SENATE, No. 1803

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:
Senator ANGELA V. MCKNIGHT
District 31 (Hudson)

SYNOPSIS

Establishes the "Urban Wealth Fund Pilot Program."

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT establishing the "Urban Wealth Fund Pilot Program" and supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

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

1. a. The New Jersey Economic Development Authority, 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, shall develop the "Urban Wealth Fund Pilot Program" for the purpose of:

(1) encouraging State entities and pilot municipalities to identify publicly-owned assets that are capable of generating revenue;

(2) selecting publicly-owned assets to be held in the urban wealth fund;

(3) contracting with a private asset management firm or firms to manage publicly-owned assets held in the urban wealth fund in a manner designed to enhance the revenue generated from those assets;

(4) serving as a holding company for publicly-owned assets held in the urban wealth fund;

(5) facilitating the transfer of management of selected publicly-owned assets to the private asset management firm or firms; and

(6) enabling participating State entities and pilot municipalities to allocate increased revenue derived from publicly-owned assets held by the urban wealth fund to specific public purposes, including:

(a) assistance to minority-owned businesses;

(b) improvements to infrastructure;

(c) investments in education; and

(d) reductions in property taxes.

b. The New Jersey Economic Development Authority shall:

(1) establish program guidelines and establish criteria to evaluate assets for inclusion in the program;

(2) notify State entities and pilot municipalities of the opportunity to participate in the pilot program;

(3) devise forms and procedures to enable State entities and pilot municipalities to apply to participate in the program; and

(4) provide a portal on its Internet website to enable State entities, pilot municipalities, and private asset management firms to submit to the authority questions about the program and applications to participate in the program.

c. A State entity or pilot municipality interested in participating in the program may, in accordance with program guidelines established by the authority:

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

(2) conduct a valuation of assets identified as having sound commercial viability for the purpose of determining the current value and the potential value of each publicly-owned asset.

(3) identify publicly-owned assets that are undervalued and underleveraged.

(4) undertake a preliminary assessment of the structural issues, financial benefits and risks, and social and policy impacts of participating in the program.

(5) identify assets to include in an application to participate in the program.

(6) submit an application to the authority in accordance with the program guidelines established by the authority.

d. Upon receipt of an application, the authority shall:

(1) assess the structural issues, financial benefits and risks, and social and policy impacts of including assets in the urban wealth fund.

(2) preliminarily screen and evaluate each asset identified in an application against established program criteria and rank each asset based on the likelihood that inclusion of the asset in the program may result in a significant increase in revenue generated from the asset.

(3) determine whether to approve an application, in whole or in part, or with conditions, and determine which assets identified in an application to include in the program. The authority may engage in negotiations with an applicant for the purpose of assisting an applicant in revising an application to satisfy program requirements.

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

f. A private asset management firm selected by the authority shall manage assets held in the urban wealth fund in a manner that will ensure compliance with all provisions of law applicable to the asset, and program guidelines established by the authority, however, the focus of the firm’s management of the portfolio of assets shall emphasize ways to enhance revenue to be derived from the assets.

g. The authority shall at least annually engage in an accounting of revenues derived from assets held in the fund and shall distribute to each program participant its share of revenues attributable to the participant’s asset or assets held in the fund.

h. A participating pilot municipality may appropriate revenues distributed pursuant to subsection g. of this section for public purposes authorized under the program guidelines, which shall include:

(1) assistance to minority-owned businesses;

(2) improvements to infrastructure;

(3) investments in education; and

(4) reductions in property taxes.

i. Prior to the conclusion of the fourth year following the award of a contract pursuant to subsection e. of this section, the authority shall prepare and deliver to the Governor and to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report on the pilot program, which shall include recommendations for changes to the program and recommendations as to whether to allow the program to expire, to extend the pilot program, or to make the program permanent.

j. Upon conclusion of the fifth year following the award of a contract pursuant to subsection e. of this section, the authority shall return control over the management of an asset included in the fund to the State entity or pilot municipality that owns the asset.

k. As used in this section:

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4).

"Pilot municipality" means a "qualified municipality" as defined in section 3 of the "New Jersey Urban Redevelopment Act," P.L.1996, c.62 (C.55:19-22).

"Pilot program" or "program" means the "Urban Wealth Fund Pilot Program" established pursuant to subsection a. of this section.

"Publicly-owned asset" or "asset" means a government-owned asset that is capable of generating revenue.

"Urban wealth fund" or "fund" means an investment fund that is set up to manage publicly-owned assets in order to maximize return on the assets as a means of generating revenue.

2. This act shall take effect on the first day of the fourth month next following enactment and shall expire upon the return of control over the management of assets held in the fund to the respective State entity or pilot municipality that owns the assets.

STATEMENT

This bill would establish the "Urban Wealth Fund Pilot Program" for the purpose of determining whether identification of undervalued publicly-owned assets, 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) would 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 to:

- encourage State entities and pilot municipalities to identify publicly-owned assets that are capable of generating revenue;
- select publicly-owned assets to be held in the urban wealth fund;
- contract with a private asset management firm or firms to manage publicly-owned assets held in the urban wealth fund in a manner designed to enhance the revenue generated from those assets;
- serve as a holding company for publicly-owned assets held in the urban wealth fund;
- facilitate the transfer of management of selected publicly-owned assets to the private asset management firm or firms; and
- enable participating State entities and pilot municipalities to allocate increased revenue derived from publicly-owned assets held by the urban wealth fund to specific public purposes, including:
    - assistance to minority-owned businesses;
    - improvements to infrastructure;
    - investments in education; and
    - reductions in property taxes.

The bill would require the EDA to establish program guidelines and establish criteria to evaluate assets for inclusion in the program. The bill would direct the EDA to: notify State entities and pilot municipalities of the opportunity to participate in the pilot 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 authority questions about the program, and to submit applications to participate in the program.

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

- undertake an inventory and evaluation of its assets for the purpose of identifying assets that have sound commercial viability.
- conduct a valuation of assets identified as having sound commercial viability for the purpose of determining the current value and the potential value of each publicly-owned asset.

- identify publicly-owned assets that are undervalued and underleveraged.
- undertake a preliminary assessment of the structural issues, financial benefits and risks, and social and policy impacts of participating in the program.
- identify assets to include in an application to participate in the program.
- submit an application to the EDA in accordance with program guidelines established by the EDA.

Upon receipt of an application, the EDA would:

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

The bill would direct the EDA to establish criteria for the selection of a private asset management firm to manage assets held in the urban wealth fund and advertise a request for proposals from potential private asset management firms in an open and public manner. The authority may award a contract to a private firm or firms to manage assets held in the urban wealth 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 urban wealth 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 shall emphasize ways to enhance revenue to be derived from the assets.

The bill would require 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, which would include: assistance to minority-owned businesses; improvements to infrastructure; investments in education; and reductions in property taxes.

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