

52:27H-60. Short title

This act shall be known and may be cited as the "New Jersey Urban Enterprise Zones Act."

L.1983, c. 303, s. 1, eff. Aug. 15, 1983.

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.

L.1983,c.303,s.2; amended 2001, c.347, s.1.

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);

Approval as a qualified business shall be conditional upon meeting all outstanding tax obligations, and may be withdrawn by the authority if a business is continually delinquent in meeting its tax obligations;

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 and Workforce Development. 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), those municipalities set forth in paragraph (7), paragraph (8) of section 3 of P.L.1995, c.382 (C.52:27H-66.1), and paragraph (9) of section 3 of P.L.1995, c.382 as amended by section 3 of P.L.2004, c.75 (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).

L.1983,c.303,s.3; amended 1988, c.93, s.1; 1993, c.367, s.1; 1995, c.382, s.2; 2001, c.347, s.2; 2003, c.285, s.1; 2004, c.75, s.1; 2006, c.34, s.3.

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

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

(1) The Executive Director of the New Jersey Economic Development Authority, who shall be the chair of the authority;

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

(3) The Commissioner of the Department of Labor and Workforce Development;

(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.

d. A true copy of the minutes of every meeting of the authority shall be forthwith delivered by and under the certification of the secretary thereof to the Governor. No action taken at such meeting by the authority shall have force or effect until 10 days, Saturdays, Sundays, and public holidays excepted, after the copy of the minutes shall have been so delivered, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval. If, in that 10-day period, the Governor returns such copy of the minutes with veto of any action taken by the authority or any member thereof at such meeting, such action shall be null and void and of no effect.

L.1983, c.303, s.4; amended 1988, c.93, s.2; 2001, c.347, s.7; 2007, c.253, s.40; 2008, c.27, s.29.

52:27H-64. Authority allocated to Commerce and Economic Development

5. For purposes of compliance with Article V, Section IV, paragraph 1 of the Constitution of the State of New Jersey, the authority created by this act is allocated to the Department of Commerce and Economic Development. All clerical and professional assistants, and all personnel, procurement, budgetary and other administrative services necessary or incidental to its proper functioning shall be provided by and through that department. The authority shall, subject to the availability of funds, reimburse the department for all administrative services provided to the authority pursuant to this section.

L.1983,c.303,s.5; amended 1993,c.367,s.2.

52:27H-65. Duties

It shall be the duty of the authority to:

- a. Promulgate criteria for the designation of zones pursuant to the provisions of this act;
- b. Receive and evaluate applications of municipalities for the designation of zones;
- c. Enter into discussions with applying municipalities regarding zone development proposals;
- d. Act as agent of the State with respect to zone development plans, and in determining the State-furnished components to be included in those plans;
- e. Designate zones in accordance with the provisions of this act and promulgate rules and regulations necessary to carry out its duties under this act;
- f. Exercise continuing review and supervision of the implementation of zone development plans;
- g. Receive and evaluate proposals of qualifying municipalities in which enterprise zones are designated for funding of projects and increased eligible municipal services from the enterprise zone assistance fund, and to certify annually to the State Treasurer amounts to be paid from the enterprise zone assistance fund to support approved projects and increased eligible municipal services in designated enterprise zones;
- h. Assist and represent qualifying municipalities in any negotiations with, or proceedings before, other

agencies of State Government or of the federal government, to secure necessary or appropriate assistance, support and cooperation of those agencies in the implementation of zone development plans in accordance with the provisions of this act and any other applicable State or federal law;

i. Upon request, assist agencies of municipal government in gathering, compiling and organizing data to support an application for designation of a zone, and in identifying and coordinating the elements of a zone development proposal suitable for the zone sought to be designated;

j. Provide assistance to State and local government agencies relating to application for the security of permits, licenses and other regulatory approvals required by those agencies, to assure consideration and expeditious handling of regulatory requirements of any zone business, zone business association or zone neighborhood association; regulatory agencies of the State and its agencies and instrumentalities may agree to any simplification, consolidation or other liberalization of procedural requirements which may be requested by the authority and which is not inconsistent with provisions of law;

k. Assist the State in applying to, or entering into negotiations or agreements with, the federal government, for federal enterprise zone designations; and

l. Exercise continuing review of the implementation of this act, and to report annually to the Governor and the Legislature on the effectiveness of enterprise zones in addressing the conditions cited in this act, including any recommendations for legislation to improve the effectiveness of operation of those zones. The report shall be submitted one year from the effective date of this act, and annually thereafter.

L.1983, c. 303, s. 6, eff. Aug. 15, 1983.

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 P.L.1983, s.303. No more than 32 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 and Workforce Development;

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 Workforce Development, 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 and Workforce Development;

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 and Workforce Development;

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.

L.1983,c.303,s.7; amended 1985, c.142, s.2; 1993, c.367, s.3; 1995, c.382, s.1; 2001, c.347, s.8; 2003, c.285, s.2; 2004, c.75, s.2.

52:27H-66.1 Additional zones authorized.

3. The additional seven zones authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.), the additional zone authorized pursuant to P.L.2003, c.285, and the additional zone designated pursuant to P.L.2004, c.75, 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.1995, c.382 (C.52:27H-66.1 et al.) or P.L.2003, c.285, as applicable, for those zones that fulfill the criteria set forth in this section. Notwithstanding the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the nine 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 seven additional enterprise zones authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.), the additional enterprise zone authorized pursuant to P.L.2003, c.285, and the additional zone designated pursuant to P.L.2004, c.75:

(1) One zone shall be located in a qualifying municipality with a population greater than 55,000 and less than 65,000 according to the latest federal decennial census in a county of the first class with a population density greater than 6,100 and less than 6,700 persons per square mile according to the latest federal decennial census provided that the qualifying municipality is contiguous to a municipality in which an enterprise zone is designated;

(2) One zone shall be located in a qualifying municipality with a population greater than 70,000 and less than 80,000 according to the latest federal decennial census;

(3) One zone shall be located in a qualifying municipality with a population greater than 38,000 and less than 39,500 according to the latest federal decennial census;

(4) One zone shall be located in a qualifying municipality with a population greater than 45,000 and less than 55,000 according to the latest federal decennial census;

(5) One zone shall be located in a qualifying municipality with a population greater than 21,000 and less than 22,000;

(6) One zone shall be located in a qualifying municipality with a population greater than 29,000 and less than 32,000 according to the latest federal decennial census;

(7) One zone shall be located within a qualifying municipality having a population greater than 7,000 and less than 9,000 according to the latest federal decennial census in a county of the first class with a population greater than 550,000 and less than 560,000 according to the latest federal decennial census;

(8) An additional zone shall be located within a qualifying municipality with a population greater than 11,400 and less than 11,600 according to the latest federal decennial census in a county of the second class with a population greater than 500,000 and less than 520,000 according to the latest federal decennial census; and

(9) An additional zone shall be located within a qualifying municipality with a population greater than 48,000 and less than 49,000 according to the latest federal decennial census in a county of the second class with a population of greater than 750,000 according to the latest federal decennial census.

L.1995,c.382,s.3; amended 2003, c.285, s.3; 2004, c.75, s.3.

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).

L.2001,c.347,s.3.

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.

L.2001,c.347,s.4.

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.

L.2001,c.347,s.5.

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.

L.2001,c.347,s.6.

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.).

L.2001,c.347,s.11.

52:27H-66.6a. UEZ reimbursed for municipal account moneys

1. Notwithstanding the provisions of section 7 of P.L.1983, c.303 (C.52:27H-66), section 21 of P.L.1983, c.303 (C.52:27H-80), section 11 of P.L.2001, c.347 (C.52:27H-66.6) or any provision of law to the contrary, any designated enterprise zone that has a separate municipal account in the enterprise zone assistance fund that is reduced by the transfer from that fund made pursuant to section 69 of P.L.2002, c.38, shall have extended any designated five-year period under which it is operating on July 1, 2002 for such period of time as is necessary for the higher percentage rate of separate enterprise zone assistance fund deposits to yield such additional sums as is necessary to fully compensate for the amount transferred, except that any zone beginning an extension of designation pursuant to section 11 of P.L.2001, c.347 (C.52:27H-66.6) within twelve months following the effective date of this section shall have extended the first five-year period of its extension of designation for such period of time as is necessary to fully compensate for the amount transferred.

L.2003,c.6,s.1.

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 4,500 and less than 5,000 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.

L.2001,c.347,s.12; amended 2002, c.68.

52:27H-67. Municipal zone development corporations

8. The governing body of any qualifying municipality may, by ordinance, create or designate a nonprofit corporation established pursuant to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes to act as the zone development corporation for the municipality. Any zone development corporation so created or so designated shall include on its board of directors representatives of the government of the qualifying municipality, members of the business community thereof, and representatives of community organizations in the municipality, and the total membership of the board of directors shall be broadly representative of businesses and communities within the municipality.

Notwithstanding the provisions of any other law to the contrary, a zone development corporation shall be considered to be a local development corporation for the purpose of receiving any State financial or technical assistance as may be available, and the creation of a zone development corporation shall not preclude a qualifying municipality from creating another local development corporation for the municipality with responsibilities not related to the enterprise zone, nor preclude that other corporation from receiving State financial or technical assistance.

L.1983,c.303,s.8; amended 1993,c.367,s.4.

52:27H-68. Preliminary zone development plan

Before applying for designation of an enterprise zone, the municipal governing body shall cause a preliminary zone development plan to be formulated, either by a zone development corporation or by the governing body, with the assistance of those officers and agencies of the municipality as the governing body

may see fit. The preliminary zone development plan shall set forth the boundaries of the proposed enterprise zone, findings of fact concerning the economic and social conditions existing in the area proposed for an enterprise zone, and the municipality's policy and intentions for addressing these conditions, and may include proposals respecting:

- a. Utilizing the powers conferred on the municipality by law for the purpose of stimulating investment in and economic development of the proposed zone;
- b. Utilizing State assistance through the provisions of this act relating to exemptions from, and credits against, State taxes;
- c. Securing the involvement in, and commitment to, zone economic development by private entities, including zone neighborhood associations, voluntary community organizations supported by residents and businesses in the zone;
- d. Utilizing the powers conferred by law to revise municipal planning and zoning ordinances and other land use regulations as they pertain to the zone, in order to enhance the attraction of the zone to prospective developers;
- e. Increasing the availability and efficiency of support services, public and private, generally used by and necessary to the efficient functioning of commercial and industrial facilities in the area, and the extent to which the increase or improvement is to be provided and financed by the municipal government or by other entities.

L.1983, c. 303, s. 9, eff. Aug. 15, 1983. Amended by L.1983, c. 539, s. 1, eff. Jan. 17, 1984.

52:27H-69. Areas eligible for designation

10. An area defined by a continuous border within one qualifying municipality or within two or more contiguous qualifying municipalities and two noncontiguous areas each having a continuous border within two noncontiguous qualifying municipalities shall be eligible for designation as a zone if:

- a. It has been designated an "area in need of rehabilitation" pursuant to Article VIII, Section I, paragraph 6 of the Constitution of the State of New Jersey and P.L.1977, c.12 (C.54:4-3.95 et seq.); or is qualified for that designation in the judgment of the authority; and
- b. It meets the criteria established by the authority pursuant to this act relating to the incidence of poverty, unemployment and general economic distress.

L.1983,c.303,s.10; amended 1985,c.391,s.1; 1993,c.367,s.5.

52:27H-69.1. Intermunicipal zone limitation

Eligible zones having areas defined by a continuous border within two or more contiguous qualifying municipalities shall be limited to one located in the 10 southernmost counties of the State.

L. 1985, c. 391, s. 2, eff. Dec. 20, 1985.

52:27H-70. First two enterprise zones; criteria for designation

The first two areas and municipalities designated as enterprise zones by the authority shall meet all the following criteria:

- a. A rate of unemployment among residents in the area and among residents of the municipality exceeding one and one-half times the national unemployment rate as determined by the most recently available data from the Bureau of Labor Statistics in the United States Department of Labor;
- b. At least 20% of the population of the area and population of the municipality receive incomes below the poverty level, as defined by the United States Department of Labor;
- c. At least 20% of the residents of the area and residents of the municipality depend upon public assistance as their primary source of income.

L.1983, c. 303, s. 11, eff. Aug. 15, 1983.

52:27H-71. Criteria for qualification of businesses and designation of enterprise zones; regulations to modify, replace or supplement

After the designation of the first two enterprise zones, the authority may by regulation, from time to time modify, replace or supplement the criteria set forth in subsections c. and d. of section 3 and in sections 10 and 11 of this act so as to develop a complete set of criteria for the qualification of businesses for the benefits of this act, and for the designation of enterprise zones in qualifying municipalities.

No regulation to modify, replace or supplement a criterion shall be adopted by the authority unless the authority has prior to adoption issued a written report to the Governor and the Legislature setting forth: the text of the proposed modification, replacement or supplement; a statement of the authority's reasons for the proposal; the written statement of any authority member dissenting from the authority's proposal; and a statement of the manner in which the proposal will further the legislative intent of this act. Not less than 60 days after the authority report is placed upon the desk of each member of the Legislature, the authority shall hold a public hearing at which any interested person shall be heard. Upon the completion of the public hearing, the regulation may be adopted by the authority in the manner otherwise prescribed by law.

The authority may modify, replace or supplement criteria pursuant to this section, if it finds that:

- a. The criteria set forth in this act do not accurately determine the relative burden of poverty, unemployment and general distress among and between areas under consideration for designation as enterprise zones;
- b. The criteria do not utilize newly available data, or do utilize data not available or not complete and accurate;
- c. The criteria would not assure the eligibility of designated zones for federal government assistance under programs now or hereafter undertaken by the federal government, for which those areas and the municipalities in which they are located would not be eligible in the absence of that designation.

L.1983, c. 303, s. 12, eff. Aug. 15, 1983.

52:27H-72. Designation of eligible areas as enterprise zones; zone development plans with preference

a. In designating eligible areas as enterprise zones, the authority shall accord preference to zone development plans which:

- (1) Have the greatest potential for success in stimulating primarily new economic activity in the area;
- (2) Are designed to address the greatest degree of urban distress, as measured by existing levels of unemployment, poverty, and property tax arrearages;
- (3) Demonstrate the most substantial and reliable commitments of resources by zone businesses, zone neighborhood associations, voluntary community organizations and other private entities to the economic success of the zone;
- (4) Demonstrate the most substantial effort and commitment by the municipality to encourage economic activity in the area and to remove disincentives for job creation compatible with the fiscal condition of the municipality.

b. In addition to the considerations set forth in subsection a. of this section, the authority in evaluating a zone development plan for designation purposes shall consider:

- (1) The likelihood of attracting federal assistance to projects in the eligible area, and of obtaining federal designation of the area as an enterprise zone for federal tax purposes;
- (2) The adverse or beneficial effects of an enterprise zone located at the proposed area upon economic development activities or projects of State or other public agencies which are in operation, or are approved for operation, in the qualifying municipality;
- (3) The degree of commitment made by public and private entities to utilize minority contractors and assure equal opportunities for employment in connection with any construction or reconstruction to be undertaken in the eligible area;
- (4) The impact of the zone development plan upon the social, natural and historic environment of the eligible area;
- (5) The degree to which the implementation of the plan involves the relocation of residents from the eligible area, and the adequacy of commitments and provisions with respect thereto.

L.1983, c. 303, s. 13, eff. Aug. 15, 1983.

52:27H-73. Application for designation; grant or denial; adoption of ordinance of acceptance

a. Any qualifying municipality may designate any area set forth in the zone development plan as an enterprise zone. The municipality may then make written application to the authority to have the area selected for State and federal assistance offered to enterprise zones or either type of assistance. The application shall include the zone development plan adopted for the area and any other information as the authority may require.

b. Upon receipt of an application from the qualifying municipality the authority shall review the application to determine whether the area described in the application qualifies for State assistance under the criteria of this

act.

c. Upon organization the authority shall establish a date for the receipt of initial applications for designations under this act, which shall be within one year of the effective date of this act. Thereafter, the authority shall complete its review within 90 days of receipt of an application, but may extend this time period by an additional 60 days if necessary. If the authority denies the application, it shall inform the municipality of that fact in writing setting forth the reasons for the denial.

d. The designation of an enterprise zone by the authority shall take effect upon the adoption by the qualifying municipality of an ordinance accepting that designation.

L.1983, c. 303, s. 14, eff. Aug. 15, 1983.

52:27H-74. Benefits available to qualified business

Except as otherwise specified in this act, a qualified business in an enterprise zone shall be eligible to receive from among those benefits authorized in sections 16 through 20 of this act as are determined by the authority. The authority shall state in writing to the qualifying municipality at the time of designation its determinations as to which of those benefits are to apply in an enterprise zone.

L.1983, c. 303, s. 15, eff. Aug. 15, 1983.

52:27H-75. Award schedule

A qualified business shall be eligible for an award based upon the amount of unemployment insurance tax it has paid for those new employees who meet the criteria set forth in subsection c. of section 3 of this act. The award shall apply only to those new employees whose gross salaries are less than \$4,500.00 per quarter, and shall commence in the next succeeding quarter. The award shall be based on the following schedule:

- a. First four years in zone an amount equal to 50% of the employer's unemployment insurance payment;
- b. Second four years in zone an amount equal to 40% of the employer's unemployment insurance payment;
- c. Third four years in zone an amount equal to 30% of the employer's unemployment insurance payment;
- d. Fourth four years in zone an amount equal to 20% of the employer's unemployment insurance payment;
- e. Fifth four years in zone an amount equal to 10% of the employer's unemployment insurance payment.

Prior to July 1, 1986, a qualified business with an unemployment insurance rating of more than 4.1% shall qualify for this award so long as it shall maintain that rating. On and after July 1, 1986, no qualified business with a deficit reserve ratio as provided for in R.S. 43:21-7 shall qualify for this award as long as it shall maintain that ratio.

L. 1983, c. 303, s. 16; amended 1988,c.93,s.3.

52:27H-76. Corporation business tax exemption

Any qualified business subject to the provisions of the "Corporation Business Tax Act (1945)," P.L.1945, c. 162 (C. 54:10A-1 et seq.), as employing a larger number of persons at a place of business located within an enterprise zone designated pursuant to this act than at all other places of business of the taxpayer within the State, shall be exempt from the net worth tax imposed pursuant to subsection (a) of section 5 of P.L.1945, c. 162 (C. 54:10A-5(a)), and from the tax imposed by subsection (f) of that section (C. 54:10A-5(f)), for a period of 20 tax years from the date of designation of the enterprise zone, or for a period of 20 tax years from the date upon which the taxpayer is first subject to the provisions of the "Corporation Business Tax Act (1945)," P.L.1945, c. 162 (C. 54:10A-1 et seq.), whichever date is later. The termination of the designation of an enterprise zone at the end of a 20 year designation period shall not terminate the exemption provided under this section if the exemption was granted prior to the end of the designation period. The provisions of this section are subject to the phase-out provisions of P.L.1982, c. 55 (C. 54:10A-4 et seq.).

L.1983, c. 303, s. 17, eff. Aug. 15, 1983.

52:27H-77. Carry-forward permitted

Enterprise zone employee tax credits or enterprise zone investment tax credits provided under section 19 of this act shall not reduce a taxpayer's tax liability under the "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C. 54:10A-1 et seq.) in any tax year by more than 50% of the amount otherwise due, but either employee tax credits or investment tax credits remaining and unused in a tax year may be carried forward by the taxpayer to the next succeeding tax year and applied against 50% of the amount of tax otherwise due in that succeeding tax year.

L. 1983, c. 303, s. 18; amended 1988,c.93,s.8.

52:27H-78. Tax credit

Any qualified business subject to the provisions of the "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C. 54:10A-1 et seq.), as actively engaged in the conduct of business from a location within an enterprise zone designated pursuant to this act, which business at that location consists primarily of manufacturing or other business which is not retail sales or warehousing oriented, shall receive an enterprise zone employee tax credit against the amount of tax imposed under the "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C. 54:10A-1 et seq.), as hereinafter provided:

a. A one-time credit of \$1,500.00 for each new full-time, permanent employee employed at that location who is a resident of the qualifying municipality in which the designated enterprise zone is located, or any other qualifying municipality in which an urban enterprise zone is located, and who immediately prior to employment by the taxpayer was unemployed for at least 90 days, or was dependent upon public assistance as the primary source of income;

b. A one-time credit of \$500.00 for each new full-time, permanent employee employed at that location who is a resident of a qualifying municipality in which a designated enterprise zone is located, or any other qualifying municipality in which an urban enterprise zone is located, who does not meet the requirements of subsection a. of this section, and who was not, immediately prior to employment by the taxpayer, employed at a location within the qualifying municipality;

c. A qualified business which is not entitled to an employee tax credit under this section, but meets the eligibility criteria pursuant to the provisions of subsection c. of section 27 of P.L. 1983, c. 303 (C. 52:27H-86), shall receive a one-time credit in an amount equal to 8% of each new investment made by the qualified business in the enterprise zone under an agreement approved by the authority.

This credit shall be applied against the taxpayer's corporation business tax liability subject to the limitations and carry forward provisions set forth in section 18 of P.L. 1983, c. 303 (C. 52:27H-77); provided, however, that a qualified business shall not claim an employee tax credit and an investment tax credit authorized pursuant to this subsection in the same year regardless of whether those credits were earned for the tax year or carried forward from a previous year.

d. The enterprise zone employee tax credit shall be allowed in the tax year immediately following the tax year in which the new full-time, permanent employee was first employed by the taxpayer, and shall be permitted in any tax year of a 20 year period from the date of designation of the enterprise zone, or of a period of 20 tax years from the date within that designation period upon which the taxpayer is first subject to the provisions of the "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C. 54:10A-1 et seq.), whichever date is later and the termination of the designation of an enterprise zone at the end of a 20 year designation period shall not terminate the eligibility period provided under this section;

e. A tax credit shall be permitted under this section only for those new full-time, permanent employees who have been employed for at least six continuous months by the taxpayer during the tax year for which the tax credit is claimed.

f. A newly employed employee shall not be deemed a new full-time, permanent employee for the purposes of this section unless the total number of full-time, permanent employees, including the newly employed employee, employed by the employer in the zone during the calendar year exceeds the greatest number of full-time, permanent employees employed in the zone by the employer during any prior calendar year during the period commencing with the date of zone designation.

L. 1983, c. 303, s. 19; amended 1988,c.93,s.4.

52:27H-79 Sales tax procedure relative to sales to enterprise zone business; definitions; evaluation.

20. a. Retail sales of personal property (except motor vehicles and energy) and sales of services (except telecommunications and utility services) to a qualified business for the exclusive use or consumption of such business within an enterprise zone are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

b. Notwithstanding the provisions of subsection a. of this section, the seller shall charge and collect from a purchaser that is not a small qualified business the tax at the rate then in effect, and the tax shall be refunded to the purchaser by the filing, within one year following the date of sale, of a claim with the New Jersey Division of Taxation for a refund of sales and use taxes paid for the goods and materials. Proof of claim for refund shall be made by the submission of auditable receipts and such other documentation as the Director of the Division of Taxation may require.

c. As used in this section:

"Qualified business" includes a business that becomes qualified by the time the refund application is filed

pursuant to subsection b. of this section; and

"Small qualified business" means a qualified business that has been determined and certified by the director to have had less than \$10,000,000 in annual gross receipts in that business's prior annual tax period.

d. The director shall submit to the Senate Legislative Oversight Committee and the Assembly Regulatory Oversight Committee any rules or regulations to effectuate amendments made to this section by P.L.2006, c.34 that are proposed for publication in the New Jersey Register. The director shall evaluate the effectiveness of the amendments made to this section by P.L.2006, c.34 and report any findings and recommendations regarding the amendments to the Senate Legislative Oversight Committee and the Assembly Regulatory Oversight Committee before the Governor presents a budget proposal for Fiscal Year 2008.

L.1983, c.303, s.20; amended 1990, c.40, s.9; 1997, c.162, s.31; 2006, c.34, s.1 2007, c.328; 2008, c.118.

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 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;
- c. In the third five-year period during which the State shall have collected reduced rate revenues within an 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;
- 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.

L.1983,c.303,s.21; amended 1987, c.135; 1988, c.93, s.6; 1990, c.40, s.10; 1993, c.144; 1993, c.367, s.6; 1996, c.124, s.8; 1997, c.162, s.32; 2001, c.347, s.9.

52:27H-80.1. Extension of provisions

In addition to those enterprise zones to which the provisions of section 21 of P.L. 1983, c. 303 (C. 52:27H-80) have been or may be extended by the authority, the provisions of that section shall be extended to that enterprise zone which is required by section 7 of P.L. 1983, c. 303 (C. 52:27H-66) to be designated among the first five and to be located in a municipality of not less than 45,000 nor more than 46,000 population located within the five counties next most northern to the 10 southernmost counties.

L. 1985, c. 142, s. 3, eff. April 17, 1985.

52:27H-80.2. 2 or more contiguous municipalities

In addition to those enterprise zones to which the provisions of section 21 of P.L. 1983, c. 303 (C. 52:27H-80) have been or may be extended by the authority, the provisions of that section shall be extended to any designated enterprise zone situated within two or more contiguous qualifying municipalities.

L. 1988, c. 93, s. 9.

52:27H-81. Rules, regulations

22. The Director of the Division of Taxation in the Department of the Treasury shall promulgate such rules and regulations as may be necessary to effectuate the provisions of sections 17 through 21 inclusive, and sections 27 and 29 of P.L.1983, c.303 (C.52:27H-76 to C.52:27H-80, inclusive, C.52:27H-86 and C.52:27H-88). The Commissioner of the Department of Commerce and Economic Development shall promulgate such rules and regulations as may be necessary to effectuate the provisions of section 16 of P.L.1983, c.303 (C.52:27H-75).

L.1983,c.303,s.22; amended 1993,c.367,s.7.

52:27H-82. Local development financing fund assistance; priority to project in municipality with enterprise zone

Notwithstanding any provisions of the "New Jersey Local Development Financing Fund Act," P.L. 1983, c. 190 (C. 34:1B-36 et seq.), to the contrary, projects which are otherwise eligible under that act, but which are located in a municipality in which an enterprise zone is designated pursuant to the "New Jersey Urban Enterprise Zones Act," P.L. 1983, c. 303 (C. 52:27H-60 et seq.), shall, upon the written recommendation of the authority, be accorded priority in receiving assistance from the New Jersey Local Development Financing Fund, over eligible projects which are not so located.

L.1983, c. 303, s. 23, eff. Aug. 15, 1983.

52:27H-83. Skill training programs; delivery

The New Jersey Department of Labor shall develop and coordinate the delivery of skill training programs necessary to meet the needs of qualifying businesses.

L.1983, c. 303, s. 24, eff. Aug. 15, 1983.

52:27H-84. Regulations of municipality or state agency; exemption of enterprise zones

In order to carry out the purposes of this act, any municipality or State agency may exempt designated enterprise zones from the provisions of any regulation, in whole or in part, promulgated by that entity or agency, but enterprise zones shall not be exempted from the provisions of any regulation, except upon finding by the State or municipal agency, as appropriate, that the exemption would not endanger the health and safety of the citizens of the State.

L.1983, c. 303, s. 25, eff. Aug. 15, 1983.

52:27H-85. Review of state regulations by authority

The authority shall conduct a continuing review of all State regulations and shall recommend to the appropriate administrative bodies the modification or waiver of regulations promulgated by that agency in order to contribute to the implementation of this act.

L.1983, c. 303, s. 26, eff. Aug. 15, 1983.

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.

L.1983,c.303,s.27; amended 1988, c.93, s.7; 1993, c.367, s.8; 2001, c.347, s.10.

52:27H-87. Qualified business recipient of benefits; annual certification

Any firm that receives any benefits set forth in sections 16 through 24 of this act shall annually certify to the authority that it is a qualified business under subsection c. of section 3 of this act. Failure to supply the certification or willful falsification of data in the certification will result in a fine of not more than ten times the benefits received, nor more than two years in prison.

L.1983, c. 303, s. 28, eff. Aug. 15, 1983.

52:27H-87.1 Exemption for some retail sales of energy and utility service.

23. a. Retail sales of energy and utility service to:

(1) a qualified business that employs at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone, and

(2) a group of two or more persons: (a) each of which is a qualified business that are all located within a single redevelopment area adopted pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et al.); (b) that collectively employ at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process; (c) are each engaged in a vertically integrated business, evidenced by the manufacture and distribution of a product or family of products that, when taken together, are primarily used, packaged and sold as a single product; and (d) collectively use the energy and utility service for the exclusive use or consumption of each of the persons that comprise a group within an enterprise zone; are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

A qualified business will continue to be subject to applicable Board of Public Utilities tariff regulations except that its bills from utility companies and third party suppliers for energy and utility service shall not include charges for sales and use tax.

b. A business that meets the requirements of subsection a. of this section shall not be allowed the exemption granted pursuant to this section until it has complied with such requirements for obtaining the exemption as may be provided pursuant to P.L.1983, c.303 (C.52:27H-60 et al.) and P.L.1966, c.30 (C.54:32B-1 et seq.). The Executive Director of the New Jersey Commerce Commission shall provide prompt notice to the President of the Board of Public Utilities and to the Director of the Division of Taxation in the Department of the Treasury, of a qualified business that has qualified for the exemption under this subsection, and shall

provide the president and the director an annual list of all businesses that qualify.

c. (1) Retail sales of energy and utility service to a business facility located within a county that is designated for the 50% tax exemption under section 1 of P.L.1993, c.373 (C.54:32B-8.45) are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided that the business certifies that it employs at least 50 people at that facility, at least 50% of whom are directly employed in a manufacturing process, and provided that the energy and utility services are consumed exclusively at that facility.

(2) A business facility that meets the requirements of paragraph (1) of this subsection may file an application for the energy and utility service sales tax exemption with the New Jersey Commerce Commission, and the commission shall promulgate regulations and forms for that purpose. The New Jersey Commerce Commission shall process an application submitted under this paragraph within 20 business days of receipt thereof. An exemption shall commence for a business upon notice of approval of its application and shall expire for any year in which the business fails to meet the requirements of paragraph (1) of this subsection. Upon approval, the Executive Director of the New Jersey Commerce Commission shall provide prompt notice to the applicant and also shall provide prompt notice to the President of the Board of Public Utilities and to the Director of the Division of Taxation in the Department of the Treasury. The Executive Director of the New Jersey Commerce Commission also shall provide the president and the director with an annual list of all businesses that have been approved under this subsection.

L.2004, c.65, s.23; amended 2005, c.374; 2007, c.253, s.41.

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.

L.1983, c.303, s.29; amended 1993, c.367, s.9; 2002, c.64; 2006, c.34, s.4; 2009, c.25.