

ASSEMBLY, No. 4534

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 6, 2024

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman ALEXANDER "AVI" SCHNALL

District 30 (Monmouth and Ocean)

SYNOPSIS

Revises definition of qualified assistance fund expenses under UEZ program to include costs of transportation infrastructure projects and related debt service.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2024)

1 AN ACT concerning urban enterprise zones and amending P.L.1983,
2 c.303.

3

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

6

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

9 3. As used in P.L.1983, c.303 (C.52:27H-60 et seq.):

10 a. "Enterprise zone" or "zone" means an urban enterprise zone
11 designated by the authority pursuant to P.L.1983, c.303 (C.52:27H-
12 60 et seq.);

13 b. "Authority" or "UEZ Authority" means the New Jersey
14 Urban Enterprise Zone Authority created by P.L.1983, c.303
15 (C.52:27H-60 et seq.);

16 c. "Qualified business" means any entity authorized to do
17 business in the State of New Jersey which, at the time of
18 designation as an enterprise zone or a UEZ-impacted business
19 district, is engaged in the active conduct of a trade or business in
20 that zone or district; or an entity which, after that designation but
21 during the designation period, becomes newly engaged in the active
22 conduct of a trade or business in that zone or district and has at least
23 25 percent of its full-time employees employed at a business
24 location in an eligible block group as defined under section 12 of
25 P.L.2021, c.197 (C.52:27H-99), and which employees meet one or
26 more of the following criteria:

27 (1) Residents within the zone, the district, within another zone
28 or within a qualifying municipality; or

29 (2) Unemployed for at least six months prior to being hired and
30 residing in New Jersey, and recipients of New Jersey public
31 assistance programs for at least six months prior to being hired, or
32 either of the aforesaid; or

33 (3) Determined to be low income individuals pursuant to the
34 Workforce Investment Act of 1998, Pub.L.105-220 (29 U.S.C.
35 s.2811);

36 Approval as a qualified business shall be conditional upon
37 meeting all outstanding tax obligations, and may be withdrawn by
38 the authority if a business is continually delinquent in meeting its
39 tax obligations;

40 d. "Qualifying municipality" means any municipality that was
41 previously designated as a qualifying municipality prior to the
42 effective date of P P.L.2021, c.197;

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

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

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

13 h. "Zone neighborhood association" means a corporation or
14 association of persons who either are residents of, or have their
15 principal place of employment in, a municipality in which an
16 enterprise zone has been designated pursuant to P.L.1983, c.303
17 (C.52:27H-60 et seq.); which is organized under the provisions of
18 Title 15 of the Revised Statutes or Title 15A of the New Jersey
19 Statutes; and which has for its principal purpose the encouragement
20 and support of community activities within, or on behalf of, the
21 zone so as to (1) stimulate economic activity, (2) increase or
22 preserve residential amenities, or (3) otherwise encourage
23 community cooperation in achieving the goals of the zone
24 development plan;

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

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

32 k. "Block group" means statistical divisions of census tracts,
33 that are generally defined by the United States Census Bureau to
34 contain between 600 and 3,000 people and are used to present data
35 and control block numbering;

36 l. "Municipal Revitalization Index" means the index
37 developed, maintained, and updated from time to time, by the
38 Department of Community Affairs ranking New Jersey's
39 municipalities according to separate indicators that measure diverse
40 aspects of social, economic, physical, and fiscal conditions in each
41 locality;

42 m. "Qualified assistance fund expense" means any reasonable
43 expense related to:

44 (1) a construction project improving, altering, or repairing the
45 real property of a qualified business located in an enterprise zone;

46 (2) full or part time economic and community development
47 positions in the municipality, other governmental, or not-for-profit
48 organization, or marketing;

1 (3) loans, grants, and guarantees to businesses;

2 (4) payroll expenses, personnel, services, and equipment
3 purchases primarily for the provision of law enforcement, fire
4 protection, or emergency medical services within commercial and
5 transportation corridors located exclusively in an enterprise zone;

6 (5) planning and other professional services related to economic
7 and community development;

8 (6) cleaning and maintenance of commercial and transportation
9 corridors;

10 (7) the improvement of **[public]** transportation infrastructure
11 **[in a commercial or transportation corridor], including, but not**
12 **limited to, the payment of debt service related to the financing of a**
13 **transportation infrastructure project, and the pledge of funds**
14 **credited to the assistance fund toward the repayment of any loan**
15 **issued by the State Transportation Infrastructure Bank, pursuant to**
16 **section 34 of P.L.2016, c.56 (C.58:11B-10.4), for a transportation**
17 **infrastructure project;**

18 (8) the improvement of public infrastructure related to a
19 commercial, industrial, mixed use, or multi-family residential
20 property;

21 (9) employment and training programs; or

22 (10) events meant to support and draw activity into the enterprise
23 zone, including fairs, festivals, and concerts.

24 n. "UEZ coordinator" means an individual designated by a
25 qualified municipality or zone development corporation as the
26 individual in charge of the activities related to the Urban Enterprise
27 Zone program in that municipality;

28 o. "UZ-2 certification" means the UEZ Authority's certification
29 of a qualified business, pursuant to section 21 of P.L.1983, c.303
30 (C.52:27H-80), allowing the qualified business an exemption to the
31 extent of 50 percent of the tax imposed under the "Sales and Use
32 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), when the sales
33 transaction physically occurs within an enterprise zone. The
34 qualified business may deliver merchandise to the purchaser at a
35 location outside an enterprise zone provided the sales transaction
36 was physically made within the enterprise zone. The regular tax
37 rate shall be charged for mail order, telephone, internet, and similar
38 sales transactions delivered within the State;

39 p. "UZ-4 certification" means the UEZ Authority's certification
40 of a qualified business, pursuant to section 8 of P.L.2021, c.197
41 (C.52:27H-79.1), allowing a contractor of the qualified business to
42 make tax-free purchases of materials, supplies, and services for the
43 exclusive use of erecting a structure or building on, or substantially
44 improving, altering, or repairing, the real property of a qualified
45 business located in an enterprise zone at the address indicated on
46 the qualified business's application for certification to the UEZ
47 Authority;

1 q. "UZ-5 certification" means the UEZ Authority's certification
2 of a qualified business, as defined under section 20 of P.L.1983,
3 c.303 (C.52:27H-79), allowing the qualified business to make tax-
4 free purchases of office and business equipment and supplies,
5 furnishings, trade fixtures, repair, or construction materials and all
6 other tangible personal property (other than motor vehicles and
7 motor vehicle parts and supplies) for the exclusive use or
8 consumption on the premises of the qualified business within an
9 enterprise zone at an address indicated on the qualified business's
10 application for certification to the UEZ Authority. The exemption
11 may be used only for personal property controlled by the qualified
12 business. This exemption shall also apply to delivery charges and
13 charges for services performed for a qualified business at its zone
14 location, including repair, janitorial, and maintenance services;

15 r. "Economic Distress Index" means a standardized score
16 developed and maintained by the Department of Community Affairs
17 that equally incorporates the block group unemployment rate and
18 median household income according to the most recent five-year
19 estimate by the United States Census Bureau;

20 s. "Commercial corridor" means the land area with frontage on
21 a State, county, local, or rail thoroughfare in an enterprise zone
22 which is predominantly commercial or industrial; **[and]**

23 t. "Transportation corridor" means a broad geographical band
24 that follows a general directional flow or connects major sources of
25 trips. It may contain a number of streets and highways and transit
26 lines or routes;

27 u. "Improvement of transportation infrastructure" means the
28 undertaking of a capital project for the construction, repair,
29 upgrade, or maintenance of transportation infrastructure;

30 v. "Transportation infrastructure" includes, but is not limited
31 to:

32 (1) all public highways, roads, bridges, and streets in the State,
33 whether maintained by the State or by any county, municipality, or
34 other political subdivision; and

35 (2) public transportation facilities used in connection with
36 public transportation service, such as passenger stations, shelters
37 and terminals, automobile and bus parking facilities, ramps, track
38 connections, signal systems, power systems, information and
39 communication systems, roadbeds, transit lanes or rights-of-way,
40 equipment storage and servicing facilities, bridges, grade crossings,
41 rail cars, locomotives, motorbuses and other motor vehicles,
42 maintenance and garage facilities, revenue handling equipment and
43 any other equipment, facility or property useful or related to the
44 provision of public transportation service;

45 w. "Public transportation service" means rail passenger service,
46 motorbus regular route service, paratransit service, motorbus
47 charter service, and ferry passenger service;

1 x. "Rail passenger service" means and includes the operations
 2 of a railroad, subway, street, traction or electric railway for the
 3 purpose of carrying passengers in this State or between points in
 4 this State and points in other states;

5 y. "Motorbus regular route service" means and includes the
 6 operation of any motorbus or motorbuses on streets, public
 7 highways or other facilities, over a fixed route and between fixed
 8 termini on a regular schedule for the purpose of carrying passengers
 9 for hire or otherwise, in this State or between points in this State
 10 and points in other states;

11 z. "Paratransit services" means and includes any service, other
 12 than motorbus regular route service and charter services, including,
 13 but not limited to, dial-a-ride, non-regular route, jitney or
 14 community minibus, and shared-ride services such as vanpools,
 15 limousines or taxicabs which are regularly available to the public.
 16 Paratransit services shall not include limousine or taxicab service
 17 reserved for the private and exclusive use of individual passengers;

18 aa. "Motorbus charter service" means and includes subscription,
 19 tour, other special motorbus services or school bus services or
 20 charter services as set forth in section 7 of P.L.1979, c.150
 21 (C.27:25-7); and

22 bb. "Ferry passenger service" means any service which involves
 23 the carriage of persons for compensation or hire by waterborne craft
 24 in this State or between points in this State and points in other
 25 states.

26 (cf: P.L.2021, c.197, s.1)

27
 28 2. This act shall take effect immediately.
 29

30 STATEMENT

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 32
 33 This bill revises the definition of a "qualified assistance fund
 34 expense" under the "New Jersey Urban Enterprise Zones Act,"
 35 C.52:27H-60 et seq. to clarify that qualifying municipalities would
 36 be able to use funds received through the Urban Enterprise Zone
 37 program for transportation infrastructure projects and related debt
 38 service.

39 The Urban Enterprise Zone (UEZ) program aims to bring about
 40 the revitalization of the State's urban areas through the provision of
 41 various incentives to encourage job creation and economic
 42 development. As part of this program, the State administers the
 43 "Enterprise Zone Assistance Fund," which provides funding to
 44 qualifying municipalities to support certain economic development
 45 projects in enterprise zones. In order for a project to qualify for
 46 funding through the UEZ program, the project is required to meet
 47 the statutory definition of a "qualified assistance fund expense."
 48 These expenses currently include, among other items, the

1 reasonable expenses related to the improvement of public
2 infrastructure in a commercial or transportation corridor and the
3 improvement of public infrastructure related to a commercial,
4 industrial, mixed use, or multi-family residential property.

5 The bill revises the definition of a “qualified assistance fund
6 expense” to include the improvement of transportation
7 infrastructure, regardless of whether the improvement is made
8 within a commercial or transportation corridor. Specifically, these
9 improvements would include the undertaking of a capital project for
10 the construction, repair, upgrade, or maintenance of transportation
11 infrastructure. The bill also provides that these expenses may
12 include debt service related to the financing of a transportation
13 infrastructure project, as well as the pledge of funds credited to the
14 assistance fund toward the repayment of any loan issued by the
15 State Transportation Infrastructure Bank Fund for a transportation
16 infrastructure project.

17 Under the bill, the term “transportation infrastructure” is defined
18 to include, but not be limited to:

19

20 (1) all public highways, roads, bridges, and streets in the State,
21 whether maintained by the State or by any county, municipality,
22 or other political subdivision; and

23 (2) public transportation facilities used in connection with
24 public transportation service, such as passenger stations, shelters
25 and terminals, automobile and bus parking facilities, ramps, track
26 connections, signal systems, power systems, information and
27 communication systems, roadbeds, transit lanes or rights-of-way,
28 equipment storage and servicing facilities, bridges, grade
29 crossings, rail cars, locomotives, motorbuses and other motor
30 vehicles, maintenance and garage facilities, revenue handling
31 equipment and any other equipment, facility or property useful or
32 related to the provision of public transportation service.

33 The bill further defines “public transportation service” to mean
34 rail passenger service, motorbus regular route service, paratransit
35 service, motorbus charter service, and ferry passenger service.