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PUBLIC HEARING
before
ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS COMMITTEE
on
SENATE BILL NO. 1549
(New Jersey Local Development Financing Fund)

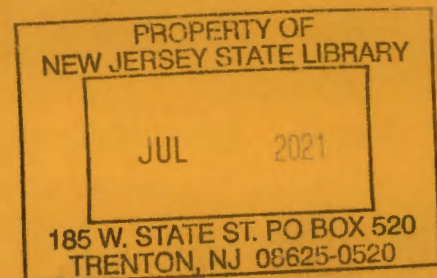
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JUN 10 1982

Held:
December 3, 1981
Assembly Majority Conference Room
State House
Trenton, New Jersey

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MEMBERS OF COMMITTEE PRESENT:

Assemblyman Walter Rand (Acting Chairman)
Assemblyman Robert C. Janiszewski
Assemblyman Byron M. Baer
Assemblywoman Jane Burgio
Assemblyman Daniel J. Dalton
Assemblyman Walter J. Kavanaugh
Assemblyman Karl Weidel



ALSO:

William D. Zuzzio, Staff Assistant
Office of Legislative Services
Division of Budget and Program Review
Aide, Assembly Revenue, Finance and Appropriations Committee

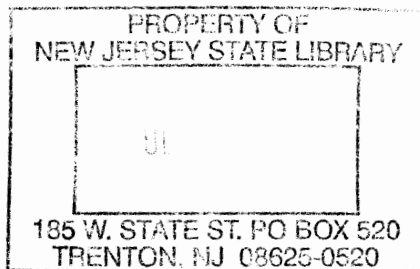
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I N D E X

Jeffrey Laurenti
Executive Director
New Jersey State Senate

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[SECOND ASSEMBLY REPRINT]

SENATE, No. 1549

[OFFICIAL COPY REPRINT]

with Assembly committee amendments adopted June 29, 1981

and Assembly amendments adopted November 16, 1981

STATE OF NEW JERSEY

INTRODUCED OCTOBER 9, 1980

By Senators MERLINO, MUSTO, YATES, KENNEDY, ORECHIO,
LIPMAN CAUFIELD, GRAVES, HIRKALA, PERSKIE and
DiFRANCESCO

Referred to Committee on County and Municipal Government

AN ACT authorizing the creation of a debt of the State of New Jersey by issuance of bonds of the State in the sum of ***[\$75,000,000.00]* *\$85,000,000.00*** to capitalize the New Jersey Local Development Financing Fund and to provide support for the revitalization and development of*, and the creation of urban industrial parks in,* the communities of this State; providing the ways and means to pay the interest of said debt and also to pay and discharge the principal thereof; providing for the submission of this act to the people at a general election; and making an appropriation.

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

1 1. This act shall be known and may be cited as the "Community
2 Development Bond Act of *****[1981]*** ***1982***"**.

1 2. The Legislature finds that there continue to exist in the
2 State areas of high unemployment, low levels of new capital invest-
3 ment, depressed living and working conditions and a deteriorating
4 tax base; that vigorous action can halt the decline in economic
5 activity and the underemployment of economic resources in these
6 areas, reverse the deterioration of the value of existing investment
7 therein and the level of public revenue collections on that invest-
8 ment, and eliminate the disincentive to new investment; and that
9 the improvement of these areas is vital to the safety, health and
10 welfare of the residents thereof and of the State, and constitutes
11 a major opportunity for enhancing the economic condition of the

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

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12 State, for augmenting the fiscal resources of government and for
 13 assisting private and public efforts on behalf of community devel-
 14 opment. The Legislature further finds that there exist among
 15 many of the rural and developing communities of this State older
 16 central commercial districts which have failed to realize their
 17 potential with respect to economic activity and which have not
 18 participated in the economic and social development which has
 19 occurred around them, and that any meaningful attempt at solving
 20 the development problems of these commercial districts requires
 21 and deserves a significant effort by both the private and public
 22 sectors.

23 The Legislature determines that the development and redevelop-
 24 ment of these areas and commercial districts require substantial
 25 private and public capital spending; that the stimulation of that
 26 spending in turn requires the leadership of the State and of the
 27 citizens of the municipalities concerned as to financial commitment
 28 and as to public participation in the planning of the course of
 29 economic renewal; that many local governments, local development
 30 corporations, community development corporations, municipal port
 31 authorities and other entities in the State have shown a willingness
 32 to make the necessary financial commitment and have gained
 33 experience as instruments of public access to and involvement
 34 with the development process; that many of these entities have
 35 experienced difficulty in raising seed money for projects of mod-
 36 erate risk which are justified both on economic grounds and on
 37 grounds of their potential contribution to the welfare of the com-
 38 munities in which they are located; that expanded activity by
 39 these entities is necessary to the development or redevelopment
 40 of these communities; and that the problems posed by the decline
 41 of these communities are beyond remedy solely through the exer-
 42 cise by State Government of its regulatory and police power and,
 43 at the same time, have not been effectively addressed by the
 44 operations of private enterprise.

45 The Legislature, therefore, declares that in order to aid in
 46 remedying the aforesaid conditions of underemployment, under-
 47 investment and underdevelopment as they obtain in this State,
 48 that the State shall assist the economic development activities of
 49 certain local governments, local development corporations, com-
 50 munity development corporations, municipal port authorities and
 51 other entities, by capitalizing the New Jersey Local Development
 52 Financing Fund, established pursuant to the provisions of
 53 P. L. _____, c. _____, (C. _____) *and* *,* by extending

54 additional assistance to rural and developing communities as pro-
 55 vided ***[in this act]*** **by law, and by providing assistance for the*
 56 *creation and development of urban industrial parks as provided*
 57 *by law**, through the issuance of bonds of the State, as hereinafter
 58 provided.

1 3. As used in this act, "fund" means the Community Develop-
 2 ment Bond Fund established pursuant to the provisions of section
 3 14 of this act.

1 4. The State Treasurer shall issue and promulgate, pursuant to
 2 law, such rules and regulations as are necessary and appropriate
 3 to carry out the provisions of this act with respect to the issuance
 4 of bonds hereunder.

1 5. Bonds of the State of New Jersey in the sum of
 2 ***[\$75,000,000.00]*** **\$85,000,000.00** are authorized for the purpose
 3 of assisting community development, to be allocated as follows:

4 a. \$45,000,000.00 to the financing, pursuant to the provisions of
 5 the "New Jersey Local Development Financing Fund Act,"
 6 P. L. , c. , (C.)*, of industrial and com-
 7 mercial enterprises which will increase employment by encouraging
 8 economic development within municipalities qualifying for aid
 9 under P. L. 1978, c. 14. **, *or which would qualify under that act*
 9A *except for the population criterion***. Of the total amount of the
 9B funds allocated under this subsection, not more than ****[15%]****
 10 ****20%**** shall be allocated to the financing of enterprises located
 11 in any one county in the State.

12 b. \$30,000,000.00 to the financing of assistance for capital con-
 13 struction projects, in the form of low interest loans and grants
 14 to counties, municipalities and such other entities as may here-
 15 after be provided by law. Assistance under this subsection shall
 16 be applied to projects which will aid in the revitalization of dis-
 17 tressed urban areas in this State or in the promotion of the eco-
 18 nomic and social development of older central commercial districts
 19 in rural and developing communities in accordance with applicable
 20 local, regional and State planning guidelines. ***[Applications for**
 21 **assistance under this subsection shall be submitted to and re-**
 22 **viewed by the Commissioner of the Department of Community**
 23 **Affairs, who shall (1) issue rules and regulations indicating the**
 24 **type of project eligible for assistance under this subsection, and**
 25 **the form and content of any application for this assistance; and,**
 26 **(2) approve any application for assistance, the provision of which**
 27 **would accomplish the purposes of this subsection.]*** **Procedures*
 28 *for the review and approval of, and eligibility criteria for, projects*

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29 *to receive assistance shall be established by law**. Of the total
 29A amount of the funds allocated under this subsection, not more
 29B than ****[15%]**** ***20%*** shall be allocated to the financing of
 30 projects located in any one county in the State.

31 ****[c.]** *\$10,000,000.00 to the financing of assistance for the crea-*
 32 *tion and development of urban industrial parks, according to pro-*
 33 *cedures and eligibility criteria to be established by law.*******

34 *****[d.]***** *Financial assistance provided pursuant*
 35 *to allocations made in subsections a.*****[b. or c.]***** *or b.*******
 36 *of this section shall not be used for any project, or portion of any*
 37 *project, which involves the acquisition, construction, reconstruction,*
 38 *development, redevelopment, improvement or relocation of struc-*
 39 *tures, buildings, facilities, easements or other improvements of*
 40 *real or personal property which are used, or are to be used, for*
 41 *public utility or road, street, parkway, avenue or highway purposes,*
 42 *or for residential housing.*

43 *****d.** *\$10,000,000.00 to the financing of assistance for the creation*
 44 *and development of urban industrial parks, according to procedures*
 45 *and eligibility to be established by law.********

46 *c. Whenever any financial assistance provided pursuant to allo-*
 47 *cations made in subsections a., b. or* *****[c.]***** ****d.*** of this*
 48 *section shall require as a condition for the provision of that assist-*
 49 *ance that an amount or percentage of local governmental funding*
 50 *or private funding be committed to the project for which assistance*
 51 *is sought, funds received from the State pursuant to any aid,*
 52 *financial assistance or any other State program shall not be used*
 53 *to meet the required condition.*******

1 6. Said bonds shall be serial bonds and known as "Community
 2 Development Bonds," and as to each series, the last annual install-
 3 ment thereof, subject to redemption prior to maturity, shall mature
 4 and be paid not later than 35 years from the date of its issuance
 5 but may be issued in whole or in part for a shorter term.

6 Said bonds shall be issued in one issue*,* or from time to time*,*
 7 as the issuing officials herein named shall determine.

1 7. The Governor, State Treasurer and Comptroller of the
 2 Treasury or any two of such officials (hereinafter referred to as
 3 "the issuing officials") are hereby authorized to carry out the pro-
 4 visions of this act relating to the issuance of said bonds, and shall
 5 determine all matters in connection therewith subject to ***[provi-**
 6 **sions hereof]*** **the provisions of this act**. In case any of said
 7 officials shall be absent from the State or incapable of acting for
 8 any reason, his powers and duties shall be exercised and performed
 9 by such person as shall be authorized by law to act in his place as a

10 State official. **The issuing officials are empowered on behalf of the*
11 *State to covenant from time to time with the holders of the bonds*
12 *that the proceeds of one or more issues of the bonds will not be*
13 *devoted to one or more uses, as the issuing officials determine*
14 *necessary to assure exemption from Federal income taxation of the*
15 *interest on the bonds. Any covenant shall be set forth in the text*
16 *of the bonds of any issue to which the covenant is applicable.**

1 8. Bonds issued in accordance with the provisions of this act
2 shall be a direct obligation of the State of New Jersey and the faith
3 and credit of the State are pledged for the payment of the interest
4 thereon as same shall become due and **for** the payment of the
5 principal at maturity. The principal and interest of such bonds
6 shall be exempt from taxation by the State or by any county,
7 municipality or other taxing district of the State.

1 9. Said bonds shall be signed in the name of the State by the
2 Governor or by his facsimile signature, under the Great Seal of the
3 State, and attested by the Secretary of State, or an assistant Secere-
4 tary of State, and shall be countersigned by the facsimile signature
5 of the Comptroller of the Treasury. Interest coupons attached to
6 said bonds shall be signed by the facsimile signature of the Comp-
7 troller of the Treasury. Such bonds may be issued notwithstanding
8 that any of the officials signing them or whose facsimile signatures
9 appear on the bonds or coupons shall cease to hold office at the time
10 of such issue or at the time of the delivery of such bonds to the
11 purchaser.

1 10. a. Such bonds shall recite that they are issued for the
2 purposes set forth in section 5 of this act and that they are issued
3 in pursuance of this act and that this act was submitted to the
4 people of the State at the general election held in the month of
5 November, *****[1981]*** **1982**** and that it received the ap-
6 proval of the majority of votes cast for and against it ***[as]* *at***
7 such election. Such recital in said bonds shall be conclusive evidence
8 of the authority of the State to issue said bonds and of their va-
9 lidity. Any bonds containing such recital shall in any suit, action
10 or proceeding involving their validity be conclusively deemed to
11 be fully authorized by this act and to have been issued, sold, exe-
12 cuted and delivered in conformity herewith and with all other
13 provisions of statutes applicable thereto, and shall be incontestable
14 for any cause.

15 b. Such bonds shall be issued in such denominations and in such
16 form or forms, whether coupon or registered as to both principal
17 and interest, and with or without such provisions for interchange-
18 ability thereof, as may be determined by the issuing officials.

1 11. When the bonds are issued from time to time*,* the bonds of
 2 each issue shall constitute a separate series to be designated by the
 3 issuing officials. Each series of bonds shall bear such rate or rates
 4 of interest as may be determined by the issuing officials, which
 5 interest shall be payable semiannually; provided, that the first
 6 and last interest periods may be longer or shorter, in order that
 7 intervening semiannual payments may be at convenient dates.

1 12. Said bonds shall be issued and sold at such price not less than
 2 the par value thereof and accrued interest thereon, and under such
 3 terms, conditions and regulations, as the issuing officials may pre-
 4 scribe, after notice of said sale, published at least once in at least
 5 three newspapers published in the State of New Jersey, and at
 6 least once in a publication carrying municipal bond notices and
 7 devoted primarily to financial news, published in the city of New
 7A York or in New Jersey, the first notice to be at least 5 days prior
 8 to the day of bidding. The said notice of sale may contain a pro-
 9 vision to the effect that any or all bids in pursuance thereof may
 10 be rejected. In the event of such rejection or of failure to receive
 11 any acceptable bid, the issuing officials, at any time within 60 days
 12 from the date of such advertised sale, may sell such bonds at pri-
 13 vate sale at such price not less than the par value thereof and
 14 accrued interest thereon and under such terms and conditions as
 15 the issuing officials may prescribe. The issuing officials may sell
 16 all or part of the bonds of any series as issued to any State fund
 17 or to the Federal Government or any agency thereof, at private
 18 sale, without advertisement.

1 13. Until permanent bonds can be prepared, the issuing officials
 2 may, in their discretion, issue in lieu of such permanent bonds tem-
 3 porary bonds in such form and with such privileges as to registra-
 4 tion and exchange for permanent bonds as may be determined by
 5 the issuing officials.

1 14. The proceeds from the sale of the bonds shall be paid to the
 2 State Treasurer and be held by him in a separate fund and be
 3 deposited in such depositories as may be selected by him to the
 4 credit of the fund, which shall be known as the "Community
 5 Development Bond Fund."

1 15. The proceeds from the sale of the bonds are specifically
 2 dedicated to and shall be used for the purposes designated in sub-
 3 sections a. ***[and b.]*** *, b. and *****[c.]***** ***d.*** * of section 5
 4 of this act, and all such moneys are appropriated for these pur-
 5 poses. No such moneys shall be expended for such purpose, except
 6 as otherwise hereinbelow authorized, without the specific appro-

7 priation thereof by the Legislature, **and the review of the omnis-*
 8 *sion on Capital Budgeting and Planning,** but bonds may be issued
 9 as herein provided notwithstanding that the Legislature shall not
 9A have then adopted an act making specific appropriation of any of
 9B said moneys.

10 a. At any time prior to the issuance and sale of bonds under
 11 this act, the State Treasurer is authorized to transfer from any
 12 available money in the treasury of the State to the credit of the
 13 Community Development Bond Fund, such sum as he may deem
 14 necessary. Said sum so transferred shall be returned to the
 15 treasury of this State by the Treasurer thereof from the proceeds
 16 of the sale of the first issue of bonds.

17 b. Pending their application to the purpose provided in this act,
 18 moneys derived from this bond issue may be invested and re-
 19 invested as other trust funds in the custody of the State Treasurer
 20 in the manner provided by law. Net earnings received from the
 21 investment or deposit of such funds shall be paid into the General
 22 State Fund.

1 16. In case any coupon bonds or coupons thereunto appertaining
 2 or any registered bond shall become lost, mutilated or destroyed, a
 3 new bond shall be executed and delivered of like tenor, in substitu-
 4 tion for the lost, mutilated or destroyed bonds or coupons, upon the
 5 owner furnishing to the issuing officials evidence satisfactory to
 6 them of such loss, mutilation or destruction, proof of ownership and
 7 such security and indemnity and reimbursement for expenses as
 8 the issuing officials may require.

1 17. Accrued interest received upon the sale of said bonds shall be
 2 applied to the discharge of a like amount of interest upon said
 3 bonds when due. Any expense incurred by the issuing officials for
 4 advertising, engraving, printing, clerical, legal or other services
 5 necessary to carry out the duties imposed upon them by the pro-
 6 visions of this act shall be paid from the proceeds of the sale of
 7 said bonds, by the State Treasurer upon warrant of the Com-
 8 troller of the Treasury, in the same manner as other obligations
 9 of the State are paid.

1 18. Bonds of each series issued hereunder shall mature in annual
 2 installments commencing not later than the tenth year and ending
 3 not later than the thirty-fifth year from the date of issue of such
 4 series, and in such amounts as shall be determined by the issuing
 5 officials, and the issuing officials may reserve to the State by appro-
 6 priate provision in the bonds of any series the power to redeem all
 7 or any of such bonds prior to maturity at such price or prices and
 8 upon such terms and conditions as may be provided in such bonds.

1 19. The issuing officials may at any time and from time to time
2 issue refunding bonds for the purpose of refunding in whole or in
3 part an equal principal amount of the bonds of any series issued
4 and outstanding hereunder, which by their terms are subject to
5 redemption prior to maturity, provided such refunding bonds shall
6 mature at any time or times not later than the latest maturity date
7 of such series, and the aggregate amount of interest to be paid on
8 the refunding bonds, plus the premium, if any, to be paid on the
9 bonds refunded, shall not exceed the aggregate amount of interest
10 which would be paid on the bonds refunded if such bonds were not
11 so refunded. Refunding bonds shall constitute direct obligations of
12 the State of New Jersey, and the faith and credit of the State are
13 pledged for the payment of the principal thereof and the interest
14 thereon. The proceeds received from the sale of refunding bonds
15 shall be held in trust and applied to the payment of the bonds re-
16 funded thereby. Refunding bonds shall be entitled to all the bene-
17 fits of this act and subject to all its limitations except as to the
18 maturities thereof and to the extent herein otherwise expressly
19 provided.

1 20. To provide funds to meet the interest and principal payment
2 requirements for the bonds issued under this act and outstanding,
3 there is hereby appropriated in the order following:

4 a. Revenue derived from the collection of taxes as provided by
5 the "Sales and Use Tax Act," P. L. 1966, c. 30 (C. 54:32B-1 et seq.),
6 or so much thereof as may be required;

7 b. If in any year or at any time funds, as hereinabove received
8 by the State or appropriated by the Legislature, necessary to
9 meet interest and principal payments upon outstanding bonds
10 issued under this act, be insufficient or not available*, then and in
11 that case there shall be assessed, levied and collected annually in
12 each of the municipalities of the counties of this State a tax on
13 real and personal property upon which municipal taxes are or
14 shall be assessed, levied and collected, sufficient to meet the interest
15 on all outstanding bonds issued hereunder and on such bonds as
16 it is proposed to issue under this act in the calendar year in which
17 such tax is to be raised and for the payment of bonds falling due
18 in the year following the year for which the tax is levied. The tax
19 thus imposed shall be assessed, levied and collected in the same
20 manner and at the same time as other taxes upon real and personal
21 property are assessed, levied and collected. The governing body
22 of each municipality shall cause to be paid to the county treasurer
23 of the county in which such municipality is located, on or before
24 December 15 in each year, the amount of tax herein directed to be

25 assessed and levied, and the county treasurer shall pay the amount
26 of said tax to the State Treasurer on or before December 20 in
27 each year.

28 If on or before December 31 in any year the issuing officials shall
29 determine that there are moneys in the General State Fund beyond
30 the needs of the State, sufficient to meet the principal of bonds
31 falling due and all interest payable in the ensuing calendar year,
32 then and in the event such issuing officials shall by resolution so
33 find and shall file the same in the office of the State Treasurer,
34 whereupon the State Treasurer shall transfer such moneys to a
35 separate fund to be designated by him, and shall pay the principal
36 and interest out of said fund as the same shall become due and
37 payable, and the other sources of payment of said principal and
38 interest provided for in this section shall not then be available, and
39 the receipts for said year from the tax specified in subsection a.
40 of this section shall thereon be considered and treated as part of
41 the General State Fund, available for general purposes.

1 21. Should the State Treasurer, by December 31 of any year,
2 deem it necessary, because of insufficiency of funds to be collected
3 from the sources of revenues as hereinabove provided, to meet the
4 interest and principal payments for the year after the ensuing
5 year, then the treasurer shall certify to the Comptroller of the
6 Treasury the amount necessary to be raised by taxation for such
7 purposes, the same to be assessed, levied and collected for and in
8 the ensuing calendar year. In such case the Comptroller of the
9 Treasury shall, on or before March 1 following, calculate the
10 amount in dollars to be assessed, levied and collected as herein
11 set forth in each county. Such calculation shall be based upon the
12 corrected assessed valuation of such county for the year preceding
13 the year in which such tax is to be assessed, but such tax shall be
14 assessed, levied and collected upon the assessed valuation of the
15 year in which the tax is assessed and levied. The Comptroller of
16 the Treasury shall certify said amount to the county board of taxa-
17 tion and the county treasurer of each county. The said county
18 board of taxation shall include the proper amount in the current
19 tax levy of the several taxing districts of the county in proportion
20 to the ratables as ascertained for the current year.

1 22. For the purpose of complying with the provisions of the
2 State Constitution this act shall, at the general election to be held
3 in the month of November. *****[1981]***** *****1982***** be submitted
4 to the people. In order to inform the people of the contents of this
5 act it shall be the duty of the Secretary of State, after this section
6 shall take effect, and at least 15 days prior to the said election, to

7 cause this act to be published in at least 10 newspapers published
8 in the State and to notify the clerk of each county of this State of
9 the passage of this act, and the said clerks respectively, in accord-
10 ance with the instructions of the Secretary of State, shall cause
11 to be printed on each of the said ballots, the following:

12 If you approve the act entitled below, make a cross (X), plus
13 (+), or check (✓) mark in the square opposite the word "Yes."

14 If you disapprove the act entitled below, make a cross (X), plus
15 (+), or check (✓) mark in the square opposite the word "No."

16 If voting machines are used, a vote of "Yes" or "No" shall be
17 equivalent to such markings respectively.

	<p>Yes.</p>	<p>COMMUNITY DEVELOPMENT BOND ISSUE</p> <p>Should the "Community Development Bond Act of ***[1981]*** ** 1982**," which authorizes the State to issue bonds in the amount of *[\$75,000,000.00]* *\$85,000,000.00* to assist in the development of communities of this State by (1) capitalizing at \$45,000,000.00 the New Jersey Local Development Financing Fund, which will assist industrial and commercial enterprises which encourage economic development within municipalities qualifying for State aid under P. L. 1978, c. 14, *and* (2) financing \$30,000,000.00 of loans and grants to local governments and other entities to revitalize distressed urban areas and promote the economic and social development of older central commercial districts in rural and developing communities, *and, (3) financing \$10,000,000.00 of financial assistance for the creation and development of urban industrial parks,* be approved?</p>
	<p>No.</p>	<p>INTERPRETIVE STATEMENT</p> <p>Approval of this act will authorize sale of *[\$75,000,000.00]* *\$85,000,000.00* in general obligation bonds of the State, \$45,000,000.00 of which will capitalize the New Jersey Local Development Financing Fund *and* *,* \$30,000,000.00 of which will be made available to counties, municipalities and other entities for the financial assistance of projects which encourage local revitalization and development*, and \$10,000,000.00 of which will be used to create and develop urban industrial parks*. Moneys in the New Jersey Local Development Financing Fund will support economic development projects creating meaningful permanent private sector jobs. Moneys for local revitalization and development*, and for urban industrial parks,* will support capital construction projects which will revitalize distressed urban areas and promote the economic and social development of older central commercial districts in rural and developing communities.</p>

18 The fact and date of the approval or passage of this act, as the
 19 case may be, may be inserted in the appropriate place after the title
 20 in said ballot. No other requirements of law of any kind or

21 character as to notice or procedure except as herein provided need
22 be adhered to.

23 The said votes so cast for and against the approval of this act,
24 by ballot or voting machine, shall be counted and the result thereof
25 returned by the election officer, and a canvass of such election had
26 in the same manner as is provided for by law in the case of this
27 election of a Governor, and the approval or disapproval of this
28 act so determined shall be declared in the same manner as the result
29 of an election for a Governor, and if there shall be a majority of all
30 the votes cast for and against it at such election in favor of the
31 approval of this act, then all the provisions of this act not made
32 effective theretofore shall take effect forthwith.

1 23. There is hereby appropriated the sum of \$5,000.00 to the
2 Department of State for expenses in connection with the publication
3 of notice pursuant to section 22.

1 24. This section and sections 22 and 23 of this act shall take
2 effect immediately, and the remainder of the act shall take effect
3 as and when provided in section 22.

ASSEMBLYMAN WALTER RAND (Acting Chairman): The public hearing on Senate Bill No. 1549 is now open. This hearing is being held in compliance with Assembly Rule 16A:1, and by direction of the speaker. This bill has been reviewed and reported by the Assembly Revenue, Finance, and Appropriations Committee, and is not referred to this Committee for any purpose other than to conduct a public hearing.

The Chairman, Assemblyman Richard VanWagner, asked me to begin this hearing. Urgent personal business will require his absence. He will be here for our regular committee meeting, scheduled for 10:30 A.M.

We will begin the hearing with a statement from the sponsor of the bill, Senator Joseph Merlino, presented by Mr. Laurenti. Anyone else who wishes to offer testimony for the record will be recognized by the Chair. Please state your name and affiliation.

Before we start, let me introduce myself. I am Assemblyman Walter Rand. On my extreme left is Assemblyman Dan Dalton, from the 4th District. On my extreme right is Assemblyman Karl Weidel from the 23rd -- 14th now.

ASSEMBLYMAN WEIDEL: From the 14th District.

ASSEMBLYMAN RAND: This redistricting has me confused.

Mr. Laurenti.

J E F F R E Y L A U R E N T I: Thank you very much, Assemblyman. I am here today to present testimony on behalf of the sponsors of Senate Bill 1549 and the accompanying other bills of the Economic Redevelopment Package.

This bill, S-1549, would be the major funding mechanism for the other elements in the package. Let me describe for you, briefly, what this package involves. It involves an approach at redeveloping New Jersey's distressed urban communities through targeted grants and loans to local economic development corporations. That is, in fact, the largest single component of the proposed funding from this bond issue.

It also involves a proposal for, in effect, a State public works program, which is in the bill, Section 5, Subsection B -- a \$30 million program to local governments, and this is not just to distressed urban areas, but also for the older central commercial districts in rural and developing communities.

The third component is a \$10 million item in the bond bill for urban industrial parks. Urban industrial parks were first authorized by the Legislature in 1977, to be undertaken either by the Economic Development Authority or, subsequently, by the Port Authority of New York and New Jersey.

The bond bill before us would authorize a State issuance of general obligation bonds which would fund each of those three different components. The idea behind the package is that it takes an integrated approach among several different levels to be able to provide the kinds of capital formation necessary to offset the certain risks involved in urban areas, and it provides stimuli for economic reconstruction, both through the private sector, which is what the first part of this bond issue is intended to address, and through public works elements of the public sector.

The accompanying bills are Senate Bills 1547 and 1548, which establish and authorize State assistance to local development corporations -- local development financing corporations. Senate Bill No. 1550, sponsored by Senator Kennedy -- let me emphasize that this is a bipartisan package and was so treated and voted on in the Senate -- would authorize economic development authority projects to be targeted particularly to areas of the greatest need.

Senate Bill No. 3145, also pending, I believe, before this committee, is the enabling legislation for the second component - the public works component. And, there is an additional piece of legislation now pending before the Senate which

would give further detail on the urban industrial parks proposal, which is already enacted into law with the Economic Development Authority.

This proposal for a bond issue has been approved by the Capital Budgeting and Planning Commission, and has already gone through all the required elements of the bond issue process. It is now only awaiting Assembly enactment and the Governor's signature. The bonds are seen as a way of providing up-front capital. The various enabling legislation pieces basically will provide for a revolving fund; that is, businesses would receive up-front money and in most cases would be required to pay it back. And, the receipt of that money replenishes the fund. So, you have, from this up-front capitalization, the on-going funding for continuing economic redevelopment efforts.

You see, this is especially important now because in an age of Federal withdrawal from these responsibilities, it becomes more and more critical that States undertake these kinds of active involvements in order to ensure that there are jobs in our cities, where the unemployment is highest. In many respects, this first part of the program, Subsection 5a, the Local Development Financing Corporation device, is a complement to and, unfortunately, increasingly a substitute for the urban development action grants, which were a pioneering concept of the last Federal Administration, but which appear in jeopardy -- particularly in the next Federal budget message.

The second element is akin to the public works projects which the Federal government has used in the past. So, we have good historical precedent for these kinds of programs. We would suggest they are programs which can work, and that this bond issue is a good way to capitalize those programs to get them started.

Again, the rest of the program could travel without this kind of funding mechanism. We would argue that you would want a good up-front capitalization, and that is why this bond issue is needed.

ASSEMBLYMAN RAND: Thank you very much, Mr. Laurenti. Before we continue, we have been joined by Assemblyman Walter Kavanaugh, and we will now open the floor to any questions of Mr. Laurenti. Mr. Dalton.

ASSEMBLYMAN DALTON: Yes. Jeff, what is the definition you are going to be using for "distressed urban communities?" Is that in the bill?

MR. LAURENTI: It is in each of the authorizing pieces of legislation. The reason for that, Assemblyman, is that the Legislature should retain some flexibility over how it will allocate these funds. If you were to put it all in the bond act to submit it to the voters, the Legislature would not subsequently have flexibility.

The first section, which is the local Development Financing Corporation Assistance Fund, in fact would be limited, both in the bond issue and in the authorizing legislation, to, basically, urban aid municipalities, or those which would qualify for urban aid under all the criteria, except population. The others are not defined in the legislation. The accompanying legislation, which is before the Assembly Committee at this time, would provide that any of the municipalities which receive the Public Utility Tax for distribution would be able to qualify for the Public Works segment of the bond issue.

ASSEMBLYMAN DALTON: You also mentioned rural and developing communities.

MR. LAURENTI: Yes.

ASSEMBLYMAN DALTON: They would be eligible for what?

MR. LAURENTI: They would be eligible for the Subsection b of Section 5 funding -- that is, the public works construction.

ASSEMBLYMAN DALTON: What is a rural and developing community?

MR. LAURENTI: Well--

ASSEMBLYMAN DALTON: Mount Laurel?

MR. LAURENTI: Mount Laurel falls into the category of a developing community, as would-- Rural would be, perhaps, Delaware Township. Whatever will qualify as an older, commercial, central district.

ASSEMBLYMAN DALTON: I didn't want to go over who would qualify. I wanted to try and get an understanding as to what the parameters were of a rural and developing community.

MR. LAURENTI: The parameters are quite broad, and deliberately so - partly politically -because in order to win voter support for a bond issue, it cannot be limited exclusively to a narrow constituency. For that reason, the Public Works segment is, I think rightly, seen as something which should be much more broadly distributed.

ASSEMBLYMAN RAND: The last question, through you Mr. Chairman, is, you mentioned the New York Port Authority. What would their activity be within the parameters of this bill?

MR. LAURENTI: Okay. This legislation provides financial assistance for urban and industrial parks. That, in theory, could accommodate, if the Legislature, by subsequent legislation, were to provide for assistance to projects that the Port Authority would undertake. That is not, however, the provision in the proposed authorizing legislation which is now pending in the Senate. Port Authority projects, we believe, should be undertaken out of the resources, which are ample, that the Port Authority has.

ASSEMBLYMAN DALTON: So, isn't there a need? Would we want to clarify 1549 in order to ensure that the monies wouldn't be used solely for projects undertaken by the Port Authority?

MR. LAURENTI: We would recommend that this bill not be the vehicle for that kind of prescription, that that is to be done by authorizing legislation. As the bill states on page 4, lines 44 to 45, "...according to procedures and eligibility to be established by law." We would argue, strongly, that the Legislature should retain the flexibility to set that. The bill which has been submitted, and which is pending before the Senate Revenue, Finance, and Appropriations Committee this morning, or the County and Municipal Government Committee this morning, prescribes it only for the Economic Development Authority urban industrial parks, and not for those undertaken by the Port Authority.

ASSEMBLYMAN DALTON: Thank you, Jeff.

ASSEMBLYMAN RAND: Thank you very much. Assemblyman Weidel?

ASSEMBLYMAN WEIDEL: Would 1549 itself go before the Bond Oversight Committee, or would the subsequent legislation that defines where it is going to be spent go before it? I can't see how we are going to get all these bills in front of the Bond Oversight Committee.

MR. LAURENTI: Right. Only the bills appropriating funds from this bond issue would go before the Bond Oversight Committee. The authorizing legislation, setting up the programs would not -- because that is not a standing reference committee for legislation -- be referred to the Bond Oversight Committee. But, the actual utilization of the bond money would.

You see, the other pieces of legislation are offered independently from the Bond Act. In theory, you could, and perhaps should -- we would argue should -- enact all the rest of that package and fund it out of on-going annual appropriations rather than with a major up-front capitalization, which is what this bond issue provides. As you establish local development financing corporations, you could establish a

public works program -- public works construction -- and you could provide State funding for urban industrial parks as part of the regular State appropriation in the budget, rather than out of a bond issue.

ASSEMBLYMAN WEIDEL: But, Jeff, don't we usually, when we have bond legislation to go to the voters, have some kind of an outline of projects? If this passes and goes before the voters, it is just going to say "Community Development Bond Act." How are proponents of this legislation going to explain it to the public?

MR. LAURENTI: This is a different kind of animal than, let us say, the list of projects which would be undertaken by the Department of Environmental Protection building sewers.

ASSEMBLYMAN WEIDEL: This is the first time we have ever done it this way, isn't it?

MR. LAURENTI: Well, no. For example, the Flood Control Bond Act, which was enacted a couple of years ago, was done utterly without any plan for an expenditure program. The Handicapped Children Bond Act of 1973 was done almost without the awareness of the Department, much less with a program for its expenditure, and for that one it took seven or eight years before anybody thought about how to use the money. So, it is not unprecedented for there not to be a list of specific projects.

The nature of the Economic Development Projects would make it impossible to have a list in advance. This is not intended to benefit specific business ventures; rather, it is intended to provide the funding mechanism for the State to provide assistance to private sector businesses that are willing to take the chance in communities where unemployment is high and the need for economic enterprise is desperate, and to provide the necessary kind of risk-covering capital.

ASSEMBLYMAN WEIDEL: I know where you come from. Could any of this money be used for the Civic Center in Trenton?

MR. LAURENTI: The second component of the bond issue, the Public Works Bond Issue, could, in fact, be used for projects like the Civic Center in Trenton.

ASSEMBLYMAN WEIDEL: Jeff, there was criticism on the last ballot that there were so many bond issues on it. Some of them, as you obviously know, were old and were way down in the right hand corner, and there was criticism that maybe there were just too many questions on the ballot. What are we doing here? Are we passing something in this Legislature on this bond act for next November? In other words, you are the first guys in here. You are moving from a position of strength right now. Do you have any more bond issues that you want?

MR. LAURENTI: Actually, we would have hoped that this may have been on the ballot this past November. As it turns out, there was a winning streak for questions on the ballot this Fall that made it doubly advantageous to have done it this year. But, the Assembly's schedule did not permit it to be considered in time for this past November. Therefore, we are seeking its adoption now so it can go on the ballot next November. That in itself is also not unprecedented. In the lame duck Legislature of 1973, final approval was given to a Constitutional Amendment dealing with voter residency requirements. That appeared on the ballot in 1974. So, we have had precedents where questions appear on the general election ballot one year that were passed by the Legislature the previous year.

ASSEMBLYMAN WEIDEL: When the new Legislature comes in and gives a different direction, and as things develop here in this State, would you be willing-- I have to couch that in different words. Do you think the importance of this bond issue and the substance of it would stand up to any other bond issues that might come before the new Legislature, so we can have some priority? In other words, could you put

them all in and say, "Okay, Mr. and Ms. Legislature, which ones are you going to put on this year? Are we going to put prisons on? Are we going to put more water on? Are we going to put more transportation on? Are we going to put on urban development?" I have a faint suspicion that what we are doing here is already saying to the new Legislature: "Well we have one, and that's it; now you guys figure out what else is going to go on." And, I have a little difficulty with that, due to the makeup of everything right now.

MR. LAURENTI: That I understand. In fact--

ASSEMBLYMAN WEIDEL: I'm trying to be honest with you.

MR. LAURENTI: And, I will be absolutely honest and forthright in my reply. As I indicated before, the Capital Budget and Planning Commission did approve this bond issue at the same time as it did the Water Supply Bond Issue, the Hazardous Waste Discharge Bond Issue, and the third bond issue this year -- quick, help. Yes, right, Farmland Preservation -- in fact, this was approved before Farmland Preservation slipped through. So, in fact, that passed and it was seen in the context of all the State's needs. It has been viewed in the context of the several other competing claims on New Jersey's public funds, and was deemed by the Capital and Budgeting and Planning Commission to be a worthy part of that package. As I said, it was due only to what we would view as an accident of the Assembly's schedule in the Autumn that it was not passed in a more timely fashion for the voters to have approved it with all the rest this fall. I don't think it is a case of tying a future Legislature's hands. I think it can be said that the next Legislature would have pretty much the same disposition on a question like this. It has already progressed very substantially through the legislative process, and it had already been released from Committee back in June. So, it had gone three-fourths of the way in the legislative process, and we would submit that it should, therefore, go that last quarter of a mile now.

ASSEMBLYMAN WEIDEL: Okay.

ASSEMBLYMAN RAND: Is there anything else, Assemblyman Weidel?

I would just like to, for one moment if I may, introduce Assemblywoman Burgio, who has now joined us. Okay, Assemblyman Kavanaugh.

ASSEMBLYMAN KAVANAUGH: Thank you, Mr. Chairman. I think I have to echo Karl's sentiments. I don't see any urgency at this time, with a new administration, and with forty-four some odd changes in both Houses, as far as the members of the Legislature are concerned. We do have a regular set-up as far as routine time is concerned. So, there is a lack of urgency. I would agree that during the coming legislative session, that both Houses and the Administration and the members of the new Cabinet get together on possible bond issues that should be coming up in the coming year, prepare them, prioritize them, and present them to the Legislature to be put on the ballot in November. We are locking in the new Legislature. It may be that with time there may be changes. I just think we are trying to rush some of these through. I know the reason for it, but I just think it is more important for good government that we sit back and reflect on this a little longer to see how this ranks in priority come next August.

MR. LAURENTI: I appreciate that perspective, Assemblyman. As you can see, the Bill was introduced over a year ago and it has spent the better part of over a year in being carefully reflected on while making its way through the Legislature. Ultimately, it is not the Legislature's hands that are being tied, but rather an opportunity for the people to decide on it next fall. In that respect, that final binding decision, whether it would have been done by the voters in November of this year or November of next year, is still going to be their mandate ultimately.

whether this money will be made available for these purposes or not.

ASSEMBLYMAN WEIDEL: If Mr. Enourato is unsuccessful in his suit, could this money be used for the State Building Authority?

MR. LAURENTI: Under the provisions of this bill and the accompanying legislation, the answer would be no. Subsection b makes specific reference to -- and this is the one section under which any public buildings can be undertaken -- "capital construction projects, in the form of low interest loans and grants to counties, municipalities and such other entities as may hereafter be provided by law."

ASSEMBLYMAN WEIDEL: There you go.

MR. LAURENTI: Yes, but the accompanying legislation, which you have in this Committee, S-3145, does not provide for the State to be any such entity.

ASSEMBLYMAN WEIDEL: We could put any kind of subsequent legislation in to spend this money.

MR. LAURENTI: That is clearly not intended by this legislation, and we believe the Building Authority, in terms of undertaking the State's own projects, which cost far more than the \$30 million that would be available-- You have an additional provision in the bond act itself that no more than 20% of that category - that is \$6 million - could be used in any one county. There is no way that this could be used to finance the State Building Authority's program.

ASSEMBLYMAN RAND: Might I remind you that the bill has been reported out, so there is no necessity for taking any vote.

Assemblywoman Burgio.

ASSEMBLYWOMAN BURGIO: I would just like to say, Jeff, that I am not in the same position as my two colleagues over here. I will not be here next year to further look the bill over, and I think I would support it. I will not be able to vote on this bill, so I would support it now, even though their comments are valid.

MR. LAURENTI: Thank you, Assemblywoman.

ASSEMBLYMAN RAND: Mr. Laurenti, I would just like to ask you one more quick question. On page 3, lines 9(a), 9(b), and 10, was there a particular reason why you eradicated the 15% and raised it to 20%?

MR. LAURENTI: Yes, that was, by the way, an amendment made in the Assembly -- by this Committee. Maybe you could help me. I believe that the origin of it was a concern that you have in places such as Hudson and Essex Counties with a large concentration of communities that might want to make application for this, since the Legislature would have to approve each of the projects through the appropriation process.

ASSEMBLYMAN RAND: Okay. I may not have been present at that particular moment.

MR. LAURENTI: You would still maintain control, but you might have a little bit more flexibility for the Legislature there.

ASSEMBLYMAN RAND: I would like to announce that Assemblyman Janiszewski has just joined us. He is the Vice Chairman of this Committee. Assemblyman Janiszewski.

ASSEMBLYMAN JANISZEWSKI: Thank you. First, I apologize to the Committee for my late arrival, and to Mr. Laurenti as well. I was just looking through the bill, on page 3 -- in fact, I thought, Walter, you were going to ask this very question, and forgive me if it has been asked earlier -- lines 9 and 9(a), in italics, "...which would qualify under that act except for the population criterion." Perhaps, Jeff, you can address yourself to what the impact of that is with regard to the total funding mentioned in here.

MR. LAURENTI: All right. That qualifies--

ASSEMBLYMAN JANISZEWSKI: And, as compared to what it would be, absent that.

MR. LAURENTI: That qualifies for consideration business projects, such as those in communities like Asbury Park, which has now dropped in population below the 15,000 population threshold and which in every other respect qualifies for urban aid. Therefore, we made a special line of appropriation for it in the budget. We want to ensure that a community, like Asbury Park, would be able to get assistance for business ventures which will help redevelop that town's sagging base.

ASSEMBLYMAN JANISZEWSKI: Then that would, I suppose, connect with the top of page 3, line 54, which reads: "...additional assistance to rural and developing communities..." Am I right in assuming that the funds generated under this bill would be available upon application, in accordance with guidelines established by law and by regulation, for communities which were developing, whether they be rural communities or those which had an eroded business base, as with Asbury Park, or for urban communities? I mean, there is really a wide range of types of communities that would be covered as it presently reads, and that would be allowed to apply under the law.

MR. LAURENTI: Yes, absolutely. Again, this is something of a three-legged stool, this program, and those legs are not equal in length. The first is the aid to the local Development Financing Corporations, basically aid to private businesses which locate in areas of greatest distress. In the bill, there is \$45 million provided in Section 5(a) for that. In terms of the accompanying legislation - that would be Senate Bills 1547 and 1548 - that is only communities which qualify for urban aid, or would qualify for it except for population.

Subsection 5 (b) speaks of a public works component-- Excuse me for a second, Subsection 5(a) is akin to the UDAG program. Subsection 5 (b), the thirty million dollar public works program, is far more broadly spread. That deals with the rural and developing communities. And, Subsection 5 (c), a \$10 million item, provides financing for urban industrial parks, which are also separately addressed in the accompanying legislation.

ASSEMBLYMAN JANISZEWSKI: One last question, Mr. Chairman. Jeff, do you see any dovetail or overlap between -- realizing this is a funding mechanism, all right--?

MR. LAURENTI: Right.

ASSEMBLYMAN JANISZEWSKI: (continuing) --other program bills presently in the Legislature and those bills which have been widely discussed with regard to urban enterprise zones and that concept?

MR. LAURENTI: The concept of urban enterprise zones relies on the tax mechanism, and it assumes that by giving additional tax preferences - tax benefits - you can make certain kinds of enterprises more attractive and possibly "doable". This does not in any way conflict with that. This provides specific assistance to projects which, but for this aid, would not be doable. So, they may well complement each other. This can be taken independently of the tax advantage proposals, or it can be taken in conjunction with them. Clearly, the more means the better, in terms of opportunity for redevelopment of the cities.

ASSEMBLYMAN JANISZEWSKI: Oh, there is no question about that in my mind. Mr. Rand, thank you very much.

ASSEMBLYMAN RAND: We have now been joined by Assemblywoman Barbara Kalik. Mr. Dalton, you wanted to ask a question?

ASSEMBLYMAN DALTON: Jeff, on the urban industrial parks, the Estate Statute, am I correct? Correct me if I am wrong. The establishment of the Port Authority in that statute is really the only vehicle in the Estate Statute for the establishment of urban industrial parks?

MR. LAURENTI: The Economic Development Authority - the New Jersey Economic Development Authority - is the agency which is authorized in this State to undertake urban industrial parks. There is also a joint New York-New Jersey program, operated by the Port Authority of New York and New Jersey, but that is not, under the accompanying legislation, authorized to receive any of the funds from this bond act.

ASSEMBLYMAN DALTON: You have probably summarized what I am trying to get at.

MR. LAURENTI: This is intended to cover the regions of New Jersey.

ASSEMBLYMAN DALTON: Okay.

ASSEMBLYMAN RAND: Assemblyman Weidel.

ASSEMBLYMAN WEIDEL: Everything that this does, Jeff -- it seems like this -- doesn't see any projects. You have split this up into percentages. This doesn't see any projects, really, from the beginning to the end, does it?

MR. LAURENTI: No, this does not.

ASSEMBLYMAN WEIDEL: This is to entice and to get-- There is not enough money here.

MR. LAURENTI: Well, we would say yes, there is not enough money for this. There is not enough money in the State budget for all the important purposes that government assists, but this is better than nothing, particularly in an age when the Federal assistance, which used to be helpful, is no longer available.

ASSEMBLYMAN WEIDEL: What I am afraid we are doing here, Jeff, is, we are going to have to have subsequent legislation. What we are going to do is, we are planting a seed on the part of every legislator -- the way this is written -- to get in on the action. You inadvertently mentioned Asbury Park because the population is down. Wait a minute, they have Perth Amboy, or whatever it is: "We have the population, we have the urban aid, we have the declining base" -- you know.

Usually, when we have a bond issue-- Although we in the Legislature have all been criticized by the public in that it isn't specific enough for what we are going to spend, this is the worst one that I have seen, in that there isn't anything that precludes 120 legislators from changing it around.

MR. LAURENTI: Well, you know, Assemblyman, the transportation bond issues that have been put out have always been accompanied with long lists of projects which would be undertaken -- like the improvement of Route 31. Every transportation bond issue includes that in the list. And, the various and sundry projects are not always what the bond issue ends up being funded for. There are always projects that you want to undertake, but there is not enough money for them. That will be true of this bond issue; that will be true of any of the others that have been proposed in the past, that the list of deserving projects that can be helpful to the people of this State is longer than the amount of resources available to it.

ASSEMBLYMAN WEIDEL: On this one you already have accompanying bills. You already have your plays worked out.

MR. LAURENTI: We have no projects in those bills, all we have is the statutory mechanism for being able to provide assistance to local Development Financing Corporations.

To digress from this bill for just one moment, the bill which was released by this Committee last week, Senate Bill 1547, provides for local development financing

corporations to be locally constituted. Now, the \$45 million aide portion would be funneled through local development financing corporations. So, Asubry Park -- if you wanted to do Asbury Park -- would have to have such a local development financing corporation, or Perth Amboy would. Any of those would have to. And then, as with any other bond or any other non-bond general fund appropriation or money that is available, they would have to make application for it.

ASSEMBLYMAN WEIDEL: All right. Thank you.

ASSEMBLYMAN RAND: Assemblyman Kavanaugh.

ASSEMBLYMAN KAVANAUGH: We have gone through this and if no member of the public is to be heard -- this is a public hearing -- we can always debate this on the floor, after we review the transcript. I would move that the public hearing be concluded and move on to our other agenda.

ASSEMBLYMAN RAND: Before you do that, I would just like to say that we have been joined by Assemblyman Byron Baer, and give him the opportunity to ask a question very quickly, if he does have a question. Assemblyman Baer, do you have any questions on this?

ASSEMBLYMAN BAER: No, Mr. Chairman.

MR. LAURENTI: Thank you very much, Mr. Chairman, and members of the Committee.

ASSEMBLYMAN RAND: Thank you very much, Mr. Laurenti.

Is there anyone else wishing to offer testimony on S-1549? If not, Mr. Kavanaugh, I will accept your motion.

(Whereupon motion was duly made, seconded and unanimously carried)

I will direct the secretary to prepare a transcript of this hearing immediately. Thank you very much. This public hearing is closed.

(hearing concluded)

