

CHAPTER 25

AN ACT concerning funding of urban enterprise zones and amending P.L.1983, c.303.

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

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

C.52:27H-88 Enterprise zone assistance fund.

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

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

The State Treasurer shall promulgate the rules and regulations necessary to govern the administration of the fund for the purposes of this section, which shall include, but not be limited to, regulations requiring the establishment of separate bank accounts for funds credited to the enterprise zone account of each municipality from the enterprise zone assistance fund, commonly known as "first generation funds," and funds generated from the repayments of loans to individuals and businesses from the enterprise zone account of each municipality and the proceeds from the sale of properties and equipment acquired through the enterprise zone program, commonly known as "second generation funds," and the review, compilation, and monitoring of second generation fund quarterly reports submitted by each enterprise zone.

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

b. The enterprise zone assistance fund shall be used for the purpose of assisting qualifying municipalities in which enterprise zones are designated in undertaking public improvements, economic development projects and in upgrading eligible municipal services in designated enterprise zones.

c. The governing body of a qualifying municipality in which an enterprise zone is designated and the zone development corporation created or designated by the municipality for that enterprise zone may, by resolution jointly adopted after public hearing, propose to undertake a project for the public improvement of the enterprise zone or to increase eligible municipal services in the enterprise zone, and to fund that project or increase in eligible

municipal services from moneys deposited in the enterprise zone assistance fund and credited to the account maintained by the State Treasurer for the enterprise zone.

The proposal so adopted shall set forth a plan for the project or for the increase in eligible municipal services and shall include:

- (1) A description of the proposed project or of the municipal services to be increased;
- (2) An estimate of the total project costs, or of the total costs of increasing the municipal services, and an estimate of the amounts of funding necessary annually from the enterprise zone account;
- (3) A statement of any other revenue sources to be used to finance the project or to fund the increase in eligible municipal services;
- (4) A statement of the time necessary to complete the project, or of the time during which the increased municipal services are to be maintained;
- (5) A statement of the manner in which the proposed project or increase in municipal services furthers the municipality's policy and intentions for addressing the economic and social conditions existing in the area of the enterprise zone as set forth in the zone development plan approved by the authority; and
- (6) A description of the financial and programmatic controls and reporting mechanisms to be used to guarantee that the funds will be spent in accordance with the plan and that the project or increased municipal service will accomplish its purpose.

As used in this section, "project" means an activity funded by the zone assistance fund through the qualified municipality and implemented by the zone development corporation, including the purchasing, leasing, condemning, or otherwise acquiring of land or other property, or an interest therein, in the enterprise zone or as necessary for a right-of-way or other easement to or from the enterprise zone; the relocating and moving of persons or businesses displaced by the acquisition of land or property; the rehabilitation and redevelopment of land or property, including demolition, clearance, removal, relocation, renovation, alteration, construction, reconstruction, installation or repair of land or a building, street, highway, alley, utility, service or other structure or improvement which will lead to increased economic activity within the zone; the purchase and installation of closed circuit television surveillance systems or other related equipment and those expenses associated with homeland security and domestic preparedness; the acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, except buildings and facilities for the general conduct of government and schools; the establishment of revolving loan or grant programs for qualified businesses in the zone to encourage private investment and job creation, matching grant programs for the establishment or operation of pedestrian malls, special improvement districts and tax increment districts, or other appropriate entity; marketing, advertising and special event activities that will lead to increased economic activity or encourage private investment and job creation in the zone, but not including the expenditures therefor which are required to be reported pursuant to "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs associated therewith including the costs of an administrative appraisal, economic and environmental analyses, environmental remediation, engineering, planning, design, architectural, surveying or other professional or managerial services.

As used in this section, "eligible municipal services" means the hiring of additional policemen or firemen assigned duties in the enterprise zone, or the purchasing or leasing of additional police or fire vehicles, equipment or apparatus to be used for the provision of augmented or upgraded public safety services in the enterprise zone and its immediate vicinities.

d. Upon adoption by the governing body of the qualifying municipality and by the zone development corporation, the proposal shall be sent to the authority for its evaluation and approval. The authority shall approve the proposal if it shall find:

(1) In the case of a project, that the proposed project furthers the policy and intentions of the zone development plan approved by the authority, and that the estimated annual payments for the project from the enterprise zone account to which the proposal pertains are not likely to result in a deficit in that account;

(2) In the case of an increase in eligible municipal services, that the proposal furthers the policy and intentions of the zone development plan approved by the authority; that the qualifying municipality has furnished satisfactory assurances that the additional policemen or firemen to be hired, or the additional vehicles, equipment or apparatus to be purchased or leased, shall be used to augment or upgrade public safety in the enterprise zone, and shall not be used in other areas of the municipality; that the qualifying municipality shall annually appropriate for the increased eligible municipal services an amount equal to 20% of the amount of annual payments for the eligible municipal services from the enterprise zone account and shall not request for the increased eligible municipal services an amount equal to more than 35% of the amount of annual payments into the enterprise zone account, unless the municipality and the authority have entered into an agreement or agreements to the contrary prior to July 1, 1992; and that the estimated annual payments for the eligible municipal services from the enterprise zone account to which the proposal pertains are not likely to result in a deficit in that account.

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

f. Upon certification by the authority of the annual amount to be paid to a qualifying zone with respect to any project or increase in eligible municipal services, the State Treasurer shall pay in each year to the qualifying municipality from the amounts deposited in the enterprise zone assistance fund the amount so certified, within the limits of the amounts credited to the enterprise zone account of the qualifying municipality.

g. An amount not to exceed one-third of the amount deposited in the account created in the name of the authority in the enterprise zone assistance fund shall be used by the authority for the coordination and administration of the program throughout the State, including but not limited to costs for personnel, operating expenses and marketing. The balance of the remaining amount shall be distributed to qualifying municipalities in proportion to each municipality's contribution to the enterprise zone assistance fund for the coordination and administration of the program within the municipality, including but not limited to costs for personnel, operating expenses and marketing.

2. This act shall take effect immediately.

Approved March 21, 2009.