

DEPARTMENT OF COMMUNITY AFFAIRS

NEW JERSEY URBAN ENTERPRISE ZONE PROGRAM

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OVERVIEW

The Urban Enterprise Zone Program (UEZ) was enacted by the New Jersey State Legislature in 1983 to revitalize the State's most distressed urban communities through the creation of private-sector jobs and public and private investment in targeted areas within these communities. The first ten Urban Enterprise Zones as designated in 1984 are: Bridgeton, Camden, Elizabeth, Jersey City, Kearny, Newark, Orange, Plainfield, Trenton, and Millville/Vineland (Joint Zone). The Legislature has added other Zones as follows:

- 1994: Carteret, Lakewood, Mount Holly, Passaic, Paterson, Perth Amboy, Phillipsburg, Pleasantville, Union City, and Asbury Park/Long Branch (Joint Zone).
- 1996: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York.
- 2002: Bayonne, Roselle, and joint zones of Wildwood/ North Wildwood/Wildwood Crest/West Wildwood; created Impacted Business Districts; and extended the life of the existing Urban Enterprise Zones.
- 2004: Gloucester City and New Brunswick as new zones.

INCENTIVES

- Qualified retail businesses may charge 50% of the mandated 7% NJ sales tax on certain "in person" purchases.
- Revenue generated from the 3.5% sales tax is allocated 0.5% to the Property Tax Relief Fund; while, 3.0% is maintained in Zone Assistance Fund (ZAF) accounts and dedicated to use within the zone for certain economic development and/or public service improvement projects.
- Small UEZ businesses with less than \$10 million in annual gross receipts in the prior tax year enjoy 100% sales tax exemption at time of purchase of certain materials and tangible personal property. Larger businesses may file quarterly for a rebate after paying the applicable sales tax.
- One-time corporation tax credit of \$1,500 for each new, full-time permanent employee who is a resident of a municipality in which a zone is located and who had been unemployed for at least 90 days or dependent upon public assistance.; OR,
Tax credit against the Corporation Business Tax of 8% of Investment in the zone by an approved "In Lieu" agreement with the Urban Enterprise Zone Authority and Municipality for certain firms.
- Subsidized unemployment insurance costs for certain new employees with gross salaries of less than \$4,500 per quarter as per Department of Labor schedule.
- Priority financial assistance from the New Jersey Local Development Financing Fund (LDFF) and Department of Labor Job Training Program.
- Energy and utility service sales tax exemption on consumption within an enterprise zone by manufacturing firms with at least 250 employees, over 50% of whom are in a manufacturing process.
- Business Retention and Relocation Assistance Grant ("BRRAG") for relocation and retention of at least 250 non-retail jobs where the grant is a material factor. Special limitations/bonuses for UEZs.
- Business Employment Incentive Program ("BEIP") applicants may be eligible for a grant award of up to 50% of the State income taxes withheld for new employees hired, may increase up to 80% if "Smart Growth".
- Most Urban Transit Hub areas overlap Urban Enterprise Zones which may make firms eligible for tax credits equal to 80%-to-100% of the qualified capital investments made within an eight-year period, to be applied as 10 percent of the total credit amount per year.

HIGHLIGHTS OF ZONE ACTIVITY

(data current as of end of June 2010)

Full Time Employment in participating UEZ businesses:	132,467
Qualified businesses currently participating in the program:	6,715
Private Investment by UEZ businesses since 1985:	\$30.8 Billion
ZAF revenue collected since 1985:	\$1,098 Million
ZAF projects and total dollars approved since 1985:	2,603; \$953 Million