



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Monday, July 27, 2009 4:06 PM
To: Lashway, Lisa
Subject: from NJLM Economic Stimulus

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

July 27, 2009

RE: I **The New Jersey Economic Stimulus Act of 2009 A-4048/S-2299**

Dear Mayor:

Today, Governor Corzine signed into law A-4048/S-2299, “the Economic Stimulus Act of 2009.” We previously advised of this legislation in our Dear Mayor letters of June 26, June 23 and June 19. This new law is omnibus legislation that ties in a number of other bills and concepts with the intent to reinvigorate New Jersey’s economy.

The purpose of this letter is to provide an overview of the new law and its impact on municipalities, and focuses on the three major components of the new law.

Non-Residential (Commercial Development) 2.5% Fee Moratorium

The 2.5% fee on non-residential development is amended to exempt projects that receive preliminary or final site plan approval prior to July 1, 2010, provided that the same project receives its building permits prior to January 1, 2013.

Monies collected under PL 2008, c.46 (which authorized the non-residential development fee) are to be reimbursed in an amount equivalent to the difference between what was paid and what would have been paid under any ordinance or agreement in place before July 17, 2008. If a municipality has expended, or committed to expend, monies collected under PL 2008, c. 46, it still needs to reimburse the developer, but is to also be reimbursed by the State from the \$15 million appropriation in the bill.

A developer seeking reimbursement must file a claim to the governmental entity which collected the fee (either State or local) within 120 days from today. The government entity will have 30 days to pay the reimbursement. Municipalities seeking reimbursement from the State will also be reimbursed within 30 days of providing written notice to COAH.

The affordable housing obligation generated by a project exempted by the new law is “eliminated or reduced” unless replacement revenues “available to the municipality” are identified. For instance, if 0% is available to the municipality, the obligation is eliminated. If half of what would have been generated by the fee is identified and available to the municipality, then the obligation is reduced by

half. COAH has two years from the effective date of the bill to make this determination.

It is our understanding that the Department of Community Affairs will soon send a letter on the implementation of the Stimulus Act, specifically the non-residential fee moratorium. The letter will be sent via GovConnect and to construction officials and assessors. In a future letter, we will provide a link to that letter for your review.

The Economic Redevelopment and Growth Grants

The Revenue Allocation District (RAD) program will be replaced with a new “Economic Redevelopment and Growth Grant” (ERGG) program. The new ERGG would be similar to the Brownfields Site Reimbursement program, which allows for the financing of redevelopment through revenues derived from a site's redevelopment, such as sales and business taxes instead of solely through local borrowing.

The new EERG program will utilize up to 75% of the increases in certain State and local revenues to provide gap financing up to 20% of certain projects. Such grants will be available in Planning Areas (“PA”) 1, 2, centers designated by the State Planning Commission and certain transit villages.

An enabling ordinance will be required so that projects qualify for EERG funding. The League is partnering with the State Economic Development Authority and the Department of Community Affairs to draft a model ordinance for municipalities interested in the EERG funding.

Urban Transit Hub Tax Credits

The “Urban Transit Hub Tax Credit Act” is to be expanded, with the intent to promote corporate capital investment and development near mass transit centers. This program offers a 100% corporate business tax credit to companies planning capital projects that invest at least \$75 million and create or relocates 250 jobs to within a half-mile of mass transit stations in Trenton, Newark, New Brunswick, Paterson, Elizabeth, Hoboken, Jersey City and East Orange, and within one mile in Camden. Under the new law, the investment threshold is reduced to \$50 million and any business that leases space would see their investment threshold further reduced to \$17.5 million.

Questions on this letter can be directed to Mike Cerra at mcerra@njslom.com or at (609) 695-3481 x120.

Very truly yours, William G. Dressel, Jr. Executive Director

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