise zones the authority shall seek to avoid excessive geographic concentration of zones in any particular region of the State. At least six of the 10 additional enterprise zones authorized pursuant to section 3 of P.L.1993, c.367 shall be located in counties in which enterprise zones have not previously been designated and shall be designated within 90 days of the date of the submittal of an application and zone development plan. The authority shall accept applications within 90 days of the effective date of P.L.1993, c.367. Notwithstanding the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the six additional enterprise zones to be designated by the authority pursuant to the criteria for priority consideration in this section shall be entitled to an exemption to the extent of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.). The following criteria shall be utilized in according priority consideration for designation of these zones by the authority:

a. One zone shall be located in a county of the second class with a population greater than 595,000 and less than 675,000 according to the latest federal decennial census and shall be located in the qualifying municipality in that county with the highest annual average number of unemployed persons and the highest average annual unemployment rate for the 1992 calendar year according to the estimate by the State Department of Labor;

b. Two zones shall be located in a county of the second class with a population greater than 445,000 and less than 455,000 according to the latest federal decennial census, one of which shall be located in the qualifying municipality in that county with the highest annual average number of unemployed persons and the highest average annual unemployment rate for the 1992 calendar year according to the estimate by the State Department of Labor, and one of which shall be located in the qualifying municipality in that county with the second highest annual average number of unemployed persons and the second highest average annual unemployment rate for the 1992 calendar year according to the estimate by the State Department of Labor;

c. One zone shall be located in a county of the third class with a population greater than 84,000 and less than 92,000 according to the latest federal decennial census and shall be located in the qualifying municipality in that county with the highest annual average number of unemployed persons and the highest average annual unemployment rate for the 1992 calendar year according to the estimate by the State Department of Labor;

d. One zone shall be located within two noncontiguous qualifying municipalities but comprised of not more than two noncontiguous areas each having a continuous border, if:

(1) both municipalities are located in the same county which shall be a county of the fifth class with a population greater than 500,000 and less than 555,000 according to the latest federal decennial census;

(2) the two municipalities submit a joint application and zone development plan; and

(3) each of the municipalities has a population greater than 16,000 and less than 30,000 and a population density of more than 5,000 persons per square mile, according to the latest federal decennial census; and

e. One zone shall be located within a municipality having a population greater than 38,000 and less than 46,000 according to the latest federal decennial census if the municipality is located

within a county of the fifth class with a population greater than 340,000 and less than 440,000 according to the latest federal decennial census.

9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to read as follows:

C.52:27H-80 Sales tax exemption for retail sales.

21. Receipts of retail sales, except retail sales of motor vehicles, of alcoholic beverages as defined in the "Alcoholic Beverage Tax Law," R.S.54:41-1 et seq., of cigarettes as defined in the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), of manufacturing machinery, equipment or apparatus, and of energy, made by a certified vendor from a place of business owned or leased and regularly operated by the vendor for the purpose of making retail sales, and located in a designated enterprise zone established pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted business district established pursuant to section 3 of P.L.2001, c.347 (C.52:27H-66.2), are exempt to the extent of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

Any vendor, which is a qualified business having a place of business located in a designated enterprise zone or in a designated UEZ-impacted business district, may apply to the Director of the Division of Taxation in the Department of the Treasury for certification pursuant to this section. The director shall certify a vendor if he shall find that the vendor owns or leases and regularly operates a place of business located in the designated enterprise zone or in the designated UEZ-impacted business district for the purpose of making retail sales, that items are regularly exhibited and offered for retail sale at that location, and that the place of business is not utilized primarily for the purpose of catalogue or mail order sales. The certification under this section shall remain in effect during the time the business retains its status as a qualified business meeting the eligibility criteria of section 27 of P.L.1983, c.303 (C.52:27H-86). However, the director may at any time revoke a certification granted pursuant to this section if he shall determine that the vendor no longer complies with the provisions of this section.

Notwithstanding the provisions of this act to the contrary, except as may otherwise be provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the authority may, in its discretion, determine whether or not the provisions of this section shall apply to any enterprise zone designated after the effective date of P.L.1985, c.142 (C.52:27H-66 et al.); provided, however, that the authority may make such a determination only where the authority finds that the award of an exemption of 50 percent of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse economic impact upon any other urban enterprise zone.

Notwithstanding any other provisions of law to the contrary, except as provided in subsection b. of section 6 of P.L.1996, c.124 (C.13:1E-116.6), after first depositing 10 percent of the gross amount of all revenues received from the taxation of retail sales made by certified vendors from business locations in designated enterprise zones to which this exemption shall apply into the account created in the name of the authority in the enterprise zone assistance fund pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be deposited immediately upon collection by the Department of the Treasury, as follows:

a. In the first five-year period during which the State shall have collected reduced rate revenues within an enterprise zone, all such revenues shall be deposited in the enterprise zone assistance fund created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

b. In the second five-year period during which the State shall have collected reduced rate revenues within an enterprise zone, 66  $\frac{2}{3}$ % of all those revenues shall be deposited in the enterprise zone assistance fund, and 33  $\frac{1}{3}$ % shall be deposited in the General Fund;

c. In the third five-year period during which the State shall have collected reduced rate revenues within an enterprise zone, 33  $\frac{1}{3}$ % of all those revenues shall be deposited in the enterprise zone assistance fund, and 66  $\frac{2}{3}$ % shall be deposited in the General Fund;

d. In the final five-year period during which the State shall have collected reduced rate revenues within an enterprise zone, but not to exceed the life of the enterprise zone, all those revenues shall be deposited in the General Fund.

Commencing on the effective date of P.L.1993, c.144, all revenues in any enterprise zone to which the provisions of this section have been extended prior to the enactment of P.L.1993, c.144 shall be deposited into the enterprise zone assistance fund until there shall have been deposited

all revenues into that fund for a total of five full years, as set forth in subsection a. of this section. The State Treasurer then shall proceed to deposit funds into the enterprise zone assistance fund according to the schedule set forth in subsections b. through d. of this section, beginning at the point where the enterprise zone was located on that schedule on the effective date of P.L.1993, c.144. No enterprise zone shall receive the deposit benefit granted by any one subsection of this section for more than five cumulative years.

The revenues required to be deposited in the enterprise zone assistance fund under this section shall be used for the purposes of that fund and for the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88), subject to annual appropriations being made for those purposes and uses.

10. Section 27 of P.L.1983, c.303 (C.52:27H-86) is amended to read as follows:

C.52:27H-86 Eligibility for incentives.

27. To be eligible for any of the incentives provided under this act a qualified business must demonstrate to the satisfaction of the authority that:

- a. The business will create new employment in the municipality;
- b. The business will not create unemployment in other areas of the State, including the municipality in which the zone or UEZ-impacted business district is located.
- c. For the purposes of eligibility for the incentives provided under sections 17, 19, 20, and 21 of P.L.1983, c.303 (C.52:27H-76, 52:27H-78, 52:27H-79, and 52:27H-80, respectively), a qualified business shall not be required to meet the requirements of subsection a. of this section, if:

- (1) At the time of designation of the enterprise zone or at the time zone designation is extended by expansion to the location of a business or at the time of designation of the UEZ-impacted business district, the qualified business had been engaged in the active conduct of a trade or business in that zone or in the added area of that zone or in that district for at least one year prior to that designation or expansion;

- (2) The qualified business employs fewer than 50 employees; and

- (3) The qualified business has entered into an agreement, approved by the authority, with the governing body of the qualifying municipality in which the enterprise zone is located or the municipality where the UEZ-impacted business district is located, under which the qualified business agrees to undertake an investment in the enterprise zone or district in lieu of the employment of new employees. An investment permitted under an agreement shall be in an amount and of a nature which the municipal governing body and the authority find shall contribute substantially to the economic attractiveness of the enterprise zone or district, and may include, but shall not be limited to:

- (a) The improvement of the exterior appearance or customer facilities of the property constituting the place of business of the qualified business within the zone or district; provided that the improvement is of a permanent nature and not required to meet existing ordinances or code regulations; or

- (b) Monetary contributions to the municipality to undertake improvements to increase the safety or attractiveness of the zone or district to businesses which may wish to locate there or to consumer visitors to the zone or district, including, but not limited to litter clean-up and control, landscaping, parking areas and facilities, recreational and rest areas and facilities, repair or improvements to public streets, curbing, sidewalks and pedestrian thoroughfares, street lighting, or increased police, fire or sanitation services in the enterprise zone or UEZ-impacted business district.

In order to meet the requirements of paragraph (3) of this subsection, an investment shall be in an amount no less than \$5,000.00 if the qualified business employs 10 or fewer employees, or if the qualified business employs more than 10 employees, not less than the amount produced by multiplying the number of employees employed by the qualified business by \$500.00. A qualified business shall be required to make an investment for each year the qualified business does not meet the requirements of subsection a. of this section. In order to receive the incentives permitted by this section, the business shall provide written evidence of the investment to the authority.

C.52:27H-66.6 Extension of designation, certain circumstances.

11. a. Notwithstanding the provisions of any law, rule, regulation or order to the contrary, the designation of an enterprise zone by the authority pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.), which is located in a municipality in which the annual average of unemployed persons is equal to or greater than 2,000, or the municipal average annual unemployment rate exceeds the State average annual unemployment rate, or an enterprise zone which is located in a municipality contiguous to a municipality in which an enterprise zone is designated pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) and in which the annual average of unemployed persons is equal to or greater than 2,000 or the municipal average annual unemployment rate exceeds the State average annual unemployment rate, shall, following the expiration of the third five-year period during which the State shall have collected reduced rate revenues within the zone as provided in subsection c. of section 21 of P.L.1983, c.303 (C.52:27H-80), be extended by the authority, on a one-time basis, for a period of 16 years, within 90 days after the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.), or within 90 days after the expiration of that third five-year period, whichever is later.

b. During the 90-day period provided for in subsection a. of this section, the authority shall notify all qualified businesses in the enterprise zone that the benefits authorized by sections 16 through 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be extended to qualified businesses in the enterprise zone commencing with the designation of the extended enterprise zone and continuing as long as a zone retains its designation as an extended enterprise zone.

c. Notwithstanding any other provisions of any law, rule or regulation to the contrary, 90 days after the expiration of the period provided for in subsection c. of section 21 of P.L.1983, c.303 (C.52:27H-80), except as provided in subsection b. of section 6 of P.L.1996, c.124 (C.13:1E-116.6), and after first depositing 10 percent of the gross amount of all revenues received from the taxation of retail sales made by certified vendors from business locations in an extended enterprise zone designated pursuant to subsection a. of this section, to which this exemption shall apply into the account created in the name of the authority in the enterprise zone assistance fund pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be deposited immediately upon collection by the Department of the Treasury, as follows:

(1) In the first five-year period during which the State shall have collected reduced rate revenues within the extended enterprise zone, all such revenues shall be deposited in the enterprise zone assistance fund created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

(2) In the second five-year period during which the State shall have collected reduced rate revenues within the extended enterprise zone, 66 2/3% of all those revenues shall be deposited in the enterprise zone assistance fund, and 33 1/3% shall be deposited in the General Fund;

(3) In the third five-year period during which the State shall have collected reduced rate revenues within the extended enterprise zone, 33 1/3% of all those revenues shall be deposited in the enterprise zone assistance fund, and 66 2/3% shall be deposited in the General Fund;

(4) In the final year during which the State shall have collected reduced rate revenues within the extended enterprise zone, but not to exceed the life of the enterprise zone, all those revenues shall be deposited in the General Fund.

The revenues required to be deposited in the enterprise zone assistance fund under this section shall be used for the purposes of that fund and for the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88), subject to annual appropriations being made for those purposes and uses.

d. The designation as an extended enterprise zone pursuant to this section shall terminate if the authority determines that the municipality in which the zone is located fails to meet the criteria of subsection a. of this section for three consecutive years. Any enterprise zone which loses its designation as an extended enterprise zone pursuant to this subsection shall be eligible to re-apply to the authority for designation as an extended enterprise zone pursuant to the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.). If the authority approves its application, an urban enterprise zone designation may be extended to the applicant in accordance with the schedules set forth in P.L.1983, c.303 (C.52:27H-60 et seq.), beginning at the point where the

enterprise zone was located on such schedules on the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.).

C.52:27H-66.7 Designation of three additional zones.

12. The three additional zones, authorized pursuant to P.L.2001, c.347 (C.52:27H-66.2 et al.), shall be designated within 90 days of the date of the submittal of an application and zone development plan, provided that the joint zone shall be designated within 90 days of the date of the submittal of a joint application and a joint zone development plan by the adjoining municipalities. The authority shall accept applications within 90 days of the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.). Notwithstanding the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the additional enterprise zones to be designated by the authority pursuant to the criteria for priority consideration set forth in this section shall be entitled to an exemption to the extent of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.). The following criteria shall be utilized in according priority consideration for designation of the three additional enterprise zones authorized pursuant to P.L.2001, c.347 (C.52:27H-66.2 et al.):

a. (1) The joint zone shall be located in four municipalities which are adjacent to each other, one of which has a population greater than 5,000 and less than 5,500 according to the latest federal decennial census, one of which has a population greater than 4,000 and less than 4,500 according to the latest federal decennial census, one of which has a population greater than 3,000 and less than 4,000 according to the latest federal decennial census, and one of which has a population greater than 400 and less than 500 according to the latest federal decennial census; and

(2) The joint zone shall be located in a county of the sixth class according to the latest federal decennial census.

b. (1) The second zone shall be located in a municipality with a population greater than 60,000 and less than 65,000 according to the latest federal decennial census in a county of the first class with a population greater than 600,000 and less than 620,000 according to the latest federal decennial census; and

(2) The second zone shall be located in a municipality which is contiguous to at least one qualifying municipality which has a designated enterprise zone and which is in a county of the first class.

c. The third zone shall be located within a municipality that

(1) borders on another municipality having an urban enterprise zone;

(2) has a population greater than 20,000 and a population density greater than 7,500 persons per square mile according to the latest federal decennial census; and

(3) has a per capita retail sales rate that is less than \$2,500, as reported by the U.S. Bureau of the Census, 1992 Census of Retail.

13. This act shall take effect immediately, except that sections 3, 4, 5, 6 and 12 of this act shall take effect on the first day of the third month following enactment, but the State Treasurer, the Chief Executive Officer and Secretary of the New Jersey Commerce and Economic Growth Commission, and the Executive Director of the New Jersey Urban Enterprise Zone Authority may take such anticipatory actions as may be necessary for the implementation of this act.

Approved January 6, 2002.