

CHAPTER 120
URBAN ENTERPRISE ZONE AUTHORITY

Authority

N.J.S.A. 52:27H-65.

Source and Effective Date

R.2009 d.227, effective June 16, 2009.
See: 41 N.J.R. 933(a), 41 N.J.R. 2779(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 120, Urban Enterprise Zone Authority, expires on June 16, 2016. See: 43 N.J.R. 1203(a).

Chapter Historical Note

Chapter 120, Urban Enterprise Zone Authority, was adopted as R.1988 d.431, effective September 6, 1988. See: 20 N.J.R. 1336(a), 20 N.J.R. 2307(a).

Subchapter 2, Business Certification for Zone Business Benefits, was adopted as R.1989 d.376, effective July 17, 1989. See: 21 N.J.R. 693(a), 21 N.J.R. 2043(a).

Pursuant to Executive Order No. 66(1978), Chapter 120, Urban Enterprise Zone Authority, was readopted as R.1993 d.416, effective July 27, 1993. See: 25 N.J.R. 2645(b), 25 N.J.R. 3837(a). Pursuant to Executive Order No. 66(1978), Chapter 120 expired on July 27, 1998.

Chapter 120, Urban Enterprise Zone Authority, was adopted as new rules by R.1998 d.470, effective September 8, 1998. See: 30 N.J.R. 2155(a), 30 N.J.R. 2859(a), 30 N.J.R. 3251(a).

Chapter 120, Urban Enterprise Zone Authority, was readopted as R.2004 d.101, effective February 13, 2004. See: 35 N.J.R. 4816(a), 36 N.J.R. 1357(c).

Pursuant to P.L. 2008, c. 27, §16 (N.J.S.A. 34:1B-225) and by notice of administrative change, Chapter 120 of Title 12A, Urban Enterprise Zone Authority, was recodified as Chapter 120 of Title 5, effective January 29, 2009. See: 41 N.J.R. 1016(b).

Chapter 120, Urban Enterprise Zone Authority, was readopted as R.2009 d.227, effective June 16, 2009. See: Source and Effective Date.

Subchapter 3, Urban Enterprise Zone Boundary Amendments, was recodified from N.J.A.C. 5:121-1; Subchapter 4, Discretionary Extension of 50 Percent Sales Tax Exemption to Urban Enterprise Zone Municipalities, was recodified from N.J.A.C. 5:121-2; and Subchapter 5, Energy Sales Tax Exemption Program, was adopted as new rules by R.2009 d.331, effective November 2, 2009. See: 41 N.J.R. 2372(a), 41 N.J.R. 4071(b).

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SUBCHAPTER 1. URBAN ENTERPRISE ZONE PROGRAM

5:120-1.1 Applicability and scope

(a) The rules in this subchapter are promulgated by the Urban Enterprise Zone Authority (UEZA) to implement N.J.S.A. 52:27H-60 (P.L. 1983, c. 303), as amended, the New Jersey Urban Enterprise Zones Act.

(b) The Act provides for the establishment of an UEZA which is to designate certain areas of the State as Urban Enterprise Zones (UEZ). The Act also provides that the UEZA provide continuing review of the implementation of the Act and report annually to the Governor and the Legislature on the effectiveness of UEZs in addressing the conditions cited in the Act, including any recommendations for legislation to improve the effectiveness of operation of the UEZs.

(c) Questions concerning UEZs should be directed to:

Urban Enterprise Zone Program
New Jersey Department of Community Affairs
650 South Broad Street, PO Box 822
Trenton, New Jersey 08625-0822

(d) Questions concerning applications to become certified or recertified as a "qualified business" (see definition at N.J.A.C. 5:120-1.3) or other questions regarding a particular UEZ should be directed to the Coordinator of the UEZ in the municipality in which the applicant conducts business. A directory of UEZs' contact information shall be maintained

on a UEZA webpage within the Department of Community Affairs website.

Amended by R.2004 d.101, effective March 15, 2004.

See: 35 N.J.R. 4816(a), 36 N.J.R. 1357(c).

Amended by R.2009 d.331, effective November 2, 2009.

See: 41 N.J.R. 2372(a), 41 N.J.R. 4071(b).

In (a), substituted "c. 303" for "ch. 303" and inserted "as amended,"; in (b), substituted "UEZs" for "UEZ's" twice; rewrote (c); and added (d).

5:120-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Act" means the New Jersey Urban Enterprise Zones Act, P.L. 1983, c. 303, as amended (N.J.S.A. 52:27H-60).

"Administrator" means the Executive Director of the Urban Enterprise Zone Program in, but not of, the New Jersey Department of Community Affairs.

"Authority," "Zone Authority" or "UEZA" means the New Jersey Urban Enterprise Zone Authority.

"Certification" means the application process by which a qualified business operating within a zone becomes eligible for zone business benefits for three years, subject to maintaining tax clearance.

"Certified business" or "certified qualified business" is a qualified business that has applied for certification or recertification and that application has been approved by the Administrator.

"Coordinator" means the person, designated by the mayor of the municipality and supported by a resolution of the municipal council, who shall report directly to municipal business administrator and manage the Urban Enterprise Zone office including all matters relating to the application by qualified businesses to enter the program, marketing and promoting the Urban Enterprise Zone program to businesses operating or about to operate within that zone, and such other program related activities as the Administrator shall direct.

"Enterprise zone," "UEZ" or "zone" means an urban enterprise zone designated by the New Jersey Urban Enterprise Zone Authority pursuant to the Act.

"Executive Director" means the title of the person delegated by the Board of the UEZA to managed the operation of the Urban Enterprise Zone Authority, whether by that title or another. Throughout this chapter, the Executive Director is referred to by the functional title of the "Administrator" for consistency with the statute.

"Full-time employee" of a qualified business means an employee subject to tax withholding who works a consistent 30 hours or more per week. (See the definition of "part-time employee" below.)

"NJEDA" or "EDA" means the New Jersey Economic Development Authority, established pursuant to P.L. 1974, c. 80 and amendments thereto.

"Part-time employee" means an employee working a consistent 15 hours or more per week but fewer than 30 hours per week; therefore, for all purposes, one-part time employee shall be considered as one-half full-time employee in all calculations under the program. (See the definition of "full-time employee" above.)

"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, is engaged in the active conduct of a trade or business in that zone 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, and for which at least 25 percent of its full-time employees (see the definition of "25 percent factor" below), newly hired during the three years after the business becomes initially certified as a UEZ business, meet one or more of the following criteria:

1. Resident within the zone or within the municipality which the zone is located; or
2. Unemployed for at least six months prior to being hired and residing in New Jersey, or recipients of New Jersey public assistance programs for at least six months prior to being hired; or
3. Determined to be low-income individuals pursuant to the Workforce Investment Act of 1998, Pub. L. 105-220 (29 U.S.C. §§2811 et seq.).

Approval as a certified qualified business shall be conditioned upon the qualified business meeting all outstanding tax obligations, and may be withdrawn by the Authority if a business is continually delinquent in meeting its tax obligations. A certified business must annually provide, on a form determined by the Division of Taxation and the Administrator, an authorization to verify tax compliance and which form also certifies that the business is a "qualified business."

A qualified business which is a closely-held entity does not cease to be a qualified business due to a change in ownership provided that at least 51 percent or more of the ownership in the successor business continues to be held by the same persons holding an interest in the original business. The successor firm will not have to apply for initial certification and will be permitted to apply for recertification in accordance with its existing schedule.

"Qualified small business" is defined as follows:

1. For purposes of distinguishing business size by number of employees, means any entity authorized to do business in the State of New Jersey which, at the time of designation of the enterprise zone, had been engaged in the active conduct of a trade or business in that zone for at