



NEW JERSEY URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT

SUBMITTED TO New Jersey Economic Development Authority
SUBMITTED BY Delta Development Group, Inc. and HR&A Advisors, Inc.

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FOREWORD

The consultant team of Delta Development Group, Inc., and HR&A Advisors, Inc., would like to recognize the various public agencies that facilitated the conduct of the New Jersey Urban Enterprise Zone Program Assessment. This significant assignment was made possible with the professionalism and support, engaged participation, timely access, and thought-provoking considerations afforded us.

We would like to extend a special thanks to Governor Chris Christie and the leadership and staff of the New Jersey Economic Development Authority, the Urban Enterprise Zone Authority, the Department of Community Affairs, the Department of the Treasury, the Department of Labor and Workforce Development, and the Department of Law and Public Safety – Office of the Attorney General.

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EXECUTIVE SUMMARY

SUMMARY OF FINDINGS

New Jersey's Urban Enterprise Zone Program (hereinafter "NJ UEZ Program") was created in 1983 to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private-sector jobs through public and private investment. Although the NJ UEZ Program has some tangible signs of success, the Delta/HR&A team's (hereinafter "consultant team") principal findings are that the NJ UEZ Program is bureaucratically cumbersome and costly to operate, and has yielded inconsistent and uncertain quantifiable results in terms of business expansion and job creation in the State's urban areas.

The NJ UEZ Program includes and affects

- more than 6,800 certified UEZ businesses (as of December 1, 2010) in 37 of the State's 566 municipalities,
- 99 staff who coordinate and administer the NJ UEZ Program in 32 zones,
- 19 staff employed by the State's UEZ Authority,
- 17 staff at the Department of Labor and Workforce Development and the Department of Treasury (Division of Taxation and Division of Revenue), and
- consumers across the State who benefit from reduced 3.5% sales tax on qualified purchases made at stores within the zones.

See the chart at page 5 for a summary of this assessment's findings and related impacts and outcomes.

SUMMARY OF RECOMMENDATIONS

As part of New Jersey's FY 2012 budget and legislative processes, the consultant team recommends elimination of the NJ UEZ Program as it currently functions, and replacement with a new place-based community and economic development program. This recommendation is based on a comprehensive analysis of the NJ UEZ Program that included outreach to UEZ coordinators and field representatives, State agency and executive personnel, UEZ businesses, and elected officials; rigorous quantitative analysis of the NJ UEZ Program's economic impacts from 2002-2008; case study analysis of successes and failures from comparable economic development programs across the country; and extensive review of documents related to the NJ UEZ Program. Recommendations for a new program are specifically designed to support New Jersey's goals for a community and economic development program that supports private business development and job growth in the State's distressed municipalities.

KEY RECOMMENDATION

As part of the State's FY 2012 budget and legislative processes, eliminate the NJ UEZ Authority and the NJ UEZ Program and its incentives by the end of FY 2011, and transition to a new place-based community and economic development program.



RECOMMENDATION #1

1. **As part of the State's FY 2012 budget and legislative processes, eliminate the NJ UEZ Authority and the NJ UEZ Program and its incentives by the end of FY 2011, and transition to a new place-based community and economic development program.**
 - All existing UEZs would be eligible to participate in the new program and apply for the new program's incentives on a competitive basis.
 - The new program should be administered by the New Jersey Department of Community Affairs (DCA) in concert with the New Jersey Economic Development Authority (EDA). Initial participants should be those municipalities with current UEZs that meet qualification criteria (to be determined) and maintain established annual performance standards (see Key Recommendation #2, Step 6).
 - The new program and participating municipalities should sunset in 10 years, at which time the DCA and EDA should assess the appropriateness of continuing the new program and accept applications from the State's Urban Aid Municipalities.
 - Responsibility for monitoring existing Zone Assistance Fund projects with encumbered funds should transfer to municipalities' governing bodies. Municipalities should also retain second generation funds for Revolving Loan Fund programs to be administered locally.
 - Elimination of the NJ UEZ Program and incentives would result in an estimated \$310.6 million in additional State general revenue funds annually.

Estimated Annual Expenditures

- \$276.6 million in estimated annual expenditures
 - \$44.9 million spent for zone projects through the Zone Assistance Fund
 - \$139.5 million in sales tax exempted to UEZ businesses and contractors
 - \$85.6 million in reduced sales tax to consumers
 - \$299 thousand in other tax credits and/or abatements to UEZ businesses
 - \$6.3 million in administrative costs

Estimated Benefits Foregone

- \$4.3 million encumbered annually for zone projects through the Zone Assistance Fund but never spent
 - \$29.7 million accrued annually to the Zone Assistance Fund for projects, but never encumbered for zone projects
- It is recommended that a portion of these funds be allocated to administer and implement the new program and associated funding sources.



RECOMMENDATION #2

2. Provide incentives for community and economic development within communities participating in the new program with a streamlined process that eliminates business certification and the bureaucracy surrounding it. Other business investment and community revitalization incentives will be provided to businesses located in or locating to the new program's municipalities, based on a competitive process.

EDA-ADMINISTERED COMPONENTS (FOR ECONOMIC DEVELOPMENT)

- **Revolving loan fund:** Administered by the EDA, this revolving loan fund should support business development and job creation within communities participating in the new place-based community and economic development program, with a priority for small- and medium-sized businesses with fewer than 100 employees.
- **Tax credits for capital investment:** These tax credits would be offered against business income taxes to support new jobs in municipalities participating in the new place-based community and economic development program. The Department of Treasury would need to be involved to ensure tax procedures are properly implemented.
- **Priority for other state economic development programs:** Businesses currently located within or proposing to relocate to communities participating in the new program should receive priority from EDA when applying for job creation and revitalization incentives, such as the Business Employment Incentive Program, a Business Retention and Relocation Assistance Grant, a Economic Redevelopment and Growth Grant, and Urban Transit Hub Tax Credits.

DCA-ADMINISTERED COMPONENTS (FOR COMMUNITY DEVELOPMENT)

- **Commercial district revitalization:** Targeted funding administered by DCA (through existing programs such as Main Street, Special Improvement Districts, and Business Improvement Districts) should be offered for competitive grants to fund façade and streetscape improvements to encourage commercial and residential viability of downtowns and commercial areas in municipalities that participate in the new place-based program.
- **Clean-and-safe streets funding:** Targeted for municipal services that support “clean and safe” activities within communities.

RECOMMENDATION #3

3. Increase accountability through robust performance metrics and an annual review based on established performance standards (see Key Recommendation #2, Step 6).

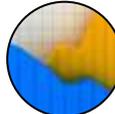
- Current UEZ municipalities will be eligible to transition to the new program if they demonstrate that they meet the State's performance standards.
- The following ongoing performance standards should be maintained in order to participate in the new program:
 - Management of the new program at the state and local levels by full-time economic development professionals with demonstrated experience in disciplines, such as real estate development and commercial revitalization, workforce development, infrastructure and business finance, business marketing, attraction, expansion, and retention, community development, industrial rehabilitation and location, international trade, and tourism development. The State should adopt specific certification requirements, either those developed by the State or those identified in a nationally



recognized economic development certification program.

- Publication of annual performance metrics, including (at a minimum) job creation, new business starts, capital project milestones, private investment, and reduction in crime. This should be reviewed and validated by a third-party expert, with improvement to the State’s Municipal Revitalization Index evaluated every five years.
- Participating communities that have failed to demonstrate sufficient progress relative to established performance criteria would lose their designation for continuing in the new program.
- Urban municipalities that receive community development funds from DCA will be eligible to apply for participation in the new program when current participating communities sunset from the new program.
- At the end of each program year, DCA and EDA will review the effectiveness of the new program’s features in achieving job growth and urban revitalization, and jointly propose to the Treasurer any reallocation of program funding to the most effective program elements.



New Jersey UEZ Program Assessment — Principal Findings			
Legislation and Administration		Return on Investment (2002 – 2008)	
Legislative Intent	State Administrative Issues	State Investment (2002 – 2008)	Impacts/Outcomes (2002 – 2008)
 <ul style="list-style-type: none"> To mitigate <ul style="list-style-type: none"> – unemployment – blight – obsolete/abandoned commercial and industrial structures – deteriorating tax base To encourage private capital investment To remove disincentives to investment To restore economic viability and prosperity 	 <ul style="list-style-type: none"> Cumbersome certification processes increase administrative costs and discourage business participation 135 staff required to administer NJ’s 32 UEZs, compared to 27 staff for PA’s 23 zones and 3 staff for Ohio’s 400 zones Program data is incomplete and collected in 6 disparate systems, resulting in inefficiencies and hindered performance measurement Accountability for use of funding is either non-existent or often is not monitored Lack of accountability has led to over \$100 million in funds that have been encumbered for over 3 years, but never spent NJ is the only state that offers retail sales tax abatement for consumers; however, there is no apparent impact to retail trade The NJ UEZ Program lacks sunset provisions for zones 	 <ul style="list-style-type: none"> \$1.9 billion total State funds spent <ul style="list-style-type: none"> – \$314.2 million for zone projects – \$976.7 million in sales tax exemptions to UEZ businesses – \$599 million in reduced sales tax to consumers – \$2 million in other tax credits and/or abatements to businesses – \$44.4 million in administrative costs \$238.3 million total State funds accrued to the Zone Assistance Fund, but not spent 	 <ul style="list-style-type: none"> \$.08 in new State and local tax revenue per \$1 invested \$.83 in “ripple effect” economic activity per \$1 invested Zone municipal unemployment rates generally consistent with NJ rates 5 of 8 sample zone municipalities experienced decreases in unemployment between 1% and 3% Over \$34 million accrued to Zone Assistance Funds are left unspent each year Less than 5% of investment spent for construction/renovation Increase in overall employment in ALL businesses in UEZs, but largely due to factors other than UEZ investment Only 20% of eligible businesses participate in the Program Net loss of over 2,200 jobs in participating UEZ businesses Relative decrease in household income – widening gap between UEZ and NJ household incomes Relative decrease in home values – widening gap between UEZ and NJ home values Increase in housing vacancy rates Decrease in crimes - crime rates still significantly higher than NJ rates No documentation of private investment by UEZ businesses All 37 UEZ municipalities were in bottom 10% of distressed cities according to NJ’s 2007 Municipal Revitalization Index



INTRODUCTION

BACKGROUND AND PURPOSE

In his *Fiscal 2011 Budget in Brief* issued on March 16, 2010, Governor Chris Christie requested that the New Jersey EDA review and analyze the structure of the NJ UEZ Program, and evaluate its viability as a cost-effective tool to encourage job creation and economic development in New Jersey, while ensuring that State funds are being used in a manner that results in the greatest return on investment.

In late August 2010, the Authority issued a Request for Qualifications and Proposals from qualified consultants to perform an assessment of the NJ UEZ Program. In mid-November 2010, EDA awarded this engagement to Delta Development Group, Inc. (Delta) a community and economic development, public policy, and real estate development consulting firm, and its teaming partner, HR&A Advisors. The consultant engagement period was from November 1, 2010 to January 31, 2011 (see Appendix A: New Jersey UEZ Program Assessment, 2010-RFQ/P-040).

NJ UEZ PROGRAM – THEN AND NOW

The NJ UEZ Program was legislatively created in 1983 to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private-sector jobs through public and private investment¹ (see Appendix B: NJ UEZ Legislation). While the NJ UEZ Program has evidenced some tangible signs of success in previously blighted areas of the State over its 28 years of operation, the Program has evolved to include a variety of uses by 37 municipalities hosting the 32 zones that exist today (see Appendix C: NJ UEZs). Many of these uses are inconsistent with and have diluted original legislative intent. The results have included costly administrative and cumbersome programmatic inefficiencies that call for both legislative and policy redirection — particularly in the face of New Jersey’s current budgetary shortfall and a lack of justifiable return on State investment of public resources to stay the current course.

THE IMPERATIVE

In his Administration’s *Fiscal 2011 Budget in Brief*, Governor Christie acknowledged the “staggering gap ... between the revenue that could realistically be collected and the spending that had been approved,” resulting in an \$11 billion funding gap between available revenue and spending expected under current law. “Closing this immense budget gap would clearly require a major restructuring and downsizing of the operations of government. It would not be enough to fall back on shifting funds from existing accounts or tapping into unspent surplus dollars.”²

To that end, the consultant team’s independent assessment of the NJ UEZ Program is based on extensive qualitative and quantitative research, data analysis, synthesis of observations and findings, and ultimately, the formulation of recommendations contained herein.

The following questions, excerpted from the *Fiscal 2011 Budget in Brief*, formed the basis of our approach and the magnifying glass through which we examined the NJ UEZ Program.

¹ N.J.S.A. 52:27H-60 et seq.

² The State of New Jersey, *Fiscal 2011 Budget in Brief*, Chris Christie, Governor. Submitted by the Office of Management and Budget March 16, 2010, p. 30.



FISCAL YEAR 2011 SOLUTIONS: FOUNDATION FOR LONG-TERM REFORM

- Is the program or operation required because of a constitutional mandate?
- Is a certain level of funding required to ensure the receipt of federal matching funds or other federal funding? Is the spending necessary to pay debt service obligations?
- Is the spending tied to a contractual obligation?
- Does the program make up a key part of the “safety net” that protects New Jersey’s most vulnerable citizens?
- How would cutting the program affect local property taxes?
- Realistically, can the State afford and sustain this program?
- Is the program or service best administered by the State or some other agency or level of government?
- Should the program continue as currently structured?
- Can efficiencies be obtained?
- Is similar funding available to all programs within a certain category?³

³ Ibid., p. 30.



ASSESSMENT PHASE 1 – POLICY AND PROGRAMMATIC REVIEW

The consultant team’s approach and methodology to satisfy this assessment was divided into three phases of tasks described below.

APPROACH AND METHODOLOGY

To understand the mission, implementation, and oversight of the NJ UEZ Program, the consultant team conducted a thorough qualitative assessment of this Program since its inception, including State- and local-level policy and programmatic reviews. This information provided a baseline understanding about the NJ UEZ Program’s legislative purpose and policy objectives, current success benchmarks and measures, fiduciary controls, revolving loan pools and underwriting controls, and current zone extension and exit criteria.

REVIEW OF EXISTING DOCUMENTS

This task involved the examination of multiple and diverse data sources, including current documents related to the NJ UEZ Program and other urban enterprise zone programs operating across the nation. The deliberately selected documents reveal both qualitative and quantitative information related to the NJ UEZ Program, as well as similar economic development programs at the federal level, and of other states nationwide. The more than 40 documents reviewed were selected primarily on personal recommendations, references from other documents, and online searches. Information gathered from document reviews helped the consultant team to better understand the performance of the NJ UEZ Program and its perceived impact among broader academic and policy communities. Likewise, document reviews provided evidence of lessons learned and best practices to further formulate recommendations for New Jersey going forward (see Appendix D: Document Review).

INTERVIEWS WITH KEY PARTICIPANTS

UEZ Local Coordinators and Field Representatives, State Agency and Elected Officials

A total of 51 individuals at both the local and state levels were interviewed to gather qualitative input used to further corroborate quantitative findings from data analysis and fact-finding. The local-level analysis included face-to-face (11) and telephone (25) interviews with the 36 Urban Enterprise Zone local coordinators to obtain qualitative information related to each zone’s operations and effectiveness since zone inception, along with their reporting data. Although there are 32 UEZs, two of them have two coordinators each and one of them has three coordinators; thus, the total number of 36 local coordinators.

The selection of in-person interviews with local zone coordinators was based on the Average Annual UEZ Revenue (per the New Jersey Comprehensive Financial System fiscal years 1996-2007), as published in the State Auditor’s 2009 report. This indicator was chosen because it is a reliable, objective, quantifiable measurement of the amount of revenue collected from each zone and available for NJ UEZ Program use.

The UEZ locations that posted the five highest average annual municipal revenue numbers were selected for in-person interviews, as well as three locations that fell in the middle of the average annual revenue list, and two locations at the bottom of the average annual revenue list. Special efforts were made to ensure that the final list of in-person interviews was geographically dispersed across New Jersey. By interviewing coordinators that manage zones at all levels of the revenue spectrum, the consultant team was also able to capture zones in communities that vary in size (see Appendix E: Assessment Interviews).



The state-level analysis included interviews with 15 State agency and elected officials from a variety of New Jersey agencies, each with some level of administrative or policy oversight. The individuals interviewed were selected by the EDA staff, with input from advisors, to capture a comprehensive representation of officials with knowledge about the NJ UEZ Program. Interviewees were also selected from a variety of agencies across New Jersey's state government structure to ensure that subjective data was gathered from each entity that is an integral part of NJ UEZ Program operations. Each State agency official and elected official was asked the same set of questions to ensure comparable results (see Appendix E: Assessment Interviews).

ZONE BUSINESS SURVEY

Gauging the impact of the NJ UEZ Program on businesses located in each zone was also integral to this assessment. The policy and programmatic review tasking of this engagement included an online (or alternatively, a paper-based) survey of local businesses certified to participate in a local UEZ. The consultant team developed an online and a mirrored paper-based survey administered to UEZ-certified businesses in each zone. Questions were designed to collect qualitative information pertaining to program satisfaction, reporting requirements, and potential enhancements. This particular task largely yielded qualitative input about prominent issues facing UEZ-certified businesses today, and was used to further corroborate quantitative findings from data analysis and fact-finding. In November 2010, the EDA and DCA invited 7,160 NJ UEZ-certified businesses to participate in the 21-question survey. A total of 1,003 responded (see Appendix F: Business Survey and Business Certification Process). The 7,160 businesses invited to participate in the survey represented certified UEZ businesses as of November 11, 2010.

STATE COMPARATIVE ANALYSIS

Purpose

The consultant team conducted a qualitative assessment that compared the NJ UEZ Program with enterprise zone programs in four states to

- pinpoint areas of similarity to identify lessons learned,
- identify best practices that potentially could be transferred to New Jersey, including place-based economic development strategies, and
- identify areas of dissimilarity to contrast the uniqueness of the NJ UEZ Program.

Comparative State Selection

The states of Michigan, New York, Ohio, and the Commonwealth of Pennsylvania were selected for comparison. The identification of these states was determined jointly by the client and the consultant team. Factors such as proximity to New Jersey, enterprise zone programs that are known to be either successful or unique, national economic development competitiveness, and similar economic conditions were considered. The final states selected for comparative review were chosen due to their proximity to New Jersey (particularly Pennsylvania and New York); because each state has been impacted by de-industrialization and population loss over several decades; and because each faces economic conditions similar to New Jersey.



Methodology for Comparison

To guide the state-by-state comparison and to ensure that each state was reviewed consistently, information was gleaned to answer the following questions:

- What are the stated goals of each of these UEZ Programs?
- How many zones are in the state?
- How are zones defined, and what are the eligibility criteria?
- What sources of revenue fund the UEZ Program, (e.g. sales tax, income tax)?
- How is the UEZ Program administered ...
 - at the state level (which agency is it under and what are the reporting requirements)?
 - at the local level (what type of organization manages the UEZ Program – local government, economic development organization)?
- How does the UEZ Program benefit ...
 - businesses within the zone (e.g., through tax abatements, subsidized unemployment insurance, loans)?
 - the individual zone as an entity, separate from the municipality (e.g., the zone may apply for funds to support streetscape improvements)?
 - the overall municipality (e.g., the municipality receives zone funding to support services, create jobs)?
 - state government (e.g., it increases state competitiveness by XYZ)?
 - consumers (e.g., it provides shopping opportunities with reduced sales tax)?
- What are any identified UEZ Program weaknesses?
- How long has the UEZ Program been in place?
- Is there a time limit for how long zones can participate in the UEZ Program?
- Is there a process for zones to “graduate” from the UEZ Program?
- What is the relationship between the UEZ Program and other state and local economic development incentives?

Answers to these questions were reviewed with each of the comparative state’s Enterprise Zone Program administrator, as required (see Appendix G: Phase 1, Phase 2 Observations and Data Aggregation, for a summary discussion of the state program comparison; see Appendix H: State Comparative Review, for a summary of data collected from each of the four states in the comparison).



ECONOMIC IMPACT ANALYSIS

To demonstrate the consultant team's approach to and methodology for conducting the analysis of the return on investment (ROI) to the State of New Jersey relative to the NJ UEZ Program, the following describes the methodologies employed in implementing specific components of the consultant team's proposed scope of services (see Appendix A: NJ UEZ Program Assessment, 2010-RFQ/P-040).

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

Task 1 – Develop Flow Chart of All Monetary UEZ Benefits

The consultant team reviewed background documents to gain a thorough understanding of all of the monetary components of the NJ UEZ Program; how each component flows from the State of New Jersey to the end beneficiary; documentation/application requirements and processes; tracking processes; and post-award reporting requirements and processes. Based on this research, the following individual components were analyzed:

- Sales tax revenues collected by UEZ-qualified businesses (50% of sales tax) and allocated for economic development projects through Zone Assistance Funds (ZAFs)
- 50% sales tax reduction for qualified UEZ businesses
- Sales tax exemptions on certain purchases by qualified UEZ businesses and contractors
- Manufacturer's sales tax exemption on energy and utility consumption
- One-time \$1,500 tax credit against the Corporate Business Tax for each new, permanent, full-time employee hired; or a credit of up to 8% of qualified investments within the zone
- Subsidized unemployment insurance costs for certain employees earning less than \$4,500/quarter
- Second generation funds generated and their utilization
- Investments in lieu of job creation
- Private investment leveraged by UEZ funds.

The following data was made available to the consultant team for analysis:

- Historic business-specific data from the UEZ database (e.g. certification date, SIC/NAICS codes, number of employees, startup or move-in)
- Historic UZ4 (sales tax exemptions for contractors) and UZ5 (sales tax exemptions for qualified UEZ businesses) data by year, by zone, and by SIC code
- The "raw" Baker files – historic ZAF project and administrative cost data in a complex system of spreadsheets in Microsoft Excel format (project data reflected actual project costs and administrative cost data reflected the amount requested, not the actual amount received from the Department of Treasury)
- Administrative cost data for selected program years revised to reflect actual amounts received from the Department of Treasury



- Summarized data from the Department of Treasury for tax reductions, exemptions, credits, and refunds for selected program years (some allocated by zone and some in the aggregate)
- Limited data related to second generation funds
- Data for selected program years reflecting the unemployment insurance awards
- Various standard reports based on data from the UEZ database and project database (the Baker files).

Task 2 – IMPLAN Modeling⁴

The assumptions and methodology for developing inputs for IMPLAN included the following:

- Input #1 – the value of first generation funds used for project activity (ZAFs)
- Input #2 – Tax abatements and refunds to businesses (e.g., sales tax exemptions and refunds, corporate tax credits, employment tax credits, and unemployment insurance awards)
- Input #3 – The value of 50% sales tax that goes into the pockets of consumers
- Input #4 – The value of private investment leveraged by UEZ investment

Other Assumptions/Methodologies

Previous economic impact analyses during the early years of the NJ UEZ Program utilized jobs and job creation reported through business surveys as the initial input for impact modeling. This approach measures the ripple effects of the actual business activity of qualified UEZ businesses and compared the results to the State's investment. The consultant team's approach and methodology differs, in that we felt it was important to understand the impacts the State's investment should have within the State, and then compare that to actual changes that took place in the UEZs.

This allowed us to capture impacts of the State's investment outside the UEZs, as well. A comparative analysis of actual economic indicators helped us compare actual employment and other economic trends within the zones to better determine whether the State's investment in the NJ UEZ Program is achieving its desired results.

One of the data elements requested from participating UEZ businesses during the certification and recertification processes is a detailed list of capital investments they plan to make within the next three years. Since the Program's inception, UEZ businesses have reported nearly \$31 billion in planned capital investments, with nearly half of that number reportedly planned between 2002 and 2008. Although this information is captured and tracked, there is no documentation required (or available) as to whether or not these investments were made. It was our initial assumption that the intent of the UEZ legislation allowing businesses to take tax exemptions was to provide businesses with funds to support capital investment in UEZ communities. While this may have happened in some instances, based on the lack of documentation and information gleaned through our interviews and business surveys that suggests that tax exemptions are

⁴ The IMPLAN model calculates the economic activity generated by these initial expenditures (direct effects) through increased operational spending by businesses (indirect effects) and through increased household spending (induced effects). For projects or investments that support construction activity, our calculations included the impacts of the construction activity, as well as any resulting ongoing business operational activity. The IMPLAN model estimated the direct, indirect, and induced effects of the State's investment.



used to support business operations, we concluded there was insufficient justification to include these investments as actual benefits of the NJ UEZ Program.

While available data would allow us to quantify (or estimate) and analyze NJ UEZ Program components since Program inception, due to time and budget constraints and to capture data that best represents the current NJ UEZ Program, we analyzed a sample of some of the most recent Program years for analysis. Sample years chosen for analysis were 2002 to 2008. These years correspond to the available external employment data used in the comparative shift-share analysis. This allowed us to compare shift-share results with impact estimates for the same time period, and also provided a defensible sampling for annualizing impacts.

The most current IMPLAN model data is based on 2009 industry and economic statistics. Dollar amounts were entered into the model in 2010 dollars, and model output was reported in 2010 dollars. It should be noted, however, that because the model's structural matrix is based on 2009 industry and economic statistics, the resulting job numbers are likely understated, since \$1 in 2002 would likely support more jobs than \$1 in 2010.

IMPLAN's Social Accounting Matrix (SAM) Model estimates regional purchase coefficients. The study area used in the model was the entire State of New Jersey; therefore, impacts captured represent only the benefits to the State, and do not include benefits that may be experienced outside of New Jersey through interstate spending.

Results

The following results were derived from the above analyses:

- Analysis of Program investment and utilization since inception (as data was available)
- Analysis of estimated economic/fiscal impacts for years 2002 to 2008 by use of funds. Impacts will include direct, indirect, and induced effects for
 - employment
 - employee compensation
 - industry output
 - labor income (employee and proprietor)
 - value added
 - state and local tax revenue.
- Impacts and level of investment by use were annualized, and estimated annual costs were compared to estimated annual benefits to measure the State's return on investment (see Appendix I: Economic Impact).

SAMPLE ZONE-LEVEL COMPARATIVE ANALYSIS

- Employment Analysis – The impact methodology presented above estimates the effects of the UEZ Program based on expected performance. This analysis compared actual economic indicators in a sample of eight zones for the years corresponding to the impact analysis scope. The eight zones were selected to reflect diverse Program utilization and levels of investment.
- As previously noted, for the years 2002 to 2008, employment data for two-digit NAICS



sectors is available at Census block group level for these years and enabled us to conduct location quotient and shift-share analyses that measured the following:

- Location quotient analysis to identify base industries in each zone
 - Employment change by NAICS sector in each zone
 - Micro-to-macro comparisons to municipality, New Jersey, and the U.S.
 - Peer-to-peer comparisons of eight UEZs and two non-UEZ communities
 - Shift-share analysis to compare local trends to national trends and mix of business sectors to identify changes attributable to local factors
 - Commute shed analysis to document where workers in UEZs live.
- Comparative Analysis – In addition to the above analysis, we also conducted micro-to-macro and peer-to-peer trend analyses of geographic areas specified above for the following economic indicators:
 - Population
 - Households
 - Housing Units
 - Housing Vacancies
 - Average and Median Home Values
 - Average and Median Household Income
 - Unemployment Rates
 - Median Age
 - Violent and Nonviolent Crimes per 1,000 Population (see Appendix I: Economic Impact).



ASSESSMENT PHASE 2 – SYNTHESIZE, ANALYZE, AND INTERPRET

APPROACH AND METHODOLOGY

Phase 2 tasks included a synthesis of the qualitative and quantitative information gathered in Phase 1 and an interpretation of the observations and findings. This helped us to draw conclusions regarding the effectiveness of the NJ UEZ Program in meeting its intended goals, as well as the local and statewide benefits of the Program.

The consultant team interpreted the information gathered and identified the strengths, weaknesses, and opportunities for improvement of the NJ UEZ Program relative to its intended goals. The results of Phase 1 and Phase 2 efforts were captured in an initial, heavily annotated table that identified issues in nine key focus areas that required further investigation and analysis (see Appendix G: Phase 1, Phase 2 Observations and Data Aggregation).

ROI ANALYSIS

A key factor to our assessment of the NJ UEZ Program was the measurement of the economic and fiscal benefits that can be attributed to the Program to determine the estimated monetary return on the State's investment in the Program.

The consultant team analyzed the expected fiscal and economic changes that resulted from the initial round of spending or investment by the State, as well as an estimation of fiscal and economic changes that were expected to result from subsequent rounds of spending leveraged by this investment. Consistent with requirements set forth in the RFP/Q, our intent here was to measure the impacts of the Program at the State level, rather than at the local zone level. Therefore, the estimated ROI was calculated by measuring the cost to the State for funding the Program against the resulting monetary impacts that can be attributed to the Program. We measured the economic and fiscal benefits of the State's investment (or initial expenditures) by four primary measures identified below (see Appendix I: Economic Impact).

Measures of Economic, Fiscal Benefits

1. The impacts of sales tax exemptions and refunds, corporate tax credits, employment tax credits, and unemployment insurance awards to participating businesses that can be invested back into business operations or capital improvements;
2. The impacts of sales tax abatements (50% of sales tax) that put dollars back into the pockets of consumers that can be spent for goods and services in the local economy;
3. The impacts associated with local investment of first and second generation funds awarded to advance various types of projects within zones; and
4. The impacts of additional private investment leveraged by Program incentives (e.g., business investment in façade improvements that would not have been made "but for" the corporate tax credits available through the NJ UEZ Program).

Understanding the IMPLAN Model

The consultant team used the IMPLAN model to calculate the impacts of the above-described initial expenditures. The IMPLAN model calculates the economic activity generated by these initial expenditures (direct effects) through increased operational spending by businesses (indirect effects) and through



increased household spending (induced effects). For projects or investments that support construction activity, our calculations included the impacts of the construction activity, as well as any resulting ongoing business operational activity. The IMPLAN model estimated the direct, indirect, and induced effects of the State's investment, measured by indicators such as

- the number of jobs created or supported
- the increase in total annual industry output
- the annual increase in total employee compensation
- the increase in value-added
- the estimated increase in revenue to State and local taxing bodies in the form of tax revenues and fees.

Output represents the increase in income received by businesses; compensation represents wages and benefits paid to employees; and value added represents gross output, less intermediate expenditures for goods and services. Value added is also a measure of the contribution to the Gross Domestic Product (GDP). We estimated the ROI to the State using appropriate IMPLAN outputs.

ADDITIONAL LOCAL IMPACT ANALYSIS

While the RFQ/P and its subsequent addendum indicate the impact analysis should assess the economic and fiscal impacts at the State level (as a measure of ROI at the State level), we recognize that does not necessarily measure the benefits to local UEZs, which were the distressed economic areas the UEZ Program was designed to benefit.

Therefore, the consultant team, with approval of the Authority, conducted comparative, trend, micro-to-macro, and shift-share analyses, as appropriate, of key economic indicators for up to eight local UEZs in New Jersey. These indicators included population, employment and unemployment, income, poverty, and property values. The results of this analysis profile the vitality of the areas prior to their inclusion in the NJ UEZ Program and the expected vitality had they not been included in the Program, compared to their current economic status as a UEZ community. Further, it shows what, if any, role the NJ UEZ Program may have in the current economic condition.

Understanding a community's expected economic path without the NJ UEZ Program provides a more accurate understanding of the impact this Program may or may not have had on these UEZ communities (see Appendix I: Economic Impact).

ASSESSMENT PHASE 1 AND PHASE 2 RESULTING FOCUS AREAS

Ultimately, our recommendations are founded in both qualitative observations and quantitative analysis, based in large measure on these focus areas that surfaced as a result of Phase 1 and Phase 2 efforts:

1. Economic development strategy
2. Policy and Program administration
3. Zone incentives
4. Program impacts and metrics
5. State Program management
6. Local Program management
7. Data management and technology
8. State legislation
9. State comparison



ASSESSMENT PHASE 3 – KEY RECOMMENDATIONS

The following key recommendations are based on a comprehensive analysis of the NJ UEZ Program, including an extensive review of documents related to and affecting the Program; interviews with agency representatives and elected officials; survey results from UEZ-certified businesses; rigorous quantitative analysis of the Program’s economic impacts from 2002-2008; and case study analysis of best practices and lessons learned from comparable economic development elsewhere in the nation.

These recommendations were specifically designed and are proposed to support New Jersey’s goals for a place-based economic development program that demonstrates administrative efficiencies and a return on the State’s investment, supports private business investment and development, and creates and grows jobs in the State’s most economically distressed municipalities.

FINDINGS-BASED RECOMMENDATIONS

The consultant team’s recommendations are based on a multitude of findings, the most significant and compelling of which follow and can be categorized among State-level administrative issues and NJ UEZ Program performance issues.

- Evidence of measurable success exists among similar economic development incentive programs elsewhere in the country that operate with dramatically smaller workforces, far less administrative burden, no diversion of retail sales tax revenues, and include both definitive metrics and an exit strategy.
- The current NJ UEZ Program offers no certain quantifiable results relative to the original legislative intent for local business investment and expansion, as well as job creation.
- The lack of accountability from fund recipients and the absence of complete Program data and tracking systems have resulted in an inability to calculate true return on State investment, and does not justify continued allocation of public resources in the present fashion.
- The current NJ UEZ Program diverts significant sales tax revenues without demonstrating return on State investment in the face of a budget deficit.
- There is an economic disconnect between the reduced sales tax rate for consumer purchases in zones and the intent to increase overall retail trade within the State.
- There is a striking gap between UEZ businesses’ job losses and New Jersey’s employment gains as a whole.
- Persistent blight remains in many areas throughout New Jersey.
- There is no clear strategy for zone self-sustainability or a sunset provision from the Program.



KEY RECOMMENDATION #1: CLOSE THE NJ UEZ PROGRAM AT THE END OF FY 2011; TRANSITION TO A NEW PLACE-BASED COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM.

STATE-LEVEL ADMINISTRATIVE ISSUES**THE UEZ BUSINESS CERTIFICATION PROCESS IS CUMBERSOME, INEFFICIENT, COSTLY, AND YIELDS RELATIVELY LOW PARTICIPATION AMONG ELIGIBLE BUSINESSES.**

UEZ business certification is required for businesses that wish to receive specific benefits under the NJ UEZ Program, particularly the elimination of State sales tax on specified purchases and the ability to offer a reduced sales tax rate of 3.5% to consumers. The process requires a business to complete a minimum of eight forms, which are then reviewed and submitted by a UEZ coordinator. A flowchart illustrating the process to obtain certification is included in Appendix F: Business Survey and Business Certification Process.

Managing the certification and recertification processes requires a commensurate number of staff at the State and local levels. Staff members dedicated to the UEZ business certification process include seven professionals in the State UEZ Program Office; several professionals from the Department of Treasury (Division of Taxation and Division of and Revenue); and at least one professional in each of the 32 UEZ Program Offices. Several of the larger UEZs have designated staff members whose job is to handle the certification/recertification processes.

The cumbersome certification process detracts from better uses of Program professionals' time.

The certification process also requires steps that might not be the most effective use of staff professionals' time. As an example, part of the certification process requires UEZ field representatives to travel to each business location to ensure the business is physically located where indicated in the certification application. Rather than relying on the certification application reviewed and submitted by the UEZ coordinator, a UEZ field representative conducts a physical site inspection. It was noted during assessment interviews that UEZ field representatives spend considerable time verifying business certifications and handling paperwork (see Appendix E: Assessment Interviews and Appendix F: Business Survey and Business Certification Process).

Multiple disconnected reporting systems result in incomplete, inefficient certification recordkeeping.

The ability to produce up-to-date, accurate information pertaining to UEZ-certified businesses is hampered, particularly due to multiple reporting systems, some of which require manual interface. The State UEZ Program Office has worked hard to implement effective tools, such as the UEZ Intranet site, to improve the process and to inform UEZ coordinators about Program aspects. Nevertheless, the redundancy of the multiple reporting systems hinders and overshadows their accomplishments. A detailed analysis of the multiple reporting systems associated with the entire NJ UEZ Program is included in Appendix G: Phase 1, Phase 2 Observations and Data Aggregation.

There is a relatively low participation rate among eligible zone businesses.

From a business perspective, there is great value in receiving certification, which is required for participation in two significant NJ UEZ Program benefits: (1) elimination of sales tax on specific purchases, and (2) the reduced tax rate to consumers. These are the most highly-ranked Program benefits, according to the UEZ-certified business survey, conducted as part of this assessment (see Appendix F: Business Survey and Business Certification Process).



A total of 34,429 eligible businesses were located in UEZs as of December 1, 2010.⁵ However, only about 20% (19.9%, to be exact) of these businesses were UEZ-certified businesses. While the reduced number of business certifications could be due to many reasons, such as the lack of local Program staff to effectively market the program benefits or a general business philosophy of not accepting government incentives, the fact that the Program has been operating for more than two decades with a rather low business participation rate suggests that the benefits are not worth the requirements to obtain certification.

The complexity and amount of paperwork associated with the certification and recertification processes also could be one of the reasons why business participation in the NJ UEZ Program is low compared to the number of businesses within each zone. Both UEZ-certified businesses and state- and local-level NJ UEZ Program staff expressed concerns about the amount of time and effort expended on the business certification and recertification processes. UEZ coordinators suggested the need to considerably simplify the certification process, as some zones dedicate a full-time staff person simply to maintain paperwork. Interviews suggested that the NJ UEZ Program has become an operating program, rather than a stimulation program, with the State UEZ Program Office functioning as a paper-processing agency.

LOW BUSINESS PARTICIPATION
 Only about 20% of eligible zone businesses participate in the NJ UEZ Program.

Similarly, businesses said the process is too complex and the time frame for certification is too long, often hindering business participation. The requirement that all businesses must recertify every three years intensifies the Program’s administrative requirements.

NJ UEZ PROGRAM ADMINISTRATION IS DISPROPORTIONATE TO STATES WITH SIMILAR INCENTIVE PROGRAMS.

Over 135 state- and local-level professionals are required to administer the entire NJ UEZ Program, costing the State over \$6.3 million annually (2002-2008):

- 99 full-time equivalent employees at the local zone level (including 1 UEZ coordinator for each zone)
- 19 staff at the State UEZ Program Office and
- 17 staff at the Department of Labor and Workforce Development and the Department of Treasury (Division of Taxation and Division of Revenue).

Other states studied as part of this assessment have streamlined their enterprise zone programs to reflect both improvement modifications and the reality of tightening state budgets. Compared to New Jersey, the states studied have significant variance in administration, both in staffing levels and costs. The states with the least amount of staff reflect relatively straightforward incentives — primarily tax incentives — which are available to all businesses in a zone (see Appendix H: State Comparative Review).

The Michigan Renaissance Zone Program: 1 program administrator

The Michigan Renaissance Zone Program is the most streamlined in terms of staffing, with only one program administrator at the Michigan Economic Development Corporation working in conjunction with the Michigan Strategic Fund Board. This Board has the authority to create new zones. Local governments oversee the local taxing portion of the Program in each individual zone; there are no zone coordinators.

⁵ Ibid.



Also, the Michigan Program has no eligibility requirements. All businesses or residents located with a zone may obtain Program benefits. Michigan's Renaissance Zone Program is not flawless, however. Critics have stated that while the Program is streamlined, there is a lack of oversight; therefore, its true effectiveness cannot be measured (see Appendix H: State Comparative Review).

The Ohio Enterprise Zone Program: 3 program administrators

Ohio's Enterprise Zone Program includes only three staff at the state level. The seemingly minimal state-level management is because the only Program benefits are local tax exemptions and program compliance monitored at the local level through boards chaired by county auditors. If a business under-performs, boards have the option to rescind the tax abatements and possibly claw-back previous abatements (see Appendix H: State Comparative Review).

The New York Excelsior Program: 10 staff

The discontinued New York Empire Zone Program relied on 10 staff members at the Empire State Development (ESD) Corporation and 85 local staff members (not paid by the State). Its replacement, the New York Excelsior Program, is staffed by 10 professionals, including regional coordinators. (see Appendix H: State Comparative Review).

The Pennsylvania Enterprise Zone Program: 6 part-time staff

The expense of Pennsylvania's Enterprise Zone Program is relatively modest for the Commonwealth. The Program is managed by six part-time staff members. Due to fiscal tightening of Pennsylvania's budget, the allotment for operational and competitive grants awarded under this Program has been reduced. The expense for Pennsylvania's Keystone Opportunity Zones, targeted to eliminate specific state and local taxes within designated zones, is also modest, requiring only three staff members. At the local level, the Program is administered by zone coordinators and subzone coordinators (see Appendix H: State Comparative Review).

Configuring staff capacity for the new place-based community and economic development program

When considering staff resources for the new program, mindful of the goals of reducing the conditions of blight and high unemployment, the State should hire certified economic development professionals and ensure that local jurisdictions using State dollars do the same. In addition to reducing the level of staff to administer the Program, the consultant team recommends that New Jersey fills positions with individuals with proven economic development expertise. This does not suggest that the State UEZ Program Office or local UEZ staff have not been extremely dedicated and committed to their jobs and the NJ UEZ Program. On the contrary, businesses are quite supportive of the level of service provided by the State UEZ Program Office staff, including UEZ field representatives and local UEZ staff. State UEZ Program Office administrators are well-known for their willingness to cooperate with local coordinators to solve problems, manage Program changes, and provide strong technical support to local zones (see Appendix G: Phase 1, Phase 2 Observations and Data Aggregation).



PROGRAM PERFORMANCE ISSUES

THE NJ UEZ PROGRAM IS NOT MEETING LEGISLATIVE INTENT PROPORTIONATE TO STATE INVESTMENT.

The 1983 legislative authorization of the NJ UEZ Program was intended to address “areas of economic distress characterized by high unemployment, low investment of new capital, blighted conditions, obsolete or abandoned industrial and commercial structures, and deteriorating tax bases.”⁶ While there is some evidence of success in meeting this objective over its 28-year history, many urban areas in designated UEZs are still characterized by chronic unemployment, disinvestment, and blight.

While a significant amount of State funds have been invested in the NJ UEZ Program to-date, the return on investment has proven inadequate. Nevertheless, the need to address high unemployment, blight, and deteriorating tax bases remains. Therefore, a fresh and focused approach is required. This approach should be grounded in targeted funding that leverages and stimulates private investment; is coupled with clearly defined programmatic success metrics and user-friendly tracking and reporting tools; and includes participating community plans for self-sustainability and a sunset from the new program (see Key Recommendation #2, Step 6: Sample Performance Metrics).

Based on the following findings, the consultant team recommends a clear and definitive closure of the NJ UEZ Program by the end of FY 2011, and the creation of a new place-based community and economic development program as part of FY 2012 legislative and budget processes.

Monetary ROI is negative.

Analysis conducted with available NJ UEZ Program data establishes that New Jersey is not receiving a satisfactory ROI. From 2002 to 2008,⁷ the State invested over \$1.9 billion in the NJ UEZ Program through reduced or exempted sales taxes, tax credits, and refunds. This resulted in an average annual state investment of \$276.6 million. From 2002 to 2008, each dollar of investment only stimulated \$0.83 in additional statewide economic activity and generated an estimated \$0.08 in State and municipal tax revenues. It should be noted that during this time, less than 5% of ZAF funds were allocated to construction projects, and private investments in these projects were not tracked or monitored. Also during this time period, \$238.3 million in State funds accrued to the Zone Assistance Fund was left unspent for zone projects. Further, a minimal amount of data was available regarding the investment of second generation funds during this time period.

MONETARY RETURN ON INVESTMENT IS NEGATIVE
 Each dollar invested in the NJ UEZ Program only stimulated \$0.83 in additional statewide economic activity, and generated only \$0.08 in State and municipal tax revenues.

Job losses persist, despite state investment.

While the State’s investment in the NJ UEZ Program is intended to stimulate additional economic activity, key economic indicators in and around the UEZs do not reflect significant change.

⁶ UEZ Act 52:27H61 2.a.

⁷ While available data would allow us to quantify (or estimate) and analyze NJ UEZ Program components since Program inception, to capture data that best represents the current NJ UEZ Program, the consultant team analyzed a sample of some of the most recent Program years – from 2002 to 2008. These years correspond to the available external employment data used in the comparative shift-share analysis. This allowed us to compare shift-share results with impact estimates for the same time period, and also provided a robust sampling for annualizing impacts.



Only 20% of qualified businesses in UEZs presently participate in the NJ UEZ Program. Between 2002 and 2008, the State of New Jersey invested an estimated \$276.6 million annually in the NJ UEZ Program, over half of which went to UEZ participating businesses in the form of sales tax exemptions to participating UEZ

PRIVATE INVESTMENT

Private investment leveraged by the State’s investment is not currently tracked.

businesses. While these businesses are required to document sales tax exemptions, nothing is required to document private investments; therefore, it was assumed that sales tax exemptions supported business operations. Based on the results of the IMPLAN model, the sales tax exemptions to participating businesses should have created over 870 jobs, but the participating businesses receiving the majority of the funds reported a loss of over 4,700 full-time jobs and an increase of 2,500 part-time jobs during the same time period, for a net loss of over 2,200 jobs. This indicates that the State’s investment has not achieved its potential or desired results.

In contrast, employment across all businesses in the sample UEZs actually increased by 4% between 2002 and 2008; however, the increase was largely driven by growth in the transportation and warehousing industry in Elizabeth. This was also the industry in Elizabeth that reflected the greatest growth due to local attractiveness factors. The growth in this industry in Elizabeth, however, was likely due to Elizabeth’s proximity to major transportation corridors and population centers, rather than to the NJ UEZ Program. These statistics, coupled with employment losses reported by UEZ businesses, indicate that the State’s overall investment in the NJ UEZ Program likely has not achieved its desired purposes.

JOB CREATION DOES NOT JUSTIFY FOREGONE SALES TAX REVENUES TO CONSUMERS.

A signature feature of the current NJ UEZ Program is the ability of certified businesses to charge half of the statewide sales tax (currently 7% and reduced to 3.5% in UEZ zones) to consumers of most tangible personal property. The State of New Jersey waived \$599 million in sales taxes to consumers from 2002-2008, an average of \$85.5 million annually. This 3.5% sales tax reduction results in a lower cost of goods purchased within the zone, helps locally-owned businesses stay competitive with national chains, maintains competitiveness with businesses in adjacent/lower-tax jurisdictions, and is a benefit provided to all consumers, regardless of their place of residence. This incentive is very popular with local governments and participating businesses.

HIGH COST, LOW RETURN

The State of New Jersey waived \$599 million in sales taxes from 2002-2008, or \$85.5 million annually in foregone tax revenues to stimulate \$78 million in annual household spending and to support only six jobs for each \$1 million invested.

However, despite the popularity of the consumer sales tax reduction, there is little evidence that it contributes to the legislatively stated goals of the NJ UEZ Program or generates a ROI to the State that would offset its costs. To wit, the approximate \$85.5 million in annual foregone taxes stimulates an additional \$78 million in annual household spending and supports 531 jobs. This means that only six jobs are supported for each \$1 million in foregone tax revenues – a high cost to the State with a nominal return.

Income and residential vacancy indicators demonstrate negative UEZ performance.

The comparative analysis also found variance between the increasing and decreasing population levels among UEZs, suggesting that the NJ UEZ Program, in and of itself, cannot be considered a driver of population growth. The Lakewood UEZ experienced the greatest population growth between 2000 and



2010, with a 21% increase. Wildwood experienced the greatest population loss during that time frame, with a 20% loss. The Elizabeth UEZ population grew by 6.6%. The remaining six zones in the comparative analysis experienced less than a 5% population change.

HOUSEHOLD INCOME, RESIDENTIAL VACANCIES

Median household income and residential vacancies are key measures of economic health. Both of these measures in NJ UEZs demonstrated negative performance overall.

Median household income and residential vacancies are key measures of economic health. Both of these measures indicated negative performance in NJ UEZs overall. In 2010, the estimated median income in the State of New Jersey was \$72,519. The gap between the State median household income in the UEZs ranged from a low of \$19,275 in Jersey City to a high of \$52,257 in Newark, and is expected to continue to widen over the next five years. Residential vacancies in all UEZs increased between 2000 and 2010, with Union City UEZ and Jersey City UEZ experiencing the greatest increases. In 2010, the estimated median income in the State of New Jersey was \$72,519. The gap between the State median household income in the UEZs ranged from a low of \$19,275 in Jersey City to a high of \$52,257 in Newark.

In 2010, the median housing value in the State of New Jersey was estimated at \$316,812. Housing values in UEZs ranged from \$13,700 lower than the State median in Bayonne to \$177,000 lower than the State median in Vineland. Further, all UEZs, except Bayonne, experienced some reduction in crime per 1,000 in population between 2002 and 2008. Although Bayonne experienced a slight increase in crime, it also reported the lowest crime rate in 2008 among UEZ municipalities, with an estimated 20.8 crimes per 1,000 population. Wildwood reported the highest crime rate, with an estimated 142.9 crimes per 1,000 population. The State of New Jersey reported 26.2 crimes per 1,000 population in 2008 (see Appendix I: Economic Impact).

MUNICIPAL DISTRESS

In 1996, 25 of 37 NJ municipalities with UEZs were in the bottom 10% of municipal distress, according to New Jersey’s Municipal Revitalization Index. By 2007, 25 municipalities with UEZs were still in the bottom 10%.

QUALITATIVE FINDINGS SUGGEST MUNICIPAL RELIANCE ON NJ UEZ PROGRAM.

Meanwhile, there is a perceived importance of the NJ UEZ Program to UEZ-qualified businesses, zone coordinators, and field representatives. These key entities and individuals believe that without the NJ UEZ Program, business expansion and attraction would be limited, quality of life would deteriorate, funding for infrastructure investment would be limited, and local municipal budgets that rely on the Program’s Enterprise ZAFs for safety and other municipal personnel salaries would experience deficits.

UEZ CERTIFIED BUSINESSES INDICATE MIXED IMPACTS WITH NJ UEZ PROGRAM LOSS.

In light of business and staff-level impacts that altering a long-standing government program can bring about, the recommendation to close out the NJ UEZ Program carefully considered the potential impacts to existing business participants and staff at both the State and local levels. The UEZ-certified business survey, conducted as part of this assessment, showed that most UEZ businesses felt they would experience adverse impacts if they were no longer eligible for UEZ benefits. They described these adverse impacts, further exacerbated by current national economic conditions, as decreases in sales due to the loss of the 3.5% sales tax benefit for consumers, increases in operating costs, deflated profits, job loss, and closure/relocation.

While the majority of business survey respondents reported that loss of UEZ benefits would negatively impact their company’s operations, a few businesses did not indicate an adverse impact. Several businesses



stated there would be minimal business impact if the NJ UEZ Program benefits were no longer available. A few businesses thought that removing the Program would “level the playing field,” noting that the Program has merely shifted business from a non-certified business to a certified business (see Appendix F: Business Survey and Business Certification Process).

NJ UEZ Program’s retail sales tax reduction is not an economic driver.

NEW JERSEY STANDS ALONE

New Jersey is the only state in the union to offer a business and consumer sales tax exemption.

New Jersey is unique in that it is the only state to have a consumer retail tax reduction as a component of a place-based economic development program. The majority of states’ place-based programs are oriented around business tax credits (21 of the 38 states with place-based programs). Sixteen states offer sales tax incentives, but they are only available to businesses. Other states use place-based development programs to support the growth of industries that are of strategic importance

to the states’ overall development. In offering the consumer sales tax reduction, the NJ UEZ Program acts more as a Main Street/downtown retail development program than a job-generation program. While vital downtowns are certainly an important part of New Jersey’s economic development, this emphasis is not the legislative intent of the NJ UEZ Program.

Further, there is little quantitative data supporting the retail sales tax reduction as effectively supporting retail growth in most New Jersey zones. The consultant team conducted an industry-level analysis of eight New Jersey zones selected at random. If the retail sales tax reduction was truly an economic driver in zones, retail would be a higher-performing sector in the zones relative to the State

The Retail Sales Tax Discussion

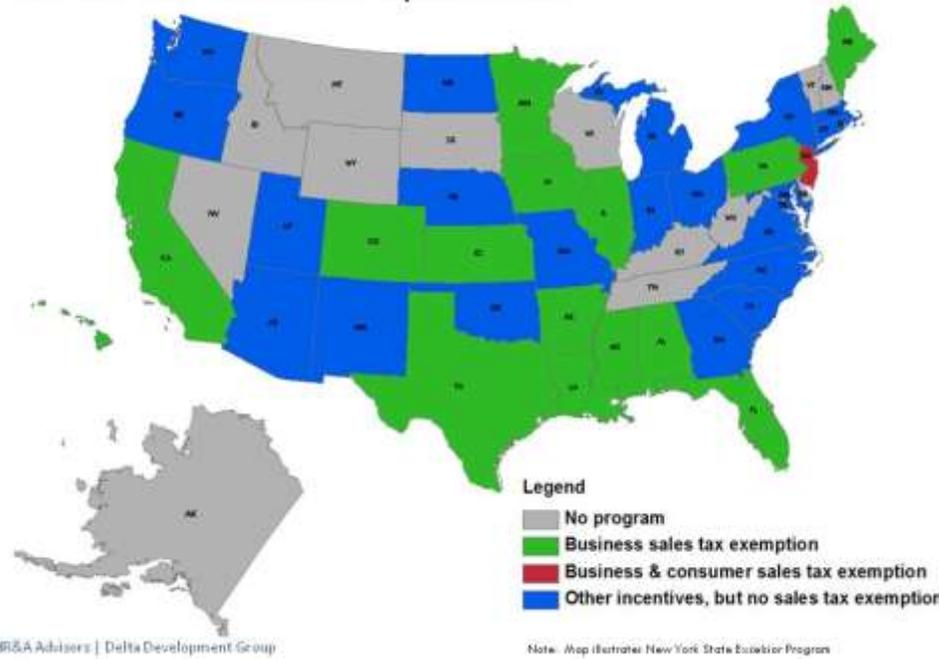
Retail sales tax abatement is not effectively funneling retail spending into zones from adjacent communities or outside New Jersey.

Five of the eight municipalities studied actually lost retail jobs at rates exceeding State averages.

Job losses in the retail sector, given that the Program so heavily subsidizes this industry, suggests that the retail sales tax abatement is not effectively funneling retail spending into zones from either adjacent communities or from outside New Jersey.

Restoring the sales tax in zones to 7% would generate about \$85.5 million in annual funding to the State.

Overview of the Use of Sales Tax Exemptions as Components of State Place-Based Economic Development Policies



overall. Several analyses produced results indicating the opposite. According to findings from a location quotient analysis, which identifies industries that attract spending from outside the municipality, retail only attracts outside spending in four of the eight municipalities (Elizabeth, Lakewood, Vineland, and Wildwood).

Meanwhile, an analysis comparing local and state retail trends found that five of the eight municipalities studied actually lost retail jobs at rates exceeding New Jersey averages, with the exception of Elizabeth, Newark, and Vineland (see Appendix I: Economic Impact).

Certainly, there is an argument to be made that these zones would be doing much worse if it was not for the retail sales tax reduction and other incentives. Similarly, zones along the borders report that it helps them keep business from going out of the state. However, job losses in the retail sector, given that the Program so heavily subsidizes this industry, suggests that the retail sales tax abatement is not effectively funneling retail spending into zones from either adjacent communities or from out of state. As a result, the Program is neither achieving its legislative goals nor providing an adequate return for the foregone taxes.

Restoring the sales tax in zones to 7% would generate approximately \$85.5 million in annual funding to the State.

THE ENCUMBERED-BUT-UNSPENT ENTERPRISE ZONE ASSISTANCE FUND BALANCE IS UNREASONABLY HIGH.

The Enterprise ZAF is a highly valued, flexible funding source that is generated by proceeds of the reduced consumer retail sales tax. The ZAF has been reported as a critical component of municipalities’ economic development programs, and the flexibility of the ZAF reportedly helps zone coordinators to fund innovative economic development projects they cannot do with other funds. These include streetscape improvements to improve the quality of downtowns and marketing strategies to promote the zone’s business assets.

All but one zone coordinator indicated that using the ZAF for non-capital projects was important or very important, and 94 percent indicated the same for capital projects. Using the NJ UEZ Program to support small projects, often hindered by prevailing wage rules, is critical to businesses that could not otherwise obtain credit for capital projects, such as façade improvements (see Appendix G: Phase 1, Phase 2 Observations and Data Aggregation).

The true value in the ZAF is its flexibility, in that it can be “first-in” funding. While most public funding sources fill a gap, the ZAF can be used up front to initiate projects, without stringent match requirements.

While this flexibility is extremely helpful to municipalities, developers, and businesses, the ZAF is not stringently monitored with the necessary program outcomes, metrics, and measures to demonstrate a true return on taxpayer investment. From the NJ UEZ Program’s inception until December 2010, over \$132 million in ZAF funding is reported as encumbered and not yet expended for project completion, thus exacerbating the State’s existing fiscal constraints. Encumbered but unspent Enterprise Zone Assistance Funds should be returned to the State General Fund.

ENCUMBERED FUNDS

From the NJ UEZ Program’s inception until December 2010, over \$132 million in ZAF funding is reported as encumbered but not yet spent for project completion, thus exacerbating the State’s existing fiscal constraints, while demonstrating a lack of reinvestment opportunities or initiatives at the local level.



In light of the significant budget challenges facing the State and consistent with the consultant team's recommendation to close out the NJ UEZ Program by June 30, 2011, we also recommend that UEZs retaining encumbered Enterprise Zone Assistance Funds should be required to return them to the State General Fund.

THE NJ UEZ PROGRAM LACKS CLEAR OUTCOMES, DEFINED METRICS, AND QUANTIFIABLE MEASURES.

The NJ UEZ Program suffers from a lack of both routine, consistently gathered and reported data and performance metrics to quantitatively evaluate business development and job creation. This is essential to hold the State and its municipalities accountable for spending public resources. To that end, there is no realistic exit strategy for either success or failure in achieving desired outcomes.

Presently, true economic impacts are not completely quantifiable. This is particularly evident with second generation funds associated with the ZAF. While second generation benefits are among the greatest economic stimulators associated with the NJ UEZ Program, few records of these projects currently are being tracked. Given the current metrics required for ZAF projects, ZAF project funding is not competitive and has no time limit for project completion; thus, it minimizes the potential benefits of the State's investment.

Another key economic stimulator associated with the NJ UEZ Program that is not adequately tracked is the amount of private investment leveraged by the State's investment.

- Project application forms require the applicant to report the total cost of the project, including funds from other sources; however, the funds from other sources are requested in the aggregate and are not broken out by public and private sources.
- Although the aggregate information is requested in the application form, until record-keeping was migrated to the SAGE system in 2009, this information was not captured electronically and is only available in the hard-copy application form.
- ZAF project applicants currently are not required to submit an estimate of new permanent jobs created by the project.
- Clear performance metrics should be required for ZAF project applications to include things such as sources and uses of funds, a detailed project schedule, and estimated new job creation/and or retention (see Key Recommendation #2, Step 6: Sample Performance Metrics).

Businesses are not held accountable for how incentives are spent and are not required to provide progress reports on their capital investments.

While qualified businesses take advantage of and quantify their annual tax exemptions and expected private capital investment, they are not required to document how the incentives are spent, or the nature and status of expected capital investment reported. There is no process in place to document that "but for" UEZ incentives, qualified businesses would not make the reported private capital investments, and ZAF projects would not be possible. The lack of documentation required for use of sales tax exemption funds not only minimizes the ability to effectively measure benefits, but minimizes the potential impact of the State's investment. Given the current metrics required for ZAF projects, ZAF project funding is not competitive and has no time limit for project completion; thus, it minimizes the potential benefits of the State's investment.

LACK OF METRICS

A lack of success measures for NJ's UEZ Program yields uncertain results and a lack of accountability for spending public resources.



While flexibility is an advantage of the current NJ UEZ Program, inasmuch as it allows communities to address their unique needs and leverage local assets, the lack of performance metrics allows Program incentives to be utilized in ways that were not intended by the initial legislation and often do not produce a significant economic benefit for the local community, region, or the State.

Without collecting, benchmarking, and periodically analyzing performance indicators, there is no defensible method to determine and quantify appropriate use of funding, impacts of the Program at the local and aggregated State level, additional investments leveraged by the Program, or benefits to the local community and its participating businesses.

CURRENT DATA COLLECTION AND MANAGEMENT SYSTEMS HINDER PERFORMANCE MEASUREMENT.

Under the current NJ UEZ Program, there is no simple method or system in place to collect and manage the metrics necessary to measure performance. Some of the current metrics are being collected in disparate systems across various state government agencies.

Myriad systems are disjointed for NJ UEZ Program reporting purposes.

Currently, there are six different systems that must interface to pull a complete set of data for the NJ UEZ Program. These systems include (1) SAGE, (2) Baker files, (3) UEZ database, (4) Track, (5) NJCFS, and (6) OFIS. Some metrics are collected in narrative format that is not conducive to aggregation and measurement. Because of the inconsistency inherently involved with data collection from a narrative form, metrics gathered in this manner would be incomplete and unreliable. In addition, some metrics that are needed to measure the Program's performance currently are not being captured. More than two decades of historical UEZ data is stored across these six different systems that do not have an established common data store.

THE NJ UEZ PROGRAM LACKS SUNSET PROVISIONS FOR ZONES.

Although the 1983 UEZ statute calls for zones to sunset after 20 years, the law too easily enables the UEZ Authority to redesignate zones beyond this 20-year time frame. As a result, zone redesignation has become the UEZ Authority's standard practice, rather than requiring zones to define a self-sustaining strategy or "exit plan" from the NJ UEZ Program beyond the initial 20-year period.

Presently, the UEZ legislation contains criteria for designation of a zone extension. While the zone can be terminated by the Authority if these criteria are not met, the structure of the law makes denying a grant extension difficult. As a result, zone termination has proven far more difficult to achieve than zone extension. In some cases, UEZs have been able to extend their designation through legislative amendments, without meeting prescribed criteria and benchmarks that measure favorable econometric impact. This clearly circumvents the intent of the authorizing legislation. As an unintended consequence to the relative ease of zone extensions, many of the same communities have remained in the NJ UEZ Program for years, or even decades. This has limited the opportunities for other disadvantaged municipalities to apply for UEZ status and utilize Program incentives and benefits.



KEY RECOMMENDATION #2: CREATE A NEW PLACE-BASED COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM

The consultant team suggests an interim period to transition from the NJ UEZ Program to a new place-based community and economic development program in not less than five months and as part of the FY 2012 legislative and budgeting processes. Legislatively authorized, this new program should include incentives that target job growth and downtown revitalization, and be grounded in clearly defined goals and quantifiable metrics to ensure that New Jersey reaps a higher return on its investment. It is anticipated that this new program will help communities leverage municipal aid dollars by providing another vehicle that targets economic growth.

Two State agencies (DCA and EDA) will have the joint responsibility to develop and implement an efficient and effective closeout from the NJ UEZ Program to the new place-based community and economic development program.

STEP 1: DEVELOP AND DEPLOY A NJ UEZ PROGRAM TRANSITION COMMUNICATIONS STRATEGY.

DCA will need to communicate the NJ UEZ Program closeout and transition strategy to a new place-based community and economic development program to all UEZ municipalities, UEZ coordinators, and UEZ-certified businesses. This strategy will need to outline the reasons why the NJ UEZ Program is being terminated, the impacts it will have on zone communities and businesses, their respective closeout processes, and the State's transition to the new program.

STEP 2: DEVELOP AND LAUNCH LEGISLATIVE AND POLICY ACTIONS.

In preparation for the new program, DCA, EDA, and the Department of the Treasury must immediately begin working with the Office of the Governor to prepare the proposed program legislation for sponsorship by key members of the New Jersey Senate and General Assembly. The consultant team recommends a program lifespan of 10 years, with continuation only after an assessment and legislative reauthorization.

STEP 3: INITIATE ADMINISTRATIVE ACTIONS RELATIVE TO CURRENT NJ UEZ PROGRAM.**Eliminate the NJ UEZ Authority.**

Closure of the NJ UEZ Program at the end of FY 2011 will include the elimination of the New Jersey Urban Enterprise Zone Authority, both state and local staff, as well as the Board. Implementing this recommendation will result in the reduction of staff from the State UEZ Program Office, reduction in either staff or workload from local UEZ offices, and the reduction of staff from the Department of Treasury. Existing State UEZ Program Office staff members should be given the first opportunity to apply for positions under the new program.

Pay out accrued encumbered funds per contractual obligations.

Pay out the accrued encumbered zone project funds in the Zone Trust Account (accrued through June 30, 2010) per contractual obligations to the governing bodies in former UEZs to complete projects encumbered, under contract, and commenced as of March 1, 2011. The consultant team recommends that thereafter, unspent funds for uncompleted projects should be returned to the State's General Fund. Governing bodies of former UEZs should retain their second generation fund balances to administer project completion for other ZAF project purposes.



Cease the UEZ certification process and all NJ UEZ Program benefits by June 30, 2011.

Cease the UEZ certification/recertification processes immediately, with existing business certifications remaining in place until the end of fiscal year 2011. Pending certification/recertification, applications should be acted on, since time and effort has been expended to prepare applications. All NJ UEZ Program benefits should cease as of June 30, 2011.

Restore 7% consumer sales tax rates in UEZ municipalities as part of the FY 2012 budget and legislative processes.

Elimination of the sales tax reduction and all other tax exemptions, refunds, or abatements associated with the NJ UEZ Program would result in an estimated \$310.6 million in revenues annually that could be available for a variety of purposes.

STEP 4: ESTABLISH GUIDELINES FOR THE NEW PROGRAM.

DCA and EDA must collaborate to develop new program rules for implementation by the effective date of the legislation that authorizes the new program. The new program's guidelines should be consistent with the administrative recommendations for the new program.

STEP 5: OUTLINE ADMINISTRATIVE STRUCTURE FOR THE NEW PROGRAM.

Develop and institute a participation construct for the new program.

We recommend that the EDA, in consultation with the DCA, establish criteria for participation in the new program, design a new program application, and select municipalities for participation. The consultant team recommends that current performing UEZs should have the option to participate in the new program, thereby enabling them to compete for funding. We further recommend that current performing UEZ boundaries be expanded to include the entire municipality. In turn, this will provide the delineation necessary to support a metrics-based program.

Develop and implement new, streamlined incentives for participating communities.

The new program should target resources to address the biggest gaps created by the ending the NJ UEZ Program, thereby helping to mitigate potential negative impacts of that Program's elimination.

The consultant team recommends that a new set of competitively acquired incentives/program benefits be implemented, consistent with qualifying criteria. We recommend the following types of incentives be awarded on a competitive basis to eligible municipalities.

EDA-Administered Incentives (for Economic Development)

Revolving Loan Fund

- We recommend funding be provided for a Revolving Loan Fund (RLF) Program to be administered by EDA. This RFL should support business development and job creation within communities participating in the new place-based community and economic development program, with a priority for small- and medium-sized businesses with fewer than 100 employees.
- This RLF program should support capital investment by eligible small businesses (per current NAICS code eligibility guidelines). This investment should be directed towards business expansion and other job-generating capital investments.



- RLF loan applicants should be required to demonstrate anticipated economic benefits, including total investment and the number and types of jobs created.
 - For administrative efficiency, the RLF Program should adopt a similar application and evaluation framework as those used by other EDA-administered programs.

Tax Credits for Capital Investments

- We recommend tax credits for capital investments. We propose a tax credit program similar to the New York State Excelsior Program, which provides tax credits for significant capital investments that support growth.

DCA-Administered Incentives (for Community Development)

Commercial District Revitalization

- We recommend incentives be provided to support the development of Special Improvement Districts (SIDs) or Business Improvement Districts (BIDs) administered by the DCA as a component of its Main Street Program. We suggest funding for competitive matching grants for façade and streetscape improvements to encourage commercial and residential viability of downtowns and commercial areas in participating communities.

Clean-and-Safe Streets Funding

- We recommend funding for municipal services that support “clean and safe” activities within communities (e.g., police foot patrols in downtown areas).

In addition to the above-noted incentives, we believe the State should offer priority considerations for other State economic development programs. Businesses currently located within or proposing to relocate to participating communities should receive priority from EDA when applying for job creation and revitalization incentives, such as Business Employment Incentive Program, Business Retention and Relocation Assistance Grant, Economic Redevelopment and Growth Grant, and Urban Transit Hub Tax Credits.

Configure staffing requirements.

Both DCA and EDA will need to consider the staffing requirements necessary to administer and manage the new program, including administrative and data management modifications to SAGE. DCA and EDA should determine the qualifications required to employ personnel most technically proficient in community and economic development matters to assist municipal-aid communities in their most efficient and effective use of the new program.

Consideration should be also given to the necessary number of DCA and EDA field representatives needed to serve the new program’s policy managers who would be responsible for providing technical assistance and guidance to municipal-aid communities. Finally, consideration should be given to employing technically qualified professional consultants to provide the necessary administration capacity for the new program.

STEP 6: OUTLINE AN EVALUATION STRUCTURE AND PROCESS FOR THE NEW PROGRAM.

Establish and require the use of program metrics.

The consultant team recommends that the new place-based community and economic development program includes specific metrics to gauge a participating community’s “economic health,” to benchmark community and statewide progress, and to quantify the economic impact of the new program via manual



data analysis and input into econometric software, such as IMPLAN. Routine evaluation of individual participating communities and the impact of the new program statewide are essential to identify local and statewide opportunities for improvement, best practices, and program efficacy.

The consultant team recommends the new program includes distinct performance measures for the program as a whole, including measures for each specific program benefit. Specifically, we recommend that new program administration should be responsible to do the following:

- Identify clear outcomes
 - What are specific outcomes of the program?
 - What should the program achieve to meet New Jersey's community and economic development needs? (Examples: job creation, job stability, private-sector investment in communities, safe communities)
- Define program metrics
 - What specific benchmarks should the program strive to attain? (Examples: increase in jobs, no reduction in jobs, increase in total private investment, reduction in crime)
- Determine quantifiable measures
 - What specific data points, reported on an annual basis, demonstrate the attainment of metrics? (Examples: number of jobs created, number of jobs retained, dollar amount of private investment leveraged by the program, number of reportable crimes)

Routinely benchmark and evaluate local economic indicators.

In addition to performance metrics for incentive recipients, the new program should require local economic indicators to be benchmarked and analyzed on a routine basis, preferably on a five-year recurring schedule. Local economic indicators, including but not limited to items such as the level of job creation and retention, new business starts, capital project milestones, effectiveness of program marketing and advertising, and improvement in the State's Municipal Revitalization Index, should be defined by the EDA/DCA at the start of the new program and be periodically evaluated to ensure that these measures are valid in the present business and community climate.

These routine evaluations will help program administrators measure econometric impacts of the new program at the local level, and empower administrators to discontinue underperforming community participants. Enforcing routine evaluation of each participating community's performance and making them accountable for the use of zone incentives should contribute to a results-driven, place-based community and economic development program with quantifiable impacts and a positive ROI.

Publish annual performance metrics.

It is suggested that the new place-based community and economic development program requires participating communities to publish annual performance metrics to help the State gauge the community's "economic health," to benchmark community and statewide progress, and to quantify the economic impact of the new program via manual data analysis and input into econometric software, such as IMPLAN. Routine evaluation of individual participating communities and the impact of the program statewide is essential to identify local and statewide opportunities for improvement, best practices, and program efficacy.



The following chart provides an example of metrics and measures that could be collected and analyzed on a regular basis to determine the competitiveness and impact of candidate projects, as well as the outcomes of the new program. These measures are provided as a sample of the types of data that support a comprehensive evaluation of project applications and program elements suggested herein. However, final measures and metrics for both project and program evaluation should be determined by the EDA and DCA after additional research, comparative analysis, and best practice review. Ideally, the resulting set of performance metrics will be utilized across State agencies to consistently track and analyze performance of a variety of state programs.

SAMPLE PROJECT METRICS		
OUTCOME	METRIC	MEASURE
Project Evaluation	<i>Occupant's business type</i>	NAICS Code
	<i>Total investment and uses</i>	Total project costs by project component
	<i>Private investment leveraged</i>	Amount of first generation State investment
		Amount of second generation State investment
		Amount of funding/financing from other sources (by type)
	<i>Job creation and retention</i>	Number of existing jobs retained
		Expected number of temporary construction jobs to be created
		Expected number of new permanent jobs to be created

(Continued on next page)



PROGRAM METRICS		
OUTCOME	METRIC	MEASURE
Stable Employment Trends	<i>Increase in jobs</i>	# of jobs created (direct and indirect)
	<i>Decrease in unemployment</i>	% unemployment
	<i>No reduction in jobs</i>	# of jobs retained (direct and indirect)
	<i>Stable or improving wage trends</i>	Quarterly Workforce Indicators (QWI) from the Census
Private-Sector Investment in Communities	<i>Increase in total private investment</i>	Private investment in program projects
	<i>Increase in total capital investment</i>	Direct capital investment in program municipalities
Healthy Communities	<i>Reduction in crime rate</i>	# and type of reportable crimes
	<i>Reduction of poverty</i>	% of residents below the poverty level
	<i>Population growth/in-and-out migration</i>	Population
Thriving Downtown	<i>Reduction in the number of vacant storefronts</i>	# of vacant storefronts
	<i>Increase in pedestrian traffic</i>	Pedestrian traffic counts (periodic)
	<i>Increase in program projects</i>	# of projects initiated
	<i>Increase in business sales</i>	Business sales as reported to Treasury
	<i>Healthy real estate market</i>	Commercial lease rates
Median property value		

(Continued on next page)



PROGRAM METRICS		
OUTCOME	METRIC	MEASURE
Community Revitalization	<i>Increase in property redevelopment</i>	# of underutilized or abandoned (blighted) properties redeveloped
	<i>Increase in property use/reuse</i>	# of building occupancy and use permits granted due to program projects
	<i>Level of local distress</i>	Rank on NJ’s Municipal Revitalization Index
	<i>Increase in revenue</i>	# of tax ratable
	<i>Economic diversity</i>	# of employees by NAICS code
Locally Effective Program	<i># of businesses served</i>	% of businesses taking advantage of program incentives
	<i>Utilization of incentives</i>	# of new projects initiated
	<i>Ability to sustain economic development activities without the new program</i>	# of new SIDS/BIDS/Main Street organizations in program municipalities

STEP 7: ESTABLISH INTEGRATED DATA MANAGEMENT AND REPORTING SYSTEMS.

While the recommended new program should significantly reduce the amount of data that will be tracked, there still would be, at a minimum, two agencies (DCA/EDA) and systems involved in the program’s data management. Based on an assessment of current systems and needs of the new program, the consultant team recommends the following components to establish an efficient, integrated data management and reporting system.

Create a metrics dashboard for the new program.

A metrics dashboard for the new program should collect, manage, and report all necessary program and performance metrics. The full details of this dashboard would need to be analyzed and scoped, based on specific elements of the recommended new program. At a high level, it should incorporate a role-based user security system and include Business Registration (to be used by Taxation to verify location), Program and Performance Metrics, and Reports.



The dashboard should integrate with existing systems to house, collect, manage, and report program and performance metrics. Metrics that do not currently exist should be directly entered into this system. As much as possible, automated processes should be implemented to receive data from the various metric sources. The dashboard could be implemented as a new stand-alone system or be integrated with an existing system.

Create a centralized data warehouse to support metrics for the new program.

A centralized data warehouse should be created to support the recommended metrics for the new program. It should enable DCA to aggregate all program and performance data related to the new program into a common storage reservoir. This would provide a solution for a necessary ongoing archival process, while maintaining the ability to access the data for reporting purposes.

As with the current NJ UEZ Program, program and performance metrics for the new program will also be collected through different systems, although not as many. A data warehouse would provide the capability to both efficiently manage the data associated with the new program, as well as store historical NJ UEZ Program data to enable comparisons between the old and new programs, if needed. This data warehouse should be accessible by the dashboard solution recommended elsewhere in this report. A process should be established to migrate data from the dashboard and other systems into the data warehouse for archival purposes. If needed, historic data related to the NJ UEZ Program could also be migrated to the data warehouse for archival purposes.

Consolidate system functionality.

Using multiple systems to track program metrics adds complexity that increases the number of hours spent on administrative tasks and increases the opportunity for data errors. While the structure of the new program should reduce the amount tracked and the number of systems required to support the program, there would still be, at a minimum, two agencies and systems involved in the program's data management. Elimination and/or consolidation of the total number of systems should increase program efficiency.

The following are system-specific recommendations:

- SAGE - We recommend that the SAGE system continue to be utilized for the electronic grant management system. A periodic archival process should be established to move data from SAGE into the data warehouse described above.
- Baker Files – We recommend that the Baker files be phased out entirely. All data stored in the Baker files is/can be stored in SAGE. All data from currently active projects that began prior to the implementation of SAGE should be migrated from the Baker files and put into SAGE. All data from closed projects should be migrated into the data warehouse.
- UEZ Database – Since the new program, as envisioned, would not require business certification and tracking, we recommend that the current UEZ database be phased out entirely. Although businesses may not need to be certified with the new program, there likely would be a need to verify physical location to enable a business to apply for and receive a tax credit for capital investment of job creation. A simple Web-based registration process could be developed that would allow businesses to register with a participating community for verification purposes. This information should be stored directly in the data warehouse. All historic data from the UEZ database should be migrated into the data warehouse.



- Track – We recommend that Track be phased out entirely. SAGE provides the same functionality as Track. All data from currently active projects that began prior to the implementation of SAGE should be migrated into SAGE. All data from closed projects should be migrated into the recommended data warehouse.
- NJCFS – We recommend that with Treasury, DCA establish a standard, periodic communication of data from NJCFS into the recommended data warehouse.
- OFIS – We recommend that any data that exists in OFIS that is directly tied to the recommended metrics should be extracted and moved into the recommended data warehouse.

These recommended changes would consolidate all data for the new program and historic UEZ data into one location, and would make it possible to produce accurate reports for both historical data analysis and ongoing status reports, leaving the following active systems for program data:

- SAGE – This would serve as DCA’s electronic grant management system.
- Metrics Dashboard for the new program – This system would gather information from the data warehouse for displaying and reporting metrics. A process for exporting data from the metrics dashboard into a format to run directly by an impact analysis tool, such as IMPLAN, could also be established.
- Data Warehouse – This database would be the underlying system the metrics dashboard would be built on. All external systems would communicate with this system to transmit the metric data.
- Business Registration Web Page – If needed, this would be a Web page to allow businesses to register with the new program for verification and tracking purposes. Business registration would only be necessary as a means to verify business location and eligibility for tax credits if location cannot be determined based on information provided in tax forms

Conduct a cost-benefit analysis for options to implement changes in system functionality.

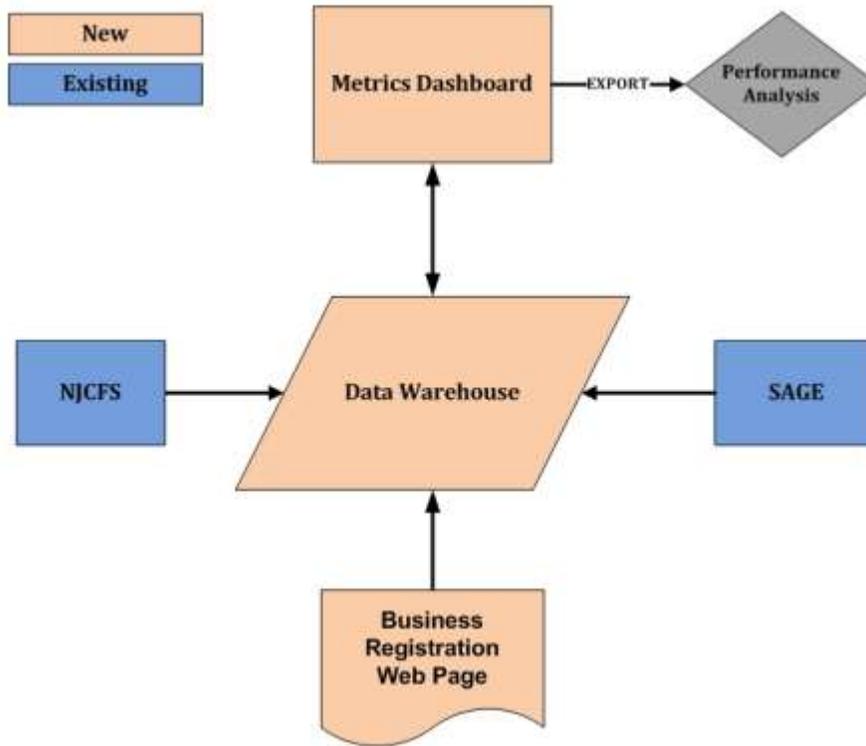
Two options are available for implementing these recommendations.

Option #1: Create entirely new systems for the metrics dashboard, data warehouse, and business registration Web page, as illustrated in Figure 1 that follows. This would provide a location that is external to any third-party software, and would allow the complete set of data to exist within a system that is completely controlled by DCA. It is our understanding that making a change in SAGE applies to all grants across the board. This option would keep new program-specific changes external to the SAGE system.



Figure 1

Option #1 - High-Level System Dataflow Model for the New Program (External to SAGE)⁸



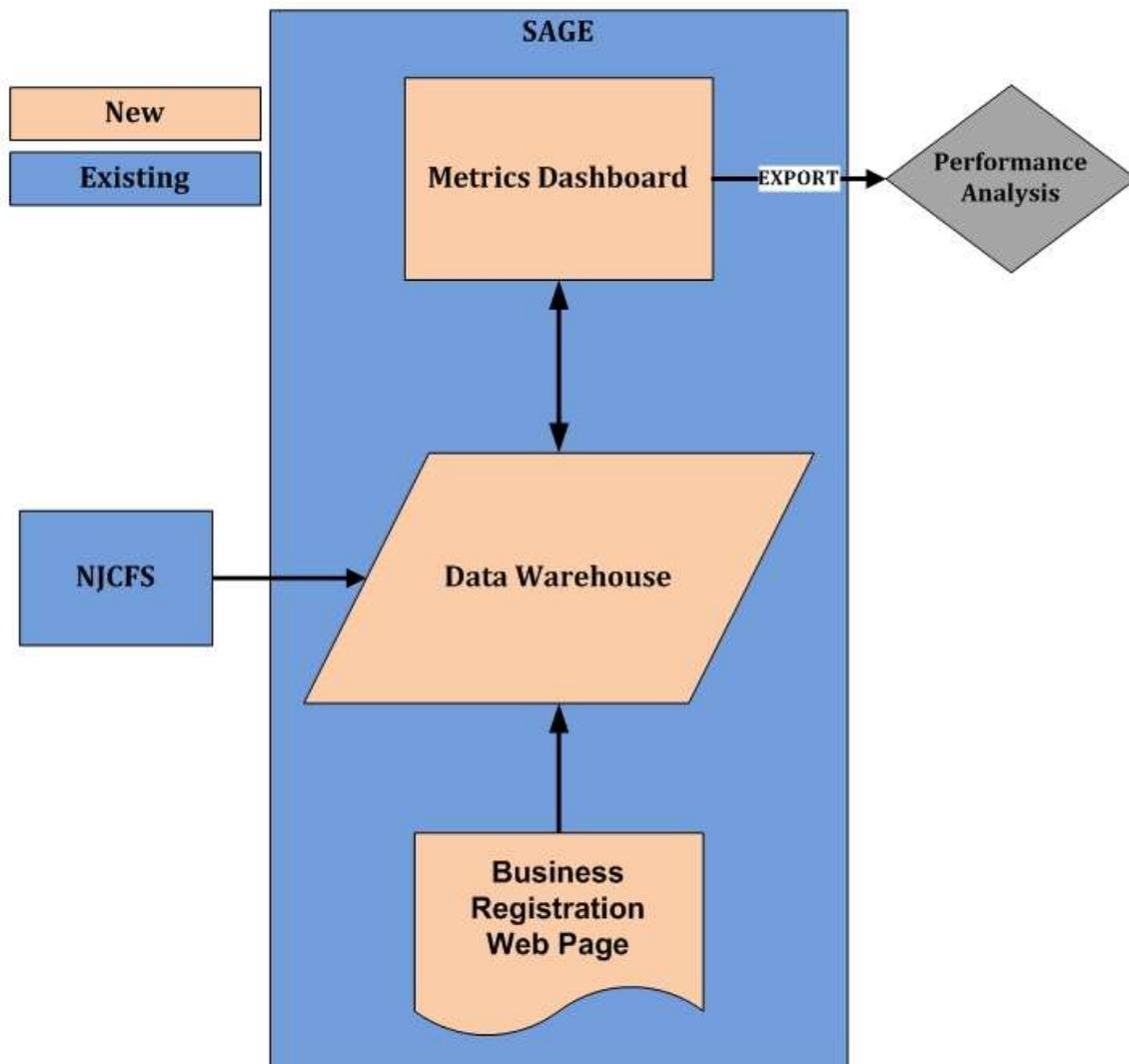
⁸ Business registration would only be necessary as a means to verify business location and eligibility for tax credits if the location cannot be determined based on information provided in tax forms.



Option #2: Implement the metrics dashboard, data warehouse, and business registration Web page within SAGE as illustrated in Figure 2 below. The advantage of implementing these changes within SAGE would be that users would have a single interface with which to interact; however, SAGE is a grants management system, and is not focused on delivering the metrics and performance modeling a performance-based program requires. It would be a significant undertaking to adapt SAGE to completely encompass all of the requirements for it to become performance-based. Also, a consideration must be made as to whether DCA will move to the State’s enterprise version of SAGE. If so, the changes done in DCA’s version of SAGE would need to be re-implemented in the enterprise version. This may prove difficult if changes need to be isolated by agency, depending on the existing architecture of the enterprise version of SAGE.

Figure 2

Option #2 - High-Level System Dataflow Model for the New Program (SAGE-based Model)⁹



⁹ Business registration would only be necessary as a means to verify business location and eligibility for tax credits if the location cannot be determined based on information provided in tax forms.



Streamline the number of forms required for the new program's administration.

There are currently 33 forms required to maintain information pertaining to the NJ UEZ Program. The new program *would eliminate over two-thirds of these forms*. The consultant team envisions a total of seven primary components that would need to be tracked for the new program:

- Program component budgets
- Business verification
- Funding applications
- Funding awards
- Post-award reporting
- Tax credits
- Performance metrics.

While each of the above components may require multiple data elements, the number of forms required to support the new program *could be reduced to as few as seven – one form for each component*.

Based on the above components and program guidelines for eligibility and performance measurement, both at project and zone levels, a list of required data elements should be developed and consolidated into a minimum number of forms and processes. To the extent possible, these forms should be Web-based to further reduce administrative costs. Types of data elements could include the following:

- Total budgets for proposed projects, the total sources of funding/financing, and the uses of funds. This information can be used to more accurately calculate the economic impacts of the program and to measure the level of private investment leveraged by the State's investment;
- First generation and second generation funds and associated projects;
- Expected new permanent jobs created by projects;
- Actual new permanent jobs created by projects;
- Payroll metrics for businesses applying for job creation tax credits;
- Total private capital investment for businesses applying for investment credits;
- Number of vacant storefronts in the participating community;
- Number and type of crimes in the participating community;
- Housing/commercial sales/lease rates in the participating community, and
- Employment, unemployment, and wage trends in the participating community.

Consider development and implementation of a single application process.

Based on the above data management and technology recommendations, we further recommend that when implemented, DCA considers using this model as an opportunity to develop a "single application" process similar to the process implemented by Pennsylvania's Department of Community and Economic Development, whereby a single Web-based application form is developed for use by all agency funding programs.



The single application contains data elements that are common to all applications, with program-specific data submitted through separate forms. This process allows for total statewide investment tracking on a per-project basis, as well as a mechanism to ensure that applicants utilize the most appropriate funding streams. To the extent that various programs measure the same performance metrics, a single post-award reporting system could further enhance the State’s ability to track and monitor its return on investments (see Key Recommendation #2, Step 6: Sample Performance Metrics).

STEP 8: DEFINE SUNSET PROVISIONS FOR THE NEW PROGRAM.

The consultant team recommends that the new program’s authorizing legislation defines the program’s life cycle and requires regulatory rulemaking/guidelines for a participating community’s exit strategy from the new program. A 10-year overall program life cycle is recommended; extension should only occur after a thorough program assessment and legislative reauthorization.

We recommend that administrators of the new program assist participating communities in the development of an exit strategy that demonstrates realistic economic development goals and objectives, and financing strategies independent of program assistance. Similarly, the consultant team believes the exit strategy should illustrate how the local community plans to complete current projects, support outstanding loan fund awards, and provide ongoing assistance for local community and economic development efforts.

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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX A: 2010-RFQ/P-040

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

REQUEST FOR QUALIFICATIONS / PROPOSALS for URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT CONSULTING SERVICES (reference 2010-RFQ/P-040)

INTENT / SUMMARY of SCOPE:

The New Jersey Economic Development Authority (“Authority”) is seeking qualifications and proposals from well-qualified firms to perform a **Program Assessment of New Jersey’s Urban Enterprise Zone (UEZ) Program**. These services are needed to assist the State of New Jersey in evaluating the effectiveness of the program and similar business improvement district programs, in stimulating job growth and economic development in urban areas within the State.

It is the intent of the Authority to award a limited term contract for the evaluation of the program in October, 2010, based on an estimated budget of \$200,000. Proposers should refer to the section “Award” for additional information.

Notwithstanding the expiration or termination of the Agreement, the Authority reserves the right, in its sole discretion, to extend the Agreement on a month-to-month basis beyond the expiration or termination, until a replacement Consultant is procured for these services.

Proposers meeting the qualifications and requirements, as described in this *RFQ/P*, are invited to submit a bid proposal to provide these Urban Enterprise Zone Program Assessment Consulting Services.

I. BACKGROUND:

The New Jersey Economic Development Authority is an independent state authority whose primary mission is to strengthen New Jersey’s economy by retaining and growing businesses through financial and real estate assistance. New Jersey’s Urban Enterprise Zones (UEZ) Program was created in 1983, to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private sector jobs through public and private investment. The program currently has thirty-two (32) zones in thirty-seven (37) municipalities throughout the state. The organization is located in the New Jersey Department of Community Affairs and chaired by the Chief Executive Officer of the New Jersey Economic Development Authority (“Authority”, “NJEDA”). The UEZ Program offers incentives such as:

1. Sales tax revenues generated by UEZ businesses are dedicated for use within the zones for economic development projects.

2. Businesses can charge half the standard sales tax rate on certain purchases.
3. Businesses may enjoy tax exemptions on certain purchases and manufacturers may qualify for sales tax exemption on their energy and utility consumption when they meet specified employment and other criteria.
4. For each new permanent full-time employee hired, businesses may receive a one-time \$1,500 tax credit.
5. Employers may also benefit from subsidized unemployment insurance costs for certain employees who earn less than \$4,500 per quarter.
6. The UEZ Program allows a tax credit against the Corporate Business Tax up to eight (8%) percent of qualified investments within the zone.

While the enabling legislation for the program envisioned the primary mission of job creation and economic development, as the program has evolved over time, funds have been used by host municipalities in varying ways. For economic development investment, zones have used funds to support businesses with the state incentives noted above as well as to market zones, create revolving loan funds, façade improvement programs and other local incentives for businesses, support special or business improvement districts. Funds have also been used for municipal services such as supplementary clean teams, police and fire, and public infrastructure such as roads, sidewalks and parking lots. The resulting evaluation should assess the use of funds for economic development purposes, as well as these increased municipal services in comparison to other state aid the host municipalities receive. The final evaluation should also make recommendations for alternative scenarios, in order to ensure that the program's primary goal of job creation and economic development is met.

II. PURPOSE / OBJECTIVES:

In order to ensure that State funds are used in a manner that results in the greatest return of economic development investment, Governor Christie, in his *Fiscal 2011 Budget in Brief*, requested that the New Jersey Economic Development Authority review the structure of the Urban Enterprise Zone program, as well as perform an analysis to determine whether the UEZ concept is a viable tool for encouraging economic development within the state.

III. PROJECTED MILESTONE DATES:

- **Q & A Period Ends: Friday, September 17, 2010 – 4:00 PM**
- **Proposals Due: Tuesday, September 28, 2010 at or before 3:00 PM**
- **“Conditional Notice of Award” Issued:** on or about Friday, October 8, 2010
- **Compliance Submissions Due:** with the proposal or within ten (10) days of the issuance of the “Conditional Notice of Award”

- **Contract Executed:** on or about Wednesday, October 27, 2010 **or sooner**

* The above dates are provided to interested Proposers for planning purposes only. These are estimated timeline dates and do not represent firm commitment dates by which the Authority will take action.

IV. **BUDGETARY ESTIMATE:**

Funding for this contract is expected to be limited to two hundred thousand (\$200,000.00) dollars.

V. **INFORMATIONAL PRE-BID CONFERENCE**

An Informational Pre-Bid Conference will not be held for this solicitation.

VI. **SCOPE OF SERVICES / DELIVERABLES:**

Refer to *Attachment A*.

VII. **DEPTH OF STAFF TO ENSURE COVERAGE, VACATION EMERGENCIES:**

As part of the proposal submission, the Consultant Firm **should provide a detail of its plan to provide a qualified replacement(s)** to provide the requisite services during the term of the contract term and any extensions thereto, to ensure uninterrupted performance of the requisite services, in the event of vacation, illness or personal emergency of the Consultant Firm's staff assigned to perform the work against the resulting contract.

The Proposer should outline / detail its policy for providing these services during sick time, emergencies and vacations. This submittal can be as simple as identifying back-up / alternate staff for key positions identified in the respondent firm's staffing chart.

VIII. **FREQUENCY of SERVICES:**

The Consultant Firm will be required to provide the requisite program assessment of the Urban Enterprise Zone Program **during normal business hours**. For purposes of this RFQ/P, "***normal business hours***" are defined as **Monday through Friday, between the hours of 8:00 AM and 5:00 PM, exclusive of holidays**.

It shall be the sole responsibility of the Consultant Firm to ensure that the deadlines for requisite calculations and filings are met and work is completed in accordance with timeframes and deadlines established herein. Should it be necessary for the Consultant Firm to perform such work outside of normal business hours as defined herein, it shall do so without additional compensation beyond its "*Maximum Not-to-Exceed Report Fee*" as indicated in its "*Fee Schedule*" (reference *Exhibit R*).

IX. PRICE ADJUSTMENT:

Pricing shall remain firm throughout the term of the contract and any extensions thereto.

X. INITIAL ORGANIZATIONAL MEETING:

The successful Proposer will be **required to attend an initial organizational meeting with the Authority's staff**, as appropriate, to launch the program assessment. The meeting will be held at the Authority's offices located at 36 West State Street, in Trenton. The Authority, in its sole discretion, may permit certain, limited staff members of the Consultant Firm to participate via teleconference, should travel to the Authority's offices be prohibitive. The Authority, in its sole discretion, shall determine the appropriateness of teleconference participation.

It is expected that this meeting will be held during normal business hours (i.e. defined as 9:00 AM to 5:00 PM), and will **encompass approximately two (2) hours**. The purpose of this initial organizational meeting is to allow the Consultant Firm (and any staff assigned to perform work against the resulting contract) the opportunity to meet with the Authority's staff, to gain a more clear understanding of performance expectations and to review the Authority's requisite timeline and deadline for completion. .

The Authority will make every effort to schedule the meeting at a mutually convenient time; however, the Authority will make the sole determination regarding the date and time to ensure maximum participation by the Authority's staff.

The Proposer must consider the costs to participate in this initial organizational meeting when preparing its *"Fee Schedule"*, since no additional compensation will be given for attendance at and participation in this initial project meeting

XI. ATTENDANCE at MEETINGS:

The successful Proposer ("Consultant", "Consultant Firm") and various members of its key staff assigned to perform work against the resulting contract **will be required to attend and participate in a limited number of meetings** with Authority staff, as required, throughout the term of the contract and any extensions thereto. These meetings will be conducted within New Jersey and are expected to take place at the Authority's offices located at 36 West State Street, in Trenton, at other locations within the State or via teleconference, as most appropriately determined by the Authority, in its sole discretion.

Initially, it is anticipated that the Consultant Firm will be required to attend an initial organizational meeting scheduled by the Authority's Portfolio Services staff, to take place approximately one (1) week from the Authority's issuance of the "Notice to Award". It is expected that attendance at no more than four (4) additional meetings will be required to present and review the final assessment findings and respond to an questions / clarifications the Authority may require.

The Consultant's participation at these meetings may require oral, written or audiovisual (i.e. *MS Power Point*) presentations, as needed. No additional compensation will be provided for attendance at and participation in these meetings, preparations for or presentations given

The Proposer will consider these costs when preparing its "*Fee Schedule - Hourly Rates*". No additional compensation will be provided to the Consultant Firm for attendance at and participation in these meetings, preparations for or presentations given. **All costs to provide the services described herein, as well as for attendance at meetings to ensure the successful completion of all tasks outlined in the RFQ/P, shall be calculated and included in the Proposer's "*Fee Schedule*" (reference Exhibit R – Section 1) for these services.**

XII. REQUIREMENTS of the PROPOSER:

To be considered the successful Proposer ("Vendor", "Consultant", "Consultant Firm"), at a minimum, the Proposer must possess and provide evidence of / demonstrate each of the following criteria:

EXPERIENCE:

- **a minimum of five (5) years demonstrated experience in offering these specialized Urban Enterprise Zone Program Assessment Consulting Services, to other municipal, county and state entities.**

The Proposer must evidence its experience, by **providing at least three (3) narratives detailing contracts of similar size and scope, successfully completed for similar client engagements.** The narrative should **demonstrate specialized experience with Urban Enterprise Zones, or like business improvement districts, with a focus on economic development, program review in targeted zones and fiscal impact analysis.** The Proposer should include any other information relevant to its qualifications, which it believes will assist to the Authority in evaluating the bid proposal.

A minimum of three (3) narrative submissions is required.

- The Proposer must evidence that its **staff, resources and experiences with Urban Enterprise Zones, urban development, program assessment and fiscal impact abilities, will enable it to effectively perform and deliver the services required of the resulting contract.** This must be evidenced by the qualifications of the proposed staff assigned to perform the work against the resulting contract, as indicated by the staff resumes presented.

To be considered the successful Proposer ("Vendor", "Consultant", "Consultant Firm"), the Proposer and any employees assigned to perform work against the resulting contract, at a minimum, must possess and provide evidence of each of the above criteria.

Failure to submit evidence for the Proposer, as well as any joint venture partners and / or subconsultant(s) / subcontractor(s), may result in rejection of the proposal.

The Consultant Firm shall be responsible to ensure that any staff assigned to perform work against the resulting contract maintains such licensing and / or certifications, as appropriate, throughout the term of the contract and any extensions thereto. Further, upon expiration of the license / certification, it shall be the Consultant Firm's responsibility to immediately, provide the Authority with evidence of updated licensing for the specified individual.

XIII. QUALIFICATIONS / PERFORMANCE of the PROPOSER on CONTRACTS of SIMILAR SIZE and SCOPE / DESCRIPTION of the PROPOSER's ORGANIZATION:

In an effort to establish the Proposer's ability to successfully provide the requisite services, for projects of similar scope, size and complexity, **interested Proposers must provide a narrative which provides general information about its organization. The narrative must demonstrate the respondent's abilities to provide and perform the requisite Urban Enterprise Zone Program Assessment Consulting Services.** The narrative should address:

- the Proposer's **qualifications to perform on similar size and scope Urban Enterprise Zone Program Assessment or like business improvement district assessment projects** with other client entities.
- the Proposer's **depth of staff** with resources and experience in providing these services, by indicating the number of full-time employees (and if applicable, part-time employees) qualified to do so.
- **resumes / bios for each member of the Proposer's executive, middle management** and support staffs, as well as for any individual who will be involved in the performance of work against the resulting contract (reference the section "*Resumes / Bios of Key Team Members*" for additional information.)

The resumes / bios should indicate the individual's name, title and any certifications / licenses held in relation to performing the requisite services, if applicable, as well as number of years employed with the Proposing entity firm.

In addition to the above items, the Proposer should also include the following information with its proposal:

- a **staffing chart** to show each position / title for those individuals who will or who it is expected will perform work against the resulting contract.
- if available, an **organizational chart** also be supplied for the Proposing Entity's entire organization, to evidence its depth of staff.
- **the number of years providing similar program assessment consulting services** to other client entities, **particularly involving urban development** as evidenced by submitting a **copy of the Proposer's list of clients and years serviced.**

- **the location and contact information** (i.e. address, telephone, e-mail, fax number, etc.) of the Proposer’s **office that will be responsible for managing the resulting contract**, as well as the locations of its corporate headquarters and any regional business offices.
- **name, phone number and e-mail address of the individual, who will be responsible for managing the performance** against the resulting contract.

XIV. RESUMES / BIOS of KEY TEAM MEMBERS:

The Proposer should **provide a detailed resume** or bio for **each individual, who will or who it is anticipated will perform work against the resulting contract**, to clearly demonstrate their respective appropriate capabilities and background.

At a minimum, the **resume or bio should include such information as:**

- demonstrated experience specific to providing the types of services required herein
- employment history
- education
- degrees / professional certifications and / or licenses
- any additional information that would allow the Authority to assess the individual's abilities to perform against the contract.

Proposers should note that following the award of the contract, in the event it becomes necessary for the Consultant Firm to make a substitution, replacement or addition regarding its own staff, the Consultant Firm will comply with the processes outlined above in the section “*Substitution of Staff / Subcontractors and /or Subconsultants*”.

The Authority, in its sole discretion, shall determine whether or not the proposed replacement, substitution or additional personnel possesses adequate qualifications and experience to provide services against the resulting contract. No substituted or additional personnel are authorized to begin work until the Consultant Firm has received written approval from the Authority’s designated staff.

XV. REFERENCES:

For each such illustrative narrative referenced in the section “*Experience*”, the Proposer should provide the **name, title, telephone number and e-mail address of a contact person** who can **provide a reference, regarding the Proposer’s performance** (i.e. quality, delivery performance, service levels, etc.) on the specific program assessment project.

Due to the importance of effectively and accurately providing this Urban Enterprise Zone Program Assessment Services to the Authority, the references provided (i.e. contact person information) **should be senior executive decisions makers** (i.e. CEO, COO, Sr. Vice President, etc.) who can address the Proposer’s abilities, manner of interacting with him / herself, as well

as other members of the organization, success in providing these consulting services and overall effectiveness / impact on the company / organization.

A total of five (5) references should be provided. These references will allow the Authority to address specific questions / issues with the reference source, regarding the Proposer's performance, quality and responsiveness, achievement of deadlines, etc. as it relates to the specific project. The Authority, in its sole discretion, shall determine whether or when it is appropriate and / or necessary to contact the references provided, in an effort to gain a more clear insight into the Proposer's capabilities and experience regarding the requisite services.

XVI. JOINT VENTURES:

If a joint venture is submitting the bid proposal, the **agreement between the parties relating to such joint venture should be submitted with the proposal. Authorized signatories, from each party comprising the joint venture, should sign the bid proposal cover letter.**

All proposal submissions (i.e. compliance documents, evidence of experience, references, resumes, etc.) **must be submitted for the Proposing Firm, as well as each joint venture partner.** **This information should also be submitted for each named subcontractor.** Failure to do so may render the proposal materially non-responsive and subject to rejection.

XVII. SUBCONSULTANT FIRMS / SUBCONTRACTORS:

Following award of the contract, in the event the Consultant Firm does not have direct staff capable of performing the necessary service(s); the Consultant Firm may subcontract those portions of the work to be performed to a subconsultant firm / subcontractor.

In the event the Proposer proposes to utilize a subcontractor / subconsultant to fulfill any of its obligations, the **Proposer shall be responsible for the subcontractor's: (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws.**

Proposers should note that the Consultant retains the sole and absolute responsibility for the management and supervision all subcontractors / subconsultants to a high quality of service (reference the section "*Use of Subcontractors / Subconsultants*" of this RFQ/P). Such subcontractors and / or subconsultants must possess a valid "*Business Registration Certificate*", as further detailed in the section "*Compliance – Business Registration*" of this RFQ/P. Additionally; **the Consultant Firm assumes sole and absolute responsibility for all payments and monies due to its subcontractors / subconsultants.**

The Proposer **MUST provide a detailed description of services to be provided by each subcontractor / subconsultant,** referencing the applicable section or subsection of this RFQ/P, as well as the **Proposer's prior experience in working with the subcontractor / subconsultant** on similar projects as that required herein. This information **must be included with the proposal** to evidence the subcontractor's / subconsultant's capabilities and experience.

Detailed resumes should be provided for each member of the subcontractor's management, supervisory and other key personnel, who will, or who it is anticipated will, perform work against the resulting contract. Such resumes must clearly demonstrate knowledge, ability and experience relevant to that part of the work that the subcontractor is designated to perform.

When preparing its “*Fee Schedule*”, if the Proposer intends to subcontract any number of positions if it does not have in-house staff to perform the respective job function, the **Proposer must include the hourly rate for any subcontracted services / positions** on the “*Fee Schedule - Hourly Rates Schedule*” (reference Exhibit R – Section 1A-M) as though the position were part of its in-house overhead. This will allow the Authority to accurately assess a blended hourly rate for each proposal.

The Proposer **must indicate whether each position will be satisfied by in-house or subcontracted staff, by placing an “X” in the appropriate column next to each title.**

XVIII. SUBSTITUTION of STAFF / SUBCONTRACTORS and / or SUBCONSULTANTS:

Following the award of the contract, in the event it becomes necessary for the Consultant Firm to substitute or add a subcontractor, or substitute its own staff for a previously identified subcontractor, the Consultant Firm will notify the designated Authority staff member or his / her designee, in writing, and identify the proposed new subcontractor (“replacement”) or staff member (“staff replacement”), as well as the work to be performed. The Consultant Firm must provide a detailed justification documenting the need for the substitution or addition.

Included with the written notification, must be a **detailed resume of the proposed replacement staff member or of the proposed subcontractor’s replacement** management, supervisory and other key personnel that clearly demonstrates the replacement’s knowledge, ability and experience, relevant to that part of the work, which the proposed replacement subcontractor is to undertake. The qualifications and experience of the proposed replacement must equal or exceed those of similar personnel, proposed by the Consultant Firm in its bid proposal.

The designated Authority staff member, or his / her designee, in his / her sole discretion, shall determine whether or not the proposed replacement, substitution or additional subcontractor possesses adequate qualifications and experience to provide services against the resulting contract. No substituted or additional subcontractors are authorized to begin work, until the contractor has received written approval, from the designated Authority staff member or his / her designee. In the event the previous subcontractor / subconsultant to be replaced is a Small Business Enterprise (SBE), Minority-owned Business Enterprise (MBE) or Woman-owned Business Enterprise (WBE) as registered / certified by the Department of Treasury – Division of Minority and Women Business Development; the Consultant Firm must make every effort to replace the firm, in kind. Should the Consultant Firm be unable to make such replacement with a SBE, MBE or WBE firm; it must evidence that a good faith effort has been made to secure the services / goods of another SBE, MBE or WBE firm.

Following award of the contract, the Consultant Firm may subcontract to firms not expressly identified at the time of bid proposal submission. In such instances, the Consultant Firm shall

obtain a minimum of three (3) competitive bid proposals from subcontractors for each project or engagement. The competitive bid proposals shall be firm, fixed price per engagement and include written recommendations, based on price and other factors, with all support justifying the selection of the firm recommended to conduct the work. The designated Authority staff member, or his / her designee, in his / her sole discretion, shall determine whether or not the proposed replacement, substitution or additional subcontractor possesses adequate qualifications and experience to provide services against the resulting contract.

In the event the subconsultant / subcontractor originally identified and accepted in the Consultant Firm's proposal, was certified by the Department of Treasury - Division of Minority and Women Business Development as a Small Business Enterprise (SBE) or registered as a Minority-Owned Business Enterprise (MBE) or Woman-Owned Business Enterprise (WBE) firm; the Consultant Firm will make a good faith effort to replace the original subconsultant with another SBE, MBE or WBE firm. The Authority, in its sole discretion reserves the right to request and review the Consultant Firm's evidence of its good faith search for such SBE, MBE or WBE replacements.

XIX. ACQUIRING SPECIALIZED SERVICES – PURCHASING RESPONSIBILITIES:

During the term of the contract and any extensions thereto, should the Consultant Firm identify the need to secure **specialized services** not contemplated at the at the time of the issuance of this "Request for Qualifications / Proposals" but where such work is directly related to the deliverable and services required herein; the Consultant Firm shall identify and substantiate the need to secure such specialized services from a qualified subcontractor / subconsultant and will obtain approval to do so from the Authority's staff. The Consultant Firms will source and secure such services through a competitive bidding process to be conducted by the Consultant, in accordance with the procedures outlined in the "Solicitation of Quotations and Proposals Methodology and Procedures" attached to this RFQ/P as **Exhibit N**.

The Consultant Firm shall obtain a minimum of three (3) sealed, competitive bid proposals from subconsultant firms ("Vendors") for each project or engagement with a total aggregate value less than twenty-five thousand (\$25,000) dollars. **All solicitations and procurements must be done in accordance with the procedures and methodologies outlined in the Authority's "Solicitation of Quotations and Proposals Methodology" attached herein as Exhibit N, giving consideration to Small business enterprises (SBEs), Women-owned business enterprises (WBEs) or Minority- owned business enterprises (MBEs) when possible.**

The Consultant Firm will be responsible for payments due the subconsultant, the cost to be reimbursed by the Authority at the subconsultant's fee without additional mark-up or additional charges added by Consultant.

XX. RESPONSIBILITIES of the VENDOR / CONSULTANT FIRM :

The successful Proposer ("Vendor", "Consultant Firm" and "Firm") shall have sole and **absolute responsibility for the complete effort specified in and required of the contract.** Payment shall be made only to the Consultant Firm.

The Consultant Firm shall be responsible for the professional quality, technical accuracy and

timely completion and submission of all deliverables, services or commodities required under the contract. Without additional compensation, the Consultant Firm shall correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the Vendor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the Authority may have, arising out of the Consultant Firm's performance of this contract.

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and / or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the Authority and shall be delivered to the Authority upon thirty (30) days notice by the New Jersey Economic Development Authority. Regarding software computer programs and / or source codes developed for the Authority, the work shall be considered "work for hire," that is, the Authority, not the Consultant or subcontractor, shall have full and complete ownership of all software computer programs and / or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Agreement, the Consultant Firm or subcontractor hereby assigns to the Authority, all right, title and interest in and to any such material, and the Authority shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

1. **News Releases:**

The Consultant is not permitted to issue news releases pertaining to any aspect of the services being provided under the contract, to the New Jersey Economic Development Authority and / or any of their respective tenants, without the prior written consent of the Governance and Public Information Department of the New Jersey Economic Development Authority. All such requests shall be directed to the New Jersey Economic Development Authority through its designated staff member, who shall coordinate such approvals, to be granted, if any.

2. **Advertising:**

The Consultant shall not use the names, logos, images, or any data or results arising from this contract of the State of New Jersey and the New Jersey Economic Development Authority, as a part of any commercial advertising without first obtaining the prior, written consent of the Governance and Public Information Department of the New Jersey Economic Development Authority. All such requests shall be directed to the New Jersey Economic Development Authority through its designated staff member, who shall coordinate such approvals, to be granted, if any.

3. **Authority's Option to Reduce Scope of Services or Terminate Project:**

The Authority has the option, in its sole discretion, to reduce the “*Scope of Services*” or terminate services for any task or subtask called for under this contract. In such an event, the Authority shall provide advance written notice to the Consultant Firm. Further, the Authority, in its sole discretion, reserves the right to consider any task completed before the entire said task or tasks have been performed, whenever in the judgment of the Authority, based upon results of work already performed, the goals of the project have been successfully achieved or can be successfully achieved through a reduced “*Scope of Services*”. In such event, the Authority may reduce the “*Scope of Services*” for any task, tasks or portions thereof by written notice to the Consultant Firm.

Upon receipt of such written notice and within five (5) business days, the Consultant will submit to the Authority, an itemization of the work effort already completed by task or subtask and the work effort which will be required by task to complete the affected tasks in accordance with said notification. Upon approval of the proposed work effort by the Authority, the Consultant Firm will complete the project in accordance with said approval. The Consultant Firm will be compensated in accordance with the applicable portions of the cost proposal for the specific “*Scope of Services*”.

In the event the Authority issues a stop order for any reason, thereby directing the Consultant to suspend work under the contract for a specified time, the Consultant shall be paid until the effective date of the stop order. The Consultant shall resume work upon the date specified in the stop order or upon such other date as the Authority’s Designated Authority staff member may thereafter direct, in writing. The period of suspension shall be deemed added to the Consultant’s approved schedule of performance. The Authority’s Designated Authority staff member and the Consultant Firm shall negotiate an equitable adjustment, if any, to the contract price.

4. Disclose Potential Conflicts of Interest:

Provide the following signed statement to disclose any potential conflicts of interest with regard to the Proposer’s performance of the requisite services and the Proposer’s relationship with any Authority staff member or Urban Enterprise Zone area(s) throughout the state. If the Proposer indicates a potential conflict exists; it must identify the potential source of conflict such as, but not limited to:

- a. any firms for which the Proposer, its joint venture partner(s) or subcontractor(s) have provided, or may provide, other related services, including the preparation of applications to the Authority;
- b. have represented a previous or known future applicant to the Authority’s programs,
- c. holds public office (i.e. elected or appointed) in a township or municipality designated as an Urban Enterprise Zone,
- d. owns and / or operates a business establishment in a designated Urban Enterprise Zone area,

- e. have prior, current or known future relationships with staff or Board members of the New Jersey Economic Development Authority, the Department of Community Affairs (DCA) and / or an Urban Enterprise Zone area

The Proposer **should complete and submit one of the following signed statements:**

If no conflict of interest is perceived:

"I, *Name of Authorized Representative*, duly authorized to prepare and submit this bid proposal response on behalf of *Proposing Entity Name*, hereby certify that *Proposing Entity Name* is not aware of any known current or potential conflicts of interest with regard to providing the requisite services to the New Jersey Economic Development Authority and our firm.

I further certify that I have performed and will perform, as appropriate, such due diligence with any joint venture partner(s) and / or subcontractors /subconsultants with whom our firm may work, should we be awarded the contract for these services. Prior to engaging such subcontractor(s) / subconsultant(s), I understand that *Proposing Entity Firm* must advise the Authority's representative, in writing, of such potential conflicts of interest. I further acknowledge that the Authority, in its sole discretion, reserves the right to determine if such a conflict of interest will prevent the subcontractor / subconsultant from objectively performing the requisite work against the resulting contract."

If a potential conflict of interest is perceived due to previous, present or anticipated future business dealings:

"I, *Name of Authorized Representative*, duly authorized to prepare and submit this bid proposal response on behalf of *Proposing Entity Name*, hereby certify that *Proposing Entity Name* has engaged, is presently engaged or will be engaging in a business relationship to provide services to the following individual(s) or firm(s) to provide services regarding Urban Enterprise Zones (list the individual / firm and services provided or to be provided) **OR** has a personal or business relationship with the following individual(s) / organization (list individual(s) name(s) and organization(s).

(List as many prior or existing clients as are appropriate.)

I further certify that I have performed and will perform, as appropriate, such due diligence with any joint venture partner(s) and / or subcontractors /subconsultants with whom our firm may work, should we be awarded the contract for these services. Prior to engaging such subcontractor(s) / subconsultant(s), I understand that *Proposing Entity Firm* must advise the Authority's representative, in writing, of such potential conflicts of interest. I further acknowledge that the Authority, in its sole discretion, reserves the right to determine if such a conflict of interest will prevent the subcontractor / subconsultant from objectively performing the requisite work against the resulting contract."

If a joint venture partnership is submitting the proposal; each joint venture partner must submit the appropriate signed statement concerning conflicts of interest. Such statements should also be provided for each named subcontractor / subconsultant.

5. **Form of Compensation - Invoicing / Payment:**

The successful Proposer / Consultant Firm will submit its invoices to the Authority, on a **monthly** basis (no later than the 15th of each month), for work completed. The Consultant Firm will submit to the Authority's designated staff, an original invoice, a completed "*Monthly Status Report*", and any other documentation, as may be required by the Authority to process payment. Invoices will be considered non-compliant and will not be processed until the "*Monthly Status Report*" is fully completed, signed and submitted for each respective invoice. The Authority will make prompt payment to the Consultant Firm, following receipt of any non-disputed invoices and approval of the documentation.

Compensation will be provided to the Consultant Firm based on the respective hourly rates as indicated in its "*Fee Schedule – Hourly Rates*", based on the position and time (i.e. normal business hours vs. after-hours work) services are performed.

At a minimum, invoices submitted for payment must include the following:

- The Consultant Firm must **submit invoices for all services rendered within ninety (90) days of the date the service was provided / performed.** Invoices for services rendered more than ninety (90) days will not be paid by the Authority unless the Consultant received a prior, written waiver / approval from the Authority.
- All invoices must be approved by the Authority's designated staff member **before** payment will be authorized.

The Authority, in its sole discretion, reserves the right to require additional information, documentation and / or justification upon receipt of an invoice for payment and prior to approving such invoice for payment.

- The Authority consider the **Consultant Firm to be the sole point of contact with regard to contractual matters** and the Consultant will be required to assume sole responsibility for the complete *Scope of Services* and any additional services, as indicated in the *RFQ/P*. Payments will only be made to the Consultant. The **Consultant is responsible for assuring subconsultant compliance with all terms and conditions of this RFQ/P and assumes the sole and absolute responsibility for any payments due to subconsultant(s) / subcontractor(s) under the contract(s).**
- All invoices submitted to the New Jersey Economic Development Authority are subject to review by the State of New Jersey Office of the Inspector General. Improper billing practices will be subject to penalties as more fully set forth in the "*Contract for Professional Services*" attached to this *RFQ/P* as *Exhibit L*.

- a detailed description of the project task or subtask services for the monthly period
- percentage of completion of the overall “*Scope of Services*”, if applicable
- each itemized position / title assigned to perform the work for the project
- copies of weekly timesheets for employees assigned to do the work referenced in the invoice
- the commencement and completion dates of the project, if applicable
- the number of hours dedicated to the task or subtask for each position / title, which performed the work for the respective “*Scope of Services*”
- a copy of the original project / scope of services approved by the Authority’s designated staff member, if applicable, prior to commencing the work (this must reference the hours to be dedicated, positions required, corresponding hourly rates for each position, extended dollar amounts for each position)

In the event a partial payment is being made, prior to the completion of a project (i.e. the duration of a particular project is prolonged, perhaps 3 to 4 months), the Authority’s designated staff member, may require the Consultant Firm to submit evidence demonstrating and substantiating the degree of completion, before payment is approved. All such partial payments are subject to the approval of the designated staff member.

Invoices must also be submitted for additional work or other items properly authorized and satisfactorily completed. These invoices must itemize the position / titles involved in the performance of the work, as well as the corresponding hourly rates, as specified in the Proposer’s “*Fee Schedule*” (reference Exhibit R – Section 1A – M). Invoices shall be submitted according to the payment schedule agreed upon when the work was authorized and approved.

By submitting an invoice to the Authority, the Consultant Firm represents that all payments due to its subconsultants / subcontractors have been made and that all relevant laws and regulations have been complied with.

6. Additional Work / Services Required:

It is understood that the Consultant Firm may be retained by the Authority, if in its sole discretion, it is determined that additional services are required and that such procurement is in the best interest of the New Jersey Economic Development

Authority. It is further understood that the Authority is under no obligation to solicit a proposal and / or retain the Consultant Firm on a sole source basis to provide any such additional services. The Consulting Firm will be compensated for such additional services, based on the fees / hourly rates submitted on its “*Fee Schedule*” in response to this solicitation.

Invoices must also be submitted for such additional work or other items (i.e. supplies, materials, equipment, etc.) properly authorized and satisfactorily completed. These invoices must itemize the position / titles involved in the performance of the work, as well as the corresponding hourly rates, as specified in the Proposer’s “*Fee Schedule*” (reference *Exhibit R – Section 2A – M*). Invoices shall be submitted according to the payment schedule agreed upon when the work was authorized and approved.

XXI. FEE SCHEDULE:

The Proposer shall provide a fully completed and signed “Fee Schedule” (attached to this RFQ/P as *Exhibit R–Sections 1 and 2A-M*), which addresses each of the following:

A. MANDATORY “FEE SCHEDULE” (*Items #1 and 2A-M*):

1. “Maximum Not-To-Exceed Program Assessment Fee” -
(reference *Exhibit R – Section 1*)

This is the maximum fee to be charged for the Urban Enterprise Program Assessment and report, as required. In the event the Authority should issue additional bonds during the term of the contract and any extensions thereto, the fees stated herein shall apply to those future issuances.

2. “Hourly Rates Fee Schedule” :
(reference *Exhibit R – Section 2A-M*)

a **fully burdened, fixed “Hourly Rates Schedule” for each position / title** for those individuals who will, or who it is anticipated will, be involved with the performance of the work, against the resulting contract.

~ IMPORTANT ~

The Proposer MUST SIGN the “FEE SCHEDULE”, as well as the proposal cover letter, in INK.

Failure to do so will render the proposal materially non-responsive and subject to mandatory rejection

When evaluating bid proposals, the Authority will total the "*Maximum Not-to Exceed Program Assessment Fee*" and average hourly rates by totaling the sum of all hourly rates and then dividing by the number of positions quoted, to obtain a "blended rate". This will allow the Authority to accurately and equitably evaluate proposals, since Proposers may not quote the same number of positions / titles four hourly rates.

NOTE: These hourly rates shall include all direct and indirect costs, including but not limited to: overhead, profit, travel, meals and administrative costs of the Proposer. The Proposer's "*Fee Schedule – Hourly Rates*", must consider and include all costs, including travel and expenses, such as but not limited to initial travel to the Authority's offices to set-up and launch the program, teleconferences, attendance at meetings, as needed, overnight delivery service (i.e. Federal Express, UPS Red, etc.), if applicable, etc.

XXII. **TAX EXEMPT STATUS:**

As an instrumentality of the State of New Jersey, the New Jersey Economic Development Authority is tax exempt. When preparing the "*Fee Schedule*" (*Exhibit R*), as well as submitting invoices for payment, the successful Proposer shall not include federal or state sales tax. The successful Proposer shall not charge, nor be reimbursed for tax.

XXIII. **EVALUATION CRITERIA / SELECTION PROCESS:**

The Authority will convene a cross-functional Evaluation Committee composed of the Authority's staff, management and other state agencies and / or industry / subject matter experts to evaluate, score and rank proposals received for this *RFQ/P*. Selection of the successful Proposer will be based upon a determination of which proposal is the most favorable to the Authority, considering the criteria listed below, price and other factors considered.

The following evaluation criteria, not listed in order of significance, will be used to evaluate proposals received in response to this *RFQ/P*:

- the Proposer's **detailed approach and plans** to perform the services required by the "*Scope of Services / Deliverables*" section of this *RFQ/P* (*reference Attachment A*), including the Proposer's **contract management plan and contract organizational chart**, to include its depth of staff
- the **qualifications and experience of the Proposer's management, supervisory and / or other key personnel assigned to perform work** against the resulting contract, as evidenced by the Proposer's **demonstrated, specialized experience in providing assessments of Urban Enterprise Zones, or like business improvement district programs, with a focus on economic development, program review in targeted zones and fiscal impact analysis.**

- the extent and quality of the Proposer's documented experience in successfully **providing similar services of comparable size and scope** as that required of this RFQ/P, **as well as strong demonstrated familiarity with federal and state laws, regulations and requirements governing Urban Enterprise Zone Program Assessment**, as evidenced by the narratives submitted.
- the **extent and quality of the econometric financial model / methodology to be used to assess the economic impact of the program on the State of New Jersey**.
- the Proposer's "**Price**", as exemplified by the **prices submitted for the:**
 1. "**Maximum Not-to-Exceed Program Assessment Fee**"
(reference Exhibit R – Section 1)
 2. "**Blended Hourly Rates**"
(reference Exhibit R – Section 2A - M)

(This is the Proposer's hourly rates which are totaled and then divided by the number of positions indicated to obtain a "blended hourly rate". Proposers must indicate hourly rates for EACH position which is expected to perform work against the resulting contract; not a blended rate. The Authority will blend the hourly rates, as stated, for each proposal received.

For purposes of this RFQ/P, the following methodology will be used to evaluate and score each of the components of the Proposer's price regarding the "Scope of Services / Deliverables", as detailed in this RFQ/P. For example, if the Authority blended the hourly rates for four (4) Proposers and derived the four (4) "Maximum Not-to-Exceed Program Assessment Fees" listed below, the Authority would evaluate these as follows:

Proposer #1	quoted	\$175,000
Proposer #2	quoted	\$140,000
Proposer #3	quoted	\$150,000
Proposer #4	quoted	\$165,000

The range in pricing is \$35,000 (the spread of the lowest price of \$140,000 to the highest of \$175,000). Utilizing a scoring system of "1 – 5", the following would apply:

Score '1'	-	"poor"	\$168,001 to \$175,000
Score '2'	-	"fair"	\$161,001 to \$168,000
Score '3'	-	"good"	\$154,001 to \$161,000
Score '4'	-	"very good"	\$147,001 to \$154,000
Score '5'	-	"excellent"	\$140,000 to \$147,000

As such, Proposers would be scored as follows, regarding "Maximum Not-to-Exceed Program Assessment Fees" pricing:

Proposer #1	quoted \$175,000 and receives a score of '1'
Proposer #2	quoted \$140,000 and receives a score of '5'
Proposer #3	quoted \$150,000 and receives a score of '4'
Proposer #4	quoted \$165,000 and receives a score of '2'

This same methodology will be applied and used to evaluate and score to all other aspects of “Price”.

XXIV. INTERVIEWS:

Upon review of the proposals, the one (1) or more Proposers may be invited to interview, with members of the Evaluation Committee. The decision to conduct interviews is at the sole discretion of the Authority. In the event the Authority decides to conduct interviews, the **Proposer shall be available to meet with the Evaluation Committee, during the first week of October.** The exact date for these interviews will be communicated to the Proposers, at the appropriate time. While the Authority will make every effort to accommodate a mutually agreeable date for the interview, Proposers should be aware that failure to comply with the scheduled request to interview will result in the Authority evaluating and scoring the Proposer’s proposal, based solely on the information submitted. The Authority shall not be expected to reschedule interviews to accommodate the schedule of the Proposer.

Interviews will take place at the Authority’s offices, located at 36 West State Street, Trenton or another site as the Authority may identify, during normal business hours (9:00 AM to 5:00 PM) or via teleconference during these same business hours. The decision to participate in person or via teleconference will be at the Authority’s discretion. Further, the Authority, in its sole discretion, reserves the right to identify any staff and / or subcontractors to attend the interview.

Original proposal submissions cannot be supplemented as part of the interview process. A respondent firm will not be permitted to offer comments or opinions regarding other proposing firms or proposals, nor may Proposers attend the interview / presentation of its competitors (i.e. another proposing firm).

XXV. SPECIMEN FORM of “CONTRACT for PROFESSIONAL SERVICES”:

Award of a contract for services outlined in this RFQ/P will be subject to the selected firm entering into a form of contract satisfactory to the Authority. Proposers should refer to the specimen form of “***Contract for Professional Services***”, attached to this RFQ/P as ***Exhibit L***.

Proposers are encouraged to carefully review the specimen contract and **should indicate any exceptions taken to the form of contract, in the bid proposal response.**

If the Proposer takes no exceptions to the contract terms or its language, this should be clearly stated in the bid proposal, by including the following signed statement:

“I, *Name of Authorized Representative*, duly authorized to prepare and submit this bid proposal response on behalf of *Proposing Entity Name*, hereby acknowledge that *Proposing Entity Name* takes no exceptions to the Authority’s specimen form of “*Contract for Professional Services*”, attached to this RFQ/P as *Exhibit L*.”

If the Proposer does, in fact, take exception to one (1) or more points within the contract, the following signed statement should be submitted:

"I, Name of Authorized Representative, duly authorized to prepare and submit this bid proposal response on behalf of Proposing Entity Name, hereby acknowledge that Proposing Entity Name requests the following amendments / changes to the Authority's specimen form of "Contract for Professional Services", attached to this RFQ/P as *Exhibit L*.

The Proposer should then list the requested change(s), as appropriate.

The Authority will be under no obligation to grant or accept any requested changes to the specimen form of the contract (*Exhibit L*).

XXVI. CONFIDENTIAL INFORMATION of the AUTHORITY:

In connection with performing the Work, the Vendor, its employees and subcontractors, if any, may receive, review and become aware of proprietary, personnel, commercial, marketing and financial information of the Authority, its employees, members, borrowers and business associates that is confidential and / or proprietary in nature ("*Confidential Information*"). The Vendor agrees that the use and handling of *Confidential Information* by the Vendor, its employees and subcontractors, if any, shall be done in a responsible manner and solely for furtherance of the Work. Other than to its employees and subcontractors, if any, who have a need to know *Confidential Information* in connection with performance of the Work, the Vendor agrees not to disclose any *Confidential Information*, without the prior written consent of the Authority. The Vendor shall be responsible to assure that its employees and subcontractors, if any, do not disclose any *Confidential Information* without the prior written consent of the Authority. The Vendor shall inform each of its employees and subcontractors, if any, that receives any *Confidential Information* of the requirements of this section of the RFQ/P and *Section 9* of the Contract and shall require each such employee and subcontractors, if any, to comply with such requirements.

Notwithstanding the foregoing, the term *Confidential Information* shall not include information which: (i) is already known to the Vendor, its employees and subcontractors, if any, from sources other than the Authority; (ii) is or becomes generally available to the public other than as a result of a disclosure by the Vendor, its employees and subcontractors, if any, or (iii) is required to be disclosed by law or by regulatory or judicial process.

Pursuant to *Section 6, "Indemnification"* of the Contract, the Vendor shall indemnify and hold the Authority, its employees and members harmless for any breach of *Section 9 "Confidential Information of the Authority"*, by the Vendor, its employees and subcontractors, if any.

The Authority, in its sole discretion, may require the Consultant Firm, its employees and subcontractors, if any, assigned to perform work against the resulting contract, to execute a *Non-Disclosure / Confidentiality Agreement*.

XXVII. INSURANCE:

The successful Proposer shall procure and maintain, at its own expense, liability insurance for damages of the kinds and in the amounts hereinafter provided, from insurance companies licensed, admitted and approved to do business in the State of New Jersey. The Vendor shall obtain this coverage from A VII or better-rated companies as determined by A.M. Best Company. All liability insurance policies shall afford coverage on an occurrence rather than claims made basis with the exception of the professional liability coverage. The types and minimum amounts of insurance required are as follows:

(a) Commercial General Liability Insurance.

The minimum limits of liability for this insurance shall be \$1,000,000 per occurrence and \$2,000,000 in the aggregate and cover liability based on property damage, death and bodily injury.

The Commercial General Liability Insurance policy shall name the Authority as additional insured. The coverage to be provided under this policy shall be at least as broad as the standard, basic, unamended and unendorsed commercial general liability policy and shall include contractual liability coverage.

(b) Workers' Compensation and Employers' Liability.

Workers' Compensation Insurance shall be provided in accordance with the requirements of the laws of this State and shall include an endorsement to extend coverage to any State, which may be interpreted to have legal jurisdiction. Employers' Liability Insurance shall also be provided in an amount acceptable to the Authority.

(c) Professional Liability Insurance.

The Vendor shall carry Errors and Omissions and/or Professional Liability Insurance sufficient to protect the Vendor from any liability arising out of professional obligations performed pursuant to this Contract. The insurance shall be in the amount of \$1,000,000 each claim and in such policy form as shall be approved by the Authority. The policy shall name the New Jersey Economic Development Authority as an additional insured.

Certificates of Insurance acceptable to the Authority in respect to each of the aforementioned policies shall be filed with the Authority, prior to commencement of providing services against the contract. These Certificates shall contain a provision that coverages afforded under the policies will not be reduced or canceled unless at least thirty (30) days prior written notice has been given to the Authority. The Vendor shall notify the Authority, in writing, within forty-eight (48) hours, of any changes made to policies, which affect the Authority.

Within ten (10) calendar days of receiving notice of the Authority's intent to award a contract, the successful Proposer shall submit evidence of actual, valid insurance coverage, naming the Authority as an additional insured, for the types of insurance and amounts indicated herein and in the Contract language, (section 7-."Insurance"). The Certificates of Insurance supplied by the successful Proposer are subject to the final approval of the Authority. Failure to provide acceptable forms of insurance may be cause for rejection of the bid proposal.

If the selected Proposer fails to provide complete and adequate evidence of insurance coverage, within said ten (10) calendar day period, the Authority reserves the right to rescind its offer and award the contract to an alternate Proposer.

XXVIII. COMPLIANCE:

Refer to **Attachment B** for all compliance required of this RFQ/P.

XXIX. PROPOSAL FORMAT / SUBMITTAL REQUIREMENTS:

At a minimum, the Proposer MUST SUBMIT the following mandatory information items with its proposal. (This information must be submitted for the respondent firm, as well as any joint venture partners, if applicable).

1. a **fully completed and signed cover letter** and **“Fee Schedule”**
(*Exhibit R – Sections 1 and 2A-M*)
2. all fully **completed and signed Compliance document forms,** as specified in the **“Attachment B - Compliance”** section, of this RFQ/P, and as required by law.

Respondents should note that the following **COMPLIANCE** documents **MUST** be submitted **WITH THE BID PROPOSAL:**

1. **“Source Disclosure Certificate”** form - (*Exhibit G*)
2. **“Set Aside Compliance Certificate”** form - (*Exhibit I*)

In addition to the above, the Proposer is requested to submit the following:

3. a valid **“Business Registration Certificate”** (BRC) - (*Exhibit E*)
4. evidence of compliance with *Equal Employment Opportunity* by submitting one (1) of the following:
 - a. a valid **“AA302 Employee Information Report”** form - (*Exhibit B*),
 - b. a valid **“Certificate of Employee Information Report”** - (*Exhibit C*)
 - c. a valid **“Letter of Federal Affirmative Action Plan Approval”** - (*Exhibit D*)
5. **“Set Aside Information”** form - (*Exhibit H*)
6. **“Two (2) Year Vendor Certification and Disclosure of Political Contributions”** and **“Ownership Disclosure”** forms - (*Exhibit K*), (*which typically are only required of the successful Proposer*).

Respondents are encouraged to submit all remaining compliance documentation, with the bid proposal. While only the successful firm is required to complete and submit *Public Law 2005, c.51 and Executive Order 117 (Corzine)*, **“Two (2) Year Vendor Certification and Disclosure of Political Contributions”** and **“Ownership**

Disclosure” forms within ten (10) calendar days of the Authority issuing a notice of its intent to award a contract; however, in this instance, all Proposers are asked to complete, sign and submit this documentation with the proposal. Failure to submit all compliance documents, as specified and within the specified time frames, may result in rejection of the proposal.

Proposers are cautioned to use the compliance forms attached to this RFQ/P, as *Exhibits*. These represent the most recent versions of the respective compliance documents. Using older versions of a document may require the Proposer to re-submit a fully completed and signed current version of the document, before its compliance submissions can be reviewed and approved by the Authority’s Compliance Program Manager or other outside State entity, as appropriate.

3. Provide **evidence of the number of years providing similar program assessment services, and in particular, Urban Enterprise Zone Program Assessment consulting services, to other entities** by submitting a list of clients indicating the terms of engagements.
4. Provide a **detailed timeline / schedule** to ensure that the **Authority’s deadline of December 30, 2010** is achieved.
5. **Detailed description of the econometric model / methodology to be used to assess the economic impact of the program on the State of New Jersey.**
6. Provide evidence of a minimum of **five (5) years demonstrated experience in providing these same services of similar size and scope to other municipal, county or state entities**, as evidenced by providing at least **three (3) illustrative narratives describing similar Urban Enterprise Zone Program Assessment Consulting Services consulting projects during the past five (5) year period.**

The narrative should **demonstrate specialized experience with economic development, program review in targeted zones and fiscal impact analysis regarding other Urban Enterprise Zones.**

Additionally, the **narratives must include the client name, project overview, scope of services and current status** (i.e. active, closed, final reporting completed and whether or not recommendations for change / modifications were implemented, etc.),

7. For each such contract indicated above, the Proposer must **provide the contact information** (i.e. name, telephone number and e-mail address) **of a senior executive contact person** (i.e. CEO, COO, CFO, Sr. Vice President etc.) **for the contracted party, who can provide a reference** regarding the Proposer’s performance, abilities, manner of interacting with him / herself, as well as other members of the organization, and overall effectiveness and success in providing these Program Assessment Consulting Services.

These references will allow the Authority to address specific questions / issues with the reference, regarding the Proposer’s performance, responsiveness and quality, as it relates to these specific requisite services.

A minimum of three (3) submissions should be provided.

8. a **copy of the Proposer's list of clients and years serviced during this five (5) year period**, as further detailed in the section **"Requirements of the Proposer – Experience" of this RFQ/P.**
9. Provide a descriptive **narrative of the Proposer's organization**. Included must be information demonstrating the Proposer's **experience and qualifications in providing the requisite services.**

The narrative should address:

- a. all services / requirements detailed in the **"Scope of Services / Deliverables"** section of this *RFQ/P*,
 - b. demonstrate an understanding of the services / work required,
 - c. provide a detail of how the Proposer intends to accomplish the work required in the **"Scope of Services"**.
10. Provide **resumes / bios for each individual, who will or who it is expected will, perform work against the resulting contract**, as well as **any applicable licenses or professional certifications.** Resumes should include such information in sufficient detail to demonstrate the individual's program assessment experience and specifically, UEZ and urban development experience.
 11. Provide a **staffing chart listing the names and positions of all employees who will be assigned to provide the services** described herein and who will perform the work against the resulting contract.
 12. If available, it is requested that an **organizational chart** also be supplied **for the Proposing entity's entire organization.**

In addition to the items indicated above, the Proposer **should also include** the following additional information **with its proposal:**

13. a **brief narrative describing the proposed "Scope of Services / Deliverables"** including how the Proposer plans to effectively and efficiently accomplish these **tasks / services** identified in this *RFQ/P*.
14. a **brief descriptive narrative of the Proposer's organization, a detail of the business structure** (i.e. corporation, partnership, LLC); **history of the firm** and its **qualifications to provide the requisite Urban Enterprise Zone Program Assessment Consulting Services**, based on past experience, depth of personnel, etc..
15. **evidence of the number of years providing similar Urban Enterprise Zone Program Assessment Consulting Services**, of similar size and scope by submitting a copy of the Proposer's **list of clients and years serviced during this period.**

16. Provide the full name, title, telephone number and e-mail address for the **primary contact person of the firm responsible for this submission.**
17. Provide the **location of the Proposer's office that will be responsible for managing the resulting contract.**
18. Provide the **full name, title, telephone number and e-mail address of the individual, who will be responsible for and who will manage, the resulting contract.**
19. Provide the **name and Federal Employer Identification Number (FEIN #)** of the Proposer responding to this RFQ/P, as well as any joint venture partners.
20. Provide the following **signed statement concerning capacity to perform** against any resulting contract (this is to be signed by the authorized representative, who is submitting and signing the RFQ/P documents on behalf of the responding entity):

"I, Name of Authorized Representative, Title certify that, Respondent Entity Name has sufficient resources, legal capacity and authority to provide the service identified in the Proposal herein and is willing to be bound to said Proposal. Respondent Entity Name agrees to hold its prices firm for a period of ninety (90) days to accommodate the Authority's evaluation and award processes."

The "Capacity to Perform" statement should also include information regarding any pending / outstanding litigation, if any, which may affect the viability of the firm or the firm's ability to perform the requisite services or to complete the services throughout the term of the contract and any extensions thereto.

21. Provide the following **signed statement**, as appropriate, concerning the **specimen form of "Contract For Professional Services"** (Exhibit L):

If the Proposer takes no exceptions to the contract terms or its language, this should be clearly stated in the bid proposal, by including **the following signed statement**:

"I, Name of Authorized Representative, duly authorized to prepare and submit this bid proposal response on behalf of Proposing Entity Name, hereby acknowledge that Proposing Entity Name takes no exceptions to the Authority's specimen form of "Contract for Professional Services", attached to this RFQ/P as Exhibit L."

If the Proposer does, in fact, take exception to one (1) or more points within the contract, the **following signed statement should be submitted**:

"I, Name of Authorized Representative, duly authorized to prepare and submit this bid proposal response on behalf of Proposing Entity Name, hereby acknowledge that Proposing Entity Name requests the following amendments / changes to the Authority's specimen form of "Contract for Professional Services", attached to this RFQ/P as Exhibit L. (Indicate requested changes.)"

22. Provide the following **signed statement to disclose any potential conflicts of interest**, as outlined in the section “*Responsibilities of the Vendor / Consultant Firm – Disclose Potential Conflicts of Interest*”.
23. Submit a fully completed, correct and signed “***Acknowledgment of Receipt of Addenda / Q&A***” form (*Exhibit M*)

A proposal cannot be reviewed and evaluated unless and until the above information is received. **Failure to provide all items as indicated above, in the level of detail specified, may prevent the Authority from effectively and accurately evaluating the proposal.** Failure to submit the above information may result in rejection of the proposal.

This list is meant to assist the proposing entity in preparing its bid proposal and may not be all encompassing. It is the proposing firm’s sole responsibility to ensure that all required documentation and submissions are included with the bid proposal.

XXX. QUESTIONS:

Questions concerning this *RFQ/P*, may be submitted, in writing via e-mail, to Geraldine Stout, Procurement Officer, at gstout@njeda.com and **must be received at or before 4:00 PM** (prevailing local time), **on Friday, September 17, 2010.** Phone calls / faxes shall not be accepted.

The subject line of the e-mail should state:

**“QUESTIONS – 2010-RFQ/P-040– Urban Enterprise Zone Program
Assessment Consulting Services”**

All questions and answers will be posted on the Authority’s website at <http://www.njeda.com/rfq> under:

**“2010-RFQ/P-040 - RFQ/P for Urban Enterprise Zone Program Assessment
Consulting Services - Questions and Answers”.**

Interested parties are encouraged to frequently check the Authority’s website for any updates, additional information and / or addenda pertaining to this *RFQ/P*, as well as, posted “*Questions and Answers*”.

XXXI. ADDENDUM / “QUESTIONS & ANSWERS”:

There are no designated dates for release of addenda or posting of “*Questions & Answers*” on the Authority’s website. Interested Proposers should check the Authority’s website frequently, from the date and time the *RFQ/P* is issued, up to and including the due date and time of the bid proposal opening. **It is the sole responsibility of the Proposer to be knowledgeable of and acknowledge all addenda and posted “*Questions & Answers*”, related to this *RFQ/P*, on the “*Acknowledgment of Receipt of Addenda / Q&A*” form (*Exhibit M*).**

All addenda, as well as “Questions & Answers” to the original RFQ/P, will be posted on Authority’s website, will become part of this RFQ/P and will be incorporated by reference, in the final contract resulting from this RFQ/P. Proposers should **acknowledge receipt of all addenda and each sequentially numbered “Questions & Answers”**, posted on the Authority’s website, for this RFQ/P by completing the “Acknowledgment of Receipt of Addenda / Q&A” form. Proposers should list EACH addendum and EACH sequentially numbered “Questions & Answers” posted for this RFQ/P, on the form. The Proposer should initial and date each entry on the form, sign it and **submit the “Acknowledgment of Receipt of Addenda / Q&A” form with its proposal**. A proposal cannot be reviewed and evaluated, unless and until the Proposer has correctly completed, signed and submitted the “Acknowledgment of Receipt of Addenda / Q&A” form (*Exhibit M*).

EACH addendum and EACH sequentially numbered “Questions & Answers” posted on the Authority’s website MUST be acknowledged on the form. Each entry on the form must be initialed and dated with the date referenced in the addendum or “Q & A” document, as it was posted on the Authority’s website.

(NOTE: When completing the “Acknowledgment of Receipt of Addenda / Q&A” form, the column in the grid area labeled “Dated” refers to the date each addendum or “Questions and Answers” document was posted to the Authority’s website; not the date the Proposer is executing the form.)

XXXII. SUBMISSION DUE DATE:

Proposals shall be received at or before 3:00 PM (prevailing local time), on Tuesday, September 28, 2010 at the Authority’s offices, located at 36 West State Street, Trenton, NJ 08625. Proposals shall be submitted to the Authority in a securely, SEALED envelope or carton. Unsealed, faxed or e-mailed proposals shall not be accepted.

In consideration of the environment and to support the Authority’s efforts to “Go Green”, the Authority has modified its proposal submissions, to reduce the use of paper. **All proposals should be submitted as follows:**

- **one (1) printed, signed original**
- **one (1) printed copy of signed original**
- **one (1) printed copy of the signed proposal, unbound**
- **“a signed Adobe PDF version supplied on seven (7) compact discs ***

(Each compact disc should include electronic (i.e. scanned) versions of any and all submittals / samples / documents supplied with the proposal submission)

IMPORTANT: The “Fee Schedule” and proposal cover letter MUST be SIGNED in INK!
Failure to do so will render the proposal materially non-responsive and subject to rejection.

*** IMPORTANT:**

To ensure proper identification, **EACH CD SHOULD BE CLEARLY LABELED**
to indicate the Proposing entity’s name, address and phone number information,
as well as the RFQ/P information
(i.e. 2010-RFQ/P-040 – Urban Enterprise Zone Program Assessment Consulting Services)

Proposals should be addressed to:

Mailing Address:

New Jersey Economic Development Authority
Internal Process Management Department
**REF # 2010- RFQ/P- 040 – Urban Enterprise Zone Program
Assessment Consulting Services**
Due Date: Tuesday, September 28, 2010 – 3:00 PM
PO Box 990
Trenton, NJ 08625-0990

Shipping / Delivery Address:

New Jersey Economic Development Authority
Internal Process Management Department
**REF # 2010- RFQ/P- 040 – Urban Enterprise Zone Program
Assessment Consulting Services**
Due Date: Tuesday, September 28, 2010 – 3:00 PM
36 West State Street
Trenton, NJ 08625 -0990
Telephone: 609-292-1800 – Main Reception Desk

IMPORTANT:

Since the Authority's Evaluation Committee will review the proposal (in Adobe format), on the CD ROM, **it is the Proposer's sole responsibility to ensure that ALL INFORMATION, DOCUMENTS and ATTACHMENTS INCLUDED IN THE ORIGINAL PROPOSAL SUBMISSION ARE INCLUDED ON THE CD ROM.** Failure to do so may prevent the Evaluation Committee from accurately evaluating the proposal.

The Authority shall not be obligated to reconsider its evaluation and scoring of a proposal, if the Proposer fails to include all information on the CD ROM. Should the Authority discover that a Proposer has failed to include the same, complete and accurate information on the CD ROM as it included in its printed original proposal submission; the Authority, shall be under no obligation to re-evaluate and re-score the proposal.

Responses to the *RFQ/P* will be received until the date and time for receipt referenced above and then publicly opened, at the office indicated.

RFQ/P responses will be available, upon request, for public inspection. The Authority staff will make reasonable efforts to maintain confidentiality of information received as part of the *RFQ/P* process; however, all respondents are cautioned that the Authority is subject to the provisions of the *New Jersey Open Public Meetings Act*, the *New Jersey Open Public Records Act* (N.J.S.A. 47:1A-1), and the *New Jersey Right-to-Know* statutory law and relevant case law.

XXXIII. HOLDING PRICES FIRM:

Proposers shall hold their proposal prices firm for a period of ninety (90) days, to accommodate the Authority's evaluation and award processes.

XXXIV. TERM of CONTRACT:

It is the intent of the Authority to award a **limited term contract to expire on or about December 30, 2010, for these Urban Enterprise Zone Program Assessment Consulting Services**. This is an estimated ten (10) week engagement.

Time is critical with respect to the performance of the requisite services against the resulting contracts. The **Urban Enterprise Zone Program Assessment Consulting Firm must be capable and available to begin performing the work required by this RFQ/P within one (1) week of the execution of the contract. The deadline for this program assessment to be completed is December 30, 2010.**

Notwithstanding the expiration or termination of the Agreement, the Authority reserves the right, in its sole discretion, to extend the Agreement on a month-to-month basis beyond the expiration or termination, until a replacement Consultant Firm is procured for these services, at the same prices, terms and conditions. In the event the services are scheduled to end either due to expiration of the contract or by termination of the contract by the Authority, in its sole discretion; the Consultant Firm will be required to continue to provide such services if so requested by the Authority, until a replacement Consultant can become completely operational. Any services performed during this / these interim periods of time, shall be performed in accordance with the prices, terms and conditions in effect prior to the expiration or termination of the contract. The Consultant Firm will be reimbursed for these services based on the hourly rates in effect under the most recent contract term.

XXXV. AWARD:

It is the intent of the Authority to award a **limited term contract to expire on or about December 30, 2010, for these Urban Enterprise Zone Program Assessment Consulting Services**. Prices, terms and conditions shall remain firm throughout the initial term of the contract, and any extensions thereto.

The contract award will be made to the successful Proposer whose bid proposal conforms to this *RFQ/P*, is most advantageous to the Authority, price and other factors considered, and aligns with the work of the Authority, as determined by the Authority, in its sole discretion.

Award of a contract for services outlined in this *RFQ/P* will be subject to the selected firm entering into a form of contract satisfactory to the Authority. Proposers should refer to the specimen form of "*Contract for Professional Services*", attached to this *RFQ/P* as *Exhibit L*.

Acceptance of a Proposal and award of a contract is subject to the approval of the Authority's Board. Proposers should refer to the specimen form of "*Contract for Professional Services*", attached to this *RFQ/P* as *Exhibit L*.

XXXVI. TERMINATION / CANCELLATION:

The Authority, at its sole discretion, may cancel the contract, at any time, without material cause, upon seven (7) days advanced written notice to the Vendor. In such event, absent a default on the part of the Vendor, the Vendor shall be entitled to compensation for all services properly provided to the Authority pursuant to the Contract, prior to such termination.

XXXVII. OPEN PUBLIC RECORDS ACT:

Respondents should be aware that responses to this *RFQ/P* will be available, upon request, for public inspection. The Authority, as an instrumentality of the State of New Jersey, is subject to the *New Jersey Open Public Records Act (N.J.S.A. 47:1A-1)* and *New Jersey Right-to-Know* statutory law and relevant case law.

XXXVIII. OTHER:

Any Proposer attempting to contact government officials (elected or appointed) or the Authority's Board members and staff, in an effort to influence the selection process, shall immediately have its proposal summarily rejected and disqualified.

The Authority's staff reserves the right to reject any and all Proposals, if deemed to be in the best interest of the Authority, to request redefined Proposals from any entity responding to this *RFQ/P*, or to request clarifications of any portion of the proposal received. Further, the Authority's staff reserves the right, at its sole discretion, to waive minor elements of non-compliance of any entity's Proposal, with regard to the requirements outlined in this *RFQ/P*. The Authority's staff retains the discretion to modify, expand or delete any portion of this *RFQ/P* or terminate the selection process or this *RFQ/P* at any time.

Subject to approval of the governing body of the New Jersey Economic Development Authority, selection of the successful respondent will be based upon a determination of which Proposal is viewed as the most favorable to the Authority, based on the criteria listed herein, considering price and other factors.

The Authority reserves the right to reject any and all responses to this Request; to schedule interviews with no Proposers, all Proposers, or only the most highly qualified Proposers, as determined by the Authority; to request additional information from, any and all firms; to waive any requirements, or minor informalities; to modify or amend, with the consent of the submitting firm, any statement, as may be permitted by law; and to effect any agreement deemed by the Authority to be in its best interest, and the best interest of the State of New Jersey.

The selected firm must comply with all local, state and federal laws, rules and regulations applicable to the contract issued pursuant to this *RFQ/P* and to the services performed hereunder.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
REQUEST FOR QUALIFICATIONS / PROPOSALS
for
URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT CONSULTING SERVICES
(reference 2010-RFQ/P-040)

ATTACHMENTS & EXHIBITS DETAIL

The ATTACHMENTS contained herein are for informational purposes and are provided to assist the Proposer in preparing its proposal response.

ATTACHMENTS:

- | | |
|---------------------|--|
| Attachment A | Urban Enterprise Zone Program Assessment Consulting Services “Scope of Services / Deliverables” |
| Attachment B | Request for Qualifications / Proposals Compliance Requirements |

~ IMPORTANT ~
The EXHIBITS contained herein represent various documents and forms which must be completed, signed and returned, as further indicated in the RFQ/P language.

EXHIBITS

- | | |
|------------------|--|
| Exhibit A | Equal Employment Opportunity / Affirmative Action |
| Exhibit B | “Employee Information Report” (form AA-302) |
| Exhibit C | “Certificate of Employee Information Report” |
| Exhibit D | “Letter of Federal Affirmative Action Plan Approval” |
| Exhibit E | New Jersey “Business Registration Certificate” |
| Exhibit F | NJ Department of Treasury - Division of Taxation - “Sales and Use Tax Act” (P.L. 1966, c.30; N.J.S.A. 54:32B- 1 et seq) |
| Exhibit G | “Source Disclosure Certification” form (P.L. 2005, c.92 and N.J.S.A. 52:34-13.2) |
| Exhibit H | “Set Aside Information” form |
| Exhibit I | “Set Aside Compliance Certificate” |
| Exhibit J | “Monthly Status Report” |

- Exhibit K** ***“Two (2) Year Vendor Certification and Disclosure of Political Campaign Contributions” and “Ownership Disclosure” forms*** (P.L. 2005, c.51 and Executive Order 117 (Corzine))
- Exhibit L** **New Jersey Economic Development Authority Specimen Form of *“Contract for Professional Services”***
- Exhibit M** ***“Acknowledgement of Receipt of Addenda / Questions & Answers”*** form
- Exhibit N** **New Jersey Economic Development Authority *“Solicitation of Quotations and Proposals Methodology”***
- Exhibit O** ***“Procurement Approval Request”*** form
- Exhibit P** RESERVED; Not Applicable to this RFQ/P
- Exhibit Q** RESERVED; Not Applicable to this RFQ/P
- Exhibit R** ***“Fee Schedule”*** form (Mandatory - Sections 1 and 2A - M)

ATTACHMENT A

***URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT
CONSULTING SERVICES***

SCOPE of SERVICES / DELIVERABLES

ATTACHMENT A

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT
CONSULTING SERVICES**
(reference 2010-RFQ/P-040)

“SCOPE OF SERVICES / DELIVERABLES”

I. OBJECTIVES:

In order to ensure that State funds are used in a manner that results in the greatest return of economic development benefit, Governor Christie in his “*Fiscal 2011 Budget-in-Brief*”, requested that the New Jersey Economic Development Authority review the structure of the Urban Enterprise Zone program, as well as perform an analysis to determine whether the UEZ concept is a viable tool for encouraging economic development.

II. TASK SUMMARY:

At a minimum, the Consultant Firm will be required to perform and provide the following:

- A.** Conduct a detailed evaluation of New Jersey’s Urban Enterprise Zone program to address and analyze each of the following. A written report (an original and two (2) copies, as well as one (1) electronic copy provided on CD ROM will be submitted and will address the:
- i. **Mission:** legislative purpose, historical summary of program investments, current practice by zones for investment strategies, current policy objectives, existing metrics that indicate success or failure in meeting the mission.
 - ii. **Fiscal Impact and Oversight:** actual use of funds, costs of administering the program by locals and state, fiduciary controls utilized by zone assistance corporations and municipalities, return on investment to the state, in the form of an economic impact analysis, use of funds for revolving loan pools and related underwriting controls, portfolio sustainability.
 - iii. **Best Practices in other states** and considering those, make recommendations for improvements,
 - iv. **Need for Replacement and / or Sunset,**
 - v. **best state agency to administer and / or be the responsible party** for the program,
 - vi. **Review of Zone Extension and Exit Criterion.**

The respondent firm should indicate its methodology (i.e. survey, regression, shift share analysis) to examine results and to estimate the effect of the program on unemployment, property values, poverty levels etc.

III. SCOPE OF WORK / DELIVERABLES:

The “*Scope of Services / Deliverables*” consists of a **complete program evaluation that includes an executive summary, a detailed report on the current status and economic impact of the program, as well as recommendations for future of the program.** This engagement is comprehensive in scope; the Authority shall solely and completely rely on the experience and knowledge of the Consultant Firm to ensure a timely financial and economic analysis of New Jersey’s Urban Enterprise Program. During the term of the resulting contract and any extension thereto, **at a minimum, the Consultant Firm shall be required to:**

1. create a plan / schedule to complete recommended evaluations.

The completed assessment / plan **must** be presented to the Authority and Department of Community Affairs (DCA) review team **for feedback and approval.** The Consultant Firm **must allow adequate time for revisions / additional information to be researched, analyzed and included in the final report.**

The final written assessment / plan report shall be submitted no later than Thursday, December 30, 2010 at or before 4:00 PM.

2. conduct a policy review of the Urban Enterprise Zone program, and like business district improvement programs such as SIDs used within the Zones, which will analyze the impacts the program was intended to achieve at inception and determine if the program is achieving the results it was created to achieve. The review will include adherence to legislative purpose, historical summary of program investments, and current investment strategy practices by Zones, This review should also take into account current fiscal and urban policy considerations as determined by the interview process and determine if the program is meeting these needs.

3. conduct an implementation / process evaluation of the program and provide recommendations to the DCA / EDA review team.

This review should look at how the selected program is currently being implemented and make recommendations to make the process more efficient and / or align more closely with fiscal and policy intentions as determined by the interview process.

4. determine value of metrics currently being collected and make recommendations for additional metrics. This review should help the State determine the best data to measure future program results.

5. **Provide program assessment recommendations, which must include benchmarks against best practices used in other states**

IV. PERFORMANCE TIMELINE / PROJECT SCHEDULE:

The Urban Enterprise Zone Program Assessment Consulting Services required of the resulting contract will commence immediately upon the final execution of the contract. The Authority will contact the successful firm to schedule the initial project meeting. As indicated above, **all services and reporting required of and subject to this RFQ/P shall be submitted no later than Thursday, December 30, 2010 at or before 4:00 PM.**

V. GENERAL REQUIREMENTS / ADDITIONAL WORK:

The above represents a general outline of the “*Scope of Services / Deliverables*” which the Authority will require of the Consultant Firm.

It is understood that the Consultant Firm may be retained by the Authority, if in its sole discretion, it is determined that additional services are required and that such procurement is in the best interest of the New Jersey Economic Development Authority. In the event that the Authority requires similar program assessments during the term of the contract, and any extensions thereto, the Consultant Firm shall be required to provide such program assessment services for those additional programs of similar size and scope, at the same prices, terms and conditions as stated and accepted in its “*Fee Schedule*”. The Consultant Firm will be compensated for such additional services, based on the “*Maximum Not-to Exceed Program Assessment Fee*” and / or “*Hourly Rates*” submitted in its “*Fee Schedule*” in response to this solicitation. It is further understood that the Authority is under no obligation to solicit a proposal and / or retain the Consultant Firm on a sole source basis to provide any such additional services.

By submitting an invoice to the Authority, the Consultant Firm represents that all payments due to its subconsultants / subcontractors have been made and that all relevant laws and regulations have been complied with.

Should the Authority require one (1) or more additional program assessments for programs of similar size and scope, the Consultant Firm will respond with a confirmed estimate for the project-specific *Scope of Services*, based on its “*Fee Schedule*” provided in its proposal. **The cost estimate will include a “not-to-exceed amount” on each individual Scope of Services to be provided to the Authority, as well as indicate whether this is an initial or repeat presentation charge.** Once the Authority accepts the cost estimate, in writing, for a particular project, the work may begin. If the cost estimate for a particular project is rejected, the Consultant will be asked to amend or resubmit its cost proposal to meet the Authority’s needs. If the Authority rejects the Consultant’s cost estimate, for a given project, the Authority reserves the right, at its sole discretion, to negotiate the time and fees (i.e. the professional level / title of employee assigned to the project).

The project specific *Scopes of Services* will be based on what is outlined in the successful Proposer's proposal and is subject to the approval of the Authority's designated staff member. The positions / titles, hours to be dedicated and corresponding hourly rates for each project specific *Scope of Services* represents the Consultant's assessment of necessary personnel allocations. This assessment shall represent a firm dollar amount to perform the specified task / project. Once accepted and approved by the Authority, the Consultant is bound to this amount, unless and until the Consultant can satisfactorily justify the need for additional time / expenses to complete the project. Adjustments exceeding ten (10%) percent, shall not be considered. It is the Consultant's responsibility, based on its industry knowledge and expertise, to accurately assess the costs associated with managing and providing the required services. Conversely, if the Consultant finds that the services can be completed satisfactorily, at a lower cost than originally assessed, the Consultant is bound to pass that cost reduction through to the Authority. Any adjustments to hours or positions / titles (i.e. substituting a subcontractor or staff employee) are subject to the final approval of the Authority's designated staff member, in his / her sole discretion.

ATTACHMENT B

COMPLIANCE REQUIREMENTS

of this RFQ/P

COMPLIANCE:

The following are compliance requirements with exhibits containing several forms, instructions and samples. Except for *Public Law 2005, c.51 Special Provisions – Political Campaign Contributions (Item E, below)*, and as required by law, **ALL COMPLIANCE FORMS MUST BE COMPLETED, SIGNED and RETURNED WITH THE PROPOSAL**, either as required by law or as expressly required by this RFQ/P. **FAILURE TO DO SO MAY RESULT IN REJECTION OF THE PROPOSAL.** (Forms for *P.L. 2005, c.51 “Special Provision – Political Campaign Contributions and Executive Order 117 (Corzine – 2008)”* must only be completed and returned by the successful Proposer after a selection has been made.)

A. EQUAL EMPLOYMENT OPPORTUNITY:

Proposers are required to comply with the requirements of *P.L. 1975 C. 127 – N.J.S.A. 10:5-31 et seq. and N.J.A.C. 17:27 et seq.*, which are expressly included within the terms of this RFQ/P, refer to **Exhibit A**. Within ten (10) calendar days from the Authority issuing a “Conditional Notice of Award” or “Notice of Award”, the successful Proposer, as well as any joint venture partners, subcontractors or subconsultant firms must either complete and submit an “AA302 Employee Information Report” form, a sample of which is attached as **Exhibit B**, or submit a valid “Certificate of Employee Information Report”, a sample of which is attached as **Exhibit C**, or a valid “Letter of Federal Affirmative Action Plan Approval”, a sample of which is attached as **Exhibit D**.

B. BUSINESS REGISTRATION- Public Law 2009, chapter 315:

BUSINESS REGISTRATION- Public Law 2001, chapter 134; Public Law 2004, chapter 57; and Public Law 2009, chapter 315:

Each entity responding to this RFQ/P must be registered with the New Jersey Department of Taxation – Division of Revenue and obtain a “Business Registration Certificate” (“BRC”), prior to entering into a contract with the New Jersey Economic Development Authority (“Authority”). All New Jersey and out-of-State business organizations must obtain a “BRC”, prior to conducting business with the New Jersey Economic Development Authority. Proposers and any joint venture partners submitting a proposal are strongly encouraged to submit their “Business Registration Certificate(s)”, as well as the “Business Registration Certificate” for any named subcontractors with the proposal. The successful Proposer is required to ensure that it, each joint venture partner and all subcontractors possess a valid “Business Registration Certificate” throughout the term of the contract and any extensions thereto.

A sample “Business Registration Certificate” is attached to this RFQ/P, as **Exhibit E**.

The Authority cannot award a contract unless a valid “Business Registration Certificate” is obtained for each entity, as required by law. In the event the Proposer, joint venture partners and / or any named subcontractors are unable to provide evidence of possessing

a valid “*Business Registration Certificate*” prior to the award of a contract; the proposal may be deemed materially non-responsive

During the term of the contract and any extensions thereto, and prior to performing any work against said contract, the successful Proposer must obtain and submit to the Authority, proof of a valid “*BRC*” registration for any subcontractor who will perform work against the resulting contract. Upon notification from the Authority of intent to award a contract, the successful Proposer must provide written notice to all its intended subcontractors, if applicable, that they are required to submit a copy of their “*Business Registration Certificate*” to the Contractor. The Contractor shall maintain and submit to the Authority a list of subcontractors and their current addresses, updated as necessary, during the course of the contract performance. No subcontract shall be entered into with a subcontractor for work under this contract, unless the subcontractor first provides to the Contractor, proof of the subcontractor’s valid “*BRC*” registration.

As required by law, the Authority cannot award a contract to any Proposer or joint venture partners, which does not possess a valid “*Business Registration Certificate*”.

The business registration form (Form NJ-REG) can be found online at

<http://www.state.nj.us/treasury/revenue/gettingregistered.htm#busentity>.

Proposers may go to www.nj.gov/njbgs to register with the Division of Revenue or to obtain a copy of an existing “*Business Registration Certificate*”.

INDIVIDUALS, who may be responding to this *RFQ/P*, or who may perform work against the contract as a subcontractor **MUST** also possess a valid “*Business Registration Certificate*”. The individual must complete and sign form “*NJ-REG-A*” (Rev 12/06) and submit it to the Department of Treasury. Evidence of registration with the Department of Treasury – Client Registration Bureau should be submitted with the bid proposal.

The “*NJ-REG-A*” form may be found at the Department of Treasury’s website:

http://www.state.nj.us/treasury/revenue/pdf/forms/reg_a.pdf

The contractor and any subcontractor / subconsultant providing goods or performing services under this contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the “*Sales and Use Tax Act*”, *P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.)* on all their sales of tangible personal property delivered into the State (reference **Exhibit F**).

C. SOURCE DISCLOSURE - Public Law 2005, c.92 and - N.J.S.A. 52:34-13.2:

In compliance with *Public Law 2005, c.92* and **N.J.S.A. 52:34-13**, each entity submitting a response to this *RFQ/P* is required to indicate on the attached “*Source Disclosure Certification*” form, attached as **Exhibit G** the location **by country** where services rendered pursuant to this *RFQ/P* will be performed.

Failure to submit a completed and signed “*Source Disclosure Certification*” form with a bid proposal may render the bid materially non-responsive.

D. EXECUTIVE ORDER 34 (2006) COMPLIANCE:

In accordance with *Executive Order 34 (2006)*, the Authority encourages the use of Minority-Owned Business Enterprises (MBEs) and Woman-Owned Business Enterprises (WBEs) entities and MBE and WBE subcontractor and / or subconsultant firms.

E. SET ASIDE:

In accordance with the requirements of N.J.A.C. 17:13 and N.J.A.C. 17:14, as amended, the Authority is required to develop a set-aside business plan for Small Business Enterprises (SBEs). The Authority encourages the participation of SBE firms as certified by the Department of Treasury, Division of Minority and Women Business Development for the services subject to this RFQ/P. Information regarding SBE certification can be obtained by contacting the Office of Business Services at (609) 292-2246 or at their offices at 33 West State Street, P.O. Box 820, Trenton, NJ 08625-0820 or on-line, via the State's Business website at:

<http://www.newjerseybusiness.gov>

It is the Authority's goal to award twenty-five (25%) percent of the dollar value of its contract to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated, has no more than one hundred (100) full-time employees, and whose gross revenues do not exceed \$12 million dollars or the applicable annual revenue standards set forth in *13 CFR 121.201*, incorporated herein by reference and as may be adjusted periodically, whichever is higher, and satisfies any additional eligibility standards under this chapter.

(reference www.sba.gov/tools/resource/library/laws.and.regulations/index.html),

(NAICS Codes can be obtained at www.census.gov/epcd/www/naics.html)

FOR GOODS AND SERVICES:

It is the Authority's goal to award:

1. Ten (10%) percent of its contracts to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated, has no more than 100 full-time employees, and whose gross revenues do not exceed **\$500,000**;
2. Fifteen (15%) percent of its contracts to eligible small businesses whose principal place of business is New Jersey, is independently owned and operated has no more than 100 full-time employees, and whose gross revenues do not exceed **\$12 million dollars** or the applicable federal revenue standards established at *13 CFR 121.201* incorporated herein by reference, whichever is higher.

Therefore, all Proposers, joint venture partners and any named subcontractors and / or subconsultant firms should complete the attached "Set Aside Information Form" (**Exhibit H**) and submit it with the proposal.

In addition, all Proposers MUST complete and submit the attached "Set Aside Compliance Certificate" (Exhibit I) with the proposal. The "Set Aside Compliance Certificate" is considered a mandatory requirement to be completed and included as part of the proposal submission.

Failure to complete and submit the "Set Aside Compliance Certificate " will be a sufficient basis to deem the Proposer's proposal non-responsive and therefore subject to mandatory rejection.

The Proposer's "Set Aside Compliance Certificate" will convey information in sufficient detail to permit the Authority to effectively assess the Proposer's plan for attaining the specified set-aside goal or documenting the Proposer's good faith effort to meet the set-aside goal.

On a monthly basis, the successful Proposer must submit a "Monthly Status Report" (**Exhibit J**), with its invoice. Invoices will not be processed unless accompanied by the "Monthly Status Report".

F. SPECIAL PROVISIONS – POLITICAL CAMPAIGN CONTRIBUTIONS - Public Law 2005, chapter 51:

On March 22, 2005, Acting Governor Codey signed into law *P.L. 2005, c. 51*, amending and supplementing *N.J.S.A. 19:44A-20.1 et seq.* This legislation supersedes *Executive Order 134 (2004) ("EO 134")*, but essentially codified its substantive provisions aimed at safeguarding the integrity of State government procurement by imposing restrictions to insulate that process from political contributions posing the risk of improper influence, purchase of access, or the appearance thereof. As set forth in detail below, a selected entity will be required to respond in a timely fashion to certification and disclosure requirements that will be issued by the Authority. Under *N.J.S.A. 19:44A-20.24*, the terms and conditions set forth in this section are material terms of the *RFQ/P* and contract.

(1) Definitions. For purposes of this section, the following shall be defined as follows:

- i. "Contributions" means a contribution reportable by the recipient under the *New Jersey Campaign Contributions and Expenditures Reporting Act, P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.)*, and implementing regulations set forth at *N.J.A.C. 19-25-7 and N.J.A.C. 19:25-10.1 et seq.* a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of \$300 during a reporting period are deemed "reportable" under these laws. The provisions of *P.L. 2005, c. 51* **shall apply only to contributions made on or after October 15, 2004.**

- ii. **“Business Entity”** means a for-profit entity as follows:
 - A. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;
 - B. in the case of a general partnership: the partnership and any partner;
 - C. in the case of a limited partnership: the limited partnership and any partner;
 - D. in the case of a professional corporation: the professional corporation any shareholder or officer;
 - E. in the case of a limited liability company: the limited liability company and any member;
 - F. in the case of a limited liability partnership: the limited liability partnership and any partner;
 - G. in the case of a sole proprietorship: the proprietor; and
 - H. in the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;
 - I. any subsidiary directly or indirectly controlled by the business entity;
 - iii. any political organization organized under section 527 of the Internal Revenue Code is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and
 - iv. with respect to an individual who is included within the definition of business entity the individual’s spouse or civil union partner, and any child residing with the individual, provided, however, that, this Order shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of *section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) (“Chapter 51”)*.
- c) *PL 2005, c.51 – means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C. 19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).*
- (2) **Prohibited Conduct.** The Authority shall not enter into a contract valued at more than \$17,500 for goods or services with any Business Entity, if the Business Entity solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for a holder of the public office of Governor, or to any State or county political party committee on or after October 15, 2004.
- (3) **Certification and Disclosure Requirements:**
- (i) **Requirements for Selected Entity.** The selected entity ***shall receive notification that*** will, among other things, notify the entity that it must submit a ***“Two (2) Year Vendor Certification and Disclosure of Political***

Contributions” form and **Ownership Disclosure**” form as provided by the Authority, samples of which are set forth in **Exhibit K** to this RFQ/P.

Instructions for completing the forms are also included with **Exhibit I**. Failure to submit these forms in a timely fashion shall be cause for rejection of the entity. Proposers are not required to *include the P.L. 2005, c. 51 forms as part of the Proposal submission*. Only the selected entity will need to complete and submit these forms. Selected entity will be notified by the Authority at the appropriate time.

- (ii) **Consultant Firm’s Continuing Obligation to Comply with P.L. 2005, c. 51.** The selected entity shall be required on a continuing basis to disclose and report to the Authority any contributions made during the contract term by the Business Entity on forms provided by the Authority, at the time it makes the contribution.

- (4) **State Treasurer Review.** Prior to the award of the contract, the State Treasurer or his designee shall review the Disclosures submitted by the apparent successful entity, as well as, any other pertinent information concerning the contributions or reports thereof. This review will also take place on a continuing basis during the term of the contract. If the State Treasurer determines that any contribution or action of the contractor constitutes a breach of contract pursuant to this section, or presents a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of this or any future contract.

- (5) **Breach of Contract.** It shall be a breach of the terms of the contract for the Business Entity to: (i) make or solicit a contribution in violation of *P.L. 2005, c. 51*, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or Consultant Firm with the intent or understanding that such lobbyist or Consultant Firm would make or solicit any contribution, which if made or solicited by the Business Entity itself would subject that entity to the restrictions of *P.L. 2005, c. 51*; (vi) fund contributions made by third parties including Consultant Firm s, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of *P.L. 2005, c. 51*; or (viii) directly or indirectly through or by any other person or means, do any action which would subject that entity to the restrictions of *P.L. 2005, c. 51*.

- (6) **Contract Provisions.** Political Campaign Contribution provisions will be included in and be a part of the contract that the selected entity will be required to sign.

Respondent Firms are encouraged to complete and submit all remaining compliance documentation, as specified in this section, “Compliance” with the bid proposal.

While only the successful Proposer is required to complete and submit *Public Law 2005, c.51* and *Executive Order 117 (Corzine - 2008)*, “*Two (2) Year Vendor Certification and Disclosure of Political Contributions*” and “*Ownership Disclosure*” forms, all Respondents are asked to submit this documentation with the proposal submission.

NOTE: Proposers are cautioned that all compliance documents, as required by law, MUST be fully completed, signed and submitted WITH the bid proposal. DO NOT LEAVE A COMPLIANCE DOCUMENT BLANK / INCOMPLETE.

If you believe a particular compliance document is not applicable to your firm, you are encouraged to submit a question during the “*Questions*” period, specified in this *RFQ/P*. If the document does not apply to your company (i.e. the “*Set-Aside Information*” form (*Exhibit H*); complete all bid information (i.e. number & *RFQ/P* title, etc.), mark those areas that are not applicable, with the abbreviation “*N/A*”, sign and return the document with the proposal submission. Failure to do so may result in rejection of the proposal.

**~ IMPORTANT NOTICE regarding COMPLIANCE, INSURANCE
and CERTIFICATIONS / LICENSING REQUIREMENTS ~**

Proposers should note that **it is the successful Proposer’s / Vendor’s responsibility to maintain in good order, valid and up-to-date compliance** (i.e. *BRC, P.L. 2005, c.51 Political Contributions and Ownership Disclosure, Affirmative Action (i.e. Certificate of Employee Information Report)*, etc.), **insurance and professional certifications / licenses** (if applicable) required of this *RFQ/P* and the resulting contract, throughout the term of the contract and any extensions thereto.

Failure to do so may be cause for immediate cancellation of the contract.

IMPORTANT:

Due to the limited term of the resulting contract, and due to the need to provide these services in an expedited manner, Proposers are requested to submit ALL compliance documents with the proposal.

EXHIBIT L

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CONTRACT FOR PROFESSIONAL SERVICES
URBAN ENTERPRISE ZONE PROGRAM ASSESSMENT CONSULTING SERVICES**

AGREEMENT made this ___ day of _____, 2010, by and between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority or NJEDA"), having its address at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625-0990, and _____ (the "Vendor"), having its address at _____.

The Authority and the Vendor agree as follows:

1. **The Work.** The Vendor shall perform or shall provide the services as specifically detailed in the Vendor's Proposal, dated _____, 2010 (and as clarified in the Vendor's revised Proposal dated _____, and _____, 2010) and the Authority's Request for Proposal ("RFQ/P"), dated _____ 2010, which are attached hereto and made a part of this Contract.
2. **Time.** The Vendor shall render the services described in the Vendor's Proposal and RFQ/P as requested by the Authority and generally pursuant to the Fee Schedule included therein.

The term of this Contract will expire on December 30, 2010, unless otherwise amended by the Authority, in its sole discretion. Any extension shall be in accordance with the same prices, terms and conditions.

Notwithstanding the expiration or termination of this agreement, the Authority reserves the right in its sole discretion to extend this agreement on a month-to-month basis beyond expiration or

termination until a replacement contract for Urban Enterprise Zone Program Assessment Consulting Services is entered into by the Authority.

3. **Contract Price.** The Authority shall pay the Vendor for the performance of the Work on a time and expense basis as per the Hourly Rate Fee Schedule set forth in the Vendor's Proposal. The total annual Contract Price shall not exceed _____ Thousand (\$____,000.00) Dollars per year unless an increase is approved in writing by the Authority. The Authority may require services in addition to those agreed to in the *RFQ/P* and the Proposal. Compensation to the Vendor for additional services shall be in accordance with the *Hourly Rates Fee Schedule (reference Exhibit R – Section 2A-M)* as set forth in Vendor's Proposal; or if not specified in Vendor's Proposal, then reasonable and customary amounts as negotiated by the Authority.

4. **Ownership and Use of Documents.** All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and / or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the Authority and shall be delivered to the Authority upon thirty (30) days notice by the Authority. Regarding software computer programs and / or source codes developed for the Authority, the work shall be considered "work for hire," that is, the Authority, not the Vendor or subcontractor, shall have full and complete ownership of all software computer programs and / or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Agreement, the Vendor or subcontractor hereby assigns to the Authority all right, title and interest in and to any such

material, and the Authority shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

In the event the Vendor's proposal identifies bringing pre-existing intellectual property into a project, the background intellectual property ("Background Intellectual Property") owned by the Vendor on the date of the contract, as well as any modifications or adaptations thereto, remain the property of the Vendor. This contract, grants to the Authority, a non-exclusive, perpetual royalty-free license to use any of the Vendor's Background IP delivered to the Authority for the purposes contemplated by the contract and any extensions thereto.

5. **Manner of Payment.** On a monthly basis, no later than the 15th of each month, the Vendor shall submit to the Division an original invoice, a weekly timesheet for Vendor's employees and subcontractors, a completed "Monthly Status Report", original invoices for any approved costs for which the Vendor expects to be reimbursed and any other documentation, as may be required by the Authority to process payment. The Authority will make prompt payment to the Vendor, following receipt of and approval of the documentation. No project multipliers shall be used in billings submitted under this Contract, as set forth in the proposal. The Vendor must submit a "Monthly Status Report" to the Authority. Invoices will not be processed unless accompanied by the "Monthly Status Report".

6. **Indemnification.** The Vendor shall defend, indemnify, protect and hold harmless the Authority, and its officers, agents, servants and employees from and against any and all suits, claims, demands, losses or damages of any kind arising out of or claimed to arise out of any act, error, or omission on the part of the Vendor, its officers, agents, servants, employees and subcontractors in the performance of services under this Contract. The Vendor shall, at its own expense, appear, defend and pay all charges for attorneys and all costs and other expenses arising from such suit or claim or incurred in connection therewith. If any judgment shall be rendered against the Authority or its officers, agents, servants, and employees for which

indemnification is provided under this Section 6, the Vendor shall, at its own expense, satisfy and discharge the same.

The Vendor shall be liable to the Authority for any reasonable costs incurred by the Authority to correct, modify, or redesign any technical information, reports, findings, analyses, surveys or drawings generated or produced by Vendor or any Work performed by the Vendor or its subcontractor that is found to be defective or not in accordance with the provisions of the Contract as a result of any negligent act, error, or omission on the part of the Vendor, its officers, agents, servants, employees and subcontractors. The Vendor shall be given a reasonable opportunity to correct any deficiency.

The indemnification obligation set forth in Section 6 is not limited in any way by the insurance coverage required pursuant to Section 7 of this Contract and shall survive the terms of this contract.

7. **Insurance.** The Vendor shall procure and maintain, at its own expense, liability insurance for damages of the kinds and in the amounts hereinafter provided, from insurance companies licensed, admitted and approved to do business in the State of New Jersey. The Vendor shall obtain this coverage from A VII or better - rated companies as determined by A.M. Best Company. All liability insurance policies shall afford coverage on an occurrence rather than claims made basis with the exception of the professional liability coverage. The types and minimum amounts of insurance required are as follows:

(a) **Commercial General Liability Insurance.**

The minimum limits of liability for this insurance shall be \$1,000,000 per occurrence and \$2,000,000 in the aggregate and cover liability based on property damage, death and bodily injury.

The Commercial General Liability Insurance policy shall name the Authority and as additional insured. The coverage to be provided under this policy shall be at least as broad as the standard, basic, unamended and unendorsed commercial general liability policy and shall include contractual liability coverage.

(b) Workers' Compensation and Employers' Liability.

Workers' Compensation Insurance shall be provided in accordance with the requirements of the laws of this State and shall include an endorsement to extend coverage to any State, which may be interpreted to have legal jurisdiction. Employers' Liability Insurance shall also be provided in an amount acceptable to the Authority.

(c) Professional Liability Insurance.

The Vendor shall carry Errors and Omissions and / or Professional Liability Insurance sufficient to protect the Vendor from any liability arising out of professional obligations performed pursuant to this Contract. The insurance shall be in the amount of \$1,000,000 each claim and in such policy form as shall be approved by the Authority.

ACORD Certificates of Insurance acceptable to the Authority in respect to each of the aforementioned policies shall be filed with the Authority prior to commencement of Work. These Certificates shall contain a provision that coverages afforded under the policies shall not be reduced or canceled unless at least thirty (30) days prior written notice has been given to the Authority. The Vendor shall notify the Authority within forty-eight (48) hours of any changes or cancellations to policies affecting the Authority.

8. **Termination.** The Authority shall have the right without cause and in its complete discretion to terminate the Contract at any time upon seven (7) days' advance written notice to the Vendor. In such event, absent a default on the part of the Vendor, the Vendor shall be entitled to compensation for all services properly provided to the Authority pursuant to the Contract prior to such termination.

In addition to other remedies available under law to the non-defaulting party, this Contract may be terminated by either party upon seven (7) days' advance written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

9. **Confidential Information of the Authority.** In connection with performing the Work, the Vendor, its employees and subcontractors may receive, review and become aware of proprietary, personnel, commercial, marketing and financial information of the Authority, its employees, members, borrowers or business associates that is confidential and / or proprietary in nature (“Confidential Information”). The Vendor agrees that the use and handling of Confidential Information by the Vendor, its employees and subcontractors, shall be done in a responsible manner and solely for furtherance of the Work. Other than to its employees and subcontractors who have a need to know Confidential Information in connection with performance of the Work, the Vendor agrees not to disclose any Confidential Information, without the prior written consent of the Authority. The Vendor shall be responsible to assure that its employees and subcontractors do not disclose any Confidential Information without the prior written consent of the Authority. The Vendor shall inform each of its employees and subcontractors that receives any Confidential Information of the requirements of this Section 9 of the Contract and shall require each such employees and subcontractors to comply with such requirements.

Notwithstanding the foregoing, the term Confidential Information shall not include information which: (i) is already known to the Vendor, its employees and subcontractors from sources other than the Authority; (ii) is or becomes generally available to the public other than as a result of a disclosure by the Vendor or its employees; or (iii) is required to be disclosed by law or by regulatory or judicial process.

Pursuant to *Section 6 Indemnification* of the Contract, the Vendor shall indemnify and hold the Authority, its employees and members harmless for any breach of *Section 9* “Confidential Information of the Authority”, by the Vendor or its employees.

10. **Debarment Liability.** The Vendor acknowledges that it shall be rendered liable to debarment in the public interest, pursuant to procedures established by Executive Order No. 34 (1976), and updated by Executive Order No. 189 (1988), and pursuant to N.J.A.C. 19:30-2, for violating any of the following provisions:

- a. No Vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any Authority officer or employee or special Authority officer or employee, as defined by N.J.S.A. 52:13D-13(b) and (e), with which such Vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13(i), of any such officer or employee, or any partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13(g).
- b. The solicitation of any fee, commission, compensation, gift, gratuity, or other thing of value by any Authority officer or employee or special Authority officer or employee from any Authority Vendor shall be reported in writing forthwith by the Vendor to the Attorney General of New Jersey and the Executive Commission on Ethical Standards.
- c. No Vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such Vendor to, any Authority officer or employee or special Authority officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to the Authority, or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of N.J.S.A. 52:13D-13(g). Any relationships subject to this subsection shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the Authority officer or employee or special Authority officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.
- d. No Vendor shall influence, or attempt to influence or cause to be influenced, any Authority officer or employee or special Authority officer or employee in his or her official capacity in

any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.

- e. No Vendor shall cause or influence, or attempt to cause or influence, any Authority officer or employee or special Authority officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the Vendor or any other person.

11. **Time for Completion and Damages.** The time for beginning and the time for completion of the Work are essential conditions of the Contract, and the Work embraced shall be commenced on the date of the “Notice to Proceed”.

The Vendor shall proceed with the Work at such rate of progress to insure full completion as set forth in the *RFQ/P* and the Vendor’s Proposal.

For reasons within the Vendor's control, if the Vendor shall fail to complete the Work, or shall be responsible for a delay which results in the failure to complete the Work within the time specified, or extension of time granted by the Authority, then the Vendor will pay the Authority an amount sufficient to compensate the Authority for its damages incurred as a result of such failure to complete.

12. **Contractual Liability Act.** Notwithstanding any provision in this Contract or in the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq., to the contrary, the parties hereto agree that any and all claims made by the Vendor against the State of New Jersey and / or the Authority for damages, including, but not limited to costs and expenses, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act.

13. **Political Campaign Contributions.**

13.1 For the purpose of this Section 13, the following shall be defined as follows:

- a) “Contribution” means a contribution reportable as a recipient under “The New Jersey Campaign Contributions and Expenditures Reporting Act” (P.L. 1973, c. 83 (C.10:44A-1 et seq.)), and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq.,

a contribution made to a legislative leadership committee, a contribution made to a municipal political party committee or a contribution made to a candidate committee or election fund of any candidate for or holder of the office of Lieutenant Governor. Currently, contributions in excess of \$300 during a reporting period are deemed “reportable” under these laws.

b) “Business Entity” - means:

i. a for-profit entity as follows:

- A. in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of corporation;
- B. in the case of a general partnership: the partnership and any partner;
- C. in the case of a limited partnership: the limited partnership and any partner;
- D. in the case of a professional corporation: the professional corporation any shareholder or officer;
- E. in the case of a limited liability company: the limited liability company and any member;
- F. in the case of a limited liability partnership: the limited liability partnership and any partner;
- G. in the case of a sole proprietorship: the proprietor; and
- H. in the case of any other form of entity organized under the laws of this State or other state or foreign jurisdiction: the entity and any principal, officer, or partner thereof;

ii. any subsidiary directly or indirectly controlled by the business entity;

iii. any political organization organized under section 527 of the Internal Revenue Code is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and

iv. with respect to an individual who is included within the definition of business entity the individual’s spouse or civil union partner, and any child residing with the individual, provided, however, that, this Order shall not apply to a contribution made by such spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of P.L. 2005, c. 51 (C.19:44A-20.1 et seq.) (“Chapter 51”).

c) “PL 2005, c.51” – means Public Law 2005, chapter 51 (C. 19:44A-20.13 through C. 19:44A-20.25, inclusive) as expanded by Executive Order 117 (Gov. Corzine, September 24, 2008).

13.2 The terms, restrictions, requirements and prohibitions set forth in P.L. 2005, c. 51 are incorporated into this Agreement by reference as material terms of this Agreement with the same force and effect as if P.L. 2005, c. 51 were stated herein its entirety. Compliance with P.L. 2005, c. 51 by Vendor shall be a material term of this Agreement.

13.3 Vendor hereby certifies to the Authority that commencing on and after October 15, 2004, Vendor (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) has not solicited or made any Contribution of money, pledge of Contribution, including in-kind Contributions, that would bar a contract agreement between Vendor and the Authority pursuant to P.L. 2005, c. 51. Vendor hereby further certifies to the Authority that any and all certifications and disclosures delivered to the Authority by Vendor (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) are accurate, complete and reliable. The certifications made herein are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

13.4 Vendor hereby covenants that Vendor (and each of its principals, subsidiaries and political organizations included within the definition of Business Entity) shall not knowingly solicit or make any contributions of money, or pledge of a contribution, including in-kind contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor of New Jersey or to any New Jersey state or county political party committee prior to the expiration or earlier termination of this Agreement. The provisions of this Paragraph 13.4 are intended to and shall be a material term of this Agreement and if the Treasurer of the State of New Jersey determines that any Contribution has been made by Vendor (and each of its principals,

subsidiaries and political organizations included within the definition of Business Entity) in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

13.5 In addition to any other Event of Default specified in the Contract Documents, the Authority shall have the right to declare an event of default under this Agreement if: (i) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits a Contribution in violation of P.L. 2005, c. 51, (ii) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) knowingly conceals or misrepresents a Contribution given or received; (iii) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits Contributions through intermediaries for the purpose of concealing or misrepresenting the source of the Contribution; (iv) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) makes or solicits any Contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) engages or employs a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any Contribution, which if made or solicited by Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) directly would violate the restrictions of P.L. 2005, c. 51; (vi) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) funds Contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) engages in any exchange of Contributions to circumvent the intent of P.L. 2005, c. 51; (viii) Vendor (or any of its principals, subsidiaries and political organizations included within the definition of Business Entity) directly or indirectly through or by any other person or means, does any act which

would violate the restrictions of P.L. 2005, c. 51; or (ix) any material misrepresentation exists in any Political Campaign Contribution Certification and Disclosure which was delivered by Vendor to the Authority in connection with this Agreement.

13.6 Vendor hereby acknowledges and agrees that pursuant to P.L. 2005, c. 51, Vendor shall have a continuing obligation to report to the Office of the State Treasurer, Political Campaign Contribution Review Unit of any Contributions it makes during the term of this Agreement. If after the effective date of this Agreement and before the entire Contract Price is paid by the Authority, any Contribution is made by Vendor and the Treasurer of the State of New Jersey determines such Contribution to be a conflict of interest in violation of P.L. 2005, c. 51, the Authority shall have the right to declare this Agreement to be in default.

14. General Conditions.

A. The Work shall be performed in a professional manner, in accordance with the standards generally expected or required within the profession and the Work shall also be performed in accordance with all applicable state, federal and local laws, rules, regulations and ordinances.

B. The Vendor shall provide such reports, certificates, and documents as the Authority may reasonably require.

C. The Vendor shall provide to the Authority, at Vendor's expense, copies of all drawings, plans, cost estimates, design analyses, reports, and / or other documents required for the Project.

D. If the Authority or Vendor observes or otherwise becomes aware of any fault or defect in the Project or nonconformance with any of the Contract Documents, prompt written notice thereof shall be given by the party discovering the defect to the other.

E. The Authority shall furnish all information available to the Authority, and reasonably required for the performance of the Work and shall render approvals and decisions as expeditiously as possible for the orderly progress of the Vendor's services and of the Work.

F. The Vendor shall comply with the affirmative action requirements set forth in the Law Against Discrimination, N.J.S.A. 10:5-31 et seq., and the regulations promulgated thereunder by the State Department of Treasury.

G. The Vendor is required to comply with the requirements of N.J.S.A. 10:5-31 et seq. and N.J.A.C. 17:27 et seq., which are expressly included within the terms of this Contract, reference “*Exhibit A*” annexed hereto and made a part hereof.

H. In accordance with Public Law 2004, Chapter 57, a subcontractor shall provide a copy of its business registration to any Vendor who shall forward it to the NJEDA. No contract with a subconsultant shall be entered into by any Vendor unless the subconsultant first provides proof of valid business registrations. The Vendor shall provide written notice to all subconsultants that they are required to submit a copy of their business registration to the Vendor. The Vendor shall maintain a list of the names of any subconsultants and their current addresses, updated as necessary during the course of the contract performance. The Vendor shall submit to the NJEDA a copy of the list of subconsultants, updated as necessary during the course of performance of the contract. The Vendor shall submit a complete and accurate list of the subconsultants to the NJEDA before a request for final payment is made to the NJEDA. The Vendor and any subconsultant providing goods or performing services under this contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the “Sales and Use Tax Act”, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State, refer to “*Exhibit B*”.

I. In accordance with the requirements of N.J.S.A. 52:32-17 et seq., N.J.A.C. 12A:10-1.2 et seq., N.J.A.C. 12A:10A-1.2 et seq., N.J.A.C. 17:13-1.2 et seq., and N.J.A.C. 17:14-1.2 et seq., as amended, the Authority is required to develop a set-aside plan for Small Businesses. The Vendor agrees that, if awarded a contract based on this plan, it shall comply with all requirements

of these provisions. If the Vendor fails to comply with the requirements of these provisions, the Authority may declare this Contract void.

J. The Vendor shall comply with the Subcontractor Participation Goals in accordance with Public Law 2009, chapter 335 and as amended.

K. Pursuant to N.J.S.A. 52:34-13.2, all Work and all subcontractor services performed in connection with or as part of the Work shall be performed within the United States.

L. The Vendor shall not disclose to any third party the contents of the information, reports, findings, analysis, surveys, drawings and creative elements generated or produced in performance of this Contract, or provide copies of same, without the prior written consent of the Authority, except where such information, reports, etc. are legally required by order of court or administrative agency, state or federal.

M. The Authority and the Vendor, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party of this Contract and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Contract. Neither the Authority nor the Vendor shall assign, sublet, or transfer any interest in this Contract without the prior written consent of the other party.

N. Any notices required to be given under this Contract shall be mailed to:

New Jersey Economic Development Authority
P.O. Box 990
Trenton, New Jersey 08625-0990
Attn: Maureen Hassett – Sr. Vice President – Governance and Public Information

and

Insert Consultant Firm Information

O. To the extent that there is any conflict between the terms and conditions of the Vendor's Proposal and the terms and conditions of the Contract and the Authority's *RFQ/P*, the Contract and *RFQ/P* shall control.

P. This Contract shall be construed under the laws of the State of New Jersey.

Q. The headings of the various paragraphs of this Contract are inserted for the convenience of reference only, and in no way define, describe or limit the scope or intent of this Contract or any of the provisions hereof, and shall not affect the interpretation of this Contract or any of the provisions hereof.

R. This Contract shall be construed without any presumptions against the drafter and shall be considered as though it were drafted cooperatively by both parties.

S. In the event that any portion of this Contract is found to be contrary to law and unenforceable; the validity of remaining covenants, agreements, terms and provisions contained in this Contract, shall be in no way affected, prejudiced or disturbed thereby.

T. This Contract constitutes the entire agreement between the parties. Any changes or amendments to the Contract must be in writing and signed by the Vendor and an authorized representative of the Authority.

U The parties hereto represent that they have the proper authority to sign on behalf of the entities entering this Contract and they fully intend for the Authority and Vendor to be legally bound.

This Contract for Professional Services – Urban Enterprise Zone Program Assessment Consulting Services is entered into as of the day and year first written above.

ATTEST:

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Maureen Hassett
Sr. Vice President - Governance
& Public Information

By:

Caren S. Franzini
Chief Executive Officer

ATTEST:

By:

EXHIBIT A

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

N.J.S.A. 10:5-31 et seq., N.J.A.C. 17:27 et seq.

GOODS, PROFESSIONAL SERVICES AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor, where applicable, will send to each labor union or representative or workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to **N.J.S.A. 10:5-31 et seq.** as amended and supplemented from time to time and the *Americans with Disabilities Act*.

The contractor or subcontractor agrees to make good faith efforts to afford equal employment opportunities to minority and women workers consistent with Good faith efforts to meet targeted county employment goals established in accordance with **N.J.A.C. 17:27-5.2**, or good faith efforts to meet targeted county employment goals determined by the Division, pursuant to **N.J.A.C. 17:27-5.2**.

EXHIBIT A (Continued)

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq., N.J.A.C. 17:27

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personal testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval
Certificate of Employee Information Report
Employee Information Report Form AA302

The contractor and its subcontractor shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code at N.J.A.C.17:27.**

EXHIBIT B

Business Registration Notice:

All New Jersey and out-of-State business organizations must obtain a “*Business Registration Certificate*” (“*BRC*”) from the Department of the Treasury - Division of Revenue, prior to conducting business with the New Jersey Economic Development Authority (“*Authority*”). Proof of valid “*Business Registration*” of the successful bidder, joint venture partners and named subcontractors must be obtained by the Authority before a contract can be awarded. Failure to submit such “*Business Registration Certificate(s)*” may render the proposal materially non-responsive. The “*Business Registration*” form (*Form NJ-REG*) can be found online at:

<http://www.state.nj.us/treasury/revenue/gettingregistered.htm#busentity>.

Definitions:

“*Affiliate*” means any entity that (1) directly, indirectly, or constructively controls another entity, (2) is directly, indirectly, or constructively controlled by another entity, or (3) is subject to the control of a common entity. An entity controls another entity if it owns, directly or individually, more than fifty (50%) percent of the ownership in that entity.

“*Business organization*” means an individual, partnership, association, joint stock company, trust, corporation, or other legal business entity or successor thereof.

“*Business Registration*” means a “*Business Registration Certificate*” issued by the Department of the Treasury or such other form or verification that a contractor or subcontractor is registered with the Department of Treasury.

“*Contracting agency*” means the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, or any independent State authority, commission, instrumentality or agency, or any State college or university, any county college, or any local unit.

“*Contractor*” means a business organization that seeks to enter, or has entered into, a contract to provide goods or services with the New Jersey Economic Development Authority.

“*Subcontractor*” means any business organization that is not a contractor that knowingly provides goods or performs services for a contractor or another subcontractor in the fulfillment of a contract.

EXHIBIT B (Continued)

Requirements Regarding Business Registration Form:

A contractor must have a valid “*Business Registration Certificate*” in order to be awarded a contract by the New Jersey Economic Development Authority.

All subcontractors shall provide a copy of its “*Business Registration*” to any contractor who shall forward it to the Authority. No contract with a subcontractor shall be entered into by any contractor unless the subcontractor first provides proof of valid “*Business Registration*”.

The contractor shall provide written notice to all subcontractors that they are required to submit a copy of their business registration to the contractor. The contractor shall maintain a list of the names of any subcontractors and their current addresses, updated as necessary during the course of the contract performance. The contractor shall submit to the Authority, a copy of the list of subcontractors, updated as necessary during the course of performance of the contract. The contractor shall submit a complete and accurate list of the subcontractors to the New Jersey Economic Development Authority before a request for final payment is made to the Authority.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the “*Sales and Use Tax Act*”, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State.

AG(7-28-10)

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Urban Enterprise Zone Program Assessment
Consulting Services
(reference 2010-RFQ/P-040)

Solicitation of Quotations and Proposals Methodology and Procedures

The Urban Enterprise Zone Program Assessment Consulting Firm will be responsible for the completion of a variety of administrative and reporting requirements as part of its Urban Enterprise Zone Program Assessment Consulting Services Fee or other assessments as may be added, which will include:

1. For all subcontracts or purchases estimated to be in excess of \$500, at least three (3) proposals will be obtained by the Consultant Firm. A minimum of three (3) actual prices must be obtained; a “no quote” is not considered to meet the definition of a competitive quote.
2. Prior to hiring any subcontractor or entering into a purchase commitment (i.e. purchase order, price agreement, maintenance or service agreement, etc.) in excess of \$500, the Consultant Firm must provide copies of all documentation (i.e. written Requests for Quotation / Proposal sent to prospective vendors) and quotations / proposals received (i.e. written responses received from prospective vendors) substantiating the engagement or purchase, as well the Consultant’s written recommendation for award. Also included should be any pertinent information that may assist the Authority's designated Authority staff member in reviewing and approving the purchase (i.e. technical specification sheets, etc.)
3. The recommendation for award must be sent to the Authority's designated staff member for review and written approval.
4. ***Requests for Proposals are issued for the purchase of services***, where it is necessary to evaluate the Proposer’s price, as well as other previously established evaluation criteria, such as quality, experience, staff experience, previous performance of similar services with other clients, etc. ***Requests for Bids are issued for the purchase of tangible goods***, where no service is provided and price is the determining factor in the award.
5. For all subcontracts or purchases estimated to be in **excess of twenty-five thousand (\$25,000) dollars**, the Consultant Firm must prepare a **formal, written Request for Proposal** and **obtain no less than three (3) sealed proposals from qualified firms**.
6. The *Request for Bids* and / or *Request for Proposals* will clearly indicate a location, date and time for receipt and opening of proposals.
7. The **Consultant will provide copies of the Request for Proposals** to the Authority's designated staff member, **prior to releasing the proposal** to prospective Bidders.

8. The Authority reserves the right, in its sole discretion, to attend proposal openings.
9. Prior to issuing a Request for Proposal, the Consultant Firm will seek the Authority's written approval for all subcontractor work or purchases estimated to exceed twenty-five thousand (\$25,000), utilizing Authority's "**Procurement Approval Request**" form attached to this RFQ/P as **Exhibit O**.
10. **Under no circumstances may purchases and / or subcontracts be split / processed separately in an attempt to avoid the above thresholds.**
11. To facilitate the Authority's review of the proposals / bids received, **when preparing its recommendation for award**, the Consultant Firm will **supply the following detailed information for each subcontractor**:
 - a. name and address of the subcontractor;
 - b. detailed description of the services to be performed by the subcontractor;
 - c. detailed résumés for subcontractor personnel assigned to the project that demonstrates the individual(s) knowledge, ability and experience as it relates to the project to be completed;
 - d. documented experience of the subcontractor in successfully performing work on projects of a similar size and scope of the project;
 - e. specific details on how the subcontractor's services will be managed by the Consultant Firm and integrated into the overall services provided by the Consultant Firm;
 - f. the subcontractor's SBE, MBE and / or WBE designation, if applicable.
12. Upon award of any subcontract and prior to the start of any work by a subcontractor, the Consultant Firm and a representative of the subcontractor will be available for an initial meeting with Authority's staff and the designated Authority staff member, should the Authority deem such a meeting to be necessary. This meeting will include a review of all goods / services to be provided as it relates to the "*Scope of Services / Deliverables*".
13. Upon award of each subcontract, and **prior to the commencement of any work**, the Consultant Firm will provide Authority with a copy of the subcontractor's "*Business Registration Certificate*" (BRC), proof of insurance (if required), "*Public Works Contractor Registration Certificate*" (if applicable) and evidence of registration / certification as a SBE, MBE or WBE firm, as applicable.

Any non-emergency work performed by the Consultant or any subcontractor prior to the approval of the Authority will be performed at its own risk. Any non-emergency work performed by the Consultant Firm or its subcontractors outside the specifications without authorization of the Authority is solely the responsibility of the Consultant Firm for any costs incurred.
14. When issuing a purchase in support of the Urban Enterprise Zone Program Assessment Consulting Services required herein, **the Consultant will ensure** that it clearly indicates to the Vendor, in writing, with a copy to the Authority's designated Authority staff member that **all services provided, goods purchased or material disposed of, etc. shall be in accordance with all federal, state and local laws and regulations, by**

appropriately licensed / certified personnel, as may be required by federal, state or local law. NO EXCEPTIONS.

15. When issuing a purchase in support of the services required herein, **the Consultant will ensure that it clearly indicates to the Vendor**, in writing, with a copy to the Authority's Designated Authority staff member that **all licenses, registrations, warranties and any other such extended benefit shall be issued in the name of the New Jersey Economic Development Authority**; NOT the Consultant Firm. **NO EXCEPTIONS.**
16. Upon verification of satisfactory supply and / or supply and install of a purchased item or service, the **Consultant will submit to the Authority for reimbursement, the following documentation:**
- a. an original invoice from the Consultant referencing the purchase made
 - b. the original Vendor invoice(s) for the particular good(s) / service(s) purchased
 - c. copies of a minimum of three (3) quotes / proposals solicited for the purchase, if not previously provided
 - d. compliance documentation from the awarded Vendor (*i.e. Business Registration Certificate, Monthly Status Report, P.L. 2005, c.92 Source Disclosure form (if applicable - for services)*)
 - e. original "*Bid Approval*" form (**Exhibit O**) indicating signature approvals from the Authority's Designated Authority staff member, authorizing the purchase.

(The Authority's designated Authority staff member signature will confirm that the materials were received in good condition, properly installed and functioning correctly.)

Upon receipt of such non-disputed invoices, the Authority will make prompt payment for the good(s) / service(s) purchased to support the Authority's Urban Enterprise Zone Program Assessment needs.

New Jersey Economic Development Authority Procurement Approval Request Urban Enterprise Zone Program Assessment Consulting Services

Date of Request to Authority: _____

Work Order # Assigned: _____

Property Location Name: _____

Tenant Name (if applicable): _____

Proposed Services:

Type of Services Required:	
Frequency of Services: (one time; monthly; annual)	
Estimated Value of Services:	
Estimated Completion Date:	
Contract Type: (invoice; purchase order; contract)	

For services estimated to be greater than \$500:

Attached:

Written Scope of Services Prepared by Consultant: (include sealed bid requirement, if estimated services are greater than \$25,000)	<input type="checkbox"/>
List of Proposed Vendors: (minimum of three (3) but sufficient pool to ensure three (3) proposals are received)	<input type="checkbox"/>
Proof of SBE / MBE / WBE Status (if applicable)	<input type="checkbox"/>
Proposal Due Date:	

Submitted: CONSULTANT FIRM NAME

By: _____
Authorized Representative's Name

_____ *Title*

_____ *Authorized Representative's Signature*

_____ *Date*

Approved: NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Authorized Representative's Name

_____ *Title*

_____ *Authorized Representative's Signature*

_____ *Date*

Written Proposals Received:

Under \$25,000 Greater than \$25,000 (requires sealed proposals)

	Name of Vendors:	Fee / Price Proposal:**
1.		
2.		
3.		
4.		
5.		
6.		

**Indicate whether fees / prices are based on annual, monthly, hourly costs intervals. Include hourly rates and unit prices, if applicable. Attach written documentation from vendors failing to respond to the solicitation (i.e. "No Bid" responses).

The Consultant recommends the following vendor to perform the services referenced above. The services are required and the fee/unit/rate is reasonable. The Consultant certifies that this procurement meets all requirements of the New Jersey Economic Development Authority and all required compliance documentation is attached.

Recommended Vendor:

Price:

Justification:

Required Submittals:

Attached

Proposal from Recommended Vendor		
Business Registration Certificate (required for all goods / services)		
Public Works Contractor Registration (required for all construction-related services)		
Union Affiliation (if applicable) (required for all Tech Centre services)		
SBE / MBE / WBE Certification (if applicable - to ensure 25% goal – include on <i>Monthly Status Report</i>)		

Submitted: CONSULTANT FIRM NAME

By: _____
Authorized Representative's Name _____
Title

_____ _____
Authorized Representative's Signature Date

Approved: NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Authorized Representative's Name _____
Title

_____ _____
Authorized Representative's Signature Date

Invoices from vendors cannot be processed by the Authority until the following has been received:

- a. copy of fully executed purchase order or contract must be on file at New Jersey Economic Development Authority
- b. original invoices must be attached to all requests for payment.
- c. all compliance documentation must be submitted to and approved by the New Jersey Economic Development Authority
- d. all firms with which the Consultant Firm does business shall possess and submit evidence of its valid "*Business Registration Certificate*" as issued by the New Jersey Department of Treasury – Division of Revenue

IMPORTANT:

Services / purchases cannot be divided into separate approval requests / procurements to circumvent the procurement process. The total expenditure threshold reflects the estimated expense in the aggregate in a twelve (12) month calendar year.

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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX B: NJ UEZ LEGISLATION

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.

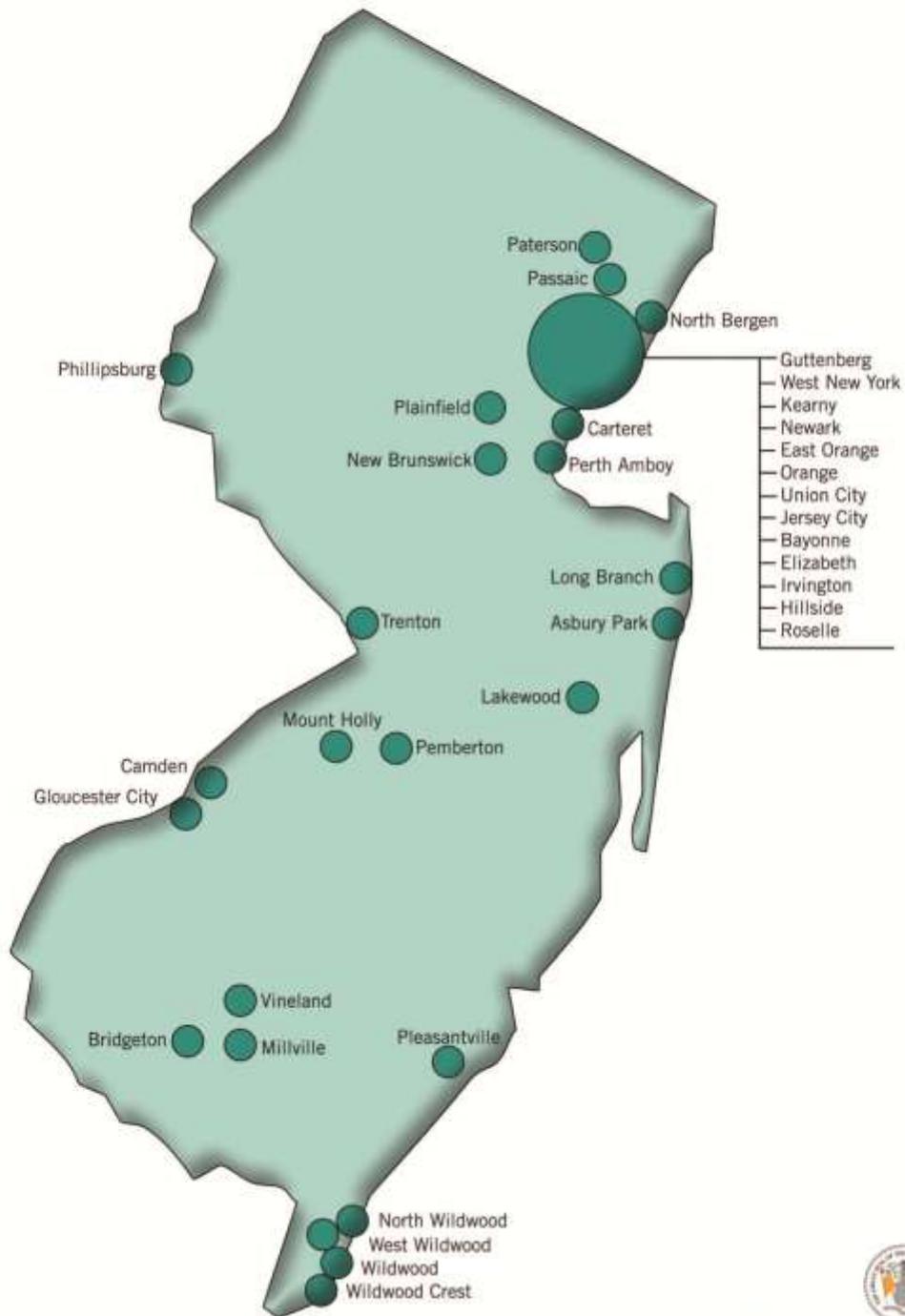
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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX C: NJ UEZs



New Jersey Urban Enterprise Zone Locations



UEZ Locations as of 04/06



THE STATE OF NEW JERSEY

Appendix C: New Jersey Urban Enterprise Zones

Zone	Year Enacted	# of UEZ Staff	Zone Size (population) 2009	Total Businesses in UEZ	# of UEZ Certified Businesses	% of Zone Business Certified
Asbury Park	1994	1	16,562	523	90	17.21%
Bayonne	2003	2.5	58,359	850	169	19.88%
Bridgeton	1986-1992	1	24,858	175	77	44.00%
Camden	1986-1992	3	78,788	941	189	20.09%
Carteret	1994	2.5	23,776	312	94	30.13%
East Orange	1996	2	65,152	490	110	22.45%
Elizabeth	1986-1992	6.5	125,285	2,300	792	34.43%
Gloucester City	2004	2	11,534	261	52	19.92%
Guttenberg	1996	1	10,600	120	9	7.50%
Hillside	1996	1.75	21,260	300	74	24.67%
Irvington	1996	3	56,103	768	92	11.98%
Jersey City	1986-1992	10	242,503	6,000	606	10.10%
Kearny	1986-1992	1	36,544	942	140	14.86%
Lakewood	1994	7	71,359	1263	443	35.08%
Long Branch	1994	1.5	32,997	800	60	7.50%
Millville	1986-1992	2.75	29,076	548	237	43.25%
Mount Holly	1994	1.5	10,230	297	94	31.65%
Newark	1986-1992	2	278,154	7,500	605	8.07%
New Brunswick	2004	6	51,579	343	116	33.82%
North Bergen	1996	2.3	54,912	581	115	19.79%
Orange	1986-1992	2.1	31,030	495	75	15.15%
Passaic	1994	1.7	67,020	1200	195	16.25%
Paterson	1994	6	145,835	1,700	468	27.53%
Pemberton Township	1996	1	27,986	143	48	33.57%
Perth Amboy	1994	1.25	48,711	848	134	15.80%
Phillipsburg	1994	1	14,476	194	68	35.05%
Plainfield	1986-1992	2	46,318	731	105	14.36%
Pleasantville	1994	3	18,888	380	131	34.47%
Roselle Borough	2003	2	20,654	300	62	20.67%
Trenton	1986-1992	1.75	83,242	650	150	23.08%
Union City	1994	2	61,954	500	131	26.20%
Vineland	1986-1992	10	59,198	1,200	750	62.50%
West New York	1996	3	46,553	390	120	30.77%
The Wildwoods	2003	2	14462	284	182	64.08%
Total				34,329	6,783	19.76%

Source: New Jersey State Legislature, Office of Legislative Services, Office of the State Auditor, Department of Community Affairs, *Urban Enterprise Zone Program, July 1, 2002 to September 16, 2009*, April 15, 2010, p. 19; NJUEZ State Program Office, *Urban Enterprise Zone Program Active Businesses Analysis as of 12/01/2010*.

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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX D: DOCUMENT REVIEW

APPENDIX D: DOCUMENT REVIEW

INTRODUCTION

As part of the Local-Level Analysis task initiated under Task 2 – Policy and Programmatic Review for the UEZ Program Assessment, the Delta team conducted an examination of multiple diverse data sources, including New Jersey-focused publications as well as nationwide enterprise zone studies.

A summary of information pulled from the documents reviewed as part of this assessment is included at the end of this Appendix. References to specific documents are included in the Phase I and Phase II Observations and Data Aggregation document.

METHODOLOGY

PURPOSE AND USE

The chosen documents reveal both quantitative and qualitative information related to the New Jersey UEZ Program as well as similar programs at the federal and state levels. Information gathered by reviewing these documents helped the consultant team better understand the performance of the UEZ Program and its perceived impact in the broader academic and policy community. Likewise, the review of documents related to other national and state programs of similar scope provided evidence of lessons learned and best practices to further inform adjustments and improvements to New Jersey's UEZ Program.

DOCUMENT REVIEW AND ANALYSIS

In total, 40 documents and legislative items were reviewed and analyzed for this portion of the study. Documents were selected based primarily on personal recommendations, references from other documents, and online searches. The final list of documents was presented to the client for review and approval prior to the start of this task and is included below. A bibliography of documents reviewed follows.

Delta team members reviewed each of the documents and analyzed each one to identify references to the following categories: Administrative Code/Guidelines/Policy, Business Certification Requirements, Economic Development Strategy, Enterprise Zone Assistance Fund, Exit Strategy, Goals/Objectives, Legislation, Local Management, Other, Other Incentives, Planning Strategy, Program Metrics, State Management, Sunset Provisions/Extensions, Reporting/Technology, Zone Designation Requirements, and Zone Incentives. This same set of categories was used in analyzing stakeholder interview responses.

To ensure that data was collected in a consistent format, information gained from each document was input into a single spreadsheet. Each data point was referenced to one of the categories noted above so that data could be analyzed by category. Data collected under each category was further sorted into summary statements. Categories were further refined and the resultant categories and summary statements are included at the end of this Appendix.



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DOCUMENT REVIEW FINDINGS SUMMARY - BY CATEGORY

Row Labels	Count of Summary Statement
Data Management & Technology	18
Additional training on the use of SAGE is required	1
Data Management & Technology assumptions (listed in reviewed studies)	7
SAGE modifications are recommended	10
Economic & Community Conditions	1
National economy is impacting federal economic conditions	1
Economic Development Strategy	12
Studies review the interrelationship between UEZs and SIDs/BIDs and Main Streets	11
Studies suggest that the federal Empowerment Zone Program focuses on community rather than economic development	1
Federal Legislation	40
Federal empowerment zone State Legislation regulates 100% federal funding in zones	1
Several incentives were established for use in federal Empowerment Zones	1
Several requirements were established for federal Empowerment Zone designation	18
State Legislation tightening eligibility criteria and reducing the number of zones strengthens enterprise zone programs	3
The Community Renewal Tax Relief Act of 2000 expanded empowerment zone incentives	8
The Consolidated Farm and Rural Development Act of 1999 provided for monetary allocations for authorized empowerment zones and enterprise communities	5
The Taxpayer Relief Act of 1997 provided for the creation of 20 new federal Empowerment Zones	4
Local Management	3
Municipal UEZ office should maintain a minimum staff of two	1
NJUEZ program study recommends that zones work with local and county economic development agencies	1
Several studies suggest that program effectiveness is tied to effective local management	1
Policy & Program Administration	18
Current UEZ Program regulations adopted November 2, 2009 formalized several policy procedures	5
Portions of UEZ Policy Circular 06-02 were not adopted into regulation	2
Transition report finds several administrative, policy, and technology deficiencies at DCA and UEZA	6
UEZ Field Representatives provide a valuable link between the State UEZ Office and New Jersey's 32 Urban Enterprise Zones	5
Program Impacts	87
Federal zone studies find that job growth in zones is primarily attributed to smaller firms concentrated in the manufacturing and wholesale/retail trade sectors	1
Federal zone studies suggest that measuring the impact of zone programs is difficult	6
It is difficult to measure the economic growth between UEZ and non-UEZ communities	1
Job creation in UEZs is from a diverse mix of business types	1
NJUEZ program study finds better economic performance in UEZ communities compared to non-UEZ communities	2
NJUEZ program study finds that the job creation can be maximized by increasing the number of zones	1
Studies of the NJUEZ program suggest that increasing the number of zones would reduce cost effectiveness of the program	1
Studies suggest that improved program metrics are helpful to demonstrate the impact of the federal Empowerment Zone Program Impacts	2
Studies suggest that socioeconomic conditions in communities with both state and federal enterprise zone designations vary	2
Studies suggest that socioeconomic conditions in communities with state enterprise zone designations vary	24
Studies suggest that states that limit the number of enterprise zones through a competitive process and include a variety of development incentives have succe	1
Studies suggest that the federal Empowerment Zone Program does not positively impact socioeconomic conditions for minority residents	5

DOCUMENT REVIEW FINDINGS SUMMARY - BY CATEGORY

Row Labels	Count of Summary Statement
Studies suggest that the federal Empowerment Zone Program is not impactful compared to funding allocation	3
Studies suggest that the federal Empowerment Zone Program leverages state and local incentives	4
Studies suggest that the federal Empowerment Zone Program positively impacts labor and housing market conditions	12
Studies suggest that the federal Empowerment Zone Program positively impacts socioeconomic conditions	10
Studies suggest that the majority of funding in federal Empowerment Zones is invested in economic opportunity programs	3
Studies suggest that traditional economic development programs do not provide positive socioeconomic outcomes	1
Study findings do not reflect the displacement of economic activity from non-UEZ to UEZ communities	1
Study findings do not reflect the expansion of the UEZ program from the original ten (10) zones	1
UEZ benefits are a primary reason for business location and expansion decisions	4
UEZ industry focus has shifted from manufacturing to retail	1
Program Metrics	24
Federal zone studies suggest that measuring the impact of zone programs is difficult	2
Job creation in UEZs is from a diverse mix of business types	1
NJUEZ program studies find a lack of program metrics to measure the use of Zone Assistance Funds	1
NJUEZ program study finds that the Zone Assistance Fund is an impactful funding source	1
Recommendations for federal empowerment zones include stricter administrative procedures and added program metrics	1
Recommendations for NJUEZ program improvement include stricter administrative procedures and added program metrics	3
Several program metrics have been used to measure the effectiveness of the UEZ Program	7
Studies of the NJUEZ program suggest that newer zones are not as cost effective as original zones	1
Studies recommend that future zones be added based on cost effectiveness	1
Studies suggest that federal Empowerment Zones metrics were often not reliable	2
Studies suggest that improved program metrics are helpful to demonstrate the impact of the federal Empowerment Zone Program Impacts	2
Studies suggest that the federal Empowerment Zone Program positively impacts socioeconomic conditions	1
Studies suggest that the federal Empowerment Zone Program provides guidance on reporting program metrics	1
State Legislation	28
Federal study finds that state enterprise zone State Legislation is impacted by political parties	3
Federal study finds that states with high unemployment rates have a limited number of zones targeted on the most economically distressed areas	1
Federal study finds that states with higher unemployment rates have a limited number of zones targeted on the most economically distressed areas	1
Legislative analysis of the NJUEZ program finds a lack of uniformity throughout zones especially benefits such as job creation and cost	1
Legislative analysis of the NJUEZ program finds that the program encourages capital investment and job creation in urban communities	3
Legislative analysis of the NJUEZ program suggests that Program Impacts are diluted by increasing the number of zones	2
New Jersey's UEZ program is effective	1
NJUEZ Program Policy Circulars are current and address programmatic issues that are not specifically addressed in State Legislation and therefore require clarification	3
Proposed amendments to the NJUEZ statute address time extensions for existing zones and additional tax incentives for UEZ investment	8
Recommendations for NJUEZ program improvement encourage the development of an State Legislation to address sustainability after program expiration	1
Recommendations for NJUEZ program improvement include the establishment of loan programs to sustainably generate revenues	1
The UEZ Program has expanded beyond its original legislative intent	1
The UEZ Program has met the legislative intent of improving the economic condition of New Jersey's most distressed cities	2
State Management	65

DOCUMENT REVIEW FINDINGS SUMMARY - BY CATEGORY

Row Labels	Count of Summary Statement
A frequent problem associated with UEZ tax benefits is the failure to prequalify annually	1
A UEZ is a city that has suffered economic problems and meet other criteria	1
Recent program changes have negatively impacted UEZs	1
Recommendations for NJUEZ program improvement include legislative amendments addressing eligible industry sectors	1
Recommendations for NJUEZ program improvement include stricter administrative procedures and added program metrics	23
Several recommendations were made to strengthen UEZ administration and staff capacity at the state and local level	24
Several recommendations were made to strengthen UEZ administration and staff capacity at the state level	1
Several studies suggest that while enterprise zones are established to stimulate private sector investment, over time the number of zones are increased and the	3
Studies suggest that four (4) federal agencies oversee the federal Empowerment Zone Program	1
Transition report recommends administrative, policy, and technology changes at DCA and UEZA	7
UEZ Field Representatives provide a valuable link between the State UEZ Office and New Jersey's 32 Urban Enterprise Zones	1
UEZ Program training and statewide meetings provide the opportunity for UEZ Local Coordinators to learn about programmatic changes and lessons learned in	1
Zone Incentives	28
Increasing the number of UEZs would require an alternate source of funding for the Zone Assistance Fund	1
New Jersey's UEZ program is effective due to its incentives	1
NJUEZ program study finds that the Zone Assistance Fund is an impactful funding source	2
Recommendations for NJUEZ program improvement include the establishment of loan programs to sustainably generate revenues	1
Several incentives were established for use in federal Empowerment Zones	14
Studies suggest that cities such as Chicago and New York invested federal Empowerment Zone funding in sustainable community development	1
Studies suggest that large businesses were more likely to use tax benefits rather than small businesses, the intended recipients of federal Empowerment Zone P	1
Studies suggest that the federal Empowerment Zone Program leverages state and local incentives	1
Studies suggest that the majority of funding in federal Empowerment Zones is invested in economic opportunity programs	2
Study of state UEZ incentive programs finds that enterprise zones do not increase employment opportunity for the disadvantage populations the programs are	1
Study of state UEZ incentive programs identifies five (5) problems with enterprise zone tax incentives	1
Study of state UEZ incentive programs suggests an alternative incentive strategy exempting some percentage of zone income from state corporate income taxat	1
The federal Empowerment Zone Program provides varied tax incentives	1
(blank)	
(blank)	
Grand Total	324

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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX E: ASSESSMENT INTERVIEWS

INTRODUCTION

As part of the consultant team's policy and programmatic review, a total of 50 individuals were interviewed to gather qualitative input used to further corroborate quantitative findings from data analysis and fact-finding. The Delta team conducted interviews of select New Jersey elected officials and staff from New Jersey agencies that work with the Program on a routine basis. The consultant team also interviewed each of the local UEZ coordinators. Interviews were conducted either in-person or via telephone.

Interview responses are summarized in this Appendix and referenced in the Phase I and Phase II Observations and Data Aggregation document.

METHODOLOGY

INTERVIEWS WITH AGENCY AND ELECTED OFFICIALS

As part of the Local-Level Analysis task, the Delta team conducted 13 interviews with New Jersey elected officials and staff from New Jersey agencies. The individuals interviewed were selected by the client to capture a comprehensive representation of officials knowledgeable about New Jersey's UEZ Program. Interviewees were also selected from State agencies that work with the UEZ Program operation on a daily basis. All three UEZ field representatives were also interviewed via telephone to gather a more expansive administrative perspective of the Program, as each field representative services multiple zones. These interviews were conducted in person where possible, with two of the interviews taking place over the telephone due to schedule conflicts between the interviewee and the consultant team. Each State agency official and elected official was asked the same set of questions to ensure comparable results.

INTERVIEWS WITH UEZ COORDINATORS

All UEZ coordinators were interviewed as part of the Local-Level Analysis task of the UEZ Program Assessment. Ten interviews were conducted in person and the remaining interviews conducted via telephone. All interviews, whether via telephone or in person, were based on the same questions, and interview and confidentiality protocols were used to ensure comparable results.

The selection of in-person interviews was based on the Average Annual UEZ Revenue (per the New Jersey Comprehensive Financial System, Fiscal Years 1996-2007), as published in the State Auditor's 2009 report. This indicator was chosen as it is a reliable, objective, and quantifiable measurement of the amount of revenue collected from each zone and available for UEZ Program use.

The UEZ locations that posted the five highest Average Annual UEZ Revenue numbers were selected for in-person interviews, as well as three locations that fell in the middle of the Average Annual Revenue list and two locations at the bottom of the Average Annual Revenue list. Special efforts were made to ensure that the final list of in-person interviews included coordinators who were geographically dispersed across the State. By interviewing coordinators who manage zones at all levels of the revenue spectrum, the consultant team was also able to capture zones in communities that vary in size.

Interviews with all zone coordinators enabled the consultant team to observe strengths and weaknesses of the NJ UEZ Program's effectiveness, as well as opportunities for improvement through programmatic reform. A total of 23 questions were posed to those interviewed, using uniform interview and



confidentiality protocol. These questions were developed with the intent of understanding how the NJ UEZ Program is administered at the local level, and consisted of three primary focuses: program goals and administration at the local level; UEZ investment decisions related to how each zone establishes priorities for the use of first- and second-generation funds; and economic conditions/program impacts/opportunities for improvement from the local perspective.

Each interviewee was asked about how local economic conditions have affected their zone and local economy; what elements of the NJ UEZ Program local participants favor and the resulting impact; how the NJ UEZ Program can change administratively at the State level; how the NJ UEZ Program as a whole can be more effective; and how the zone related to other local economic development efforts, e.g., Special Improvement Districts (SIDs), Main Street Programs, and other incentive programs.

INTERVIEW RESULTS ANALYSIS

Interview responses were input into a single spreadsheet that was formatted by question to ensure that responses were collected in a consistent format. Interviewers categorized interview responses by the following categories: Administrative Code/Guidelines/Policy, Business Certification Requirements, Economic Development Strategy, Enterprise Zone Assistance Fund, Exit Strategy, Goals/Objectives, Legislation, Local Management, Other, Other Incentives, Planning Strategy, Program Metrics, State Management, Sunset Provisions/Extensions, Reporting/Technology, Zone Designation Requirements, and Zone Incentives. This same set of categories was used in analyzing information obtained from the document review.

Categorizing each interview response was helpful in sorting through individual responses. All interview responses were consolidated into summarized response statements, and categories were further refined. A summary of interview responses by category, question, and summarized responses is included at the end of this Appendix.



LIST OF INTERVIEWEES

	NAME		TITLE/ORGANIZATION
1	Wayne	Hasenbalg	Office of the Governor
2	Lou	Goetting	Office of the Governor
3	Robert	Singer	New Jersey Senate
4	Sandra	Bolden Cunningham*	New Jersey Senate
5	Albert	Coutinho	New Jersey Assembly
6	John	Amodeo*	New Jersey Assembly
7	Christian	Bollwage	Mayor, City of Elizabeth
8	Charles	Richman	Acting Commissioner, Department of Community Affairs
9	Caren	Franzini	NJEDA
10	Chris Charles	Jeter Steindel	NJ Department of Treasury
11	Peter	Lijoi	Urban Enterprise Zone Authority, NJ Department of Community Affairs
12	Kathleen G.	Kube	Urban Enterprise Zone Authority, NJ Department of Community Affairs
13	Terri Muriel Joe	Benson Patterson Tortoreto	State UEZ Field Representatives

* Interview conducted via telephone

The following **UEZ coordinators** were selected for in-person interviews as part of the Local-Level Analysis task.

	LOCATION	UEZ COORDINATOR	
1	Millville/Vineland	Denise	Jackson
2	Jersey City	Roberta	Farber
3	Elizabeth	Mario	Rodrigues
4	Lakewood	Patricia	Komsa
5	Newark	Ollyn	Lettman
6	Pleasantville	Jacqueline	Amado-Belton
7	Perth Amboy	Roxana	Troche
8	Mount Holly	Josh	Brown
9*	Asbury Park	Tom	Gilmour
9*	Long Branch	Jacob L.	Jones
10	Gloucester City	Howard	Clark

* Asbury Park and Long Branch operate as one UEZ, so both coordinators were interviewed relative to this one zone.



The remaining 25 UEZ coordinators listed below were interviewed via telephone as part of the Local-Level Analysis task.

	LOCATION	UEZ COORDINATOR	
1	Bayonne	Terrence	Malloy
2	Bridgeton	Roberta	Copeland
3	Camden	Vincent	Basara
4	Carteret	Kathaleen	Shaw
5	East Orange	David	Clark
6	Guttenberg	Josephine (Joanne)	Martin
7	Irvington	Cassandra	Chatman
8	Hillside	Yves	Aubourg
9	Kearny	John	Peneda
10	Millville	Don	Ayres
11	New Brunswick	Ruth Anne	Kurkjian
12	North Bergen	Kim	Nicoliello
13	Orange	Christopher	Mobley
14	Passaic	Soraya	Stam
15	Paterson	Jan	Northrop
16	Pemberton	Maurice	Jones
17	Phillipsburg	Linda	Braxmeier
18	Plainfield	Jacques	Howard
19	Roselle	Harry	Wyatt
20	Trenton	Thomas	McGough
21	Union City	Amada	Avila
22	Vineland	Sandra	Forosisky
23	West New York	Oscar Michael	Miqueli Parkes
24	City of Wildwood/ Borough of Wildwood Crest/City of North Wildwood/ Borough of West Wildwood	Louis	Ferrara



INTERVIEW QUESTIONS

AGENCY AND ELECTED OFFICIALS QUESTIONS*

1. What are the key economic challenges facing the State's urban areas?
2. What are the specific economic challenges in your District/Municipality?
3. What are the key indicators or metrics that should be used to measure economic development success?
4. How has the Urban Enterprise Zone Program helped address these challenges across the State?
5. How has the UEZ Program helped address these challenges within your District/Municipality?
6. What are the UEZ Program's weaknesses?
7. What other economic development programs have been used in your District/Municipality?
8. How do these programs compare with the UEZ in terms of effectiveness?
9. How could the UEZ Program be improved to better address the economic challenges of the State and your District/ Municipality?
10. What other programs have been effective in supporting economic growth in your District/Municipality?
11. How do these tools compare to UEZ in terms of effectiveness?
12. Are there examples of other place-based growth strategies, either in the region or other states that New Jersey should consider to improve economic competitiveness?
13. Do you have any additional comments?

*Questions were reworded as necessary for interviews with agency officials.

UEZ COORDINATOR QUESTIONS

Program Goals and Administration

1. What is the primary goal of your UEZ?
2. What are the objectives of your UEZ?
3. What are the strengths of your UEZ?
4. What are your biggest opportunities for improvement?
5. What indicators/metrics does your zone track to measure performance, including and in addition to those required by the State of New Jersey?
6. How do you track and monitor performance?
7. How do you market your Urban Enterprise Zone?

Investment Decisions

8. How does your zone establish its investment priorities for the use of the Enterprise Zone Assistance Fund (first generation funds)?
9. If your zone uses the Enterprise Zone Assistance Fund for municipal services, which services are funded?
10. Approximately how many municipal employees (by service) are funded by the Enterprise Zone Assistance Fund?
11. How does your zone establish its investment priorities for second generation funds?



12. What major investments have been made with your second generation funds?
13. How do you track the use and performance of second generation funds?

Economic Conditions, Program Impacts, and Opportunities for Improvement

14. What are some examples of your Program's greatest successes in the past five years? (Provide up to three, and identify any specific metrics such as jobs created, new businesses launched, private investment, vacant properties revitalized, etc.)
15. What specific local events have affected employment in your UEZ and when did the events occur (e.g., specific mass layoff, large businesses moved in, policy change, etc.)?
16. How often has your zone coordinator changed since your UEZ was designated?
17. Which UEZ Program benefits or other State programs are important to your UEZ? (Rate each of the following on a scale from 1 to 5, with 1 most important and 5 least important.)
18. Sales tax reduction (UEZ)
19. Enterprise Zone Assistance Fund - capital projects (UEZ)
20. Enterprise Zone Assistance Fund – other projects (UEZ)
21. Sales tax exemption/refund for certain business purchases (UEZ/NJ Department of Treasury)
22. Employee tax credits (NJ Department of Treasury)
23. Subsidized unemployment insurance (NJ Department of Labor)
24. Business training (NJEDA)
25. Worker training (NJ Department of Labor)
26. Tax credit against corporate business tax (NJ Department of Treasury)
27. Priority financial assistance (NJEDA)
28. Energy and utility service sales tax exemption – manufacturers (NJEDA)
29. Business Retention and Relocation Assistance Grant (NJEDA)
30. Business Employment Incentive Program (NJEDA)
31. What other New Jersey incentives programs are used to support economic development in your UEZ?
32. Is your UEZ also designated as a Special Improvement or Business Improvement District? If yes, what functions does it perform?
33. What would economic activity likely be within your zone if the UEZ Program did not exist?
34. What are the strengths of the UEZ Program at the State level?
35. What recommendations would you suggest to strengthen State-level operation and management of the UEZ Program? (Provide up to three recommendations.)
36. What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the State? (Provide up to three, and identify if there are elements of enterprise zone programs in other states that New Jersey should emulate.)

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Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Data Management & Technology			
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Streamline and enhance multiple data reporting systems	11		11
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Streamline and enhance multiple data reporting systems	2		2
Q: What are your biggest opportunities for improvement?			
Streamline and enhance multiple data reporting systems	3		3
Q: How do you track and monitor performance?			
Streamline and enhance multiple data reporting systems	1		1
Q: What are the UEZ program's weaknesses?			
Streamline and enhance multiple data reporting systems		3	3
Other			
Streamline and enhance multiple data reporting systems		2	2
Economic & Community Conditions			
Q: What specific local events have affected employment in your UEZ and when did the events occur (e.g., specific mass layoff, large businesses moved in, policy change, etc.)			
Employee cuts in various industry sectors led to significant job loss	24		24
National economy is impacting state and local economic conditions	10		10
Local events have impacted employment or economic development in the UEZ	9		9
Local events have not impacted employment or economic development in the UEZ	3		3
Competition between NJ communities	2		2
New businesses are locating in the UEZ	1		1
Quality of life issues inhibit economic and community development	1		1
Size, location and development pattern places limitations on community and economic development	1		1
UEZ program tools help to attract and sustain businesses	1		1
Q: What would economic activity likely be in your zone if the UEZ Program did not exist?			
Ability to attract new and retain existing businesses would be limited	1		1
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Concerns with the application of NJs prevailing wage	1		1
Q: What are the key economic challenges facing the state's urban areas?			
Quality of life issues affect economic and community development		7	7
Lack of family sustaining employment opportunities is exacerbated, in part, by an insufficiently trained work force		5	5
State and Local government approval process is cumbersome		4	4
Antiquated infrastructure inhibits community and economic development		2	2
Competition between New Jersey communities		2	2
National economy is impacting state and local economic conditions		2	2
Lack of employment opportunities		1	1
Lack of private investment		1	1
Local tax base and tax structure inhibits economic and community development		1	1
National economy is impacting state and local economic conditions		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What are the specific economic challenges in your District/Municipality?			
No Response		3	3
Quality of life issues affect economic and community development		2	2
Statewide business and community development climate requires improvements		2	2
Lack of family sustaining employment opportunities is exacerbated, in part, by an insufficiently trained work force		1	1
Local tax base and tax structure inhibits economic and community development		1	1
National economy is impacting state and local economic conditions		1	1
State and Local government approval process is cumbersome		1	1
Q: How has the UEZ program helped address these challenges within your District/Municipality?			
Quality of life issues affect economic and community development		1	1
Q: What are the UEZ program's weaknesses?			
Sales tax reduction is detrimental to adjoining municipalities		1	1
Q: What other economic development programs have been used in your District/Municipality?			
Lack of private investment		1	1
Q: How do these programs compare with the UEZ in terms of effectiveness?			
Lack of family sustaining employment opportunities is exacerbated, in part, by an insufficiently trained work force		1	1
Large-scale economic development projects have been successful in creating jobs in UEZs		1	1
Other			
Deindustrialization has resulted in significant brownfield redevelopment challenges / opportunities	1		1
Malling of American communities has created challenges for local downtown business districts	1		1
Economic Development Strategy			
Q: What other NJ incentives programs are used to support economic development in your UEZ?			
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets	1		1
Q: Is your UEZ also designated as a Special Improvement or Business Improvement District? If yes, what functions does it perform?			
No SID, BID, or Main Street Program	20		20
SID	6		6
BID	2		2
Multiple SIDs	2		2
City is a Transit Village	1		1
Former Main Street Program	1		1
Former SID and BID	1		1
No Response	1		1
SID and Main Street	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Fostering economic development and investment	2		2
Consider additional place-based and industry-specific strategies	1		1
Consider changes to the UEZ program incentives (utility related, See FL Program)	1		1
Consider other programs that attract NJ businesses	1		1
Q: What other programs have been effective in supporting economic growth in your District/Municipality?			
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		1	1
Q: How do these tools compare to UEZ in terms of effectiveness?			
Other state programs are more effective than the UEZ.		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: Are there examples of other place-based growth strategies, either in the region or other states, that New Jersey should consider to improve economic competitiveness?			
Consider additional place-based and industry-specific strategies and incentives		5	5
No Response		2	2
New Jersey's UEZ program is effective		1	1
Q: Do you have any additional comments?			
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets		1	1
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		1	1
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		1	1
Q: What are the UEZ program's weaknesses?			
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets		1	1
Lack of coordinated community and economic development efforts		1	1
Q: What other economic development programs have been used in your District/Municipality?			
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets		2	2
Community infrastructure provides economic stimulus for UEZs		1	1
Q: How do these programs compare with the UEZ in terms of effectiveness?			
Community infrastructure provides economic stimulus for UEZs		1	1
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		1	1
UEZ program leverages additional resources of other community and economic development strategies		1	1
Q: How could the UEZ program be improved to better address the economic challenges of the state and your District/ Municipality?			
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		2	2
State should prioritize project investments to implement well developed local community and economic development plans		2	2
Consider additional place-based and industry-specific strategies and incentives		1	1
Other			
Develop separate programs to meet the community and economic development needs of New Jersey's municipalities		3	3
State should prioritize project investments to implement well developed local community and economic development plans		2	2
The Lieutenant Governor's Business Action Center handles major business expansions in New Jersey		2	2
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets		1	1
Providing benefits to too many communities dilutes the benefits	1		1
UEZ program is vital to local community & economic development	1		1
Enterprise Zone Assistance Fund			
Q: How does your zone establish its investment priorities for second generation funds?			
No second generation fund investments	24		24
Local UEZ Board determines investment of second generation funds with community input	6		6
Second generation funds are retained as a revolving account	2		2
Funding for municipal services	1		1
No Response	1		1
Second generation funds are leveraged by first generation funds	1		1
Second generation funds are used for business loans	1		1
Second generation funds are used for business loans as a revolving account	1		1
Use of second generation funds is on a first-come, first-serve basis	1		1
Use of second generation funds varies depending on current zone / project needs	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What major investments have been made with your second generation funds?			
No second generation fund investments	24		24
Second generation funds are retained as a revolving account	4		4
Supporting redevelopment	4		4
Building construction and fit out (such as furniture, equipment, elevators etc)	2		2
Supporting mixed-use development	2		2
UEZ program leverages additional economic growth and investment	2		2
Building fit out (such as furniture, equipment, elevators etc)	1		1
Business attraction, growth, and retention	1		1
Funding for municipal services	1		1
Improving quality of life	1		1
Invest in local infrastructure (such as streetscapes, facades etc)	1		1
Land acquisition	1		1
Local infrastructure (such as streetscapes, facades etc)	1		1
Second generation funding will result in significant job creation	1		1
Supporting tourism	1		1
Q: How do you track the use and performance of second generation funds?			
No second generation fund investments	24		24
UEZ tracks second generation funds through local financial institution	6		6
Local UEZ will establish metrics to monitor the use and performance of second generation funds	2		2
Limited tracking of second generation funds	1		1
Other tracking measures should include community impact including local residents placed by retail skills center	1		1
Second generation funds are accounted for quarterly in the mandated second generation report	1		1
Second generation funds are monitored through Quickbooks with input from local a local auditor and accountant	1		1
Second generation projects are approved by the UEZA, and therefore, have a set of performance metrics	1		1
State UEZ Office spreadsheet which tracks project administration and budget balances	1		1
UEZ has lost financial partner	1		1
UEZ tracks job retention, job creation, and number of zone residents hired	1		1
UEZ tracks second generation funds in local project files	1		1
Q: What specific local events have affected employment in your UEZ and when did the events occur (e.g., specific mass layoff, large businesses moved in, policy change, etc.)			
Recent program changes have negatively impacted UEZs	1		1
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Consider new approach to processing, allocating, and reimbursing funds	9		9
Communicate the purpose of the UEZ program more effectively	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Second generation funds should have different guidelines than first generation funds	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Goals/Objectives			
Q: What is the primary goal of your UEZ?			
Business attraction, growth, and retention	19		19
Fostering economic development and investment	14		14
Job creation and retention	23		23
Increase the number of UEZ Certified Businesses	5		5
Increase revenues	4		4
Improving quality of life	3		3
Fostering community and economic development and investment	2		2
Supporting redevelopment	2		2
Supporting redevelopment	2		2
Goals are based on 5 year zone development plan	1		1
Increase the number of UEZ Certified Businesses	1		1
Invest in local infrastructure	1		1
No Response	1		1
Provide needed municipal services	1		1
Supporting tourism	1		1
Worker training	1		1
Q: What are the objectives of your UEZ?			
Business attraction, growth, and retention	19		19
Support redevelopment	14		14
Improving quality of life	13		13
Job creation and retention	12		12
Business assistance (financial, business development, best practices ec)	11		11
Fostering economic development and investment	9		9
Marketing & Advertising	7		7
Coordinate with other Economic Development Strategies	6		6
Fostering community and economic development and investment	6		6
Invest in local infrastructure (such as streetscapes, facades etc)	6		6
Increase the number of UEZ Certified Businesses	4		4
UEZ program leverages additional economic growth and investment	3		3
Increase revenues	2		2
Provide life skill, job training and employment referrals for local residents	2		2
Supporting tourism	2		2
Develop program metrics that measure the UEZ Program's effectiveness	1		1
Develop public-private partnerships	1		1
Funding municipal services	1		1
Implement Zone Development Plan	1		1
Land acquisition	1		1
No Response	1		1
Promote green and sustainable redevelopment	1		1
Worker training	1		1
Q: What are your biggest opportunities for improvement?			
Invest in transportation infrastructure	1		1
Q: What are the UEZ program's weaknesses?			
Develop structured goals and objectives that meet the needs of the local community		2	2

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
How is the UEZ marketed?			
Q: How do you market your UEZ?			
Marketing-print	34		34
Marketing--TV	22		22
Marketing-online	17		17
UEZ information is shared with investors and business owners to market the UEZ	13		13
UEZ is marketed on-site	13		13
Seminars / workshops / business expos are utilized to market the UEZ	12		12
Special events / promotions are used to market the UEZ	11		11
UEZ is marketed through partnerships with local agencies / local government departments	10		10
Marketing-billboards	6		6
Marketing-personal interaction with businesses	6		6
Marketing--radio	5		5
Marketing is handled by a professional company / consultant / PR expert	4		4
UEZ is marketed through partnerships with local agencies / local government departments	2		2
Does not take part in traditional marketing campaigns	1		1
Marketing the UEZ is a critical tool	1		1
Marketing-online (should we do a separate summary for social networking?)	1		1
Marketing--phone	1		1
No marketing budget	1		1
The zone is marketing to businesses in neighboring states	1		1
UEZ information is shared with non-English speaking business owners	1		1
Local Management			
Q: What other NJ incentives programs are used to support economic development in your UEZ?			
No other incentive programs are utilized in the UEZ	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Utilize unique community characteristics for competitive advantage	1		1
Q: What are the strengths of your UEZ?			
Local Conditions (location, population, infrastructure, real estate)	21		21
UEZ program is well run by dedicated staff	13		13
Business assistance (financial, business development, best practices ec)	9		9
High quality and diverse business community	9		9
Reinvestment in UEZ communities	9		9
Local support	6		6
High quality work force	5		5
Interagency relationships exist between state level and local level officials	5		5
UEZ program leverages additional economic growth and investment	5		5
Marketing & Advertising	3		3
Partnerships with other agencies and private companies have been used in UEZs	3		3
Business attraction, growth, and retention	2		2
Improving quality of life	2		2
Utilize unique community characteristics for competitive advantage	2		2
Fostering economic development and investment	1		1
Increasing the number of UEZ Certified Businesses	1		1
Second generation funds are retained as a revolving account	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What are your biggest opportunities for improvement?			
Include additional diverse partners in the UEZ program	9		9
Increase the number of UEZ Certified Businesses	8		8
Opportunities for revitalization	7		7
Business attraction, growth, and retention	4		4
Utilize unique community characteristics for competitive advantage	4		4
Adjustment in UEZ boundary	3		3
Lack of high quality workforce	3		3
Better utilize UEZ incentives	2		2
No Response	2		2
Redevelop abandoned and formerly utilized properties	2		2
Reinvestment in UEZ communities	2		2
Aging infrastructure	1		1
Capitalize on current projects	1		1
Certify UEZ coordinators	1		1
Communicate the purpose of the UEZ program more effectively	1		1
Coordinate with other incentive programs	1		1
Improve the frequency and quality of statewide meetings and training opportunities	1		1
Job creation and retention	1		1
Marketing & Advertising	1		1
Reduce the complexity of UEZ Program	1		1
Reduced funding levels are impacting UEZs	1		1
State should be more proactive in defining program goals, expectations and guidelines	1		1
UEZ office should be more business friendly	1		1
Q: How does your zone establish its investment priorities for the use of the Enterprise Zone Assistance Fund (first generation funds)?			
Local UEZ Board determines investment of first generation funds with community input	21		21
Investment priorities are based on previous planning activities	7		7
Investment priorities are gathered from local stakeholders	6		6
Investment priorities depend on current projects & community needs	5		5
Investments are prioritized by key staff member(s)	4		4
Opportunities for revitalization	3		3
(blank)	3		3
Administration of the UEZ program is an investment priority	1		1
Difficult to manage and direct due to Board	1		1
Economic development is a priority when determining investments	1		1
First generation funds create second generation funds	1		1
Improving quality of life	1		1
Invest in local infrastructure (such as streetscapes, facades etc)	1		1
Invest in the physical environment	1		1
Investment priorities are based on expected impacts to the zone	1		1
Job creation	1		1
Marketing & Advertising	1		1
Provide needed municipal services	1		1
Supporting tourism	1		1
UEZ program leverages additional economic growth and investment	1		1
Utilize unique community characteristics for competitive advantage	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What are the key economic challenges facing the state's urban areas?			
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1
Q: Do you have any additional comments?			
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1
Q: How has the UEZ program helped address these challenges within your District/Municipality?			
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1
Q: What are the UEZ program's weaknesses?			
NJ UEZ program is ineffective, in part, because it lacks local staff administrative and economic development expertise, both of which require strength		5	5
Q: How do these programs compare with the UEZ in terms of effectiveness?			
NJ UEZ program is ineffective, in part, because it lacks local staff administrative and economic development expertise, both of which require strength		2	2
Other			
Master plan is underutilized		1	1
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1
No Response		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Number of Municipal Employees			
Q: Approximately how many municipal employees (by service) are funded by the Enterprise Zone Assistance Fund?			
0	6		6
2--admin	4		4
3	2		2
1--clean team	2		2
2--police	2		2
5--clean team	2		2
6--police	2		2
6	1		1
8	1		1
10	1		1
10 total, 3--police, 5--admin, 2--other	1		1
12--police	1		1
1-2--police	1		1
15--clean team	1		1
1--police	1		1
20--police	1		1
21--police, 1-fire	1		1
21--police, 8--clean team	1		1
2--clean team, 10--police (partial)	1		1
2--police, 2--clean team	1		1
3--admin	1		1
3--clean team (partial)	1		1
4--clean team	1		1
4--police	1		1
4--police, 3--fire	1		1
4--street cleaning	1		1
5-police	1		1
5--police	1		1
6--clean team	1		1
7 total, 3--admin, 1--clean team, 3--police	1		1
7--police	1		1
Number not provided	1		1
Number of Zone Coordinators			
Q: How often has your zone coordinator changed since your UEZ was designated?			
4	8		8
2	7		7
?	7		7
1	6		6
3	5		5
5	3		3
8	1		1
11	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Other Incentive			
Q: What other NJ incentives programs are used to support economic development in your UEZ?			
Other NJ programs have been used in UEZs	37		37
Other federal funding has been used in UEZs	11		11
No other incentive programs are utilized in the UEZ	4		4
Interagency relationships exist between state level and local level officials	2		2
Consider the interrelationship between UEZs and SIDs/BIDs and Main Streets	1		1
Partnerships with other agencies and private companies have been used in UEZs	1		1
Q: What other programs have been effective in supporting economic growth in your District/Municipality?			
Other New Jersey programs have been used in UEZs		1	1
Other NJ programs have been used in UEZs		1	1
Q: How do these tools compare to UEZ in terms of effectiveness?			
No Response		1	1
Other New Jersey programs have been used in UEZs		1	1
Q: Are there examples of other place-based growth strategies, either in the region or other states, that New Jersey should consider to improve economic competitiveness?			
Consider other programs to stimulate job creation		1	1
Other New Jersey programs have been used in UEZs		1	1
Q: What other economic development programs have been used in your District/Municipality?			
Other New Jersey programs have been used in UEZs		3	3
Other federal funding has been used in UEZs		1	1
Q: How do these programs compare with the UEZ in terms of effectiveness?			
Other New Jersey programs have been used in UEZs		1	1
Perceived Conditions without the UEZ Program			
Q: What would economic activity likely be in your zone if the UEZ Program did not exist?			
Ability to attract new and retain existing businesses would be limited	16		16
Significantly decreased economic activity	16		16
Decrease in quality of life including safety and physical appearance	12		12
Elimates a flexible program and source of funding	11		11
Increase competition with neighboring communities and states	2		2
Increased unemployment	2		2
Increased vacancy rates	2		2
Redevelopment opportunities would be limited	2		2
Ability to invest in infrastructure improvements is limited	1		1
Community & economic development functions would be taken on by other organizations	1		1
Decrease in trained workforce	1		1
Elimates a liaison between government and businesses	1		1
No change in economic activity without UEZ program	1		1
Revenue decrease	1		1
Q: What would economic activity likely be within your zone if the UEZ Program did not exist?			
Elimates a liaison between government and businesses	1		1
Policy & Program Administration			
Q: What specific local events have affected employment in your UEZ and when did the events occur (e.g., specific mass layoff, large businesses moved in, policy change, etc.)			
Concerns with the application of NJs prevailing wage	2		2
Loss of business due to point of sale	1		1
Recent program changes have negatively impacted UEZs	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What would economic activity likely be in your zone if the UEZ Program did not exist?			
Consider changes in the labor-related incentives of the UEZ program	1		1
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Reduce the complexity of UEZ Program	8		8
Consider how the concept of smart growth interacts with the UEZ	2		2
Program should remain diverse and flexible	2		2
Expand UEZ program to other industry sectors	1		1
Streamline budget approval process	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Concerns with the application of NJs prevailing wage	1		1
Reduce the complexity of UEZ Program	2		2
Q: What are your biggest opportunities for improvement?			
Reduce the complexity of UEZ Program	7		7
Q: What indicators/metrics does your zone track to measure performance, including and in addition to those required by the State of New Jersey?			
Regulations are not business friendly	1		1
Q: What other programs have been effective in supporting economic growth in your District/Municipality?			
Consider stronger fiduciary controls		1	1
Q: How do these tools compare to UEZ in terms of effectiveness?			
Consider stronger fiduciary controls		1	1
Q: What are the UEZ program's weaknesses?			
Complexity of UEZ Program overburdens the state and local communities		4	4
Consider stronger fiduciary controls		1	1
Q: How could the UEZ program be improved to better address the economic challenges of the state and your District/ Municipality?			
Complexity of UEZ Program overburdens the state and local communities		1	1
Consider stronger fiduciary controls		1	1
Program can be customized for political objectives		1	1
Other			
Complexity of UEZ Program overburdens the state and local communities		3	3
Program can be customized for political objectives		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Program Impacts			
Q: What are some examples of your program's greatest successes in the past 5 years?			
Business expansion and attraction	25		25
Redevelopment of underutilized, abandoned, and vacant properties	19		19
Façade and streetscape improvements	9		9
Development of cultural, arts, and recreational amenities	7		7
Loan program	5		5
Sponsoring business workshops and community events	4		4
UEZ program leverages additional economic growth and investment	4		4
Creation of a clean team	3		3
Economic development	3		3
Infrastructure investment	3		3
Waterfront development	3		3
Creation or partnership with SID, BID, or Main Street program	2		2
Development of community health care facilities	2		2
Development of job training programs and facilities	2		2
Major retail development	2		2
No Response	2		2
Airport redevelopment	1		1
Business attraction, growth, and retention	1		1
CPA continuing education certification	1		1
Development of a business incubator	1		1
Development of parking facilities	1		1
Marketing materials	1		1
Mixed use development projects	1		1
Reduction in crime	1		1
Residential development	1		1
UEZ funds	1		1
Q: What specific local events have affected employment in your UEZ and when did the events occur (e.g., specific mass layoff, large businesses moved in, policy change, etc.)			
UEZ program tools help to attract and sustain businesses	12		12
UEZ program leverages additional economic growth and investment	1		1
Q: What are the strengths of the UEZ Program at the state level?			
Ability to attract new and retain existing businesses	1		1
Ability to stimulate economic development	1		1
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
NJ's UEZ program is effective	1		1
Q: What are the specific economic challenges in your District/Municipality?			
UEZ program leverages additional economic growth and investment		1	1
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
UEZ program leverages additional economic growth and investment		2	2
Other			
UEZ program provides quality of life benefits	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Program Metrics			
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Develop program metrics that measure the UEZ Program's effectiveness	3		3
Q: What indicators/metrics does your zone track to measure performance, including and in addition to those required by the State of New Jersey?			
Job creation and retention	18		18
Number of UEZ Certified Businesses	15		15
Community and consumer satisfaction surveys	7		7
Number of UEZ Certified Businesses pursuing Recertification	7		7
Crime rate	5		5
Number of UEZ Certified Businesses	4		4
Vacancy rate	4		4
Visits to local businesses	4		4
Attendance at business workshops and community events	3		3
Number of UEZ Certified Businesses and non-UEZ Certified Businesses	3		3
Private investment	3		3
Business closures	2		2
Business location factors	2		2
Business surveys	2		2
No specific indicators	2		2
Number of visitors and shoppers	2		2
Unemployment rate	2		2
Bi-monthly enterprise zone development meeting	1		1
Business development inquiries and project initiation	1		1
Business tax delinquencies	1		1
Clean team manhours	1		1
Consistency with municipal comprehensive plan and budget	1		1
Difficult to track program metrics	1		1
Economic health index	1		1
Façade and streetscape improvements	1		1
Goals/Objectives	1		1
Impact on zone residents	1		1
Increase in ratables	1		1
Job placement of city residents	1		1
Level of improvement for the UEZ	1		1
Monthly municipal council meeting	1		1
Monthly progress reports from grant recipients	1		1
Monthly sales tax revenue report	1		1
Municipal statistics	1		1
New Home Sales	1		1
Number of mercantile licenses	1		1
Number of new businesses	1		1
Number of revitalized properties	1		1
Perceived community safety	1		1
Personal observations	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Physical conditions in zone boundaries	1		1
Receipt of national awards	1		1
Recertification levels based on modification to zone incentives	1		1
Recommend state reporting system to track program metrics	1		1
Shuttle ridership	1		1
Social networking media	1		1
State UEZA data	1		1
State UEZA data compared to other UEZ municipalities	1		1
Traffic	1		1
UEZ Certified Business sales volume	1		1
UEZ Coordinator input at quarterly meetings and conferences	1		1
Unemployment versus Job creation and retention	1		1
ZAF project status	1		1
Q: How do you track and monitor performance?			
Performance is monitored through feedback from program participants	16		16
Standard UEZ program reports and databases are used to track performance	10		10
Performance is monitored by tracking business attraction, growth, and retention measures	8		8
Performance is monitored through partnerships with other agencies / local government departments	7		7
Performance is tracked by reviewing project elements (such as the # of projects, budget balances etc)	5		5
Planning exercises track performance	4		4
Track performance of loan portfolio	4		4
Track job creation	3		3
Performance is not adequately measured	2		2
Private investment is tracked to monitor performance	2		2
Track real estate data such as commercial vacancy rates	2		2
No Response	1		1
Performance is tracked by reviewing project elements (such as the # of projects, payment schedules etc)	1		1
Performance is tracked by reviewing revenues	1		1
State Legislation			
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Consider changes to the UEZ program incentives	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Consider changes to the UEZ program incentives	2		2
Expand UEZ program to other industry sectors	2		2
Consider the addition of a program for brownfield remediation (already in place)	1		1
Make the UEZ program permanent	1		1
Q: What are your biggest opportunities for improvement?			
Reduce the complexity of UEZ Program	1		1
Q: What other programs have been effective in supporting economic growth in your District/Municipality?			
Amend State Legislation to align UEZs and other zone-based programs		2	2
Consider changes in the labor-related incentives of the UEZ program		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: How do these tools compare to UEZ in terms of effectiveness?			
Amend State Legislation to align UEZs and other zone-based programs		1	1
Q: Are there examples of other place-based growth strategies, either in the region or other states, that New Jersey should consider to improve economic competitiveness?			
An exit strategy should be developed for the UEZ program		1	1
Q: Do you have any additional comments?			
An exit strategy should be developed for the UEZ program		3	3
Q: What are the key indicators or metrics that should be used to measure economic development success?			
An exit strategy should be developed for the UEZ program		1	1
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
Amend State Legislation to align UEZs and other zone-based programs		1	1
Amend State Legislation to charge the full tax rate		1	1
Q: How has the UEZ program helped address these challenges within your District/Municipality?			
Amend State Legislation to align UEZs and other zone-based programs		1	1
Q: What are the UEZ program's weaknesses?			
Legislative econometric evaluation of UEZ Program as part of the reauthorization process		2	2
Amend State Legislation to align UEZs and other zone-based programs		1	1
Amend State Legislation to charge the full tax rate		1	1
An exit strategy should be developed for the UEZ program		1	1
Q: What other economic development programs have been used in your District/Municipality?			
Amend State Legislation to align UEZs and other zone-based programs		1	1
Q: How could the UEZ program be improved to better address the economic challenges of the state and your District/ Municipality?			
Amend State Legislation to align UEZs and other zone-based programs		2	2
An exit strategy should be developed for the UEZ program		1	1
Other			
National economy is impacting state and local economic conditions	1		1
Re-examine at end of current extension	1		1
State Management			
Q: What other NJ incentives programs are used to support economic development in your UEZ?			
List of current New Jersey incentive programs would be helpful	1		1
Q: What are the strengths of the UEZ Program at the state level?			
UEZ program is well run by dedicated staff	29		29
No Response	4		4
Recent program changes have negatively impacted UEZs	4		4
Improve the frequency and quality of statewide meetings and training opportunities	1		1
New UEZ administration has economic development expertise	1		1
NJ's UEZ program is effective	1		1
UEZ is a flexible program and source of funding	1		1
UEZ staff lacks economic development expertise	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Improve the frequency and quality of statewide meetings and training opportunities	1		1
Q: What recommendations would you suggest to strengthen state level operation and management of the UEZ Program?			
Strengthen UEZ administration and staff capacity at the state level	11		11
Develop stronger interagency relationships between state level and local level officials	10		10
Improve the frequency and quality of statewide meetings and training opportunities	9		9
Recent program changes have negatively impacted UEZs	7		7
Consider new approach to processing, allocating, and reimbursing funds	3		3
UEZ staff lacks economic development expertise	3		3
Communicate the purpose of the UEZ program more effectively	2		2
Consider changes in the labor-related incentives of the UEZ program	2		2
Consider additional place-based and industry-specific strategies	1		1
Economic development components of the UEZ program should be handled by EDA. Community Development elements of the prog	1		1
Fostering economic development and investment	1		1
NJ's UEZ program is effective	1		1
Reconsider the one-size-fits-all approach of the UEZ program	1		1
UEZ program is well run by dedicated staff	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Concerns with the application of NJs prevailing wage	1		1
Strengthen UEZ administration and staff capacity at the state level	1		1
Q: What recommendations would you suggest that could make the UEZ Program a more effective place-based growth strategy for the state?			
Consider new approach to processing, allocating, and reimbursing funds	6		6
Develop stronger interagency relationships between state level and local level officials	5		5
Marketing & Advertising	5		5
No Response	4		4
Consider changes in the labor-related incentives of the UEZ program	3		3
Recent program changes have negatively impacted UEZs	3		3
Economic development components of the UEZ program should be handled by EDA. Community Development elements of the prog	2		2
State should be more proactive in defining program goals, expectations and guidelines	2		2
UEZ program leverages additional economic growth and investment	2		2
Business assistance (financial, business development, best practices ec)	1		1
Closer interaction between zones	1		1
Community infrastructure provides economic stimulus for UEZs	1		1
Concerns with the application of NJs prevailing wage	1		1
Consider changes to the UEZ program incentives	1		1
Consider revenue sharing between zones	1		1
Continue using UEZ funds for municipal services	1		1
Create uniform guidelines for loan programs	1		1
Expand UEZ program to other industry sectors	1		1
Improve coordination between other programs	1		1
Improve the frequency and quality of statewide meetings and training opportunities	1		1
Improve worker training	1		1
NJ's UEZ program is effective	1		1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Reduce the complexity of UEZ Program	1		1
Supporting tourism	1		1
UEZ program should be in the EDA or the Governors Partnership for Action	1		1
UEZ program should NOT be in DCA	1		1
Q: What are your biggest opportunities for improvement?			
Develop stronger interagency relationships between state level and local level officials	3		3
Communicate the purpose of the UEZ program more effectively	1		1
Improve the frequency and quality of statewide meetings and training opportunities	1		1
Reduce complexity of the certification process	1		1
Staffing increases	1		1
Q: What other programs have been effective in supporting economic growth in your District/Municipality?			
Economic Development needs a cabinet level position		1	1
Q: How do these tools compare to UEZ in terms of effectiveness?			
Develop program metrics that measure the UEZ Program's effectiveness		1	1
Economic Development needs a cabinet level position		1	1
Q: Do you have any additional comments?			
Economic development components of the UEZ program should be handled by EDA. Community Development elements of the program should reside		1	1
Q: What are the key indicators or metrics that should be used to measure economic development success?			
Develop program metrics that measure the UEZ Program's effectiveness		23	23
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
Develop program metrics that measure the UEZ Program's effectiveness		7	7
Communicate the purpose of the UEZ program more effectively		1	1
Q: How has the UEZ program helped address these challenges within your District/Municipality?			
Develop program metrics that measure the UEZ Program's effectiveness		2	2
Communicate the purpose of the UEZ program more effectively		1	1
State UEZ office staff are effective		1	1
Q: What are the UEZ program's weaknesses?			
Strengthen UEZ administration and staff capacity at the state level		4	4
Communicate the purpose of the UEZ program more effectively		1	1
Develop program metrics that measure the UEZ Program's effectiveness		1	1
Q: How do these programs compare with the UEZ in terms of effectiveness?			
Develop program metrics that measure the UEZ Program's effectiveness		1	1
Strengthen UEZ administration and staff capacity at the state level		1	1
Q: How could the UEZ program be improved to better address the economic challenges of the state and your District/ Municipality?			
Develop program metrics that measure the UEZ Program's effectiveness		2	2
Strengthen UEZ administration and staff capacity at the state level		2	2
Economic Development needs a cabinet level position		1	1
NJ UEZ program is effective, in part, because it is well-run by dedicated staff		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Other			
Strengthen UEZ administration and staff capacity at the state level		7	7
Reduced funding levels are impacting UEZs		3	3
Develop stronger interagency relationships between state level and local level officials		2	2
Communicate the purpose of the UEZ program more effectively		1	1
Develop program metrics that measure the UEZ Program's effectiveness		1	1
Interagency relationships exist between state level and local level officials	1		1
New certification system is helpful		1	1
Which municipal services are funded by ZAF?			
Q: If your zone uses the Enterprise Zone Assistance Fund for municipal services, which services are funded?			
ZAF--police	23		23
ZAF--clean team	18		18
ZAF--equipment	11		11
ZAF is not used for municipal services	6		6
ZAF--admin costs	2		2
ZAF--fire	2		2
Certify UEZ coordinators	1		1
Municipal service projects address quality of life	1		1
ZAF--community planning	1		1
ZAF--parking officer	1		1
ZAF--transportation shuttles	1		1
Zone Incentives			
Q: What are the strengths of the UEZ Program at the state level?			
Consider the importance of the tax reduction	2		2
Reinvestment in UEZ communities	1		1
Q: What are the key economic challenges facing the state's urban areas?			
2nd Generation loan programs provide flexibility		1	1
Q: Do you have any additional comments?			
Leverage the Zone Incentives between UEZs		1	1
UEZ program leverages additional economic growth and investment		1	1
Q: How has the Urban Enterprise Zone program helped address these challenges across the state?			
UEZ program leverages additional economic growth and investment		1	1
ZAF funding provides municipal services		1	1
Q: How has the UEZ program helped address these challenges within your District/Municipality?			
UEZ program leverages additional economic growth and investment		1	1
Q: What are the UEZ program's weaknesses?			
ZAF funding provides municipal services		3	3
Consider changes to the UEZ program incentives		1	1
Q: What other economic development programs have been used in your District/Municipality?			
Additional funding leveraged is not adequately recorded		1	1
Q: How could the UEZ program be improved to better address the economic challenges of the state and your District/ Municipality?			
Consider changes to the UEZ program incentives		1	1
Consider the importance of the tax reduction		1	1
ZAF funding provides municipal services		1	1

Summary of Interview Findings by Category, Question, and Response

Interview Findings by Category	Frequency of Response		
	UEZ Zone Coordinators	State Agency & Elected Officials	Grand Total
Other			
Consider stronger fiduciary controls		4	4
Consider the relationship between the zone development plan, the municipal master plan, and ZAF projects		1	1
Zone incentives attract consumers from neighboring states	1		1
Q. Which UEZ Program benefits or Other State Programs are important to your UEZ?			
Ranked in Order of Importance			
Enterprise Zone Assistance Fund - capital projects			Rank
Enterprise Zone Assistance Fund – other projects			1
Sales tax exemption/refund for certain business purchases			1
Sales tax reduction			2
Priority financial assistance			3
Business Employment Incentive Program			4
Employee tax credits			5
Tax credit against Corporate Business Tax			6
Business Retention & Relocation Assistance Grant			7
Worker Training			8
Energy and utility service sales tax exemption -			9
Business Training			10
Subsidized unemployment insurance			11
			12

NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX F: BUSINESS SURVEY, CERTIFICATION PROCESS

INTRODUCTION

Gauging the impact of the NJ UEZ Program on businesses located in each zone was also integral to this assessment. The policy and programmatic review tasking of this engagement included an online (or alternatively, a paper-based) survey of local businesses certified to participate in a local UEZ. The consultant team developed a survey and worked with the State UEZ Program Office to administer it to UEZ certified businesses in each zone. (See Business Certification Process flow chart at the end of this appendix.) Questions were designed to collect qualitative information pertaining to program satisfaction, reporting requirements, and potential enhancements. This particular task largely yielded qualitative input that was used to further corroborate quantitative findings from data analysis and fact-finding.

- 7,160 letters inviting participation in an online survey were sent to UEZ Certified Businesses by the New Jersey Economic Development Authority (EDA) and the New Jersey Department of Community Affairs (DCA).
- A total of 1,003 complete surveys (14.0%) were submitted, representing a statistically significant sampling of UEZ Certified Businesses.

BUSINESS SURVEY METHODOLOGY

SURVEY CONTENT

The business survey yielded qualitative input that was used to further corroborate quantitative findings from data analysis, document review, and stakeholder interviews.

A total of 21 questions were posed in the business survey, consisting of three primary focus areas: (1) business establishment procedures and business information, (2) marketing program goals and difficulties within the UEZ certification process, and (3) improved economic conditions and Program impacts from the point of view of local business owners certified in the UEZ Program.

Business owners were asked in section one to identify their business classification, when they were first certified in the UEZ Program, which UEZ Program benefits they take advantage of, and the number of employees at their business. In section two business owners were asked to identify marketing objectives, how they advertise their UEZ certification to customers, and what recommendations they have for improving the certification and recertification process. Section three identified Program satisfaction, major issues affecting business growth and expansion, suggested UEZ Program improvements, and how their business would be impacted if UEZ Program benefits were no longer available.

Each section included both mandatory and optional response questions. Questions that provided an “other” option included space for businesses to continue their explanations. It should also be noted that all respondents were afforded the opportunity to leave their business name, e-mail address, and telephone number for further contact about the UEZ Program in their area. Business survey questions are included in the Business Survey Results section of this Appendix.



SURVEY DEPLOYMENT

The content of the business survey was developed by the consultant team in conjunction with the client and was focused on capturing the prominent issues facing UEZ Certified Businesses today. The business survey was constructed as an electronic submission through SurveyMonkey.com (SurveyMonkey™). The decision to use an online survey tool ensured business confidentiality and met the requirements of the project time frame. The online survey tool prompted businesses to answer all required questions. If required questions were not answered, the survey could not be submitted and deemed “complete.”

EDA and DCA sent a joint letter dated November 17, 2010, to 7,160 UEZ Certified Businesses requesting business participation in the online survey. The mailing list was provided by the State UEZ Program Office. The letter included the survey access Web link, instructions for accessing the Web link and completing the survey, and a Delta Development Group (Delta) point of contact in case businesses had any questions. The business survey was open online from November 29, 2010, to December 10, 2010. A copy of the letter sent to UEZ Certified Businesses by EDA and DCA is included at the end of this Appendix.

After the joint agency letter was mailed, a few local UEZs contacted EDA requesting a hard copy of the survey for those businesses without Internet access. EDA provided numbered hard copies of the survey to requesting UEZs. A total of 205 hard copies of the survey were distributed by EDA. UEZ Certified Businesses received the hard copy survey with a cover letter providing modified instructions with a key for drop-down questions to ensure consistency with the online survey participants. Businesses were requested to mail the hard copy survey via United States Postal Service directly to Delta Development Group to maintain confidentiality. A total of 108 hard copies of the survey received at Delta were reviewed for completeness. Hard copy surveys were deemed complete only if all required questions were answered to ensure consistency with the online survey submission. Those surveys deemed ‘complete’ were manually inputted into SurveyMonkey™ by Delta professionals who were part of the survey construction.

PURPOSE AND USE AS AN INDICATOR

The New Jersey UEZ-certified business survey was a helpful tool to complete the Program assessment. The impacts and personal observations each business owner expressed in his or her individual survey played a vital role in determining the successes and shortfalls of the current UEZ Program as seen by UEZ business owners. The research design for the business survey targeted a strategy to incorporate factual examination of the UEZ certification process, UEZ Program benefits, UEZ business operations, and problems or successes within the New Jersey UEZ Program per the business owners. The cross-sectional designs of the UEZ survey helped to parallel the needs of the businesses with the goals of the Program. It is important to note that all businesses had the option to answer all questions, and all questions provided an “other” option; space was provided for businesses to continue their explanation.

SUMMARY OF BUSINESS SURVEY RESULTS

- The business survey was a statistically valid sampling of UEZ Certified Businesses.
 - A total of 7,160 letters requesting invitation to participate in an online survey were sent to UEZ Certified Businesses.
 - A total of 554 complete online responses were required to make the survey statistically valid at the 95% confidence level (+/-4).
 - A total of 1,003 complete surveys were submitted online.



- A total of 1,258 surveys were either started online or received via mail by Delta.
 - As noted above, 1,003 of the surveys were deemed complete per the survey methodology and included as part of the final survey analysis.
 - The remaining 255 surveys were not included as part of the final survey analysis.
- Completed surveys from the City of Elizabeth, Vineland, and Newark represented the municipalities with the greatest survey response, at 15.9%, 12.4%, and 10.0%, respectively.
- Survey respondents reflect smaller businesses that have been at their location for either several decades or only for the past five years.
 - The survey reflects that the majority of business respondents (93.4%) are smaller firms employing less than 100 employees.
 - Over 30% of business respondents have been located at their current site for more than 20 years, while 24% have been at their current site between one and five years.
- Elimination of state sales tax, the 3.5% sales tax rate for consumers, and the Enterprise Zone Assistance Fund (for capital projects) were the most frequently used and most important UEZ benefits to survey respondents.
- The majority of survey respondents indicated no challenges with the certification or re-certification process, at 80.8% and 79.7% respectively.
 - The most common challenges reported were too much paperwork, a process that is rather complex, and a time frame that is too slow.
 - Interestingly, a few respondents indicated that they were either not a certified business or were unfamiliar with the certification and recertification process.
- The top five recommendations for improving the UEZ Program at the local level were as follows:
 - Improved advertising and marketing of the UEZ Program and its benefits (21.6%)
 - Adding community development elements and/or funding (13.2%)
 - Streamlining paperwork and processes (11.9%)
 - Improving staff availability, expertise, and assistance (8.1%)
 - Additional Program incentives (7.8%)
- The UEZ Program and its benefits are highly valued by survey respondents. When asked, “How would your business be impacted if your zone’s certification expired and you were no longer eligible for the UEZ benefits?” the overall response suggests a significant negative impact. A total of 777 or 77.5% of survey respondents provided an answer to this question.
 - Decrease in sales due to the loss of the 3.5% sales tax benefit for consumers (19.0%) and increasing operating costs and decreasing profits (15.6%) were most commonly cited as impacts associated with the loss of UEZ benefits, followed by loss of UEZ tax exemption benefits (9.5%).
 - Many businesses indicated that business closure or relocation would be results of no longer using UEZ Program benefits. Specifically, businesses responded that they would close, relocate to another UEZ, relocate outside of their current UEZ location, or relocate out of state. Many businesses cited that in general the business would face a significant impact.
 - Job loss was also reported as a resultant impact of the loss of UEZ benefits (4.4%).



- Many businesses reported that losing the UEZ benefits would add to the burden placed upon them by current national economic conditions (4.3%).
- Businesses also indicated that the UEZ benefits help their competitive position. One company notes that its business “competes in both the domestic and global markets against local, out of state, and offshore competitors.” The UEZ Program benefits helps to control “costs, thereby making us more competitive.”
- While the majority of respondents reported that loss of UEZ benefits would negatively impact their company’s operation, several businesses did not have a negative view.
 - Several businesses stated that there would be minimal business impact (4.8%) if the UEZ Program benefits were no longer available.
 - A few businesses thought that removing the UEZ Program would “level the playing field,” noting that the Program has “shift(ed) business from a noncertified business to a certified business.” Additionally, a business reported that if the state “would eliminate all UEZ locations and place all businesses on the same playing field, then our business would not be impacted at all.”





NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 17, 2010

Dear Valued UEZ Business,

The New Jersey Economic Development Authority (EDA) is undertaking an effort to review the structure of the Urban Enterprise Zone (UEZ) program and to determine whether the UEZ concept is a viable tool for encouraging economic development in New Jersey's communities. The EDA is working with the consultant team of Delta Development Group and HR&A Advisors to conduct this analysis. As part of this program review, the consultant team is conducting an online survey for UEZ certified businesses in each UEZ to obtain information related to each zone's operation and effectiveness. The survey will provide an opportunity for you to identify the strengths and weaknesses of your local UEZ program and recommend potential state level and local changes that could enhance program effectiveness.

As a local business owner in a UEZ, we would like to obtain your input on how the program is working now and how it could be improved to create more economic development opportunities for New Jersey communities. The survey will take approximately 15 minutes to complete. Your input is important to the success of this assessment and we greatly appreciate your participation.

Please access the survey by typing the following website address into your web browser and following the instructions <http://www.surveymonkey.com/s/NJUEZ>. To ensure that this program assessment is completed as efficiently and effectively as possible, we are asking for your help to complete the survey by **December 10, 2010**. Thank you in advance for your thoughtful response.

Sincerely,

Caren Franzini
CEO

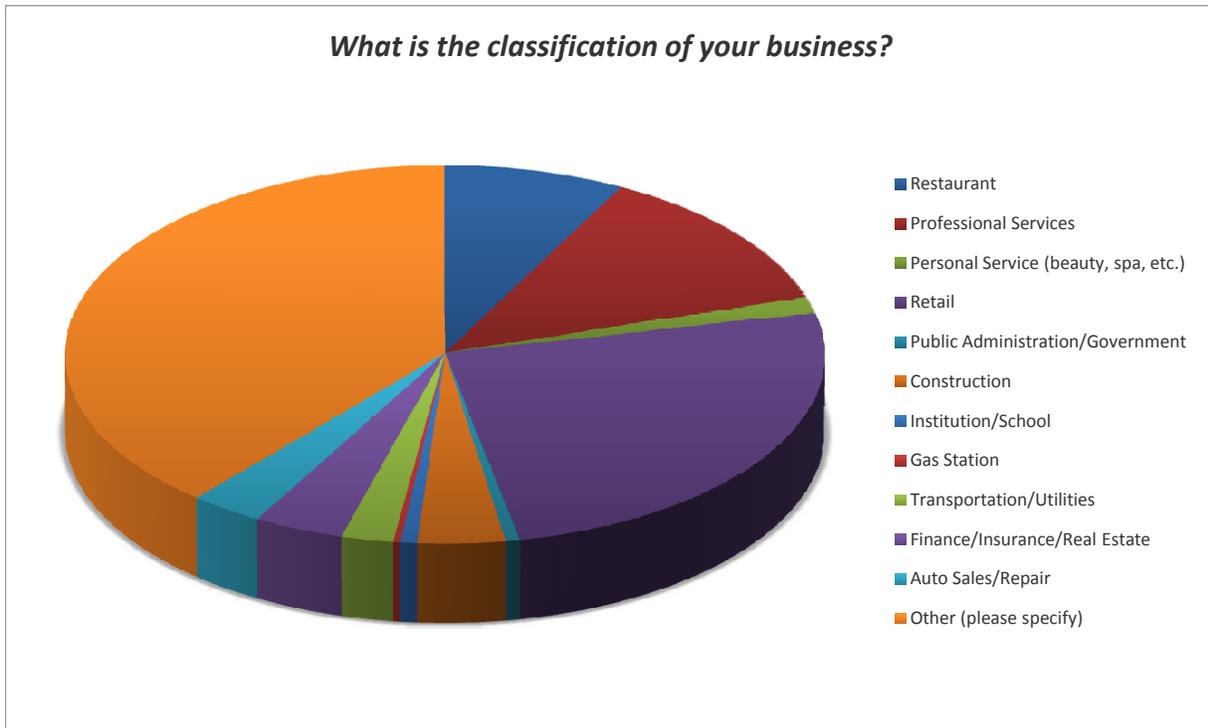
Peter Lijoi
Executive Director
UEZ Authority

Business Survey Results

Question 1	
In which municipality is your UEZ-certified business located? Select the appropriate municipality.	
Municipality	Number in Municipality
Elizabeth	159
Vineland	124
Newark	100
Paterson	78
Lakewood	62
Millville	50
Jersey City	43
Trenton	31
Kearny	30
Mount Holly	30
Wildwood	28
Camden	26
Carteret	25
Pleasantville	19
New Brunswick	18
Passaic	18
Orange	15
Wildwood Crest	15
North Wildwood	13
Plainfield	13
Bayonne	12
Bridgeton	12
Asbury Park	10
Gloucester City	8
Hillside	8
Phillipsburg	7
Irvington	6
North Bergen	6
Perth Amboy	6
Union City	6
Guttenberg	5
Long Branch	5
Pemberton Township	4
Roselle	4
East Orange	3
West New York	3
West Wildwood	1
Answered Question	1003
Skipped Question	0

UEZ municipalities with the greatest level of survey participation included Elizabeth (15.9%), Vineland (12.4%), Newark (10%), Paterson (8%), and Lakewood (6%). Forty-eight percent of the completed surveys were from the remaining 32 municipalities.

Question 2		
What is the classification of your business?		
Answer Options	Response Percent	Response Count
Restaurant	7.8%	78
Professional Services	12.4%	124
Personal Service (beauty, spa, etc.)	1.4%	14
Retail	25.3%	254
Public Administration/Government	0.6%	6
Construction	3.7%	37
Institution/School	0.7%	7
Gas Station	0.3%	3
Transportation/Utilities	2.2%	22
Finance/Insurance/Real Estate	3.8%	38
Auto Sales/Repair	3.1%	31
Other (please specify)	38.8%	389
answered question		1003
skipped question		0



The top three business classifications with the highest response rate were "other" (38.8%), retail (25.3%), and professional services (12.4%). The remaining 9 categories account for only 23.5% of the responses.

A summary of responses for the "other" category is included on the following page.

Question 2 - Responses for "other" category	
What is the classification of your business?	
Answer Options	Response Count
Manufacturing	107
Wholesale Trade	73
Accommodation and Food Services	34
Retail Trade	33
Real Estate and Rental and Leasing	24
Other Services (except Public Administration)	20
Health Care and Social Assistance	17
Professional, Scientific, and Technical Services	14
Community Organization	13
Transportation and Warehousing	13
Arts, Entertainment, and Recreation	12
Construction	10
Public Administration	6
Administration and Support and Waste Management and Remediation Services	4
Finance and Insurance	4
Industrial / Warehousing	3
Educational Services	2
Grand Total	389

Manufacturing and wholesale trade businesses accounted for 27.5% and 18.8% of "other" business classifications.

Question 3		
How long has your business been operating at its current location?		
Answer Options	Response Percent	Response Count
Under 1 year	5.6%	56
1 - 5 years	24.1%	242
6 - 10 years	15.6%	156
11 - 20 years	19.8%	199
Over 20 years	34.9%	350
answered question		1003
skipped question		0



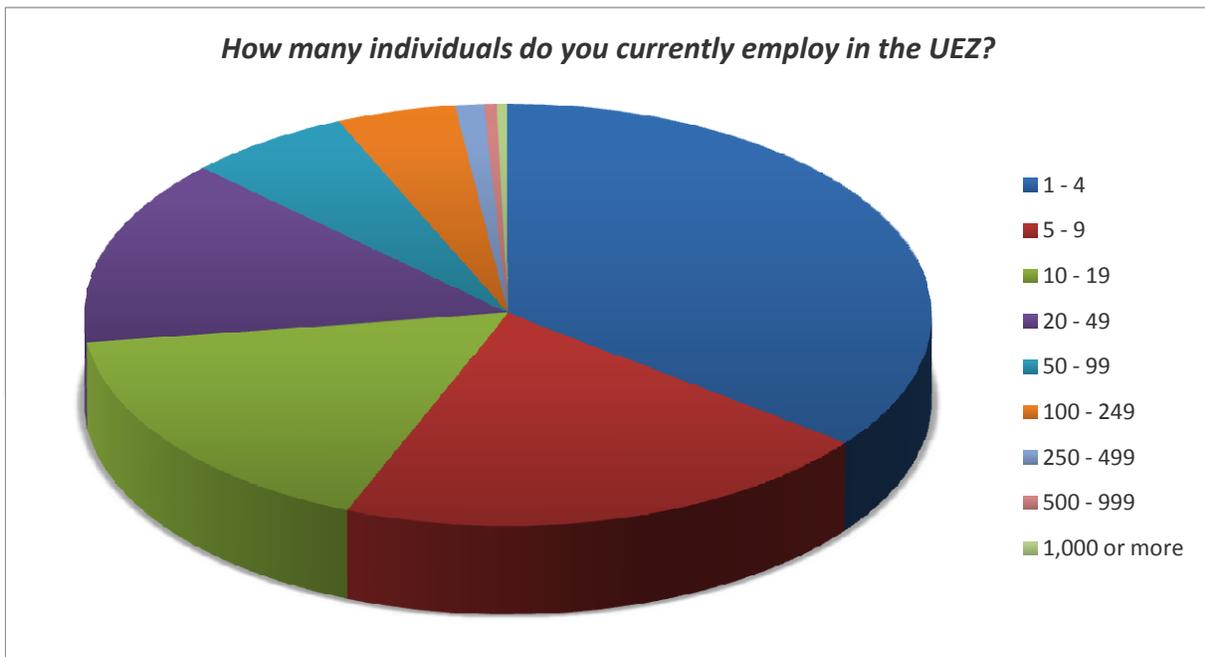
The majority of survey respondents have been located at their current location for over 20 years (34.9%) or between 1 and 5 years (24.1%).

Question 4	
What year did your business receive UEZ business certification? Select the appropriate year.	
Year	Answer
2010	80
2009	89
2008	70
2007	70
2006	46
2005	65
2004	49
2003	40
2002	38
2001	34
2000	52
1999	30
1998	38
1997	30
1996	31
1995	34
1994	25
1993	19
1992	17
1991	12
1990	14
1989	6
1988	9
1987	7
1986	11
1985	9
1984	5
1983	20
answered question	950
skipped question	53

Five percent of the respondents skipped this question. There is a steady increase from 1993 to 2010, reflecting the entrance of new zones into the UEZ Program.

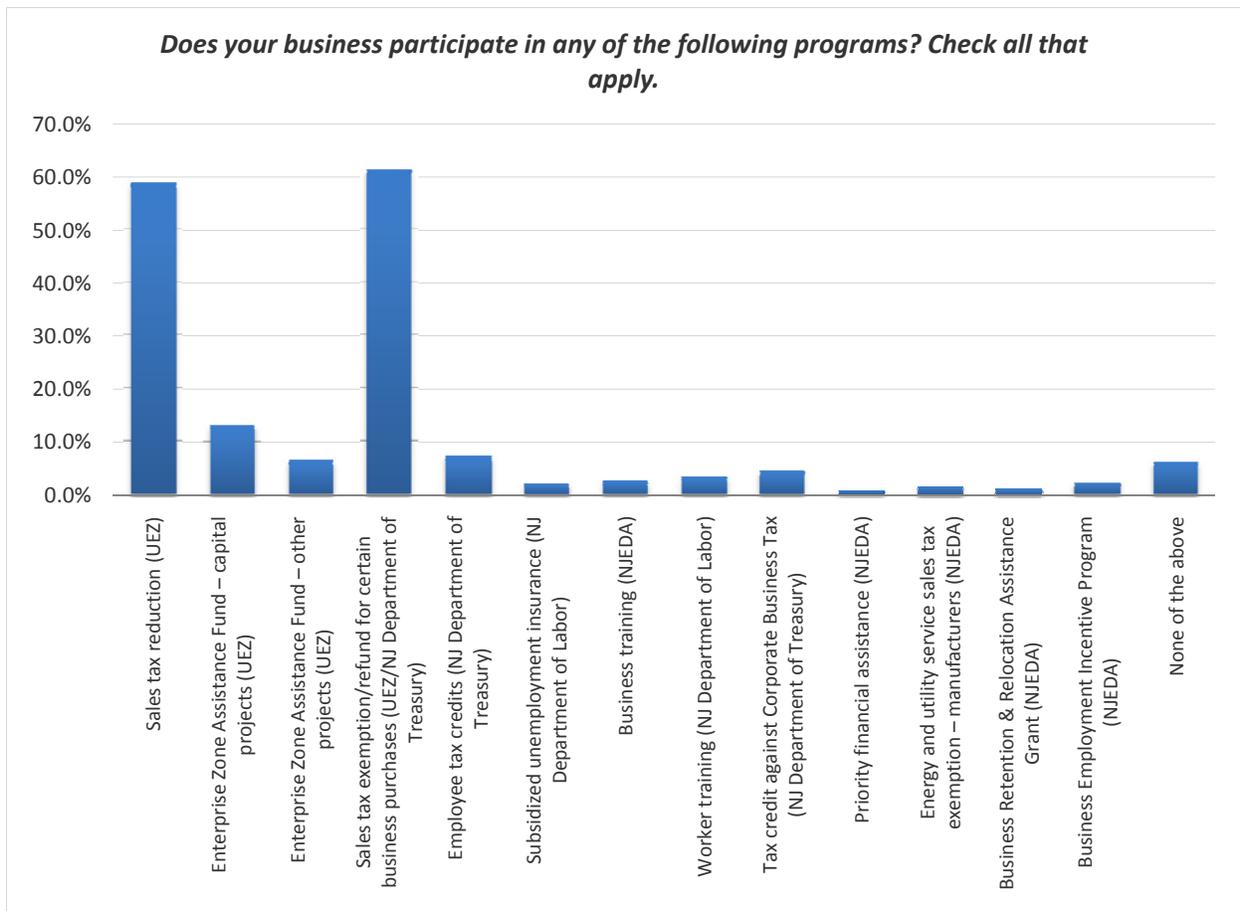
Business Survey Results

Question 5		
How many individuals do you currently employ in the UEZ?		
Answer Options	Response Percent	Response Count
1 - 4	35.5%	356
5 - 9	20.6%	207
10 - 19	16.7%	168
20 - 49	14.3%	143
50 - 99	6.3%	63
100 - 249	4.6%	46
250 - 499	1.1%	11
500 - 999	0.5%	5
1,000 or more	0.4%	4
answered question		1003
skipped question		0



Most businesses that responded to the survey employ 1 to 4 employees. Businesses employing more than 100 employees represent only 6.6% of survey respondents.

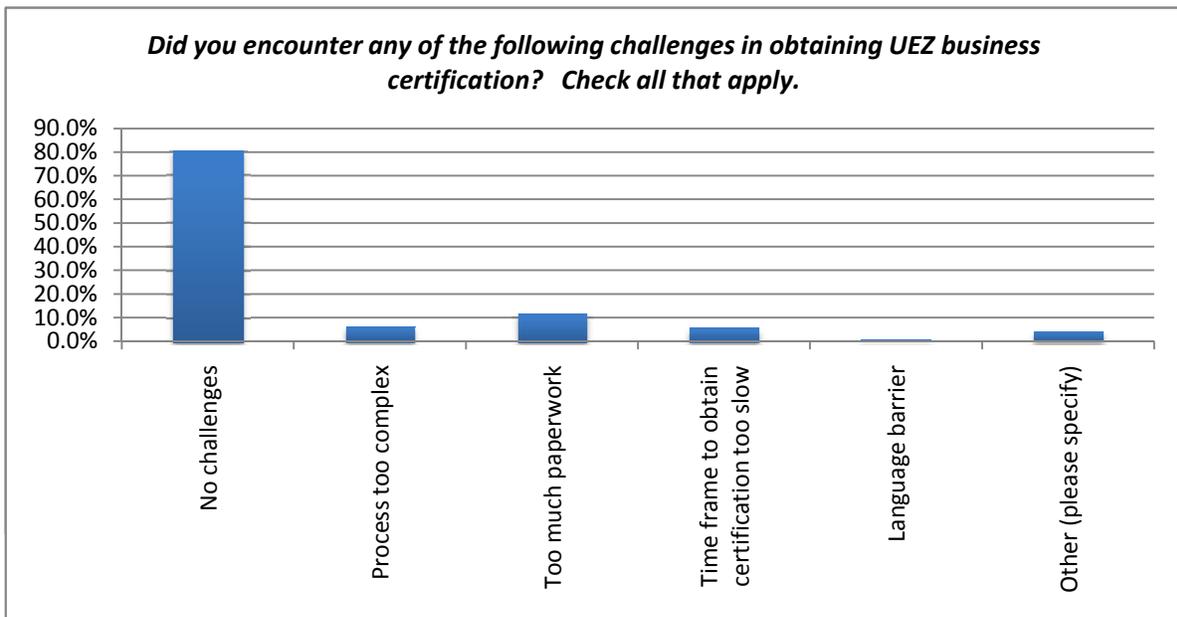
Question 6		
Does your business participate in any of the following programs? Check all that apply.		
Answer Options	Response Percent	Response Count
Sales tax reduction (UEZ)	58.8%	590
Enterprise Zone Assistance Fund – capital projects (UEZ)	13.3%	133
Enterprise Zone Assistance Fund – other projects (UEZ)	6.4%	64
Sales tax exemption/refund for certain business purchases (UEZ/NJ Department of Treasury)	61.2%	614
Employee tax credits (NJ Department of Treasury)	7.3%	73
Subsidized unemployment insurance (NJ Department of Labor)	2.1%	21
Business training (NJEDA)	2.5%	25
Worker training (NJ Department of Labor)	3.3%	33
Tax credit against Corporate Business Tax (NJ Department of Treasury)	4.5%	45
Priority financial assistance (NJEDA)	0.9%	9
Energy and utility service sales tax exemption – manufacturers (NJEDA)	1.7%	17
Business Retention & Relocation Assistance Grant (NJEDA)	1.1%	11
Business Employment Incentive Program (NJEDA)	2.3%	23
None of the above	6.3%	63
answered question		1003
skipped question		0



The sales tax exemption, sales tax reduction, and enterprise zone assistance were identified as the most frequently used benefits. In this survey, 6.3% of respondents indicated participation in no benefits. It is important to note that survey respondents could choose more than one answer option for this question.

Business Survey Results

Question 7		
Did you encounter any of the following challenges in obtaining UEZ business certification? Check all that apply.		
Answer Options	Response Percent	Response Count
No challenges	80.8%	810
Process too complex	6.2%	62
Too much paperwork	11.7%	117
Time frame to obtain certification too slow	5.5%	55
Language barrier	0.8%	8
Other (please specify)	4.1%	41
answered question		1003
skipped question		0



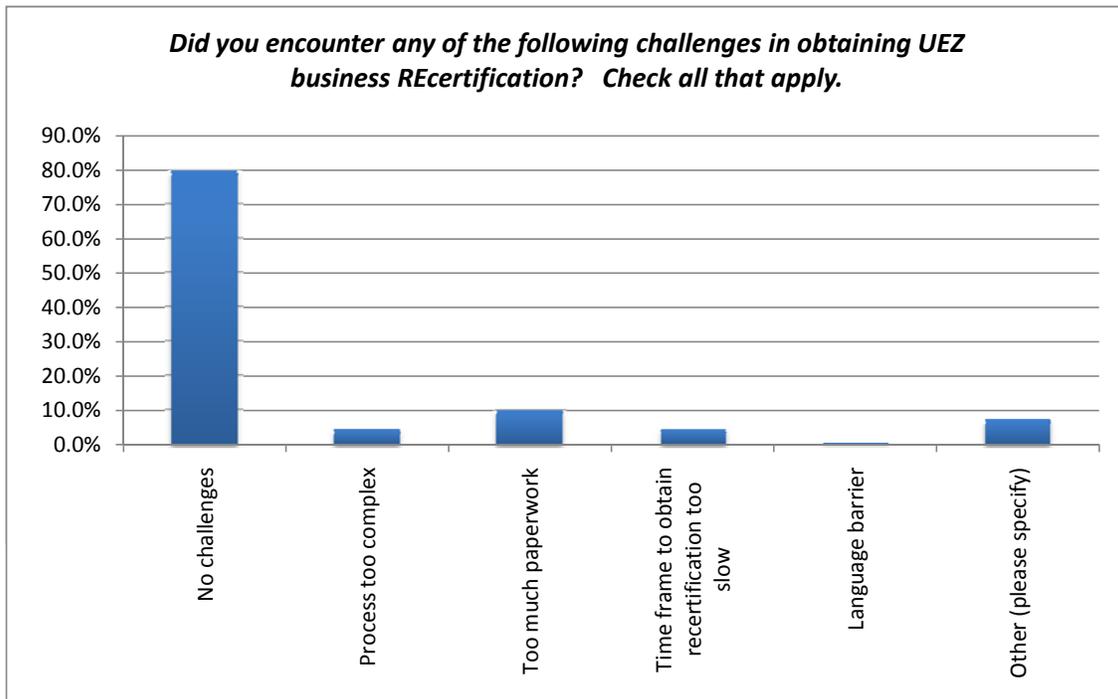
In the survey, 80.8% of the respondents said that they did not encounter any challenges in obtaining UEZ business certification. Only 19.2% of the respondents said that they did encounter some sort of challenge during the certification process. "Too much paperwork" was the most selected challenge. It is important to note that survey respondents could choose more than one challenge for this question.

A summary of responses for the "other" category is included on the following page.

Question 7 - Responses for "other" category	
Did you encounter any of the following challenges in obtaining UEZ business certification? Check all that apply.	
Answer Options	Response Count
Stringent requirements	9
Long and complex process	7
Certification completed for the business	4
Local UEZ office assistance (positive)	4
Need additional funding	3
No problems	3
Unclear process and programs	3
Local UEZ office assistance (negative)	2
Not a certified business	2
Unaware of program	2
Certification process and program incentives are not flexible for unique businesses	1
Need better coordination between local and state level	1
Grand Total	41

Four respondents indicated that the business was either not certified or unaware of UEZ certification.

Question 8		
Did you encounter any of the following challenges in obtaining UEZ business REcertification? Check all that apply.		
Answer Options	Response Percent	Response Count
No challenges	79.7%	799
Process too complex	4.4%	44
Too much paperwork	10.0%	100
Time frame to obtain recertification too slow	4.5%	45
Language barrier	0.6%	6
Other (please specify)	7.3%	73
answered question		1003
skipped question		0



In the survey, 79.7% of the respondents said that they did not encounter any challenges in obtaining UEZ business recertification. Only 20.3% of the respondents said that they did encounter some sort of challenge during the recertification process. "Too much paperwork" was the most selected challenge. It is important to note that survey respondents could choose more than one challenge for this question.

A summary of responses for the "other" category is included on the following page.

Question 8 - Responses for "other" category	
Did you encounter any of the following challenges in obtaining UEZ business REcertification? Check all that apply.	
Answer Options	Response Count
Stringent requirements	25
Have not recertified (yet)	13
N/A	12
Need better coordination between local and state level	5
Long and complex process	3
Not a certified business	3
Local UEZ office assistance (negative)	2
No problems	2
Not recertifying	2
Unaware of program	2
Certification completed for the business	1
Division of Taxation comment	1
Local UEZ office assistance (positive)	1
Unclear process and programs	1
Grand Total	73

Five respondents indicated that the business was either not certified or they are unaware of UEZ business certification.

Business Survey Results

Question 9		
Do you have any recommendations to improve the certification and recertification process? List up to 3 recommendations. (100 characters maximum)		
Answer Options	Response Percent	Response Count
1	100.0%	306
2	29.1%	89
3	11.8%	36
answered question		306
skipped question		697

In this survey, 30.5% of respondents provided recommendations to improve the certification/recertification process.

A summary of responses for this question is included on the following page.

Question 9 - Responses	
Do you have any recommendations to improve the certification and recertification process? List up to 3 recommendations. (100 characters maximum)	
Recommendations	Response Count
Simplify paperwork and process	88
No changes	62
Utilize an online process	44
Less frequent recertification	34
Advertise and explain UEZ benefits more clearly	29
Modify eligibility requirements	22
Modify program incentives	20
Provide more one-on-one support at the local level	18
Local UEZ office assistance (positive)	15
Verify status of application	11
Quicker process	11
Process is improving	7
Automatic recertification	6
The UEZ program is important to participating businesses	6
Local UEZ office assistance (negative)	4
Allow more time to complete paperwork	4
Improve communication between state and local govt and business community	3
Expand the UEZ program to additional industries and locations	3
Increase policing of the program	2
Improve community safety	1
Limit the program to benefit downtowns	1
State UEZ office assistance (negative)	1
Stringent requirements	1
None	1
Grand Total	394

The top five recommendations for improvement included the following:

1. Simplify paperwork and process (22.3%)
2. No changes (15.7%)
3. Utilize an online process (11.2%)
4. Less frequent recertification (8.6%)
5. Advertise and explain benefits more clearly (7.4%)

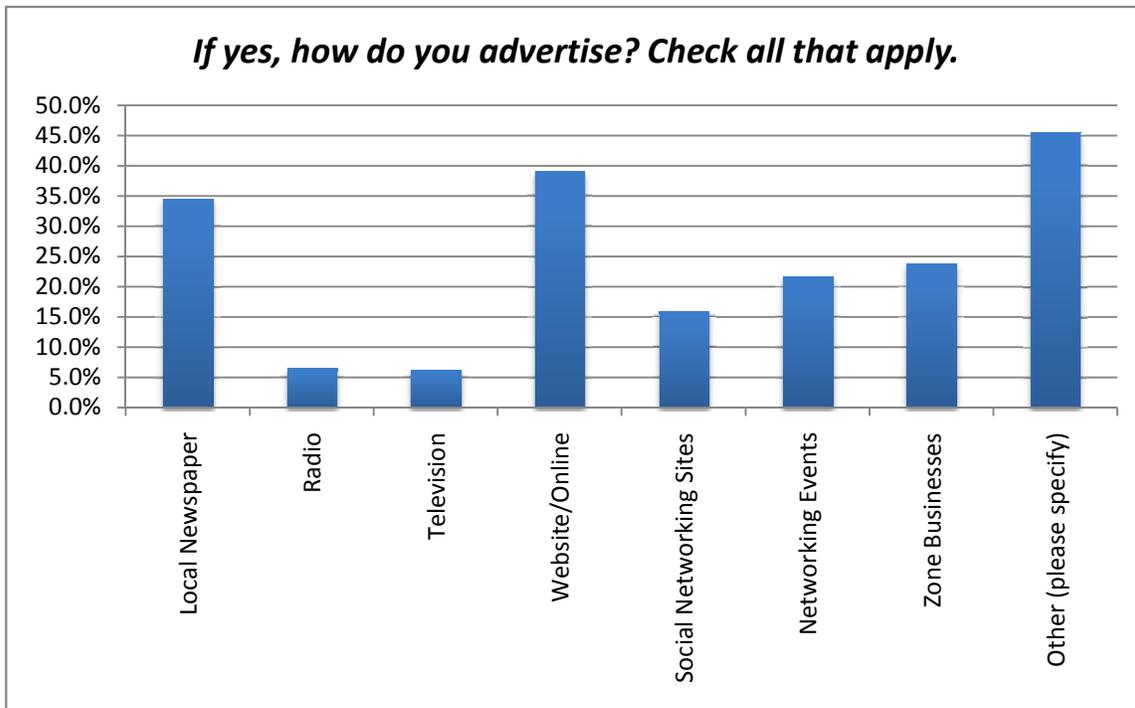
Business Survey Results

Question 10		
Do you advertise your UEZ certification to your customers?		
Answer Options	Response Percent	Response Count
Yes	50.1%	503
No	49.9%	500
<i>answered question</i>		1003
<i>skipped question</i>		0



The results were almost split in half: half of the businesses advertised their UEZ certification, while the other half did not.

Question 11		
If yes, how do you advertise? Check all that apply.		
Answer Options	Response Percent	Response Count
Local Newspaper	34.5%	165
Radio	6.5%	31
Television	6.3%	30
Website/Online	39.1%	187
Social Networking Sites	15.9%	76
Networking Events	21.8%	104
Zone Businesses	23.8%	114
Other (please specify)	45.6%	218
answered question		478
skipped question		525



Respondents were prompted to respond to this question only if they advertise. For that reason, this question was skipped by about half of the respondents. It is also important to note that respondents were not limited to the number of choices they could select. Most respondents said that they used an "other" source of advertisement than listed. Website/online was second highest followed by the local newspaper.

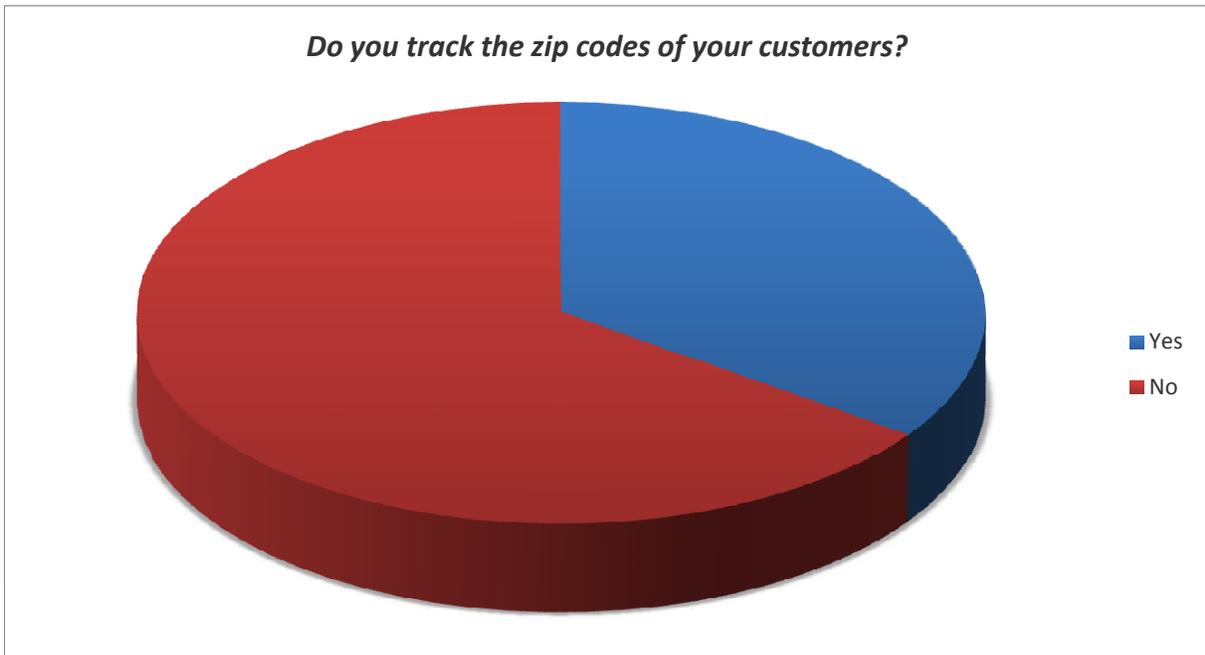
A summary of responses for the "other" category is included on the following page.

Question 11 - Responses for "other" category	
If yes, how do you advertise? Check all that apply.	
Answer Options	Response Count
On-site	90
Print	68
Word of Mouth	59
Phone	8
Networking Events	2
Television	2
Website/Online	3
Billboard	1
Events/Promotions	1
Grand Total	234

In the survey, 38.5% of businesses responding to "other" indicated that they advertise their UEZ certification on-site.

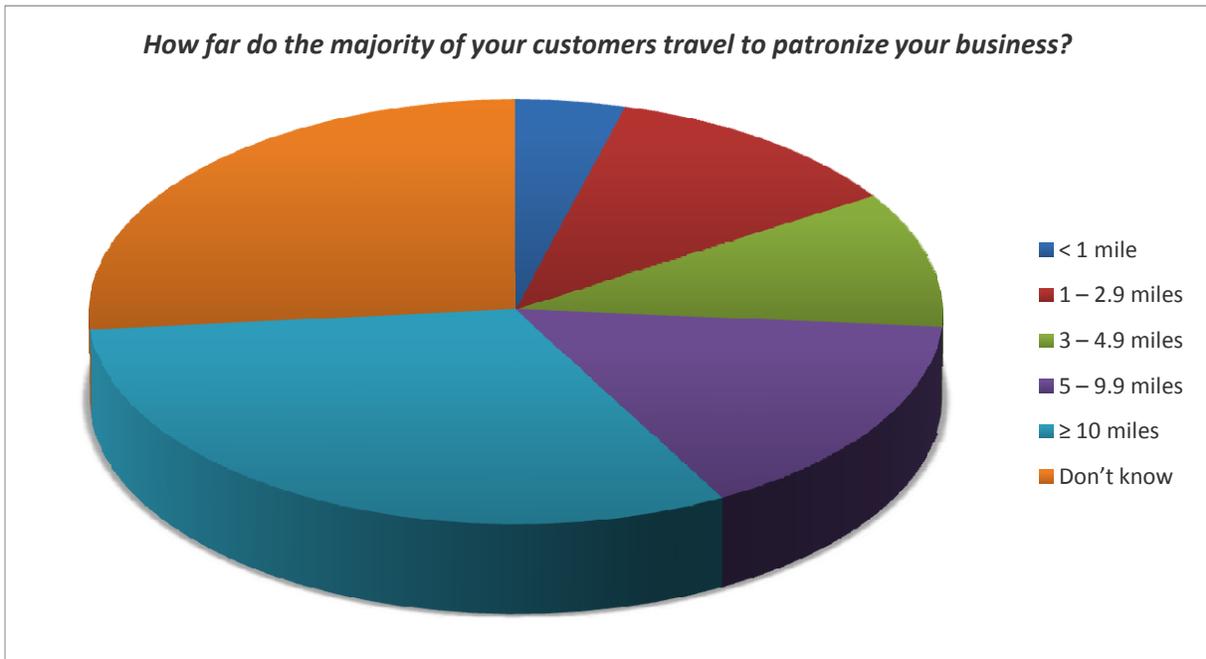
Business Survey Results

Question 12		
Do you track the zip codes of your customers?		
Answer Options	Response Percent	Response Count
Yes	34.9%	350
No	65.1%	653
answered question		1003
skipped question		0



The majority of the respondents indicated that they did not track the zip codes of their customers (65.1%).

Question 13		
How far do the majority of your customers travel to patronize your business?		
Answer Options	Response Percent	Response Count
< 1 mile	4.2%	42
1 – 2.9 miles	11.8%	118
3 – 4.9 miles	10.3%	103
5 – 9.9 miles	15.8%	158
≥ 10 miles	31.5%	316
Don't know	26.5%	266
answered question		1003
skipped question		0



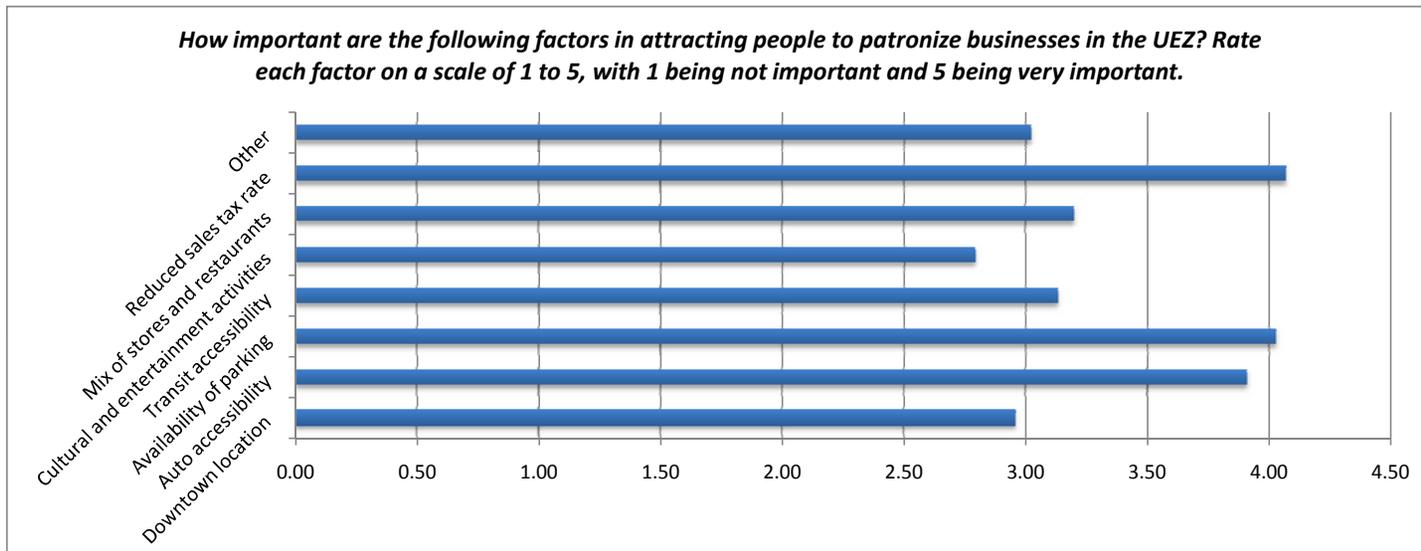
The answer option with the highest response rate was for 10 miles or greater (31.5%). In the survey, 26.5% of the respondents did not know how far their customers traveled.

Business Survey Results

Question 14	
Approximately what percentage of your customers are from outside of New Jersey?	
Percentage Range	Answers
0 - 9%	559
10 - 19%	120
20 - 29%	60
30 - 39%	43
40 - 49%	30
50 - 59%	57
60 - 69%	28
70 - 79%	31
80 - 89%	34
90 - 99%	31
100%	10
answered question	1003
skipped question	0

Over half (56%) of the respondents indicated that less than 9% of their customers were from outside New Jersey. As the percent ranges increase, the number of customers tends to decrease.

Question 15							
How important are the following factors in attracting people to patronize businesses in the UEZ? Rate each factor on a scale of 1 to 5, with 1 being not important and 5 being very important.							
Answer Options	1 (Not Important)	2 (Somewhat Important)	3 (No Opinion)	4 (Important)	5 (Very Important)	Rating Average	Response Count
Downtown location	261	138	170	180	221	2.96	970
Auto accessibility	80	92	86	290	425	3.91	973
Availability of parking	77	78	67	264	488	4.03	974
Transit accessibility	223	122	160	207	241	3.13	953
Cultural and entertainment activities	296	102	220	161	167	2.79	946
Mix of stores and restaurants	212	109	145	248	237	3.20	951
Reduced sales tax rate	105	48	85	156	558	4.07	952
Other	68	6	107	10	69	3.02	260
answered question							1003
skipped question							0



Auto accessibility, available parking, transit accessibility, and reduced sales tax rate had the greatest response rate for "very important". Auto accessibility had the most responses for "important." Downtown location and cultural and entertainment activities had the most responses for "not important." The "other" category had the most responses for "no opinion".

A summary of responses for the "other" category is included on the following page.

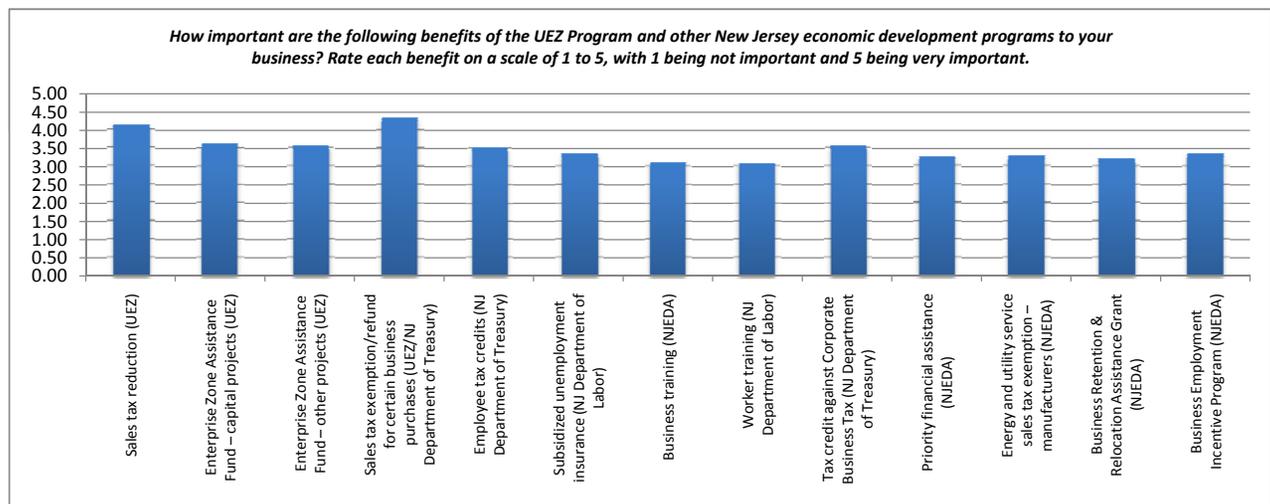
Question 15 - Responses for "other" category	
How important are the following factors in attracting people to patronize businesses in the UEZ? Rate each factor on a scale of 1 to 5, with 1 being not important and 5 being very important.	
Answer Options	Response Count
Atmosphere and Safety	37
N/A	26
UEZ does not impact patronage	5
Advertising	4
Competitive advantage	4
Customer service	4
Reinvestment in Business and/or Zone	4
Downtown location	2
Proximity to transportation options	2
Reduced sales tax rate	2
Reputation	2
Auto accessibility	1
Availability of parking	1
Lower prices	1
Product	1
All of the above	1
Grand Total	97

In the survey, 38.0% of businesses responding "other" indicated that atmosphere and safety were important factors in attracting customers.

Question 16

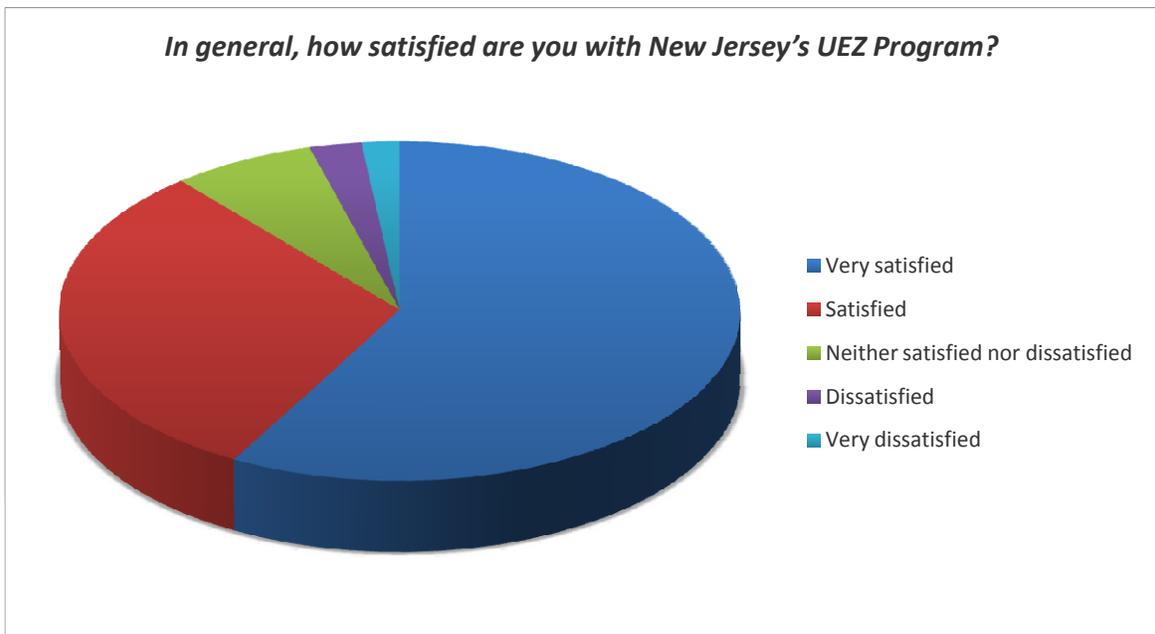
How important are the following benefits of the UEZ Program and other New Jersey economic development programs to your business? Rate each benefit on a scale of 1 to 5, with 1 being not important and 5 being very important.

Answer Options	1 (Not Important)	2 (Somewhat Important)	3 (No Opinion)	4 (Important)	5 (Very Important)	Rating Average	Response Count
Sales tax reduction (UEZ)	102	53	88	124	636	4.14	1003
Enterprise Zone Assistance Fund – capital projects (UEZ)	103	66	266	219	349	3.64	1003
Enterprise Zone Assistance Fund – other projects (UEZ)	104	71	292	220	316	3.57	1003
Sales tax exemption/refund for certain business purchases (UEZ/NJ Department of Treasury)	27	45	108	191	632	4.35	1003
Employee tax credits (NJ Department of Treasury)	91	73	329	234	276	3.53	1003
Subsidized unemployment insurance (NJ Department of Labor)	117	73	371	211	231	3.36	1003
Business training (NJEDA)	162	97	384	192	168	3.11	1003
Worker training (NJ Department of Labor)	172	93	384	183	171	3.09	1003
Tax credit against Corporate Business Tax (NJ Department of Treasury)	94	64	306	250	289	3.57	1003
Priority financial assistance (NJEDA)	145	61	398	180	219	3.27	1003
Energy and utility service sales tax exemption – manufacturers (NJEDA)	151	53	386	170	243	3.30	1003
Business Retention & Relocation Assistance Grant (NJEDA)	154	53	422	171	203	3.22	1003
Business Employment Incentive Program (NJEDA)	127	53	378	219	226	3.36	1003
answered question							1003
skipped question							0



Sales tax reduction and sales tax exemption had the greatest response rates for "very important" (with over 600 respondents in each category).

Question 17		
In general, how satisfied are you with New Jersey's UEZ Program?		
Answer Options	Response Percent	Response Count
Very satisfied	58.0%	582
Satisfied	30.8%	309
Neither satisfied nor dissatisfied	6.9%	69
Dissatisfied	2.5%	25
Very dissatisfied	1.8%	18
answered question		1003
skipped question		0



Over half of the respondents reported being "very satisfied" with New Jersey's UEZ Program. Only 4.3% of the respondents were dissatisfied or very dissatisfied.

Business Survey Results

Question 18		
Please provide examples of how the UEZ Program has helped your business. List up to 3 examples. (100 characters maximum)		
Answer Options	Response Percent	Response Count
1	100.0%	739
2	58.2%	430
3	31.7%	234
answered question		739
skipped question		264

In this survey, 73.7% of business respondents provided an example of how the EZ Program has benefited their business.

A summary of responses for this question is included on the following page.

Question 18 - Responses for open-ended questions	
Please provide examples of how the UEZ Program has helped your business. List up to 3 examples. (100 characters maximum)	
Response	Number
Tax exemption for business	454
Attracts and retains customers	268
Loan programs, grants, and special financing available	136
Makes capital improvements possible	84
Competitive advantage	83
Supports community development	76
Job creation	68
Advertising	53
Business incentives make it easier to accomplish business goals	49
UEZ office provides assistance	46
Provides training	31
Supports local economic development	28
None	23
N/A	6
Reduced energy costs	6
Miscellaneous opinions and concerns	3
Grand Total	1414

The sales tax exemption for businesses (32.1%), the ability to attract and retain customers (19.0%), and the loan programs, grants, and special financing (9.6%) are viewed as ways in which the UEZ Program has benefitted business respondents.

Business Survey Results

Question 19		
What improvements would you suggest to strengthen the UEZ Program in your community? List up to 3 recommendations. (100 character maximum)		
Answer Options	Response Percent	Response Count
1	100.0%	483
2	44.3%	214
3	25.7%	124
answered question		483
skipped question		520

In the survey, 48.2% of respondents provided recommendations to strengthen the UEZ Program in their community.

A summary of responses for this question is included on the following page.

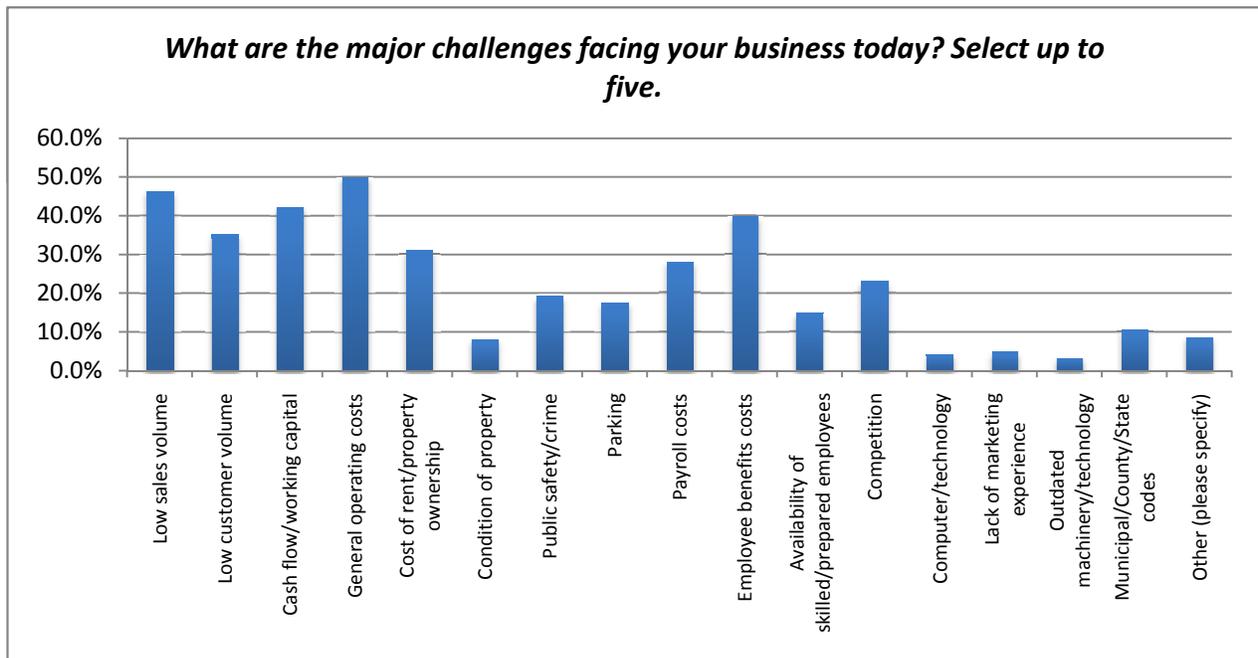
Question 19 - Responses for open-ended questions	
What improvements would you suggest to strengthen the UEZ Program in your community? List up to 3 recommendations. (100 character maximum)	
Response	Number
Improved advertising/marketing of program and its benefits	177
Additional community development elements and/or funding	108
Streamline paperwork and processes	97
Improve staff availability, expertise, and assistance	66
Suggestions for additional program incentives	64
Continue the program as is	60
Improved access to loans and funding	51
Evaluate funding allocation and use	44
Revise current program incentives	29
Address job creation/retention more directly	25
N/A	23
Include incentives for additional industries	21
Suggestion for policy change	20
Create predictable and stable program	10
Improved enforcement/oversight of program	10
Improved coordination among government agencies and levels	7
Evaluate program location	5
Eliminate program	1
Grand Total	818

The top five recommendations for improving the UEZ Program at the local level include the following:

1. Improved advertising/marketing of the program and its benefits (21.6%)
2. Additional community development elements and/or funding (13.2%)
3. Streamline paperwork and processes (11.9%)
4. Improving staff availability, expertise, and assistance (8.1%)
5. Suggestions for additional program incentives (7.8%)

Business Survey Results

Question 20		
What are the major challenges facing your business today? Select up to five.		
Answer Options	Response Percent	Response Count
Low sales volume	46.5%	466
Low customer volume	35.4%	355
Cash flow/working capital	42.4%	425
General operating costs	50.0%	501
Cost of rent/property ownership	31.1%	312
Condition of property	8.1%	81
Public safety/crime	19.2%	193
Parking	17.8%	179
Payroll costs	28.2%	283
Employee benefits costs	39.7%	398
Availability of skilled/prepared employees	14.7%	147
Competition	23.2%	233
Computer/technology	4.2%	42
Lack of marketing experience	4.9%	49
Outdated machinery/technology	3.2%	32
Municipal/County/State codes	10.7%	107
Other (please specify)	8.6%	86
answered question		1003
skipped question		0



The challenges with the greatest response rates are low sales volume, cash flow/working capital, employee benefits costs, and general operating costs. It is important to note that respondents were able to select up to five answer options.

A summary of responses for the "other" category is included on the following page.

Question 20 - Responses for "other" category	
What are the major challenges facing your business today? Select up to five.	
Answer Options	Response Count
Taxes	28
Economic conditions	15
Miscellaneous	10
Competition	6
Crime, safety, quality of life	6
Government regulation	5
None	5
Utility costs	5
Workforce	4
Fees	3
Insurance costs	3
Insufficient state-level marketing	2
Loss of UEZ benefits	2
Prevailing wage	2
N/A	1
Public transportation	1
Grand Total	98

The primary challenges reported as "other" include taxes (28.6%) and economic conditions (15.3%).

Business Survey Results

Question 21	
How would your business be impacted if your zone's certification expired and you were no longer eligible for the UEZ benefits?	
Answer Options	Response Count
<i>answered question</i>	777
<i>skipped question</i>	226

In the survey, 77.5% of respondents provided answers for how their business would be impacted if their zone certification was no longer available.

A summary of responses for this question is included on the following page.

Question 21 - Responses	
How would your business be impacted if your zone's certification expired and you were no longer eligible for the UEZ benefits?	
Answer Options	Response Count
Decrease in sales due to loss of reduced sales tax rate	188
Increased operating costs, decreased profits	154
Loss of UEZ tax exemption benefits	94
Impacts to future growth, expansion, capital improvements, and equipment purchases	58
Business closure	50
Minimal business impact	47
Significant business impact	46
Job losses	44
Added burden to current economic conditions	43
Loss of UEZ benefits	40
Quality of life impacts: crime, safety, cleanliness, streetscapes	30
Reduced competitive advantage	24
Increased competition with malls, big box stores, neighboring states, Internet	23
Reduce capital expenditures and business purchases	21
Business relocation	20
Decrease in sales due to customers spending elsewhere	19
Major community impact	17
Negatively impact community revitalization	14
Relocate business out of New Jersey	13
Miscellaneous opinions and concerns	10
Not certain of impacts	10
Reduced employment opportunities for zone residents	9
Eliminating the UEZ Program would level the playing field	7
Business relocation to another UEZ	3
Increase in taxes	3
Increase costs to customers	2
Grand Total	989

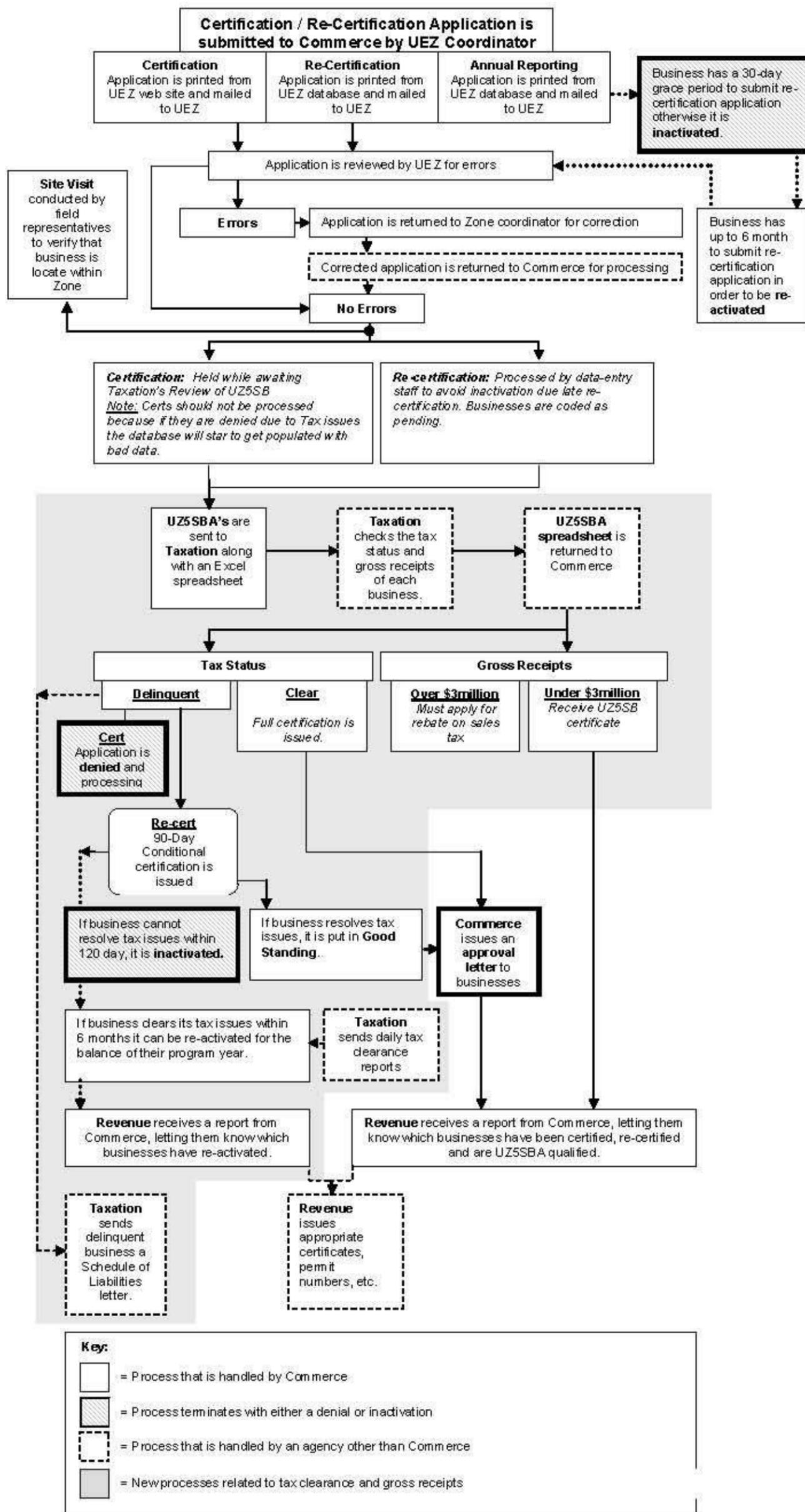
Respondents suggested the following impacts if UEZ certification was no longer available: decrease in sales due to loss of reduced sales tax rate (19.0%); increased operating costs and decreased profits (15.6%); and loss of UEZ sales tax exemption benefits (9.5%).

Business Survey Results

Question 22		
If you would like to be contacted to provide further input on New Jersey's UEZ Program, please enter your information below.		
Answer Options	Response Percent	Response Count
Name:	98.6%	480
Email Address:	88.5%	431
Phone Number:	86.4%	421
<i>answered question</i>		487
<i>skipped question</i>		516

Nearly half of the business survey respondents (48.6%) provided contact information for further input.

End Business Survey Results



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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX G: PHASES 1 & 2, OBSERVATIONS AND DATA AGGREGATION

FOCUS AREA 1: ECONOMIC DEVELOPMENT STRATEGY

1.1 UEZ Program alignment with local and State community and economic development strategies is not always apparent and differs between UEZs.

1.1.A The UEZ Program's strategic focus is unclear, inasmuch as it has been identified as a community development program, an economic development program, and both a community development and economic development program.

- There is a reported lack of coordinated economic development efforts at the State and local levels.
- Some UEZs work collaboratively with economic development organizations, while others do not.
- In some UEZ municipalities, there is not a separate organization focused on redevelopment; therefore, the UEZ Program is a critical tool that advances municipal redevelopment.
- While there were suggestions that the UEZ Program is not economic development-focused, UEZ coordinators overwhelmingly noted their top goals and objectives include:
 - business attraction, growth, and retention
 - fostering economic development and investment and
 - increasing the number of UEZ-certified businesses.

1.1.B Geographically smaller UEZs that have limited space for redevelopment are more likely to focus on community development projects, such as streetscape and façade improvements.

1.1.C Geographically larger UEZs tend to have a greater number of locations available for development or redevelopment, can accommodate larger project opportunities, and tend to focus more on economic development.

SOURCE: STATE AGENCY/COORDINATOR INTERVIEWS

1.2 Expansion of private- and public-sector partnerships would foster development opportunities consistent with UEZ Program goals.

1.2.A Initiation or expansion of collaborative partnerships with organizations such as financial institutions, higher education, county and regional chambers, county and regional economic development organizations, the Port Authority of New York and New Jersey, and New Jersey Transit would advance UEZ Program goals.

- Several UEZs report successful partnerships with county and regional economic development organizations and chambers of commerce.
- Greater knowledge of other New Jersey incentive programs also would be beneficial.

SOURCE: STATE AGENCY/COORDINATOR INTERVIEWS



1.3 UEZ Program modification or development of separate programs to advance the State's community and economic development needs merits examination.

1.3.A Several stakeholders feel modifications to the current UEZ Program are necessary and should place economic development functions in the Economic Development Authority (EDA) and community development functions, such as municipal services, in the Department of Community Affairs (DCA), according to interviewees.

- Several suggested that the UEZ Program should be replaced with a separate community development program(s) administered by the DCA, and an economic development program(s) administered by the EDA.

1.3.B It was stated that the program is not doing enough to stimulate growth and has become an operating program, rather than an economic driver.

1.3.C While the UEZ Program has many important success stories, it was suggested there may be a better delivery system to reinvest dollars back to UEZ municipalities.

- The current administrative process includes 37 separate municipal processes.

1.3.D Reflective of shrinking municipal budgets, it was suggested that State investments be targeted to infrastructure (streetscapes and façades) and marketing, thus reducing the amount for program operations and municipal services.

1.3.E It was suggested that the State should prioritize investments to implement well-developed local community and economic development plans, and provide technical assistance to those municipalities without a plan in place.

1.3.F Location appears to drive whether the program is considered a community development program or an economic development program from the perspective of a UEZ coordinator or local elected official.

SOURCE: STATE AGENCY/ELECTED OFFICIAL INTERVIEWS

1.4 With the exception of the UEZ Program, most UEZ municipalities do not operate with additional place-based economic development strategies.¹

1.4.A When asked is "...your UEZ also designated as a Special Improvement or Business Improvement District?," 20 of the UEZ coordinators said there was not a separate program in their municipality.

- At least two UEZ municipalities had a former Special Improvement District (SID), Business Improvement District (BID), or Main Street Program; however, the programs were closed because of unaffordability or inactivity. One UEZ municipality is also designated as a Transit Village.

1.4.B In addition to the UEZ Program, there are multiple zone-based programs operating in New Jersey:

¹These include Special Improvement Districts (SIDs), Business Improvement Districts (BIDs), and Main Street Programs.



- Foreign Trade Zones
- Edison Innovation Zones
- Health Enterprise Zones
- Federal Historically Underutilized Business Zones (HUB Zones).²

1.4.C While it was noted that the UEZ Program leverages additional resources of other community and economic development strategies, it appears there is a lack of coordination among local and State community and economic development efforts, including the multiple zone programs.

SOURCE: STATE AGENCY/COORDINATOR INTERVIEWS, DOCUMENT REVIEW

**Economic Development Strategy (EDS)
Consultant Analysis and Opportunities for Improvement**

STRENGTHS

- EDS.1** The UEZ Program is flexible to meet the specific and unique needs of New Jersey municipalities participating in the program. This is a strength, whether the need is community development-focused or economic development-focused.
- EDS.2** A dedicated group of UEZ coordinators work hard to ensure their communities are positioned to take advantage of the flexible benefits of the UEZ Program.
- EDS.3** Leveraging funding that is associated with other place-based and zone strategies would stretch limited administrative program resources.

WEAKNESSES

- EDS.4** A clear, consistent message about the UEZ Program’s purpose as a community development program, an economic development program, or both is not available.
- EDS.5** The movement of the program between agencies, as well as recent funding cuts, suggest the program is not sufficiently valued by State-level officials.
- EDS.6** The UEZ Program does not appear to fit within a coordinated statewide economic development strategy.
- EDS.7** It is unclear how New Jersey’s multiple place-based programs function cooperatively and whether or not program functions overlap.
- EDS.8** UEZ coordinators do not uniformly enjoy a working knowledge of all available financing, incentives, and technical assistance programs to help UEZ businesses grow and expand.
- EDS.9** New Jersey is fortunate to have required master planning at the local level and a draft State Development and Redevelopment Plan.³
- EDS.10** The aforementioned State Plan has been used by several State agencies to guide investment and permitting decisions.
 - The EDA Economic Redevelopment and Growth (ERG) Grant Program requires that projects be located in a qualifying economic/redevelopment and grant incentive area that includes a “Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or a

² The State of New Jersey, An Overview of Financing, Incentive and Assistance Programs. September 2010.

³ New Jersey State Planning Commission, Final Draft New Jersey State Plan and Redevelopment Plan, January 13, 2010.



center designated under the State Development and Redevelopment Plan...⁴

- Similarly, the New Jersey Department of Environmental Protection uses the State Plan to guide project approvals under statutes such as the Coastal Area Facilities Review Act (CAFRA).⁵

OPPORTUNITIES FOR IMPROVEMENT

- EDS.11** The UEZ Program should clearly fit within a coordinated statewide economic development strategy.
- EDS.12** Given limited State dollars, if a decision is made to transition out of the UEZ Program, New Jersey should consider using the State Development and Redevelopment Plan as a guide to drive its investment decisions in conjunction with carefully-considered community development and economic development plans.
- EDS.13** A clear, consistent message about the UEZ Program’s purpose as a community development program, an economic development program, or both should be developed and communicated horizontally and vertically throughout the UEZ Program staff at the State and local levels.
- EDS.14** To limit duplication of effort and to maximize State dollars available for program delivery, New Jersey’s place-based programs (UEZ Program, SIDs, BIDs, Main Street, and all other zone programs) should be evaluated for purpose, geographic scope, administrative cost, and outcomes. Programs should be consolidated to the maximum extent possible based on this evaluation.
- EDS.15** Streamline any duplicative community and economic development program functions at the State and local level to improve the UEZ Program.
- EDS.16** Better communications and collaboration between the State Program Office and local UEZ coordinators, along with training, would improve local coordinators’ knowledge of all available financing, incentives, and technical assistance programs to help UEZ businesses grow.
- EDS.17** In conjunction with legislative amendments, a clear articulation of the UEZ Program’s purpose should be developed.
- EDS.18** UEZ State Program Office can offer guidance for UEZs to work collaboratively with economic development organizations to advance municipal redevelopment.
- EDS.19** A better delivery system geared toward prioritized investments should be developed to reinvest dollars back to well-developed UEZ municipalities. There is an opportunity to provide technical assistance to municipalities without a local development plan in place.

⁴ New Jersey Economic Development Authority, accessed December 17, 2010, http://www.njeda.com/web/Aspx_pg/Templates/Npic_Text.aspx?Doc_Id=1186&menuid=1422&topid=718&levelid=7&midid=734

⁵ New Jersey Department of Environmental Protection, accessed December 17, 2010, http://www.state.nj.us/dep/cmp/czm_change_cafra.html



EDS.20 Opportunities for partnership improvements include: business attraction, growth, and retention; increasing the number of UEZ-certified businesses; and new opportunities for revitalization.

Economic Development Strategy



FOCUS AREA 2: POLICY AND PROGRAM ADMINISTRATION

2.1 UEZ Program administration is complex and inefficient, often hindering development.

2.1.A SAGE is an underutilized program for both state administration and local grants management of the UEZ Program.

- SAGE limits users to a single task; if a request is submitted for State agency approval, no other tasks can be accomplished in SAGE until the approval is granted through the system.

2.1.B The business certification/recertification process is time-consuming, complex, and inhibits business certification.

- There is reportedly an excessive amount of time required for a business to receive an approved recertification letter and a signed application agreement back from the State.
- The number and types of UEZ business forms complicate the process and hinder businesses participation.
- The requirement that all businesses must be recertified every three years intensifies the program's administrative requirements.
- Many small businesses are precluded from recertification because they cannot meet the program's employment requirement of increasing the number of employees by 25 percent every three years.

2.1.C Under the legislation, the Urban Enterprise Authority is charged to "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."⁶

2.1.D Home rule creates multiple layers to the planning process.

SOURCE: NJ URBAN ENTERPRISE ZONE ACT

⁶ Chapter 52:27H-65, Section j



2.2 The UEZ Program lacks consistently clear goals, guidelines, and expectations.

- 2.2.A** The UEZ Program enables zones with the flexibility to develop projects and programs for maximum local economic development impact.
- Program efficiency and effectiveness may be improved with clearly defined and communicated goals, expectations, and guidelines.
 - In recent past, State administrators of the UEZ Program have become more proactive in setting standard guidelines for UEZs.
 - This includes the program’s overarching goals and guidelines for more specific activities, such as eligible applications of zone assistance funding, rules and regulations for projects and loan programs, staff qualifications, etc.

SOURCE: COORDINATOR/STATE AGENCY/ELECTED OFFICIAL INTERVIEWS

2.3 The UEZ Program’s effectiveness is compromised by other State and local regulatory environs.

- 2.3.A** New Jersey’s prevailing wage policy has increased project costs and thereby made eligible UEZ projects unaffordable and thus, prevented qualified businesses from utilizing zone assistance funds.
- 2.3.B** Municipal zoning and land development regulations must be amended to achieve economic revitalization initiatives identified in zone development plans. This requires aligning zone development plans with State community and economic development objectives and with municipal master plans.
- 2.3.C** New Jersey’s business tax structure often negates the benefits of UEZ tax incentives.

SOURCE: NJ URBAN ENTERPRISE ZONE ACT

2.4 State and local staff proficiency in economic/development and financing would improve the prospects for private investment.

- 2.4.A** Economic revitalization is the focus of the UEZ Program. The UEZ legislation calls for the coordination and cooperation of private and public agencies to restore the economic viability and prosperity of blighted areas. Therefore, State program administrators and UEZ coordinators must attain proficiency in economic development matters to facilitate private investment.

SOURCE: COORDINATOR/STATE AGENCY INTERVIEWS

**Policy and Program Administration (PPA)
Consultant Analysis and Opportunities for Improvement**

STRENGTHS

- PPA.1** SAGE is flexible and can be customized to meet the needs of the UEZ program.
- PPA.2** SAGE is a robust application, capable of tracking grants from application submission through review, amendment, approval, award, and post-award management.

WEAKNESSES

- PPA.3** In its current configuration, the SAGE program provides limited functionality to administer the UEZ Program.



- PPA.4** The business certification/recertification process is time-consuming, complex, and inhibits business certification.
- PPA.5** New Jersey’s business tax structure often negates the benefits of UEZ tax incentives.
- PPA.6** Zone development plans are not necessarily aligned with State community and economic development objectives and with municipal master plans.
- PPA.7** The lack of loan program development, financing, and administration expertise has prevented many UEZs from employing second generation zone assistance funds.

OPPORTUNITIES FOR IMPROVEMENT

- PPA.8** The administrative complexity of the UEZ Program inhibits the attraction of new businesses to become certified in the program. Increasing the number of participating qualified business would, in turn, generate more zone assistance funds.
- PPA.9** UEZ Program effectiveness can be strengthened by increasing the economic development expertise among State program staff and UEZ coordinators.
- PPA.10** State program administrators should consider having UEZ coordinators obtain a professional certification (e.g., Certified Economic Developer via the International Economic Development Council) and obtain continuing education to bolster their economic development expertise and skill sets.
- PPA.11** Authority members have varying degrees of understanding and experience with downtown economic development and revitalization activities.

Policy and Program Administration ###

FOCUS AREA 3: ZONE INCENTIVES

3.1 The consumer sales tax reduction and the business sales tax abatement are largely considered the most important components of the UEZ Program.

- 3.1.A** Nearly all zone coordinators indicated that the sales tax exemption was important or very important (94 percent).
- In fact, 91 percent selected the most positive response.
 - A slightly smaller percentage (88 percent) indicated the sales tax reduction was important or very important, with 79 percent selecting the most positive response.
- 3.1.B** The business sales tax exemption was the highest-rated incentive among the 13 incentives tested in the business survey.
- Over 60 percent of respondents indicated that it was very important to their businesses.
 - The sales tax exemption helps businesses lower the cost of their supplies, which helps them keep prices competitive and supports capital investment.
- 3.1.C** The sales tax reduction is critical to both supporting the needs of individual businesses and to attracting people to zones.
- Approximately 72 percent of business owners indicated it is important or very important to their businesses.
 - Similarly, 75 percent of survey respondents indicated it is important or very important to attracting people to patronize businesses within their zone.
 - Several respondents, presumably small businesses, commented that the tax reduction helps them stay competitive with national chains.
 - The tax reduction is particularly important to businesses near the borders of Pennsylvania and Delaware; reductions help them stay competitive with businesses in those states.

SOURCE: BUSINESS SURVEY, COORDINATOR INTERVIEWS

3.2 The Zone Assistance Fund (ZAF) is a critical component of municipalities' economic and community development programs.

- 3.2.A** The flexibility of the ZAF reportedly helps coordinators fund more innovative economic development projects they cannot do with other funds.
- These include streetscape improvements to improve the quality of downtowns, and marketing strategies to promote the zone's business assets.
 - All but one coordinator (97 percent) indicated that using the ZAF for non-capital projects was important or very important, and 94 percent indicated the same for capital projects.



- 3.2.B** The ability of the program to support small projects is critical to businesses that could not otherwise obtain credit for capital projects, such as façade improvements.

SOURCE: BUSINESS SURVEY, COORDINATOR INTERVIEWS

3.3 Few zones use second generation funds.

- 3.3.A** Zones need a critical mass of second generation funds to support meaningful projects within the zone and to provide loans to zone businesses for expansion and improvements. Most zones cannot amass the amount of revenue necessary to support regeneration of funds.

- 3.3.B** Only 12 zones use second generation funds, and use is concentrated among larger municipalities. The predominant use is as part of a revolving loan program.

SOURCE: BUSINESS SURVEY, COORDINATOR INTERVIEWS

3.4 Zone Assistance Funds are not being fully utilized.

- 3.4.A** 9.5% of funds encumbered annually for zone projects through the Zone Assistance Fund were never spent.

- 3.4.B** 40% of funds accrued annually to the Zone Assistance Fund for projects were never encumbered for zone projects.

SOURCE: CONSULTANT DATA ANALYSIS

3.5 Businesses ranked UEZ incentives most favorably among all incentives.

- 3.5.A** While other economic development incentives were viewed favorably, none were ranked as importantly as the incentives affiliated with the UEZ.

- Some of the larger zones have leveraged UEZ funds with other programs to support larger projects, particularly brownfields reimbursement.

- 3.5.B** Fewer than half of zone coordinators thought the following programs were important to their zone: employee tax credits, subsidized unemployment insurance, business training, worker training, corporate business tax credits, and the energy and utility sales tax exemption.

- 60 percent of business survey respondents indicated using the consumer sales tax reduction and business sales tax exemption.
- Fewer than five percent of business survey respondents participated in other incentive programs, which included subsidized unemployment insurance, business training, worker training, corporate business tax credit, priority financial assistance, energy and utility sales tax exemption, Business Retention and Relocation Assistance Grant (BRRAG), and Business Employment Incentive Program (BEIP). Seven percent of businesses use employee tax credits.

SOURCE: BUSINESS SURVEY, COORDINATOR INTERVIEWS



Zone Incentives (ZE) Consultant Analysis and Opportunities for Improvement

STRENGTHS

- ZE.1** The UEZ Program is recognized in the business survey and zone coordinator interviews as an important source of economic development funding.
- ZE.2** The Zone Assistance Fund (ZAF) supports projects that improve the quality of life in municipalities; these include improved streetscapes, facades, and increased public safety.
- ZE.3** The sales tax exemption helps businesses lower the cost of supplies; this helps them keep prices competitive and supports capital investment.
- ZE.4** The flexibility of the ZAF reportedly helps coordinators fund more innovative economic development projects they cannot do with other funds.
- ZE.5** Businesses strongly favor UEZ incentives (sales tax reduction and business sales tax abatement).

WEAKNESSES

- ZE.6** Few zones use second generation funds because of the difficulty associated with generating an adequate amount of funding to support meaningful projects.
- ZE.7** Communities do not have a uniform experience in their abilities to use the UEZ Program. Larger municipalities that can produce more tax revenues and have more sophisticated economic development operations can better leverage UEZ Program incentives and benefits to enhance growth in their zones.
- ZE.8** Given that municipalities are limited in their ability to raise tax revenues, some municipalities depend on the UEZ Program to support services that should be funded by the municipality or directly by the businesses (through a Business Improvement District –BID- or a Special Improvement District - SID).

OPPORTUNITIES FOR IMPROVEMENT

- ZE.9** Incentives offered through any place-based program should be aligned with New Jersey’s overall economic development and land use strategy.
- ZE.10** New Jersey should consider maintaining a slate of incentives to support downtown commercial districts. While it may not be represented in the quantitative outcomes, the UEZ Program generally supports downtown development.
- ZE.11** New Jersey should consider the relationship between municipalities’ ability to generate tax revenues and the use of funds from the UEZ program for municipal service activities. If the State chooses to eliminate this program, it should consider providing municipalities with mechanisms to secure funding for municipal services.

Zone Incentives



FOCUS AREA 4: PROGRAM IMPACTS AND METRICS

4.1 Between 2002 - 2008, New Jersey invested over \$2.6 billion in the UEZ Program through reduced or exempted sales taxes, and tax credits and refunds.

- 4.1.A** Approximately half of the State’s investment is associated with sales tax exemptions for qualified businesses located within UEZs and for contractors who are working on projects within UEZs.
- 4.1.B** The IMPLAN model estimates that each dollar of the State’s investment between 2002 and 2008 stimulated additional economic activity and generated an estimated \$.41 in State and local tax revenues.
- 4.1.C** The IMPLAN model also estimates that approximately 60.7 new, permanent jobs were either created or supported within the State of New Jersey for every \$1 million in State investment between 2002 and 2008, for a total of 17,133 jobs. UEZ-qualified businesses reported a loss of 2,208 jobs during the same time period. If job growth is not taking place within the UEZs, it can be assumed that the new jobs created by the State’s investment are in other parts of the State outside the UEZs.
- 4.1.D** According to UEZ staff, there are currently approximately 7,500 active, qualified businesses in all UEZs.

SOURCE: IMPLAN MODEL 2010 AND CONSULTANT ANALYSIS

4.2 Benefits of the UEZ Program vary from zone to zone.

- 4.2.A** Inherently, the State’s investment by zone varies in size, based on the number of participating businesses and the retail sales of participating businesses within the zones.
- 4.2.B** The “ripple effect” benefits generated by projects funded through each zone’s Zone Assistance Fund (ZAF) also vary, depending on the use of the funds.
- For instance, construction of a building to house a new business establishment will create temporary construction jobs, but it will also create new permanent jobs associated with the new business establishment.
 - ZAF funds loaned for projects generate ongoing interest income, as the principal can be used as it is repaid for additional loans.
 - Construction projects funded by loans create temporary construction jobs, as well as potential new permanent jobs, if the construction project houses a new business establishment.
- 4.2.C** Quality-of-life issues, such as crime and blight, can negatively impact economic development.

SOURCE: IMPLAN MODEL 2010 AND CONSULTANT ANALYSIS



4.3 Presently, true economic impacts are not completely quantifiable.

4.3.A While second-generation benefits are among the greatest economic stimulators associated with the UEZ Program, few records of these projects currently are being tracked.

4.3.B Another key economic stimulator associated with the UEZ Program that is not adequately tracked is the amount of private investment leveraged by the State's investment.

- Project application forms require the applicant to report the total cost of the project, including funds from other sources; however, the funds from other sources are requested in the aggregate and are not broken out by public and private sources.
- Although the aggregate information is requested in the application form, until record-keeping was migrated to the SAGE system in 2009, this information was not captured electronically and is only available in the hard-copy application form.
- ZAF project applicants currently are not required to submit an estimate of new permanent jobs created by the project.

4.3.C While qualified businesses take advantage of and quantify their annual tax exemptions and expected private capital investment, they are not required to document how the incentives are spent, or the nature and status of expected capital investment reported.

- There is no process in place to document that "but for" UEZ incentives, qualified businesses would not make the reported private capital investments, and ZAF projects would not be possible.

SOURCE: UEZ STAFF INTERVIEWS

4.4 Some key economic indicators in and around UEZs do not reflect significant change.

4.4.A Although the State's investment through the UEZ Program stimulates additional economic activity at a rate of nearly \$4.50 for every \$1 of investment, some key economic indicators in and around UEZs do not reflect significant change.

4.4.B Of the eight UEZs studied in the comparative analysis, only three experienced a significant increase in employment between 2002 and 2008.

- Elizabeth experienced a 17 percent increase.
- Lakewood experienced a 5.8 percent increase.
- Vineland experienced an 11 percent increase in employment.
- Newark experienced slight growth during this time period at less than 1 percent.

4.4.C Population growth and retraction varied among UEZs.

- Lakewood UEZ experienced the greatest population growth between 2000 and 2010, with a 21 percent increase in population.
- Wildwood experienced the greatest population loss during that timeframe, with a 20 percent loss.



- Elizabeth UEZ population grew by 6.6 percent.
- The other six zones experienced less than 5 percent population change.

4.4.D Residential vacancies in all UEZs increased between 2000 and 2010, with Union City UEZ and Jersey City UEZ experiencing the greatest increases at 223 percent and 109 percent, respectively.

4.4.E The gap in median household income between the UEZs and the U.S. widened between 2000 and 2010 in all UEZs except Jersey City.

- Jersey City closed the gap by \$1,878.
- The gap widened in Newark by \$8,819.
- Survey respondents indicated that very little of their revenue comes from outside of New Jersey.

SOURCE: U.S. CENSUS BUREAU, ESRI BUSINESS ANALYST, CONSULTANT ANALYSIS

4.5 Comparative analysis indicated positive change among some key economic indicators, including home values and unemployment.

4.5.A Of eight UEZs studied in the comparative analysis, there were several positive changes in key economic indicators.

- The estimated home values in the UEZs have increased in proportion to home values in the U.S. in all UEZs except in Vineland.
- All UEZs, except Bayonne, experienced some reduction in crime per 1,000 in population between 2002 and 2008.
- Bayonne experienced a 17 percent increase in total crime.
- Newark and Vineland experienced 30 percent and 27 percent decreases in crime, respectively.

4.5.B Unemployment rates are tracked at the municipal level by the New Jersey Department of Labor for municipalities with populations of 25,000 or greater.

- In 2008, five of eight UEZ municipalities included in the comparative analysis reported a decrease in unemployment between 2002 and 2008.

SOURCE: U.S. CENSUS BUREAU, ESRI BUSINESS ANALYST, NJ DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

4.6 UEZ-qualified businesses, zone coordinators, and field representatives consider UEZ incentives critical to economic development within the UEZs.

4.6.A The UEZ Program critically impacts a number of community and economic development factors and without it:

- Business expansion and attraction would be limited.
- Quality of life would deteriorate.
- Funding for infrastructure investment would be limited.
- Local municipal budgets that rely on ZAF funds for salaries would experience budget deficits for safety and other municipal personnel, and other municipal expenses.

4.6.B UEZ staff estimate that approximately 18 State and 99 local employees are



required to administer the UEZ Program. Between 2002 and 2008, approximately 2.3 percent of the State's total investment was associated with program administration.

4.6.C According to UEZ staff, there currently are no time limits on ZAF projects.

4.6.D Analysis of the Baker file data revealed that from the UEZ Program's inception until December 2010, over \$132 million in ZAF funding is reported as encumbered and not yet expended for project completion.

SOURCE: BUSINESS SURVEYS, COORDINATOR INTERVIEWS

Program Impacts and Metrics (PIM) Consultant Analysis and Opportunities for Improvement

STRENGTHS

- PIM.1** Although employment within UEZ boundaries decreased overall, the unemployment rate in many UEZ municipalities also decreased.
- PIM.2** Overall, crime rates have decreased in UEZ municipalities.
- PIM.3** UEZs experienced an overall relative increase in home values between 2002 and 2008.

WEAKNESSES

- PIM.4** The metrics currently tracked are not sufficient to measure the true economic benefits of the UEZ Program.
- PIM.5** The inefficiency of the tracking systems and the number of qualified businesses in the UEZ Program increase the cost of program administration.
- PIM.6** Employment trends for participating UEZ businesses do not reflect the level of investment made by the State.
- PIM.7** Sales tax exemptions for UEZ businesses and contractors represent over half of the State's investment in the UEZ program.
- New Jersey's investment in the UEZ Program between 2002 and 2008 should have created over 2,800 jobs, but participating businesses receiving the majority of the funds reported a net loss of over 2,200 jobs during the same time period, indicating that the State's investment has not achieved its potential or desired results.
 - The lack of requirements for and documentation of the use of sales tax exemption funds minimize the ability to effectively measure benefits, as well as the potential impact of the State's investment.
- PIM.8** Overall, UEZs have experienced a relative decrease in household income between 2002 and 2008.
- PIM.9** Disinvestment could have a significant negative economic impact on UEZs, resulting in municipal budget deficits, reduced business activity, and possible business closures.
- The UEZ Program provides significant operating capital for both municipalities and businesses.
 - While there is no way to track how businesses use the funds provided through tax exemptions and refunds, to the extent that



funds are used to support business operations, the UEZs could experience more significant job losses and business closures.

- PIM.10** While investing in community development activities, such as salaries for safety personnel, e.g., police and fire, does not generate significant “ripple effect” benefits, safety is a critical factor in successful economic development.
- With higher-than-average crime rates in all but two UEZs, safety can be critical to maintaining economic stability.
- PIM.11** Given the current metrics required for ZAF projects, ZAF project funding is not competitive and has no time limit for project completion; thus, it minimizes the potential benefits of the State’s investment.
- PIM.12** According to UEZ staff, UEZs receive a descending percentage of sales taxes collected in ZAF for projects over a 15-year period.
- In years 1-5, a zone receives 100 percent of sales taxes collected.
 - In years 6-10, a zone receives 2/3 of sales taxes collected.
 - In years 11-15, a zone receives 1/3 of sales taxes collected.
 - If a zone receives an extension beyond 15 years, the percentage starts over at 100 percent in year-one of the extension.
 - The balance of the sales taxes collected as UEZ percentages decrease is returned to the State’s General Fund.

OPPORTUNITIES FOR IMPROVEMENT

- PIM.13** If the UEZ Program is to strictly remain an economic development program, use of funds should be limited to economic development activities that create jobs, such as planning, construction, infrastructure, and capital investments.
- PIM.14** Revolving loan funds (or similar programs) should be encouraged as a means of increasing second generation activity to maximize economic benefits.
- PIM.15** A process should be implemented to track the use of second generation funds to capture and measure the full benefit of the UEZ Program.
- PIM.16** UEZs or community-based organizations within UEZs could be given priority for other State funding to support community development activities designed to increase safety – perhaps with priority given to collaborative projects.
- PIM.17** Clear performance metrics should be required for ZAF project applications to include things such as sources and uses of funds, a detailed project schedule, and estimated new job creation/and or retention.



- PIM.18** A process should be implemented that requires guidelines for and documentation of the use of funds from tax exemptions, credits, and refunds for businesses to ensure maximum economic benefit.
- PIM.19** Creating Web-based interfaces for project applications, business certification and recertification, and annual reporting could significantly decrease administrative costs, as well as increase the accuracy of self-reported data that is currently submitted in hard-copy format and interpreted and entered into system(s) by UEZ staff.
- PIM.20** Strict guidelines should be implemented to limit the designation period of a UEZ and require the UEZ to work toward a self-sustaining status at the end of its zone designation.
- PIM.21** Local economic indicators should be benchmarked and analyzed on a regular basis, preferably on a five-year recurring schedule.

Program Impacts and Metrics



FOCUS AREA 5: STATE PROGRAM MANAGEMENT

5.1 Stronger interagency relationships are needed between State and local-level program staff.

5.1.A UEZ coordinators appreciate the support of dedicated, reliable, knowledgeable, and professional State-level UEZ staff.

5.1.B State-level program administrators are well known for their willingness to cooperate with local coordinators to solve problems and to manage program changes.

- In many cases, State-level staff is able to provide strong technical support to local zones.
- UEZ field representatives provide an important link between local coordinators and program administrators at the State-level.

5.1.C Field representatives are an integral part of UEZ Program administration.

- Generally, local UEZ coordinators find the current field representatives to be supportive and helpful.
- Field representatives spend considerable time verifying business certifications and handling paperwork.
- More technical assistance related to economic development and program activities is needed, such as packaging redevelopment projects and establishing loan programs.

5.1.D Recent changes to the UEZ Program have resulted in fewer training opportunities offered by the State for local UEZ coordinators and staff.

- Training was considered beneficial to local staff, especially when offered in areas of limited expertise, such as business investment strategies and the development / redevelopment process.

5.1.E Due to its multifaceted nature, the UEZ Program involves several agencies and departments at the State level.

- Coordinators believe communications between these agencies and departments should be improved to ensure that all involved personnel are aware of program policies and procedures, individual zone circumstances, and interactions with local UEZ coordinators.
- It is believed that better communication among State-level agencies and departments will contribute to a higher level of UEZ Program efficiency and effectiveness.



- 5.1.F** More communication between the State Program Office staff and local UEZ management is necessary.
- Reportedly, State-level officials often do not understand or are aware of the local UEZ environment.
 - Local zone coordinators are not aware of the constraints and restrictions managed by State-level program administrators. Open communications and collection of input from local zone coordinators is of particular importance when considering program, policy, and system changes.
- 5.1.G** UEZ Program effectiveness may improve if EDA staff worked closely with local coordinators to identify additional programs and incentives to attract and retain businesses and to expand employment.
- 5.1.H** Local UEZ coordinators are frequently seen as liaisons between State agencies, businesses, and developers. However, most zone coordinators are not aware of the breadth of other funding and incentive programs available to business owners and investors in New Jersey.
- 5.1.I** More frequent statewide meetings and meaningful training opportunities would be beneficial.
- Closer interaction between UEZ zones would allow for the exchange of ideas, expertise, and best practices.
- 5.1.J** Quarterly meetings may improve program administration by increasing communications both horizontally and vertically.
- Local UEZ coordinators value the opportunity to regularly meet with State-level staff.
 - Previously held quarterly meetings between local and State-level UEZ staff provided a forum to exchange ideas, project experiences, best practices among zones, and updates related to statewide program management.

SOURCE: COORDINATOR/AGENCY/ELECTED OFFICIAL INTERVIEWS

5.2 Labor requirements and cumbersome application processing negatively impact certification and retention of UEZ businesses.

- 5.2.A** State requirements for private projects utilizing UEZ funds have negatively impacted economic development in UEZ communities.
- The low threshold to include prevailing wage results in nearly every project having to comply with this requirement, often raising project costs by as much as 30 percent for construction, for instance.
 - High project costs are disincentives for many businesses to complete intended improvements.



- 5.2.B** Business participation in the UEZ Program has been less-than-ideal due, in part, to the obligation to continually demonstrate employment growth.
- One of the primary goals of the UEZ Program is to create and expand local job opportunities.
 - Creating and sustaining full-time jobs is particularly difficult for small businesses that populate many UEZ communities.
- 5.2.C** Lengthy, complex, and cumbersome processing of project and reimbursement applications from businesses and local UEZ coordinators is a disincentive to program participation.
- The business certification/recertification process is a considerable challenge to UEZ Program participation.
 - The slow release of funds to UEZ zone projects inhibits communities from advancing money for a project or program element.
- 5.2.D** Lengthy, uncertain fund allocation processes result in inefficient project approach.
- Uncertain funding often results in a short-term project focus for zones, as they cannot estimate their funding allocation to satisfy longer-term zone/project objectives.

SOURCE: COORDINATOR/AGENCY/ELECTED OFFICIAL INTERVIEWS

5.3 Program management and data collection/reporting require process improvement for streamlined State management of the UEZ Program.

- 5.3.A** Current data collection and reporting process in SAGE is inefficient, unclear, and not well-suited for UEZ Program administration.
- Local coordinators believe this system does not interface well with municipal budgets and is cumbersome, especially when handling multiple projects simultaneously.
 - The absence of real-time access to project account information makes it difficult to manage the program locally and limits transparency.
 - Local coordinators feel their input and insights related to the limitations of SAGE could be helpful to improve the database system and customize its use for the UEZ Program.
- 5.3.B** State officials recognize opportunities to improve program management.
- The current UEZ Program can easily deviate from the intended economic development purpose to serve local municipal objectives without consequence.
 - Program flexibility enables diverse communities to address local economic development needs in an ever-changing economic environment.



- 5.3.C** UEZ programmatic and administrative inefficiencies result from complex and bureaucratic processing and a disjointed/deficient technological infrastructure.
 - The process to deliver funds to communities is cumbersome and overburdens both State agencies and local communities.
 - The State lacks the appropriate technology infrastructure to administer the program in a more streamlined, efficient, and effective manner.

SOURCE: COORDINATOR/AGENCY/ELECTED OFFICIAL INTERVIEWS

5.4 The UEZ Program, as well as local economic development efforts, would benefit from the addition of diverse program partners.

- 5.4.A** UEZ Program goals could be more effectively reached by increasing program awareness through outreach to and partnership with local and regional businesses, institutions, and public entities.
- 5.4.B** Closer interaction with banks and other financial organizations could increase awareness of the UEZ Program and its benefits to business owners; in turn, this may result in more meaningful community investments.

SOURCE: COORDINATOR/AGENCY/ELECTED OFFICIAL INTERVIEWS

**State Program Management (SPM)
Consultant Analysis and Opportunities for Improvement**

STRENGTHS

- SPM.1** UEZ coordinators appreciate the support of dedicated, reliable, knowledgeable, and professional State-level UEZ staff.
- SPM.2** State-level staff is able to provide strong technical support to local zones.

WEAKNESSES

- SPM.3** Generally, local UEZ coordinators find the current field representatives to be supportive and helpful; however, UEZ coordinators question if field representatives are being used to their full skill capacities.
- SPM.4** Field representatives spend considerable time verifying business certifications and handling paperwork.
- SPM.5** Financial proficiency in economic development tasking reportedly is deficient at the local staff level.

OPPORTUNITIES FOR IMPROVEMENT

- SPM.6** Program efficiency and effectiveness may be improved by the consistent presentation of clearly defined goals, expectations, and guidelines.
- SPM.7** Program modifications could ensure that more funds are allocated to program goals and fewer funds are spent on administrative staff at both the State and local levels.
- SPM.8** The UEZ Program would benefit from improved communications (vertically and horizontally) among State-level agencies and departments, as well as open communications and information exchange among local zone coordinators.
- SPM.9** Closer, more frequent interaction between the various UEZs and State-offered



- training would advance the exchange of ideas, expertise, and best practices.
- SPM.10** State and local staff effectiveness could be improved if they more clearly understood the constraints of government programs, as well as local economic development project management.
- SPM.11** Increased visits by State officials to local UEZ zones may improve communications through program hierarchy and provide a more comprehensive understanding of program operations at the local and State levels.
- SPM.12** Simplification of the project approval and reimbursement processes would provide a more consistent and predictable cash flow at the local level, and allow coordinators to confidently develop long-term plans and zone projects.
- SPM.13** Technical assistance and/or training related to economic development activities should be provided, where necessary.
- SPM.14** The UEZ Program may prove more effective if local coordinators worked more closely with EDA staff to identify additional programs and incentives available to attract and retain businesses and expand employment.
- SPM.15** Simplifying the project approval and reimbursement process may provide a more consistent and predictable cash flow at the local level, and allow coordinators to confidently develop long-term plans for zone projects.
- SPM.16** The SAGE system should be customized or reconsidered for use in the UEZ Program; input from local coordinators would be purposeful.
- SPM.17** Inclusion of diverse program partners, through coordination among neighboring government agencies and other stakeholders (banks and other financial institutions), would bolster program success by advancing local job creation, worker training, and meaningful community investments.
- SPM.18** State-level monitoring of the UEZ Program's administration is necessary to ensure that zone activities are appropriate and are not influenced by local interest groups, or shaped by political interference.

State Program Management



FOCUS AREA 6: LOCAL PROGRAM MANAGEMENT

6.1 Local UEZ goals and objectives reflect various community and economic development priorities, which are included in zone development plans and are reportedly consistent with municipal master plans.

6.1.A The most frequently cited goals and objectives as provided by UEZ coordinators include:

- fostering job creation/retention
- economic development and private investment
- improving quality of life and
- investing in transportation infrastructure.

6.1.B Several UEZ coordinators noted that investment decisions (for use of Zone Assistance Funds) made at the municipal level must be consistent with zone development plans, municipal master plans, and municipal redevelopment plans. This is required as part of the Zone Assistance Fund application process.

SOURCE: COORDINATOR INTERVIEWS

6.2 Recent program changes have negatively impacted UEZs.

6.2.A UEZ coordinators reported that recent funding cuts have led to local UEZ staff layoffs, municipal layoffs, and program uncertainty (citing the inability for zones to strategically plan and participate in training).

- The NJ UEZ Program reportedly was once a nationally recognized incentive program, but statewide changes have limited its ability to grow, presumably as a result of changes in the rebate program and prevailing wage requirements.
- Several UEZ coordinators favor restoring administrative budgets and zone assistance funding.

SOURCE: COORDINATOR INTERVIEWS

6.3 The effectiveness of the UEZ Program is tied to local management.

6.3.A It was stated that the UEZ Program staff at the local level are dedicated professionals.

- Several UEZ-certified businesses reported that local UEZ coordinators assisted in certification and recertification processes, but noted there is considerable staff confusion over which forms to use and which process to follow.
- At the agency level, it was noted that successful zones have a UEZ coordinator who takes a hands-on approach and understands business needs in the community.

SOURCE: BUSINESS SURVEY/AGENCY INTERVIEWS



6.4 The UEZ Program is not ideally effective.

6.4.A This is reportedly due to a lack of

- local staff capacity
- economic development expertise
- UEZ coordinator independence from local elected officials and
- a less burdensome process to make Zone Assistance Fund decisions.
- A New Jersey UEZ-focused study suggests, "This does not mean that every distressed municipality should have an Urban Enterprise Zone. The program will be cost-effective only in those municipalities that are capable of effectively marketing and managing the UEZ Program."⁷

SOURCE: AGENCY/ELECTED OFFICIALS INTERVIEWS

6.5 A certification program for UEZ coordinators merits consideration.

6.5.A Several recommendations from both UEZ coordinators and agency officials suggest development of a certification program for coordinators, or assigning State officials to UEZ coordinator positions.

- Reasons for zone coordinator certification included ensuring that UEZ coordinators:
 - are not drawn into local politics and municipal issues
 - have financing skill sets and
 - have economic development expertise.
- The majority of zones have had between one (1) and four (4) UEZ coordinators over the life of the zone.

SOURCE: STATE AGENCY/COORDINATOR INTERVIEWS

6.6 There are several significant opportunities for local zone improvements.

6.6.A As reported by the UEZ coordinators, the top five opportunities for local zone improvement include:

- developing additional partnerships with private and public organizations
- increasing the number of UEZ-certified businesses
- reducing the complexity of the UEZ Program
- increasing opportunities for revitalization
- increasing business attraction, growth, and retention.

6.6.B Local UEZ coordinators overwhelmingly conveyed that UEZ municipalities would be negatively impacted if the UEZ Program no longer operated.

- The ability to attract new and retain existing businesses would be limited.
- Economic activity would be significantly decreased.

⁷ Response Analysis Corporation and Urbanomics for the NJ Urban Enterprise Zone Authority, New Jersey Urban Enterprise Zone Fiscal Impact Study, July 1998, pp. 1-20



- UEZ communities would experience a decrease in quality of life, including safety and physical appearance.
- A flexible program and flexible source of funding would be eliminated.

SOURCE: STATE AGENCY/COORDINATOR INTERVIEWS

Local Program Management (LPM) Consultant Analysis and Opportunities for Improvement

STRENGTHS

- LPM.1** Many zones (via UEZ coordinators) report consistency between zone development plans and municipal master plans/redevelopment plans.
- LPM.2** UEZ coordinators are extremely committed to the communities in which they work and support the benefits of the UEZ Program.

WEAKNESSES

- LPM.3** While goals and objectives are identified and have been reported to be consistent with municipal master plans/redevelopment plans, how this consistency translates into program metrics differs between zones. See Program Metrics findings elsewhere in this report.
- LPM.4** Recent administrative and Zone Assistance Fund cuts have left the UEZ coordinators concerned and sometimes frustrated.
- LPM.5** The skill sets among UEZ coordinators differ considerably. While some coordinators have excellent community development skills, others excel at economic development
- LPM.6** Frequent changes in UEZ coordinators, either through attrition or political decisions, diminish program effectiveness, inasmuch as new coordinators are required to learn the program. This shifts and reduces tax dollars available for business development and project implementation to zone administration.
- LPM.7** Financial packaging skills for development deals is sometimes lacking among local coordinators.

OPPORTUNITIES FOR IMPROVEMENT

- LPM.8** While many UEZs state there is consistency between zone development plans and municipal master plans/redevelopment plans, these plans may not be implemented. The State UEZ Office should consider requesting specific UEZ and project metrics to ensure that zone development plans are being implemented, as planned.
- LPM.9** Consistent training/certification may address the gap that exists because coordinators have different approaches to achieving their zone goals and objectives.
- LPM.10** In conjunction with legislative amendments, a clear articulation of the UEZ Program changes would provide consistency, communication, and a clearer understanding of goals and objectives.
- LPM.11** Program changes, provided as either a result of this UEZ Program assessment, or decisions at the agency/program office or State executive level, need to be articulated clearly and often, and delivered from the State agency level to the



local level.

- LPM.12** New job descriptions for UEZ coordinators, based on legislative and program changes, should be developed by the State UEZ Program office. This could bolster the hiring of qualified new staff and encourage additional training of existing zone coordinators.
- LPM.13** There should be an intrinsic tie between the hiring of new and training of existing UEZ coordinators based on the new job description, and the UEZs' administrative funding.
- LPM.14** The State UEZ Program Office should convene UEZ coordinator training and statewide meetings twice a year to assure that best practices are shared among UEZs and that program changes are communicated regularly.
- LPM.15** To make certain that UEZ coordinators learn about program changes or updates between bi-annual meetings, the State UEZ Program Office should send out e-mail updates each time the UEZ Intranet is modified.
- LPM.16** The State plan should be reviewed, in conjunction with municipal master plans, to ensure that State investments reflect consistency with both State and local planning.

Local Program Management



FOCUS AREA 7: DATA MANAGEMENT AND TECHNOLOGY

7.1 UEZ Program data is housed in six separate systems resulting in duplicity, inconsistency, and data corruption.
SAGE

- 7.1.A** The SAGE system is relatively flexible and can be customized to meet the needs of the UEZ Program.
- 7.1.B** The SAGE system is a grant administration system purchased by the Department of Community Affairs (DCA) and implemented to administer its various grant programs before the UEZ Program was moved under the department's control. Thereafter, it was decided that SAGE would be used to administer the UEZ Program as well; the system was implemented for the UEZ in 2009.
- 7.1.C** SAGE is a robust application, capable of tracking grants from application submission through review, amendment, approval, award, and post-award management.
- 7.1.D** The SAGE system was customized by its developer, Agate, to meet the needs of the UEZ Program. Without a user guide suitable for use with the customized application, DCA used its in-house technical writers to develop a UEZ user manual.
- 7.1.E** Although customized to meet UEZ Program needs, the SAGE system currently does not track performance metrics for the UEZ Program.
- 7.1.F** Currently, there is an effort to implement a statewide enterprise version of SAGE.

BAKER FILES

- 7.1.G** The Baker Files are a system of over 3,000 linked Excel workbooks developed a number of years ago to track Zone Assistance Fund project budgets and expenses in 10 budget categories, along with administrative budgets and expenses in seven budget categories.
- 7.1.H** To-date, reporting capabilities from the Baker Files have been limited and thus, limit the ability to thoroughly analyze historic project activity.
- UEZ study consultants extracted data from all the Baker File workbooks into a single data file for analysis in this study.
- 7.1.I** Since administrative budgets are developed in the year prior to the actual collection of sales tax revenue by UEZ-qualified businesses, actual expenditures may differ significantly from budgeted amounts, depending on sales taxes collected.
- In addition, the expense data entered in the Baker Files represents the amount requested from the Department of Treasury for administrative activities, not the amount actually disbursed.
- 7.1.J** Although the Baker Files track seven budget categories for administrative costs, DCA staff relies on actual administrative expenditures from the NJCFS system, which is maintained by the Department of Treasury for accuracy. Treasury data is highly protected.
- 7.1.K** Data is entered into the Baker Files system from hard copies of project applications and is maintained by DCA staff.



- 7.1.L** DCA staff combines data from the NJCFS with data from the Baker Files to maintain the official account summaries for zone assistance funds.
- 7.1.M** Zone Assistance Fund project and administrative data is being entered and maintained concurrently in the Baker Files and the SAGE system.
- 7.1.N** In addition to the State's Zone Assistance Fund data, the Baker System also tracks match budgets from UEZ municipalities.

TRACK SYSTEM

- 7.1.O** Track is a program developed in Excel to monitor the current status of grant applications. This system is being discontinued with the implementation of SAGE.

NJCFS

- 7.1.P** The NJCFS is New Jersey's primary financial system owned and maintained by the Department of Treasury.
- 7.1.Q** For the UEZ Program, the NJCFS tracks the amount of sales taxes collected from consumers by UEZ-qualified businesses; tax credits and refunds to qualified businesses; Zone Assistance Funds; and administrative funds transferred to UEZs. DCA staff must check fund availability through NJCFS before awarding ZAF funds.
- 7.1.R** According to UEZ staff, 10 percent of sales taxes designated for UEZs are withheld up-front, with two-thirds (2/3) of the withholding allocated for zone administrative costs, and one-third (1/3) for state administrative costs.

OFIS

- 7.1.S** The OFIS is an old system owned and maintained by the Department of Treasury and houses data prior to 1993 for archival purposes.

UEZ DATABASE

- 7.1.T** The UEZ database is owned by DCA and maintained by the Office of Information Technology (OIT). The database is used to track information related to qualified UEZ businesses from various certification, recertification, and reporting forms.
 - It includes data such as employment and estimates of sales tax exemptions for both UZ4 and UZ5 funds⁸.
- 7.1.U** Information is entered into the UEZ database by UEZ staff from paper-based copies of various forms.
- 7.1.V** UEZ and DCA staff rely on OIT staff for extracting data from the UEZ database. UEZ staff utilizes extracted data from the UEZ database to develop a number of periodic UEZ reports.

SOURCES: COORDINATOR/AGENCY INTERVIEWS

⁸ UZ4 funds are sales tax exemptions for contractors working on UEZ projects. UZ5 funds are sales tax exemptions for qualified UEZ businesses.



Data Management and Technology (DMT) Consultant Analysis and Opportunities for Improvement

STRENGTHS

- DMT.1** The SAGE system is relatively flexible and has been and can be further customized to meet the needs of the UEZ Program if the Program remains under current DCA control.

WEAKNESSES

- DMT.2** Even though SAGE has been customized for the UEZ Program, the system currently does not have the capability of tracking the full range of UEZ data.
- DMT.3** If SAGE is implemented as a statewide enterprise system, customization for a single agency program may not be possible.
- DMT.4** Since SAGE is an agency-wide application and is being considered as a statewide enterprise system, customization for a single program may not be allowed.
- DMT.5** Communications are challenged and confusing among system administrators and between system administrators and system/data users across the six technology systems that house UEZ data.
- DMT.6** Administrators of the six systems housing UEZ data report various data elements for various purposes.
- However, there is no apparent data reconciliation of process, or any apparent individual or agency with a comprehensive understanding of all systems and processes.
- DMT.7** Data entered into database systems from paper-based forms completed by qualified UEZ business owners are subject to erroneous entry due to:
- lack of understanding of reporting forms by business owner
 - potential errors due to interpretation of hand-written forms and
 - errors in data entry due to the magnitude of data and the number of staff conducting data entry.

OPPORTUNITIES FOR IMPROVEMENT

- DMT.8** If the UEZ Program continues, data should be consolidated into as few separate systems as possible to minimize administrative costs.
- DMT.9** If the UEZ Program transitions to a performance-based program, tracking metrics should be developed to quantify performance measures in sufficient detail to adequately measure program benefits consistent with analytical models, such as IMPLAN. Resources need to be available during transitions.
- DMT.10** Even though there likely will be at least two systems housing UEZ data, a single agency should be accountable for regularly reporting and reconciling key data from all systems.
- DMT.11** Systems utilized to house UEZ data should have the capability of data-sharing for more efficient reporting, to minimize administrative costs, and to increase data accuracy.
- DMT.12** Certification and reporting processes for business owners should be reviewed



and revised, as appropriate, to ensure program efficiency, to enhance performance measurement, and to minimize administrative costs.

DMT.13 Although training may be required for UEZ business owners, Web-based reporting processes can significantly reduce administrative costs and increase the accuracy of UEZ data and program reporting.

Data Management and Technology



FOCUS AREA 8: STATE LEGISLATION

8.1 UEZ Program use is inconsistent with original legislative intent.

- 8.1.A** The original intent of the New Jersey Urban Enterprise Zone Act of 1983 was to address “areas of economic distress characterized by high unemployment, low investment of new capital, blighted conditions, obsolete or abandoned industrial and commercial structures, and deteriorating tax bases.”⁹ While many significant strides have been made over its 27-year history, many urban areas in designated UEZs are still characterized by chronic unemployment.
- 8.1.B** The original legislation recommended the removal of “disincentives to investment.” From a regulatory standpoint, there has not been a focus on decreasing the regulatory requirement in UEZs as a means to encourage economic development.
- UEZs have not transitioned out of the program, in part, because of a lack of clear and definitive legislative parameters. Several municipalities have utilized the program for over 20 years and can be in the program for up to 31 years. And yet, many of these municipalities are still suffering economic distress, as characterized by high unemployment and the lack of private investment.

SOURCE: NEW JERSEY URBAN ENTERPRISE ZONE ACT, 1983

8.2 Amendments have diluted the legislation’s original intent.

- 8.2.A** A 2001 amendment to the UEZ legislation¹⁰ allows for the designation of a “UEZ-impacted business district.”
- 8.2.B** The UEZ legislation allows for up to 32 enterprise zones at any one time. Currently, there are 37 municipalities with 32 zones.
- There is a concern that there are too many zones based on the 50 percent reduction of the sales tax.
- 8.2.C** UEZs have been able to extend their designation through the 2002 legislative amendments without meeting prescribed benchmarks that measure favorable econometric impact.
- This designation is for a non-UEZ municipality that can demonstrate an adverse impact created by the presence of two or more adjacent enterprise zones. The UEZ-impacted business district is also eligible for a 50 percent exemption of the sales tax.
 - No UEZ-impacted business district has been created to-date, but the possibility further dilutes the impact of the UEZ.
- 8.2.D** The perception exists that numerous sections of the UEZ legislation should be eliminated, including references to the original establishment of the zones and their location. It was also suggested that a need exists for clarification about the use of zone funds for eligible municipal services.

SOURCE: NEW JERSEY STATE OFFICIAL INTERVIEWS

⁹ UEZ Act 52:27H61 2.a.

¹⁰ UEZ Act 52:27H-66.2



8.3 There is no legislative requirement for fund matching.

- 8.3.A** The UEZ enabling legislation lacks match requirements for the use of zone assistance funds.
- The legislation requires that applications for zone assistance funds include a statement about the sources of other revenue for projects and eligible municipal services. However, there is no match requirement identified for the utilization of zone assistance funds.
 - Lack of a match requirement hinders the measurement of potential secondary benefits of UEZ assistance funding.

SOURCE: NEW JERSEY STATE OFFICIAL INTERVIEWS

8.4 UEZ performance review periods are not legislatively mandated.

- 8.4.A** The UEZ legislation (in original form and by amendment) lacks a requirement for routine assessments of UEZ performance during the initial 20-year period and during subsequent extensions.
- 8.4.B** The UEZ legislation does not prescribe the use of performance metrics to measure job creation and the climate for community and business investment.

SOURCE: NEW JERSEY STATE OFFICIAL INTERVIEWS

8.5 The absence of performance metrics results in broad and redirected use of UEZ Program incentives.

- 8.5 A** Flexible zone assistance funds are used for community and economic development projects due to fewer limitations on fund uses, as compared to other State and federal resources.
- 8.5.B** The original UEZ legislation did not identify eligible municipal services funding as a component of economic revitalization; however, municipal services, such as community policing, are consistently used to encourage economic revitalization. As a result, UEZ funds are often directed to subsidize municipal service budgets.
- 8.5.C** Municipal use of zone assistance funds is not tied to job creation in the UEZ legislation.

SOURCE: NEW JERSEY STATE OFFICIAL INTERVIEWS

8.6 There is no legislatively mandated exit strategy for the UEZ Program or individual UEZs.

- 8.6.A** There is no legislative requirement for an exit strategy for either individual zones or the overall UEZ Program, with the exception of the following:
- Program sunset in 20 years
 - The UEZ legislation provides criteria for designation of an extended UEZ.¹¹ If the UEZ fails to meet these criteria, the UEZ Authority can terminate the designation. In practice, the extension of a UEZ is not as difficult as the legislation intended.
- 8.6.B** An exit strategy at the end of the 20-year life of the UEZ could assist the State and the municipality with establishing a transition plan.

¹¹ UEZ Act 52:27H-66.6 11.a.



- 8.6.C** Because multiple UEZs have been approved for zone extensions, there have been a reported number of limited opportunities for other municipalities to apply and utilize the UEZ Program.

SOURCE: NEW JERSEY STATE OFFICIAL INTERVIEWS

State Legislation (StLeg.) Consultant Analysis and Opportunities for Improvement

STRENGTHS

- StLeg.1** Presently, zone assistance funds are flexible to address community and economic development projects, because there are fewer limitations on fund uses, as compared to other State and federal resources.
- StLeg.2** The UEZ legislation provides criteria for designation of an extended UEZ. If the UEZ fails to meet these criteria, the UEZ Authority can terminate the designation.

WEAKNESSES

- StLeg.3** Although the UEZ Authority can terminate zone designation, the structure of the law currently makes it difficult not to grant an extension.
- StLeg.4** From a regulatory standpoint, there has not been a focus on decreasing the regulatory requirement in UEZs as a means to encourage economic development.
- StLeg.5** UEZs have not transitioned out of the program, in part, because of a lack of clear and definitive legislative parameters.
- StLeg.6** Although several municipalities have utilized the program for over 20 years, many are still suffering economic distress, as characterized by high unemployment and the lack of private investment.
- StLeg.7** UEZs have been able to extend their designation through the 2002 legislative amendments, without meeting prescribed benchmarks that measure favorable econometric impact.
- StLeg.8** No UEZ-impacted business district has been created to-date, but the possibility has the potential to further dilute the impact of the UEZ.
- StLeg.9** There is no match requirement identified in the legislation for the utilization of zone assistance funds, ultimately hindering the measurement of potential secondary benefits of UEZ assistance funding.
- StLeg.10** The UEZ legislation (in original form and its amendment) lacks a requirement for a routine assessment of UEZ performance during the initial 20-year period and during subsequent extensions.
- StLeg.11** The UEZ legislation does not include performance metrics that measure job creation and the climate for community and business investment.
- StLeg.12** UEZ funds often subsidize municipal service budgets, although municipal use of zone assistance funds is not tied to job creation in the UEZ legislation.
- StLeg.13** Despite the 20-year sunset, there is no legislative requirement for an exit strategy for either individual zones or the overall program.
- StLeg.14** Multiple UEZs approved for zone extension have limited opportunities for other municipalities to apply for and utilize the UEZ Program.



OPPORTUNITIES FOR IMPROVEMENT

- StLeg.15** UEZ legislation should require routine performance evaluations (i.e., every five years based against the UEZ's Zone Development Plan) that prescribe benchmarking for each UEZ to measure an econometric impact (job creation and a positive climate for community and business investment), and empower the UEZ Board to discontinue deficient zones.
- StLeg.16** The New Jersey Economic Development Authority should evaluate the benefits afforded by the newly enacted federal Small Business Jobs Act of 2010.
- StLeg.17** Proposed legislation in the New Jersey Assembly provides new incentives to stimulate small banks to lend to small businesses within UEZs. Specifically, New Jersey Senate Bill 1885 and Assembly Bill 3243 provide corporation business tax and gross income tax deductions for the amount of net interest received on loans to certain qualified UEZ businesses.
- In addition, New Jersey Senate Bill 1881 and Assembly Bill 2681 provide for corporate business tax and gross income tax deductions for interest income derived from certain residential mortgage loans, and require financial benefits attributed to deduction to reduce principal of residential mortgage loans.
- StLeg.18** UEZ legislative parameters and regulatory guidance are needed to clearly define a UEZ lifecycle and an exit/transition strategy.
- StLeg.19** Legislative amendments should close the loophole for the impacted business district provision which, to-date, has not yet been used, but which could significantly dilute the original intent of the legislation.
- StLeg.20** Sections of the legislation can be eliminated, such as the criterion for designation of enterprise zones; because the zones are already established.
- StLeg.21** Legislative amendments should require the identification and use of matching funds (public and private) to leverage non-UEZ resources against zone assistance funds.

End State Legislation



FOCUS AREA 9: STATE COMPARISON

The following findings result from a comparative analysis among comparable UEZ Programs in the states of Michigan, New York, Ohio, and the Commonwealth of Pennsylvania. Delta prepared a list of states for the client to consider as part of the comparative state analysis. Factors such as proximity to New Jersey, enterprise zone programs which are known to be either successful or unique, national economic development competitiveness, and similar economic conditions were considered.

The final states selected for comparative review were chosen primarily due to their proximity to New Jersey (particularly Pennsylvania and New York); because each state has been impacted by de-industrialization and population loss over the last several decades; and each faces economic conditions similar to New Jersey.

9.1 New Jersey is the *only* state with a consumer sales tax abatement incentive as part of its place-based economic development program.

9.1.A Thirty-eight (38) states and the District of Columbia have place-based economic development programs. The majority of these are centered on business tax credits (21 of the 38 states with programs). Sales tax exemptions for businesses are also an important component, with many programs (16 of 38) offering them.

9.1.B Of the states with place-based economic development programs, New Jersey is the *only one* that does not permit municipalities to establish local sales taxes.

- The majority of states with programs (26) have both state *and* local sales taxes.
- Local sales taxes in other states give municipalities another source of revenue to fund economic development activities.

9.1.C New Jersey municipalities are limited in their ability to fund “creative” economic development programs with local funds, due to the cap on property taxes and the inability to levy sales or income taxes.

SOURCE: DOCUMENT REVIEW, INTERVIEWS

9.2 The decision by New York State to end the Empire Zone program offers several “lessons learned” for the State of New Jersey.

9.2.A From 1990 to 2002, five legislative amendments expanded the Empire Zone program by loosening the eligibility requirements and definition of zone boundaries.

- Zones could include land that was “nearby or contiguous” to a U.S. Census tract that met zone criteria of high poverty and unemployment rates.
- In addition, the Commissioner of Economic Development could designate a zone based on his or her assessment of an area’s “potential for business development and job creation.”¹²
- The result of the loosening eligibility criteria was a more than doubling of the number of zones, from 40 to 85, and exponentially

¹² Assessing the Empire Zones Program, Reforms Needed to Improve Program Evaluation and Effectiveness, New York State Office of the State Comptroller Alan G. Hevesi



increased the estimated costs to the State to over \$600 million in 2009.¹³

- 9.2.B** Due to increasing financial demands, abuse of and corruption in the systems, and failure to produce results, the Empire Zone program was replaced by the Excelsior Jobs Program in June 2010.
- Participating businesses remain eligible for benefits until their contracts expire.¹⁴
 - Expenses for the Excelsior Program will be in addition to expenses of the Empire Program until the enrolled businesses complete their participating terms.
- 9.2.C** The Excelsior Program provides job creation and investment incentives to firms in such targeted industries as biotechnology, pharmaceuticals, high-tech, clean-technology, green technology, financial services, agriculture, and manufacturing.
- Firms in these strategic industries that create and maintain new jobs or make significant financial investment will be eligible to apply for up to four new tax credits.
 - The tax credits support job creation, research, capital investments, and real property (for businesses located in narrowly defined distressed areas).
- 9.2.D** Program costs are capped at \$250 million annually to maintain affordability. The implications of this cap (such as what happens if all incentives are awarded in the first quarter of the year) are still being sorted out, as the Excelsior Program is just starting in 2011.

SOURCE: DOCUMENT REVIEW, INTERVIEWS

¹³ New York State, Division of Budget and the Department of Taxation and Finance, New York State Executive Budget 2009-2010, Annual Report on New York State Tax Expenditures, January 2010

¹⁴ New York State Press Release, Passage of Excelsior Job Legislation, <http://www.nysenate.gov/press-release/majority-passes-excelsior-job-creation-program-create-jobs-and-spur-economic-growth>



9.3 The ease with which businesses and residents can take advantage of the tax incentives offered through Michigan’s Renaissance Zone Program is a good lesson learned for New Jersey.

9.3.A Michigan’s Renaissance Zone Program is nearly free of paperwork for businesses and residents using program incentives. “From the standpoint of a recipient, it is relatively simple to receive benefits in a renaissance zone; there is no paperwork to be filled out, and it is not necessary to ‘qualify’ for the incentives.”¹⁵

- As noted by the former CEO of the Michigan Jobs Commission, “There are no forms to fill out. There are no hiring requirements. There are no investment requirements. You just move in and do business.”¹⁶
- There are no business certification requirements. If a business is located within a renaissance zone, it can take advantage of tax benefits provided it is in tax compliance.

9.3.B Michigan’s Renaissance Zone Program includes industry-specific zones.

- In addition to 21 designated zones, Michigan’s Renaissance Zone Program also includes industry-specific zones focused on a statewide economic development strategy, including:
 - Tool & Die Recovery Zones
 - Agricultural Processing Renaissance Zone
 - Forest Products Processing Renaissance Zones and
 - Renewable Energy Renaissance Zones.
- Industry-specific renaissance zones are unique, in that the boundary of the zone is the boundary of a specific company’s facility. Therefore, for instance, the Tool & Die Recovery Zones include each tool and die business location that participates in the zone at any location in the State.
- Michigan transitioned out of a traditional enterprise zone program to the Renaissance Program in 1996.

SOURCE: DOCUMENT REVIEW, INTERVIEWS

¹⁵ University of Detroit Mercy Law Review, Volume 82, Issue 3, Detroit’s Renaissance Zones: The Economics of Tax Incentives in Metropolitan Location Decisions, the Results of the Zones to Date, and Thoughts on the Future, p. 335

¹⁶ Ibid, p. 335



9.4 Pennsylvania establishes a Revolving Loan Fund (RLF) in each enterprise zone.

- 9.4.A** The Revolving Loan Fund (RLF) of the Pennsylvania Enterprise Zone Program is capitalized from the repayment of the low-interest loans provided by the State as competitive grants for projects.
- 9.4.B** Establishment of RLFs in each zone enables the initial State funding to continue to support economic development projects, even after a zone exits the program.
- 9.4.C** As a safeguard, a RLF candidate project must meet the same strict guidelines as a project for the initial competitive grant.

SOURCE: DOCUMENT REVIEW, INTERVIEWS

9.5 There is a significant variance in administration (both in staffing levels and costs) among the UEZ Programs of the four states studied and New Jersey.

- 9.5.A** While New Jersey's UEZ Program requires 117 professionals to operate, the staffing levels are commensurate with the amount of work required to maintain the UEZ Program in its current form.
- Unlike the comparison states, New Jersey's UEZ incentive toolbox is comprehensive and includes tax exemptions, tax reductions, tax credits, business and worker training, business and municipal grants, and loans. The level of accountability (both for businesses and local UEZs) to ensure that the benefits are appropriately distributed and documented requires significant administrative resources.
 - Eighteen (18) professionals are located in the State UEZ Program Office; 99 professionals staff the 32 UEZs located in 37 municipalities.
 - Seven (7) staff members in the State UEZ Program Office work on the business certification/recertification process required for businesses to receive tax exemptions and offer a reduced sales tax rate to customers.
 - Seven (7) staff members in the State UEZ Program Office work on grant-related activities, such as approvals, contracting, and reimbursements.
- 9.5.B** The discontinued **New York Empire Zone Program** relied on 10 staff members at the Empire State Development Corporation (ESD), and 85 local staff members (not paid by the State).
- The Excelsior Program concentrates authority at the State level, but reduces the roles of the municipality.
 - While the precise staffing is still being determined as the program evolves, the initial staffing is 10 people, including regional coordinators in ESD offices.



9.5.C The cost to administer **Pennsylvania's Enterprise Zone Program** is modest and quantifiable.

- There is one statewide program administrator and one local enterprise zone coordinator per zone.
- As of December 2010, there were 26 active enterprise zones.
- There have been 66 enterprise zones across Pennsylvania.
- Inactive zones have exited the program.
- The timing of reports and single applications for funding assistance is prescribed and anticipated at the State level.
- Information collected by the reports and applications is pre-defined, so it is easier to evaluate.
- Since the number of enterprise zones is established and their maximum level of grant support is prescribed, the cost of the program can be anticipated and budgeted annually.
- Operational grants provided by the State to a local enterprise zone organization have restrictions on use to ensure that economic development is promoted.
 - The State provides \$50,000/year for seven years for the operation of the enterprise zone organization.
 - This funding can only be used for business development surveys, technical assistance, Revolving Loan Fund (RLF) administration, enterprise zone marketing, updating the Five-Year Strategy document, up to 50 percent of the salary of an enterprise zone coordinator, and/or development of an exit strategy.
- At the State level, the cost to administer Pennsylvania's Keystone Opportunity Zone (KOZ) Program is modest.
 - Only a few staff members are needed to monitor the program and support the local zones, since the main function of the program is tax abatement.
 - Form work for businesses seeking to participate in the program or renew their eligibility is completed online and is easy to manage.

9.5.D With little paperwork required of businesses and residents who participate in the program, **Michigan's Renaissance Zone Program** administration is relatively small.

- One program administrator at the Michigan Economic Development Corporation works in conjunction with the Michigan Strategic Fund Board, which has the authority to create new zones.
- Local governments oversee the local taxing portion of the program in each individual zone; there are no specific zone coordinators.
- Local governments are the primary points of contact for questions



about the program's benefits.

- The State does not provide local governments with supplementary administrative funding.
- The Michigan State Department of Treasury works with businesses and local governments to help participating businesses and residents with tax-related questions.

9.5.E The **Ohio Enterprise Zone Program** is the most streamlined, with only three staff members at the State level.

- The seemingly minimal State-level management is because the only program benefits are local tax exemptions and program compliance monitored at the local level through boards chaired by county auditors.
- If a business is underperforming, boards have the option to rescind the tax abatement and possibly clawing-back previous abatements.

SOURCE: DOCUMENT REVIEW, INTERVIEWS

9.6 Identifying and tracking metrics is a common challenge among all state programs analyzed.

9.6.A Federal zone program studies conclude it is difficult to track meaningful metrics.

9.6.B The **Ohio Enterprise Zone Program** has a comprehensive and transparent review system.

- Ohio issues an annual report that covers several metrics from the previous year, including:
 - number of active zones
 - number of agreements made
 - total private investment committed per the agreements
 - actual and projected numbers of jobs created and
 - actual and projected new payroll created.

9.6.C **Ohio** publishes business lists on the Internet, so the public has access to information about who participates in the program and what individual incentives that are awarded.

9.6.D To understand the challenges businesses face and to target state resources that can meet those challenges, **Pennsylvania's Enterprise Zone Program** administers an annual business survey to develop and administer the strategy of the zone. Annual business surveys have proven to be important to uncover unique issues associated with each zone.

9.6.E One of the main criticisms of **Michigan's Renaissance Zone Program** is its lack of reporting. Zone communities are not required to report program results, such as job creation or private investment. Reporting is by zone communities is voluntary. Because there is underreporting of development activity, it is difficult for communities to track businesses or residents that move into/out of zones.¹⁷

SOURCE: DOCUMENT REVIEW, INTERVIEWS

¹⁷ Ibid, p. 336



**State Comparison (StC)
Consultant Analysis and Opportunities for Improvement**

OPPORTUNITIES FOR IMPROVEMENT (LESSONS LEARNED)

- StC.1** Other states have successfully tailored their zone programs to ensure alignment between incentives offered by the zones and each state’s overall economic development priorities. New Jersey may want to consider tailoring zone programs to meet the State’s economic development priorities.
- StC.2** Nationwide, most state enterprise zone programs are centered on business tax credits (21 of the 38 states with programs) and sales tax exemptions for businesses (16 of 38) offering them.
- StC.3** The loosening of requirements for participation and unchecked expansion of the number of zones in some other states has led to spiraling costs; in New York, in particular, this has resulted in a more than doubling of the number of zones and over \$600 million in program costs. There is a lesson to be learned here.
- StC.4** By being narrowly focused on property tax exemptions, the Ohio program contributes to inter-municipal competition for businesses. Corporations are incentivized to simply relocate within a region.
- StC.5** New Jersey may want to evaluate the cost of implementing the current UEZ Program incentives against the program impacts to determine what changes might be necessary to improve program administration.

State Comparison

END DOCUMENT



NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX H: STATE COMPARATIVE REVIEW

INTRODUCTION

The Delta team conducted a qualitative assessment comparing New Jersey’s Urban Enterprise Zone (UEZ) Program with Enterprise Zone Programs in four states for the purpose of: (1) pinpointing areas of similarity as a way to identify “lessons learned”; (2) identifying best practices that could potentially be transferred to New Jersey, including place-based economic development strategies; and (3) identifying areas of dissimilarity as a way to contrast the uniqueness of New Jersey’s UEZ Program.

A brief case study has been developed for each state (Michigan, New York, Ohio, and Pennsylvania). Matrices summarizing the administrative aspects of each state’s program(s) and zone incentives are included at the end of this Appendix.

Specific highlights from each state are located in the Phase I and Phase II Observations and Data Aggregation Appendix.

METHODOLOGY

COMPARATIVE STATE SELECTION

The states of Michigan, New York, and Ohio, and the Commonwealth of Pennsylvania, were selected for comparison. The identification of the states was determined jointly by the client and the project team. The project team prepared a list of states for consideration including the following:

- | | |
|-------------|---------------|
| California | Massachusetts |
| Connecticut | Michigan |
| Delaware | New York |
| Florida | Ohio |
| Georgia | Pennsylvania |
| Indiana | |

Factors such as proximity to New Jersey, enterprise zone programs that are known to be either successful or unique, national economic development competitiveness, and similar economic conditions were considered.

The final states selected for comparative review were chosen primarily due to their proximity to New Jersey (particularly Pennsylvania and New York), because each state has been impacted by deindustrialization and population loss over the last several decades, and because each faces similar economic conditions as New Jersey.



METHODOLOGY FOR COMPARISON

To ensure that each state was reviewed consistently and guide the state comparison, the following questions were asked:

1. What are the stated goals of the Program?
2. How many zones are in the state?
3. How are zones defined/what are the eligibility criteria?
4. What sources of revenue fund the Program (sales tax, income tax, etc.)?
5. How is the Program administered?
 - a. At the state level (which agency is it under, what are reporting requirements)
 - b. At the local level (what type of organization manages the Program – local government, economic development organization, etc.)
6. How does the Program benefit the following?
 - a. Businesses within the zone (tax abatements, subsidized unemployment insurance, loans, etc.)
 - b. The individual zone as an entity separate from the municipality (e.g., zone may apply for funds to support streetscape improvements)
 - c. The overall municipality (e.g., municipality receives zone funding to support services, creates jobs)
 - d. Residents in the zone
 - e. Consumers (shopping opportunities with reduced sales tax)
7. How long has the Program been in place?
8. Is there a time limit for how long zones can participate in the Program? Is there a process for zones to “graduate”?

Answers to these questions were reviewed with each of the comparative state’s Program administrator, as required for a summary discussion of the state program comparison.

CASE STUDY: MICHIGAN RENAISSANCE ZONE PROGRAM**KEY TAKEAWAYS**

- Obtaining Michigan’s Renaissance Zone Program benefits is straightforward: no additional paperwork is required for zone recipients to take advantage of zone benefits and there is no separate eligibility process.
- With limited paperwork required of businesses and residents who participate in the Program, administration of Michigan’s Renaissance Zone Program is minimal.
 - One Program administrator is employed at the state level, and local governments oversee the local taxing portion of the Program in individual zones.
 - There are no specific zone coordinators.
- Businesses that are included in an industry-based Renaissance Zone often receive a competitive economic development package negotiated with state and local officials, with the Renaissance Zone designation included as part of the incentive package.

GOALS AND BENEFITS OF THE MICHIGAN RENAISSANCE ZONE PROGRAM

The goal of the Renaissance Zone Program is to provide select Michigan communities with a market-based incentive of no state or local taxes to encourage new jobs and investment. The authorizing statute lists the following objectives: "To foster economic opportunities in the state; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; (and) to prevent physical and infrastructure deterioration of geographic areas in the state."¹

Michigan has 21 geographic Renaissance Zones containing up to 10 subzones, which each include over 150 geographic areas. In addition to the geographically based zones, Michigan has a number of Renaissance Zones that are industry-based. These zones are established specifically for firms conducting business in select industry sectors including agricultural processing, renewable energy, forest-products processing, and tool and die. The boundaries of the industry-based Renaissance Zones are the physical locations of the companies included in the zones.

Michigan's Renaissance Zone Program provides a number of incentives to qualified businesses and residents, including the following:

- Real and personal property tax abatement of nearly 100%
- State property tax exemption for school taxes
- Tax credit against the Michigan business tax for business activity attributable to the Renaissance Zone
- Personal income tax exemption for individuals living within a Renaissance Zone
- Specific to the City of Detroit, residents and businesses located in Detroit's Renaissance Zone are exempt the City's 5% tax on utility bills
- While local governments do not receive funding to administer the Renaissance Zone Program, the Michigan Department of Treasury makes reimbursements to intermediate school districts, local school districts, community college districts, public libraries, and the school aid fund for revenue lost due to the Renaissance Zone Program.

Taxes associated with the Renaissance Zone Program can be abated for up to 15 years, and in all cases, the tax benefits will be phased out in 25% increments over the last three years of zone designation.

MINIMAL PAPERWORK REQUIRED

Michigan's Renaissance Zone Program is nearly free of paperwork for businesses and residents using Program incentives. "From the standpoint of a recipient, it is relatively simple to receive benefits in a Renaissance Zone; there is no paperwork that needs to be filled out, and you do not need to 'qualify' for the incentives."² As noted by the past CEO of the Michigan Jobs Commission, "There are no forms to fill out. There are no hiring requirements. There are no investment requirements. You just move in and do business."³

¹ Michigan Legislature, *Michigan Renaissance Zone Act, Act 376 of 1996*, accessed December 28, 2010, [http://www.legislature.mi.gov/\(S\(y2h5ezikunkkuxevhdg4qm55\)\)/mileg.aspx?page=getObject&objectname=mcl-act-376-of-1996](http://www.legislature.mi.gov/(S(y2h5ezikunkkuxevhdg4qm55))/mileg.aspx?page=getObject&objectname=mcl-act-376-of-1996).

² John T. Schuring, "Detroit's Renaissance Zones: The Economics of Tax Incentives in Metropolitan Location Decisions, the Results of the Zones to Date, and Thoughts on the Future," *University of Detroit Mercy Law Review* Vol.82, Issue 3: 335.

³ *Ibid.*



MINIMAL STAFF REQUIRED TO ADMINISTER

With little paperwork required of businesses and residents who participate in the Program, Michigan's Renaissance Zone Program administration is relatively small. One Program administrator at the Michigan Economic Development Corporation (MEDC) works in conjunction with a state board, the Michigan Strategic Fund (MSF) Board, which has the authority to create new zones. Local governments oversee the local taxing portion of the Program in each individual zone and are the primary point of contact for questions about the Program's benefits. There are no zone coordinators.

REPORTING HAS BEEN CONSIDERED A PROGRAM WEAKNESS

One of the main criticisms of Michigan's Renaissance Zone Program is its lack of reporting. Zone communities are not required to report Program results such as job creation or private investment. Reporting is conducted on a voluntary basis by the Renaissance Zone communities, and there is underreporting of development activity, so it is difficult for communities to track the businesses or residents that move into/out of the zones.⁴

While reporting has been cited as a Program weakness, the MEDC is required to annually report to the Michigan legislature the following information for each zone: number of new jobs created, percentage change in aggregate taxable value and state equalized value, average wage of new jobs created, and percentage change of adjusted gross income of residents. In 2009 the MEDC reported that the Program has created over 10,154 jobs and over \$3 billion in private investment since its inception.⁵

ZONE EXPANSION AND EXPIRATION

The MSF Board and the State Administrative Board have the authority to create new non-geographic zones. On certain industry-based zones, the MSF Board recommends the creation of additional facility-specific zones to the State Administrative Board, which renders a final decision. Legislatively, the number of geographic Renaissance Zones is limited to 21, with zones selected based on evidence of adverse economic and socioeconomic conditions within the proposed zone; the viability, creativity, and innovation of a zone-specific development plan; applications that include new business activity; the demonstrated level of local cooperation; public and private commitments to improving abandoned property; and other resources available for the proposed Renaissance Zone. The proposed zone cannot be more than 5,000 acres.

Currently, the MSF Board has the authority to designate up to 10 subzones within each Renaissance Zone. New subzones are only allowed for existing urban and rural Renaissance Zones that have not reached the maximum of 10 subzones. Applications for additional subzone designation will be accepted until December 31, 2011.

The MSF Board grants subzone designation based on the following factors: a development agreement between the property owner and MSF, project viability that can be proven with either job creation or private investment, project commencement within one year of approval, and the consent of the local unit and county through resolution agreeing to forego receiving tax benefits for this property for an agreed-upon time frame up to 15 years.

⁴ Ibid, 336.

⁵ Michigan Economic Development Corporation, *Michigan Renaissance Zone Act Legislative Report 2009*, 1.



Because a subzone can be designated for up to 15 years, certain subzones will have a sunset date after that of the Renaissance Zone in which they are contained. This essentially allows for an extended duration of benefits in certain areas (subzones) even after the overall Renaissance Zone has expired. The tax benefits for the Program are phased out at 25% increments during the last three years of the zone designation.

CASE STUDY: NEW YORK STATE'S DECISION TO REPLACE EMPIRE ZONE PROGRAM WITH EXCELSIOR PROGRAM

KEY TAKEAWAYS

- The Program failed to meet its economic development goals due to the following factors:
 - Mutable standards about which areas qualified as Empire Zones, contributing to the Program's overextension
 - A lack of a structure for oversight and accountability
- The new Excelsior Program addresses weaknesses by capping available funding and more clearly defining project eligibility in alignment with State economic development goals.

INITIAL GOALS AND BENEFITS OF THE EMPIRE ZONE PROGRAM

The purpose of New York's Empire Zone Program was to facilitate economic growth by using tax incentives to encourage businesses to locate in distressed areas and to increase the expansion and job creation capacity of existing businesses within these areas.⁶ The Program was founded in 1986, with the legislation allowing the creation of up to 40 zones over a span of eight years. Tax benefits were available for businesses for a 10-year period.

The Program provided a number of incentives to qualified businesses, including the following:

- **Sales Tax Benefits:** A refund or credit on State and, in some cases, local sales tax on purchases of goods and services (including utility and telephone services).
- **Credit for Real Property Taxes:** A refundable credit against business or income tax based on real property taxes paid in the zone
- **Tax Reduction Credit:** A credit against business or income tax equal to a percentage of taxes attributable to the zone enterprise
- **Wage Tax Credit:** A credit for hiring full-time employees (\$3,000 per year for five years for targeted groups, and \$15,000 per year for all other hires)
- **EZ Investment Tax and Employment Incentive Credits:** Tax credit for businesses that create new jobs and make new investments in production, property, and equipment
- **New Business Refund:** A 50% cash refund of unused EZ-wage tax credit and investment tax credit amounts for new businesses
- **Utility Rate Savings:** Special reduced electric and gas rates available through investor-owned utilities in New York State

⁶ New York Empire State Development, "Empire Zone Quick Sheet," http://www.empire.state.ny.us/BusinessPrograms/Data/EmpireZones/EZ_QuickSheet.pdf (accessed December 2010)



- **Zone Capital Credit:** A 25% tax credit against personal or corporate income taxes for qualified investments or contributions to approved community development projects
- **Sales Tax Refund or Credit:** Refund or credit for purchases of building materials used in construction, expansion, or rehabilitation of commercial or industrial real estate
- **Real Property Tax Abatement:** Tax abatements from increased assessments for up to 10 years
- **Technical Assistance:** Support to businesses locating or expanding in Empire Zones.⁷ Zones Were Targeted to the Most Distressed Areas, But Eligibility Has Expanded over Time

Initially, Empire Zone designation required areas to have a population of at least 2,000 people and one of the two factors below:

- A poverty rate of 20%
- An unemployment rate 1.25 times the State average

From 1990 to 2002, five legislative amendments expanded the Program by loosening the eligibility requirements and definition of zone boundaries. Zones could include land that was “nearby or contiguous” to a census tract that met zone criteria of high poverty and unemployment rates. Additional eligibility criteria included any one of the following:

- An unemployment rate equal to or exceeding the State rate
- A poverty rate of at least 20%
- At least 14% of households receiving public assistance
- No other Empire Zone in the county
- Finally, the Commissioner of Economic Development could designate a zone based upon his or her assessment of an area’s “potential for business development and job creation.”⁸

The result of the loosening eligibility criteria was a more-than-doubling of the number of zones from 40 to 85 and exponentially increasing the estimated costs to the State to over \$600 million in 2009.⁹

THE STATE INCREASED BUSINESS REQUIREMENTS TO DEMONSTRATE ECONOMIC BENEFITS

In 2008, the Empire State Development Corporation (ESD) increased requirements for businesses to receive benefits in order to ensure a return on investment. All new participants were required to demonstrate that they were producing at least \$20 in actual investment and wages for every \$1 in State tax incentives. Participants certified from 2005 to 2008 had to meet a 15:1 benefit/cost standard, and those certified prior to 2005 did not have to meet any set benefit-cost standard.¹⁰

⁷ New York State Department of Taxation and Finance, A Guide to Business Tax and Person Income Tax Credits within Empire Zones (Publication 26: February 2001).

⁸ New York State Office of the State Comptroller, *Assessing the Empire Zones Program, Reforms Needed to Improve Program Evaluation and Effectiveness* (Report 3-2005: April 2004).

⁹ New York State Division of Budget and the Department of Taxation and Finance, *New York State Executive Budget 2009-2010, Annual Report on New York State Tax Expenditures* (January 2010).

¹⁰ New York State Office of the Governor, “Governor Paterson Announces Excelsior Jobs Program Launch,” press release, <http://readme.readmedia.com/Governor-Paterson-Announces-Excelsior-Jobs-Program-Launch/1717095> (accessed December 2010).



The increased requirements were enacted to ensure the effectiveness of the Program and were in response to businesses abusing the Program and failing to follow through with commitments.

Despite annual Empire Zone expenditures in excess of \$550 million, the State's returns on investment were difficult to quantify, and businesses participating in the Program had not been held accountable.¹¹ Statistics gathered by the Citizens Budget Commission show that in 2008 there were 9,800 businesses certified in the Program, employing more than 380,000 people.¹² In numerous reviews of the Program, data availability and accuracy have been sighted as a primary failure, due largely to the fact that businesses self-report employment and investment information. The failure to produce accurate numbers is also attributable to businesses moving into the zone and claiming all employees as new jobs, regardless of the fact they were previously employed at the company elsewhere in the State.¹³ Some of the shortcoming is attributable to administrators of the Program, both at State and local levels, being unclear on their respective responsibilities. It has also been widely cited that protections on tax data prohibit the State from verifying employment and tax benefit figures that have been self-reported by businesses.¹⁴

Due to increasing financial demands, abuse of and corruption in the system, and failure to produce results, the Empire Zone Program was replaced by the Excelsior Jobs Program in June 2010. Participating businesses will remain eligible for benefits until their contracts expire.¹⁵ Expenses for the Excelsior Program will be in addition to expenses of the Empire Program until the enrolled businesses complete their participating term.

INITIAL GOALS AND BENEFITS OF THE EXCELSIOR PROGRAM

In reaction to the overruns created by the Empire Zone Program, the State created the Excelsior Jobs Program. The Program targets a narrower set of core State industries through a series of incentives that for the most part are not contingent on a business's location in a designated area.¹⁶ The new Program is designed as a strategic discretionary incentive program with a place-based component.

The Program provides job creation and investment incentives to firms in such targeted industries as biotechnology, pharmaceutical, high-tech, clean technology, green technology, financial services, agriculture, and manufacturing. Firms in these strategic industries that create and maintain new jobs or make significant financial investment will be eligible to apply for up to four new tax credits. Program costs are capped at \$250 million annually to maintain fiscal affordability and ensure that

¹¹ Ibid.

¹² New York Citizens Budget Commission. *It's Time to End New York State's Empire Zone Program*, 2008.

¹³ Randy Coburn (Empire Zone Program Director), interview, December 13, 2010.

¹⁴ New York State Office of the State Comptroller, *Assessing the Empire Zones Program, Reforms Needed to Improve Program Evaluation and Effectiveness*, (Report 3-2005: April 2004).

¹⁵ New York State, "Passage of Excelsior Job Legislation," press release, <http://www.nysenate.gov/press-release/majority-passes-excelsior-job-creation-program-create-jobs-and-spur-economic-growth>.

¹⁶ New York State's Empire State Development, "Excelsior Jobs Program Overview," http://www.empire.state.ny.us/BusinessPrograms/Data/Excelsior/Excelsior_ProgramOverviewedit.pdf (accessed December 2020).



New Yorkers realize a positive return on their investment.¹⁷ The Program was signed into legislation and began accepting applications on June 22, 2010.

BUSINESSES ARE ELIGIBLE THROUGHOUT THE STATE, WITH ADDED INCENTIVES IN CERTAIN ZONES

The Excelsior Program provides the following four incentives:

- A Jobs Tax Credit: A credit of up to \$5,000 per new job to cover a portion of the associated payroll cost
- An Investment Tax Credit: Valued at 2% of qualified investments
- A Research and Development (R&D) Tax Credit: A 10% credit for new investments based on the federal research and development credit
- A Real Property Tax Credit: Tax credits available to firms locating in certain distressed areas and to firms in targeted industries designated as regionally significant projects.¹⁸ In year one, there is a credit of 50% of real property taxes, declining each year to a 10% credit in year 5.¹⁹

Every firm approved for participation in the Program is eligible to apply for the Jobs Tax Credit, the Investment Tax Credit, and the R&D Tax Credit. Only certain categories of firms are eligible to also apply for the Real Property Tax Credit, and they must be located within one of the 54 Investment Zones.²⁰

ELIGIBILITY IS TARGETED TO BUSINESS TYPES

To be a participant in the Excelsior Jobs Program, a business entity shall operate in New York State predominantly in one of the following roles:

- A financial services data center or a financial services back office operation
- Manufacturing
- Software development and new media
- Scientific research and development
- Agriculture
- A firm involved in the creation or expansion of back office operations in the State
- A distribution center
- An industry with significant potential for private-sector economic growth and development in this State as established by the Commissioner.²¹

Note: Further eligibility requirements for each type of business are discussed below.

¹⁷ New York State's Empire State Development, "Excelsior Jobs Program Statute," http://www.empire.state.ny.us/BusinessPrograms/Data/Excelsior/Excelsior_ProgramOverviewedit.pdf (accessed December 2010).

¹⁸ New York State Development, "Business Programs, Excelsior Program Site," <http://www.empire.state.ny.us/BusinessPrograms/Excelsior.html> (accessed December 2010)

¹⁹ New York State's Empire Development, "Excelsior Jobs Program Statute."

²⁰ New York State's Empire State Development, "Excelsior Jobs Program Overview."

²¹ New York State's Empire State Development, "Excelsior Jobs Program Statute."



THE EMPIRE STATE DEVELOPMENT CORPORATION (ESD) DETERMINES POTENTIAL FOR TAX CREDITS

A firm must apply to the ESD with its plan for expansion or growth. Based on that plan, the ESD will calculate the maximum potential tax credits over a five-year period, based on the following:

- Projected capital investment
- Amount of salary and benefits expected to be paid to new employees
- R&D expenditures

If the application is approved, the ESD will enter into a formal agreement with the firm which clearly states the tax credits as well as the job and investment requirements for each year. Firms that meet all obligations in the agreement will be issued a certificate allowing them to claim eligible tax credits.²²

The Excelsior Program is limited to firms making a substantial commitment to growth – either in employment or through investing significant capital in a New York facility. The Job Growth Track comprises 75% of the Excelsior Program and includes all firms in targeted industries creating new jobs in New York. The other 25% is set aside for the Investment Track firms that have at least 50 employees and make significant new capital investments in a New York facility, and that meet a benefit-cost threshold of at least \$10 of investment and new wages for every \$1 of tax credit.²³ In contrast to the Empire Zone Program, a project’s incentive package received is determined by the ESD, which issues credits on a discretionary and strategic basis.

ELIGIBILITY CRITERIA FOR NEW YORK EXCELSIOR PROGRAM JOB GROWTH CREDITS

The Job Growth Track comprises 75% of the Program, offering incentives to firms in targeted industries. Each industry has specified minimum job creation and investment numbers that firms must meet in order to receive Program benefits.

The other 25% of Program benefits are allocated to the Investment Track. Approved firms must meet employment, investment, and benefit-cost ratio minimums.

JOB GROWTH TRACK			
EXCELSIOR MINIMUM ELIGIBILITY CRITERIA			
STRATEGIC INDUSTRY	MINIMUM JOBS	REGIONALLY SIGNIFICANT PROJECT MINIMUM JOBS & INVESTMENTS	
Scientific R&D	10	20	\$6,000,000
Software Development	10	N/A	N/A
Agriculture	10	20	\$500,000
Manufacturing	25	50	\$5,000,000
Financial Services	100	300	\$6,000,000
Back Office	150	300	\$6,000,000
Distribution	150	300	\$30,000,000
Other	N/A	300	\$6,000,000

²² New York State’s Empire State Development, “Excelsior Jobs Program Overview.”

²³ New York State’s Empire State Development, “Excelsior Jobs Program Overview.”



INVESTMENT TRACK

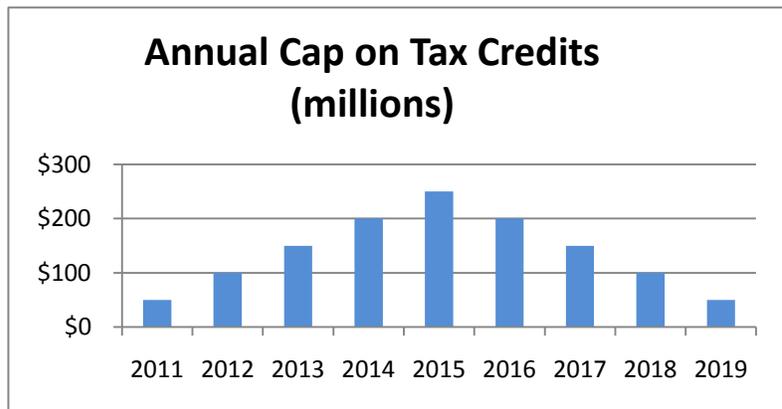
FIRMS IN STRATEGIC INDUSTRIES THAT MAKE SIGNIFICANT CAPITAL INVESTMENT AND HAVE AND RETAIN AT LEAST 50 EMPLOYEES

MINIMUM BENEFIT COST RATIO = 10:1

Total investment, wages and benefits: Excelsior Jobs Program Tax Credits

THE EXCELSIOR PROGRAM HAS INCREASED MEASURES FOR TRANSPARENCY AND ACCOUNTABILITY

In each year from 2011 through 2015, the ESD may commit up to \$250 million in tax credits to firms in the Excelsior Jobs Program. Additionally, the Program has a total lifetime value of \$1.25 billion, with the following yearly breakdown: Participating firms may only claim tax credits after demonstrating that their job and investment promises have been met.



PARTICIPATION IN THE PROGRAM LIMITS PARTICIPATION IN OTHER PROGRAMS

Participation in the Excelsior Jobs Program permanently decertifies a firm to participate in the Empire Zones Program. Likewise, a property cannot claim the Excelsior investment tax credit and the brownfield tangible property credit. In addition, a property claiming the Excelsior investment tax credit cannot also claim the Empire Zone investment tax credit.²⁴

ADOPTION OF EXCELSIOR PROGRAM TO REPLACE EMPIRE ZONE PROGRAM

The Empire Zone Program required little accountability from participating companies, with nearly two-thirds of businesses in anchor industries, which accounted for two-thirds of the total Program cost. The Empire Zone Program was continually hampered by abuses, lack of results, and skyrocketing costs. Despite annual Empire Zone expenditures in excess of \$550 million, the State's returns on investment were difficult to quantify, and businesses participating in the Program had not been held accountable.²⁵

²⁴ New York State’s Empire State Development, “Excelsior Jobs Program Statute.”

²⁵ New York State Office of the Governor, “Governor Paterson Announces Excelsior Jobs Program Launch.”



The Excelsior Program was adopted largely for the following reasons:

- The Excelsior Program provides greater business oversight:
 - Contracts are shorter and require annual reviews.
 - Businesses are more frequently audited to demonstrate job creation and economic contributions.
- The Program more effectively targets State resources and lowers overall Program costs:
 - The incentives would total \$50 million this year and rise to \$250 million in the fifth year.
- In the Excelsior Program there is no specific geographic targeting, eliminating issues in regards to zone designation.
- A program assessment also showed 4,959 companies failed to meet their targets for job creation or their own investment by 60% or more. Companies receiving Empire Zone tax breaks include some of the nation's wealthiest, such as Wal-Mart, IBM Corp., Home Depot, Target, Lowe's Home Centers, PepsiCo, Lockheed Martin, Coca-Cola, the Tiffany Company, and Dick's Sporting Goods.
- Companies now receiving tax breaks and other incentives under the Empire Zone Program will continue to benefit until their contract expires.²⁶ Case Study: Ohio Enterprise Zone Program

KEY TAKEAWAYS

- The Program classifies areas into distressed and non-distressed zones. While distressed zones are eligible for greater levels of personal property tax exemption, the advantage of this incentive has declined.
- The main Program benefits are municipal property tax abatements and credits for State franchise taxes.
- Performance by participating businesses is monitored annually by Tax Incentive Review Councils (TIRCs), which are affiliated with the county administrator. These annual reviews ensure that participating businesses meet Program goals.
- Performance is tracked at the State level by measuring projected versus actual results on several indicators, including jobs, payroll, and investment.

INITIAL GOALS AND INCENTIVES OF THE ENTERPRISE ZONE PROGRAM

Established in 1982 for an initial five-year term, Ohio's Empire Zone Program is one of many economic development tools offered by the state.²⁷ It was initially designed to help selected distressed areas attract businesses by reducing business costs through property tax abatement. As of November 2010

²⁶ New York State's Empire State Development, "Business Programs, Excelsior Program Site," <http://www.empire.state.ny.us/BusinessPrograms/Excelsior.html> (accessed December 2010).

²⁷ Ohio Department of Development, "Program Summary," <http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/EZsum.pdf> (accessed December 2010).



there were 409 zones participating in the Program,²⁸ with 1,911 agreements with participating businesses.²⁹

The Program provides the following incentives:

- Real and Personal Property Tax Credit: A credit of up to 75% based on the value of new project investment, for up to 10 years
- State Franchise Tax Credit
 - Exemption of all real and personal property assets provided by the local Enterprise Zone Agreement from the asset- or income-based tax calculation
 - Reduction of payroll numerator of wage paid to new hires
 - Credit up to \$300, or actual reimbursement for daycare services for new employees
 - Credit up to \$1,000, or actual costs for training new employees.³⁰ Program participants are eligible to receive incentives for a maximum of 10 years.

THE STATE TRACKS A NUMBER OF METRICS AND PRODUCES ANNUAL REPORT

The State of Ohio closely tracks Program performance through data collection and metrics. The State produces an annual report that tracks Program performance for projected and actual indicators, including number of agreements, jobs, and payroll. These metrics allow government officials and the public to track performance against stated goals. The projections have fallen short in retaining existing jobs, while job creation projections have been slightly exceeded.

OHIO ENTERPRISE ZONE PERFORMANCE (1982-2009)		
METRIC	PROJECTED	ACTUAL
Job Retention	1.18 million	520,388
Job Creation	73,097	74,725
Payroll Creation	\$3.7 billion	\$7.3 billion
Investment	\$32.5 billion	\$29.3 billion

The annual report also includes a list of businesses by zone that have entered into agreements within that year. It specifies individual business targets for job retention, creation, and investment.

²⁸ Ohio Department of Development, “Business Incentive Tax Programs Database,” <http://www.development.ohio.gov/OTEISearch/ez/contactsearch.aspx> (accessed December 2010).

²⁹ Ohio Department of Development, *Ohio Enterprise Zone Annual Report, 2009*. (November 30, 2010).

³⁰ Ohio Department of Development, “Available Incentives,” <http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/Incentives.pdf> (accessed December 2010).



LOCAL GOVERNMENTS INITIATE ZONE DESIGNATION

Local communities begin the designation process by identifying areas in need of economic assistance through the incentives offered by the Program. The eligibility criteria for participation are as follows:

- Have a single contiguous boundary
- Be appropriate for business development
- Meet two of the eight distressed characteristics if intending to qualify for “Distressed-based” incentives:
 - Located in a principal city of a Metropolitan Statistical Area
 - Located in a county designated as being in the “Appalachian region”
 - Concentrated unemployment - must exceed 125% of the State average during the most recent 12 months
 - Prevalence of commercial or industrial structures that are vacant, or demolished, or vacant and tax delinquent - must exceed 5% of all zone commercial or industrial structures
 - Population loss - at least 10% loss between 1980-2000
 - Concentrated low- to moderate-income area – 51% of the population is below 80% of the area's median income.
 - Specific vacant industrial facilities -- used only for the noted facilities. Cannot be used to substantiate zone-wide full authority.
 - Income-weighted tax capacity of school district is below 70% of the State average.
- Meet minimum population requirements based on municipal population:
 - If county population > 300,000, then minimum zone population is 4,000
 - If county population < 300,000, then minimum zone population is 1,000.³¹ Once the zone is defined and legislation is passed at the local level, the local authorities then submit a petition to the Ohio Department of Development (ODOD) along with the following:
 - Local legislation for the zone
 - Map of the zone, highlighting vacant or developable properties
 - Written description of the boundary
 - Required documentation outlining distress.³²

³¹ Ohio Department of Development, “Amendment Procedure Update,” <http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/Zone%20Create%20Amend.pdf> (accessed December 2010).

³² Ibid.



BUSINESS ELIGIBILITY REQUIREMENTS BASED ON BUSINESS ASSETS AND NATURE OF PROPOSED PROJECT

For a business or individual to receive benefits in the Program it must make a substantial investment as determined by the local jurisdiction. Projects must be proposed for review and meet one of the following criteria:

- Establish a new facility
- Expand an existing facility, equivalent to at least 10% of market value of the current facility
- Renovate a vacant facility to at least 50% of the base market value of the facility
- Add new inventory as a result of an expansion at the site in excess of the amount or value of inventory listed in the personal property tax return for the year accepted in the Program
- Add new inventory as a result of establishing a facility.³³

In addition to project eligibility, businesses and individuals can receive benefits based on asset expenditures. Categories of tangible personal property eligible for an Enterprise Zone tax exemption include the following:

- New machinery and equipment purchased by the business
- Used machinery and equipment purchased by the business from another firm in Ohio which is not an affiliate, which machinery or equipment was never used by the business seeking the exemption
- Used machinery or equipment brought to the project site by the business from a location outside Ohio and placed into service for the first time in Ohio as a result of the project
- Machinery and equipment owned by the business in Ohio, but never previously placed into operation
- New inventory added as a result of business expansion
- New inventory added as a result of establishing a new facility

However, the personal property tax incentives have become less valuable as the State has moved to eliminate that type of tax.

TO ENSURE EFFECTIVENESS OF PROGRAM, THE STATE HAS IMPOSED STRINGENT REPORTING REQUIREMENTS

Reporting requirements exist at both the zone and business level. Noncompliance at either level results in automatic suspension from the Program. Each zone is required to report annually to ODOD the status of all zone activities. In order to be consistent and effectively gather data, zones often hire designated individuals to handle the documentation of ongoing zone activity and financial information to avoid delays and ensure compliance. Each year the ODOD sends out a letter explaining the details of the reporting process and where to obtain forms electronically. Document submission is required 10 weeks

³³ Ohio Department of Development, "Project Eligibility Update," <http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/EZProjEligibility.pdf> (accessed December 2010)



after the receipt of the letter and can be done either electronically or via US mail. The zone manager must also provide each board of education in the zone a copy of the report.³⁴

Firms enrolled in the Program are subject to monitoring and oversight by local TIRCs.³⁵ The TIRC evaluates the company's activity and determines if it is in compliance with its employment and investment obligations. If the zone determines any areas of noncompliance, the TIRC then proposes steps to remediate any issues. This information is then forwarded to the ODOD for final review.³⁶ The ODOD determines if any action is necessary or if the firm is eligible for continued incentives.

DUE TO THE LOSS OF TAX REVENUE, SCHOOL DISTRICTS HAVE A ROLE IN PROJECT APPROVAL

The Program law enables local government to issue exemptions for real and personal property taxes to firms and individuals. The exemptions have a much higher impact on school districts, which are dependent upon property tax revenues. Municipalities, on the other hand, derive revenues from multiple sources. To address this issue, projects receiving tax benefits exceeding the 75% incentive level must receive consent from their local school board. Furthermore, the law requires municipalities to notify boards of education of applications prior to review.³⁷ The boards have a 15-day comment period, with the municipality required to consider comments made by the board before final project agreements are made.³⁸

THE STATE EXPANDED THE PROGRAM BEYOND URBAN ZONES TO RURAL AREAS

The original Program was scheduled to end in 1986. However, it has been extended several times and, in fact, the State expanded the eligibility requirements to include rural areas along with extending the Program until 1992.³⁹ From the years of 1993 to 2010, six extensions were passed, with the current sunset date being October 15, 2011.⁴⁰

With the expansion of non-distressed zones, the State identified two separate types of enterprise zones. The two types are: Distress-Based Zones that must meet distressed criteria where the community is able to give tax abatements for any project, and Non-Distress-Based Zones which do not need to meet distressed criteria and can be established by any community.

³⁴ Ohio Department of Development, "Annual Reporting Requirements," [http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/AnnualReport\(1\).pdf](http://www.development.ohio.gov/cms/uploadedfiles/EDD/OTI/AnnualReport(1).pdf) (accessed December 2010).

³⁵ Mike Lloyd, "The Ohio Enterprise Zone Program: Fact Sheet," *The Ohio State University, Industry Attraction Series* (2008) (accessed December 2010).

³⁶ Ibid.

³⁷ Ohio Department of Development, "Ohio Revised Code 5709.83: Notice to Affected School District of Proposed Tax Exemption; Board May Comment or Request Meeting." <http://codes.ohio.gov/orc/5709.83> (accessed December 2010).

³⁸ Ibid.

³⁹ Mike Lloyd, "The Ohio Enterprise Zone Program: Fact Sheet."

⁴⁰ Ibid.



OPPOSITION TO THE EXPANSION AND GROWTH OF THE PROGRAM, BOTH IN SCOPE AND DURATION

While the original legislation targeted highly distressed areas, the expansion in 1986 and the subsequent amendments have changed the nature and scope of the Program to a broader statewide economic development tool. With 409 currently active zones, the Program acts as a general economic stimulus plan for the State of Ohio to compete with neighboring states.⁴¹ Conflicts also arise in the appropriateness of many of the zones designated as distressed. The current legislation allows communities and businesses to give and receive tax benefits intended for distressed areas despite being located in non-distressed areas. This is due to the ability to establish large zones that span more than one municipality. An affluent area located in proximity to a qualifying distressed area can be included in the zone boundaries. This expansion in scope and size accounts for much of the opposition to the Program and is referred to as “renting a slum.”⁴²

Other opposition arises in the Program’s seemingly never-ending duration. Many believe the Program to have lost sight of its intentions to stimulate growth and help communities build economic strength. The Program has been extended seven times from its inception.⁴³ The dependence that many communities have on the Program and the expanded scope of the Program lead many to believe that a true sunset date may be difficult to achieve.

CASE STUDY: PENNSYLVANIA’S ENTERPRISE ZONE (EZ) PROGRAM

KEY TAKEAWAYS

- The expense of Pennsylvania’s EZ Program is relatively modest for the Commonwealth.
 - The Program is managed by six part-time staff members.
 - Due to fiscal tightening of the State’s budget, the allotment for operational and competitive grants in 2010-2011 is \$1,500,000.
 - Operational grants for EZ organizations are predetermined to be \$50,000 annually for seven years. The use of the grant is limited.
- The availability of the EZ Program's low-interest loans is critical to EZ business investments.
- Loan availability is limited to businesses meeting specific criteria, to encourage quality jobs and compatible uses for the zones.
- The use of business surveys is critical to developing and administering the EZ Program’s strategy.
- The Pennsylvania EZ Program collects data but does not annually publish/report on jobs created/retained and capital investments made in each zone.

⁴¹ Mark Cassell, Robert Turner, “‘Who Benefits When Enterprise Zones are Zoned-Out?’ The Case of the Ohio Enterprise Zone Program,” paper for the 2005 Southern Political Science Association Annual Conference Panel (New Orleans, LA, Jan 06, 2005).

⁴² Alyssa Talanker, Kate Davis, Greg LeRoy. “Straying From Good Intentions: How States are Weakening Enterprise Zone and Tax Increment Financing Programs,” A report by Good Jobs First (2008).

⁴³ Ohio Development, “Department Reports, Economic Development Study” (May 4, 2009).



GOALS AND BENEFITS OF THE EZ PROGRAM

The goals of the Pennsylvania EZ Program are listed below.

- To increase communities' competitiveness through improvement of their business technology capabilities
- To increase their capabilities to respond effectively to business expansion opportunities and constraints in financially disadvantaged municipalities
- To assist in the formation of public-private partnerships that will develop and sustain increased rates of business investment and job creation⁴⁴
- To encourage multimunicipal participation for better economic planning and development
- To encourage the reuse of brownfields and the location of commercial, manufacturing, and industrial enterprises into appropriately zoned areas
- To assist in developing e-business technology
- To increase the access of local firms to financing by lending institutions on mutually advantageous terms

The benefits that Pennsylvania's EZ Program offers eligible businesses are described below. Businesses must work with the local administering EZ organization to access these benefits. Businesses considered eligible for the benefits are industrial, manufacturing, and technology-oriented businesses, as well as corporate or regional headquarters expanding to or located in the zone.

- **Low-Interest Loans for Projects.** These loans come in the form of a grant to the EZ organization, and then as a loan to the business. The loan is capped at \$350,000, or 30% of the project costs. Loans can be used for equipment, building improvements, new construction, site improvements, infrastructure, and cost of prepared business lease space. Job creation/retention criteria will be considered in the loan approval process. The amount of capital available each year for these loans is based on annual appropriations in the State budget and the number of eligible businesses needing assistance.
- **Revolving Loan Fund (RLF).** The RLF is capitalized by the repayment of the low-interest loans cited above. It is administered by the local EZ organization, which accepts, reviews, and approves the applications, and administers the loan. Applicants must be eligible businesses and meet the same criteria as for the first generation of low-interest loans.
- **Lowest Statewide Prevailing Interest Rates on Department of Community and Economic Development (DCED) Business Development Loan Programs.** Eligible EZ businesses qualify for the lowest interest rate on these types of loans. This attractive loan is also available to eligible businesses for the first two years after the zone exits the Program.
- **Neighborhood Assistance Program Tax Credits.** These tax credits are available to businesses that make an investment in the zone that involves rehabilitating, expanding, or improving buildings or land, and that promotes community economic development, resulting in employment opportunities, removal of blight, or any significant impact in a distressed area. An approved company can receive tax credits of 25% of eligible project costs, up to

⁴⁴ Pennsylvania Department of Community and Economic Development, Section III – The Enterprise Zone Program and Appendix B – Enterprise Zone Program, Department of Community and Economic Development, *New Communities Program Guidelines* (2010).



\$500,000 per project, and \$1,250,000 per company for four or more approved projects. Tax credits can be carried forward or they can be passed through if they benefit the zone.

- Socially and Economically Restricted Business Designation. The conferring of this designation on zone businesses is advantageous for bidding on Commonwealth government contracts. This benefit is also applicable to businesses for the first five years after the zone exits the Program.
- Priority Consideration for DCED Grants and Loans. For the consideration of public assistance for economic development purposes, state government agencies give priority to projects that leverage business investments and create jobs in the zone.
- State Liquor License Availability. If the applicant has exhausted reasonable means and the business opportunity is located in an EZ, it will be given priority in the issuance of a liquor license for the purposes of economic development, without regard to quota restrictions.
- Act II Contaminated Sites Assistance. The Pennsylvania Department of Environmental Protection gives funding priority to projects located in enterprise zones.

In addition to providing assistance for EZ businesses, Pennsylvania also supports the local organization administering the zone. The support comes in the form of the grants described below.

- A one-time, \$50,000 planning grant is provided to a community to help it complete the application to designate a new zone, including the development of a five-year strategy and fulfillment of other requirements.
- An annual operational grant of \$50,000 to the local EZ organization for up to seven years. This grant can be used to conduct business surveys, obtain technical assistance, administer an RLF, market the zone, update the five-year strategy, pay for the EZ coordinator's salary, and/or develop the zone's exit strategy.
- Two grants of \$25,000 each can also be provided to the local EZ organization for the development of a cluster analysis or for other analytic tools that will support executing the zone's strategy.

THE PROGRAM AND ITS TRANSFORMATIONS

For Pennsylvania, the EZ Program was established to address deteriorated, distressed, and blighted industrial and manufacturing areas throughout the Commonwealth with the goal of improving the standard of living of an area through revitalization, attracting new businesses to the area, and creating job opportunities for local residents. The Program is administered by DCED's Center for Community Development.⁴⁵

Since the passage of the Neighborhood Assistance Act of 1994 that launched Pennsylvania's EZ Program, 66 zones have been established. Currently, 23 zones are supported by state grants. The rest of the zones have exited the Program. Many continue to administer an RLF.

Communities can seek to establish new zones, if they meet the stipulated criteria and follow a requisite process. Establishment criteria include the area experiencing significant distress that can be demonstrated by factors such as unemployment, low educational attainment, blighted areas, crime rate, income levels, poverty rate, lack of business growth, financial instability of participating municipalities,

⁴⁵ Ibid.



severe job loss, economic crisis, etc. Zones should be multi-municipal and the municipalities should be contiguous. Community leaders must identify an eligible applicant (local government, redevelopment authority, or economic development organization) as the enterprise zone coordinator and must complete a DCED application that presents the economic distress of the area, along with ideas to address the challenges. The application must address the following:

- Describes the lead organization and its eligibility as an applicant
- Describes the distressed nature of the anticipated zone with examples and statistics
- Outlines the development of a five-year strategy that addresses opportunities for and obstacles to business growth and retention. The five-year Strategy will be completed within the first year of the zone's operation.
- Provides resolution(s) by local municipalities concerning their participation
- Maps the boundaries of the zone
- Demonstrates that a local zoning ordinance(s) governs land use in a zone

Over time, Pennsylvania has modified its Program to accommodate time and boundary extensions and add Impact Project Zones. Modifications must be approved by DCED. Re-designations of a zone or a one-time, two-year extension are permitted if it can be demonstrated that there is an unusual investment opportunity occurring that will have a significant positive impact on the area, or if there have been sudden and severe closures and employment cutbacks, or chronic and severe economic deterioration that has occurred over a long period of time. Boundary extensions are possible in cases where exceptional opportunity can be demonstrated that could not reasonably have been foreseen at the time the zone was established. Impact Project Enterprise Zones can be applied for and established. This designation provides a narrower scope of benefits and is designed to assist communities that are undertaking a comprehensive redevelopment or revitalization plan. Supported efforts must provide a positive, long-term, community-changing impact within the community, encompass diverse elements, and be a catalyst to create direct and spin-off business.

Pennsylvania's budgetary allocation for its Enterprise Zone Program is modest. It is overseen by one Program manager in DCED's central office and five regional managers in DCED's regional offices. All six managers have other duties in addition to the EZ Program oversight. Also, funding for planning, operational, and competitive grants is part of DCED's annual budgetary allocation for its New Communities Program. For 2010-2011, \$1.5 million was set aside for EZ Program grants.

Locally, enterprise zones are usually overseen by a staff member of a local government or economic development organization. In most cases the Commonwealth's operational grant pays for most or all of their salary. In some cases, local governments or economic development organizations provide matching funds for operations, studies, and/or business assistance.

THE PROGRAM'S STRENGTHS AND WEAKNESSES

The longevity of Pennsylvania's EZ Program has exposed which of its policies and practices should be emulated and which should be adjusted. Those that should be emulated include the following:

- The Commonwealth government's modest investment in the Program - six employees with part-time involvement in the Program and a \$1.5 million annual budget - is noteworthy.
- The Commonwealth government limits the amount and use of its operational grant support. It provides \$50,000 per year for seven years, which can only be used for business surveys,



technical assistance, RLF administration, EZ marketing, updating the five-year strategy, the salary of the EZ coordinator, and/or development of an exit strategy. It also provides two separate \$25,000 grants for cluster analysis and analytical tools to enhance development plans.

- The Program stresses the importance of the EZ organization annually surveying its businesses to understand their challenges and to consider Commonwealth and local resources that can help them meet the challenges. Many zones have unique issues that may not be uncovered any other way.
- The Program's low-interest loans are critical to the success of small and start-up businesses that have little collateral or track record. Though the low-interest loans cover only 30% of the project (up to \$350,000), they provide backing and assurances for bank loans and private investment. Repayment of the loans capitalizes RLFs that are administered locally and again supports business investment and lender confidence.
- Eligible businesses for the loans must be industrial, manufacturing, and technology-oriented businesses and corporate/regional headquarters expanding to or located in the zone. Job creation/retention projections must be clearly identified when applying for loans. Loans can only be used for equipment, building improvements, new construction, site improvements, infrastructure, and cost of preparing business leased space. Retail and commercial businesses are not eligible for the loans.

Pennsylvania's EZ Program is challenged by the difficulty of collecting and reporting on the results of its investment and on the amount of taxes abated through its tax credit program.

- Annually, the Program is not able to report on jobs created or retained, capital investments in buildings, sites and infrastructure, and related outcomes for all of its active zones. Instead, the Program has been reporting on the successes of one particular zone annually, noting jobs and investments when the information is available.
- The Program is not able to quantify annually the dollar value of tax credits across the zones and the resultant number of jobs and investments induced by the tax credits.

To address this jobs-and-investment accounting concern, DCED has developed a "Project Measures" report that is completed and submitted with grant, loan, and tax credit applications. The report asks for 39 projected (grant applications) or actual (tax credit awards) points of data across nine areas of impact. While this form is a step in the right direction to better assess the state's return on investment, it may need to be simplified (for example, limited to 10 points of data), offer clearer definitions of the data requested and specified time periods, and allow for online completion.

CASE STUDY: PENNSYLVANIA'S KEYSTONE OPPORTUNITY ZONE (KOZ) PROGRAM

KEY TAKEAWAYS

- Commonwealth and local economic development officials insist that the Keystone Opportunity Zone (KOZ) Program is often one of the key deciding factors in business location decisions and enables Pennsylvania to stay competitive with other states.
- Data on job creation and retention that can be attributed to the KOZ Program has not been adequately collected, accounted, and reported.
- Information on the business capital investment that can be attributed to the KOZ Program



has not been adequately collected, accounted, and reported.

- The total cost of the KOZ Program to Pennsylvania, in terms of Commonwealth and local taxes abated, currently cannot be reliably estimated.

GOALS AND BENEFITS OF THE KOZ PROGRAM

The KOZ Program does not have a list of goals and objectives, but rather, it has the overarching goal of reviving economically distressed urban and rural communities in Pennsylvania, using the incentive of tax abatement to foster both private business and residential reinvestment in designated areas to regain economic stability. The Program is designed to encourage new capital investment and job growth. Pennsylvania's KOZ Program is patterned after a similar program in Michigan (Renaissance Zones).⁴⁶

Pennsylvania's KOZ Program offers tax abatement and related benefits to qualified businesses.

"Qualified businesses" must be located or partially located within a KOZ subzone and engaged in the active conduct of a trade or business in accordance with the requirements of section 307 of the statute for the taxable year. The business must obtain an annual certification renewal from DCED to continue its status as a qualified business. The benefits to qualified businesses are described below.

- Commonwealth taxes are credited, waived, or abated. The Commonwealth taxes that can be credited, waived, or abated are corporate net income tax, capital stock and foreign franchise tax, personal income tax, sales and use tax (purchases by the zone business), mutual thrift institution tax, bank and trust company shares tax, and insurance premiums tax.
- Local taxes are also credited, waived, or abated. The local taxes that can be credited, waived, or abated are earned income/net profits tax, business gross receipts/business occupancy/business privilege/mercantile tax, sales and use tax (purchased by the zone business), and property tax.
- Priority consideration for DCED grants and loans: For the consideration of public assistance for economic development purposes, state government agencies give priority to projects that leverage business investments and create jobs in the zone.

THE PROGRAM AND ITS TRANSFORMATIONS

Pennsylvania's KOZs are touted as being a breakthrough idea. *Business Facilities* magazine calls them "the number one economic development strategy in the nation." The zones spur economic growth and investment in communities by eliminating specific Commonwealth and local taxes within underdeveloped and underutilized areas. These areas are characterized by high unemployment; low investment of new capital; inadequate dwelling conditions; blighted conditions; underutilized, obsolete, or abandoned industrial, commercial, and residential structures; and deteriorating tax bases. These distressed areas require coordinated efforts by private and public entities to restore prosperity, and the cooperative involvement of residents, businesses, state and local elected officials, and community organizations to create long-term economic viability.⁴⁷

⁴⁶ Department of Community and Economic Development, *Keystone Opportunity Zone Program Guidelines* (January 2010).

⁴⁷ Ibid.



The KOZ Program was established in 1998 by the Pennsylvania Keystone Opportunity Zone Act (Act 92 of 1998). KOZs are designated by local communities and approved by the Commonwealth. While the Departments of Revenue and Labor and Industry have a role, DCED's Center for Business Finance has primary administrative responsibility for the KOZ Program. DCED's administrative costs are modest, requiring the time of only three staff members. At the local level, the Program is administered by zone coordinators and subzone coordinators.

The Act limited DCED to authorizing not more than 12 KOZs, each with a maximum of 12 subzones. It required that the zones meet at least two of the following 12 criteria in order to qualify for authorization:

- At least 20% of the population is below poverty level.
- The unemployment rate is 1.25 times the statewide average.
- At least 20% of all real property within a five-mile radius of the proposed KOZ or sub-zone in a nonurban area is underutilized or deteriorated.
- At least 20% of all real property within a one-mile radius of the proposed KOZ or sub-zone in an urban area is underutilized or deteriorated.
- At least 20% of all occupied housing within a two-mile radius in a nonurban area is deteriorated.
- At least 20% of all occupied housing within a one-mile radius in an urban area is deteriorated.
- Urban area: The median family income is 80% or less of the median family income for that Metropolitan Statistical Area (MSA).
- Nonurban area: The median family income is 80% or less of the non-MSA statewide median family income.
- Population loss exceeds 10% in an area that includes the proposed zone and its surrounding area.
- The area has experienced a severe job loss.
- At least 33% of the real property (in a nonurban area) would remain underdeveloped or nonperforming due to physical characteristics of the real property.
- The area has substantial real property with adequate infrastructure and energy to support new or expanded development.

The KOZ Program was originally enacted to be in effect from January 1, 1999, to December 31, 2008. Subsequent acts - the Keystone Opportunity Expansion Zone and Technical Change Act (Act 119 of 2000) and Act 217 of 2002 - extended and varied the duration of zones and permitted adjustments to their boundaries. The expiration date for the zones now varies as 2010, 2013, 2018, and as late as 2025. Adjustment of the zone boundaries was permitted if municipalities requested that KOZ benefits be extended to unoccupied parcels located within an existing zone for either a flat seven-year period or 10 years from the point of occupancy. In 2010, there were 193 subzones, encompassing 46,695 acres.

THE PROGRAM'S STRENGTHS AND WEAKNESSES

The KOZ Program significantly benefits the businesses located in the zones and has resulted in a substantial number of new jobs and sizable business investment. DCED's most recent "4 Year Report" on the KOZ Program cites 34,801 new jobs and \$10,695,721,662 of business investment across



Pennsylvania, resulting from the Program.

While the job creation and business investment numbers are impressive, there have been concerns about the quality and availability of data to support them. The most notable concern was presented in Pennsylvania House Resolution 115 of 2007 that asked the Legislative Budget and Finance Committee to evaluate the KOZ Program and determine if the reduction or elimination of state and local taxes is having the desired effect of increasing job creation, capital investment, and overall economic growth. The Committee found that the serious deficiencies in the quality and availability of Program data prevented them from making a comprehensive and quantifiable assessment of it. Also, the total cost of the Program, in terms of abated taxes, is not known and currently cannot be reliably estimated.⁴⁸ The major issues cited in the evaluation are provided below.

- For job creation and retention statistics, job reporting has not been uniformly defined, is entirely self-reported by participating businesses, and includes a mix of both single-year and cumulative statistics. Available data appears to be duplicative at times and/or a mix of actual and estimated/projected figures.
- For business capital investment statistics, data collected was found to be substantially overstated and not supportable. The collected investment figures are not based on a common, uniform definition of “capital investment” that has been clearly communicated to the participants. Investment amounts are self-reported by participants, and DCED does not spot-check or otherwise require documentation. It is not clear whether the capital investment figures represent a single calendar year reporting period, or a cumulative capital investment total since the inception of the Program. It is also not clear whether the figures include both public (e.g., funded by municipalities and/or other economic development programs) and private capital investment, or private investment only. Some capital investment figures may represent actual investment, while others appear to include anticipated or projected investment. Finally, the reported investment amounts may include grants or other forms of state economic assistance lumped with private investment.
- For quantifying the Program’s costs, the key cost component of the KOZ Program is the amount of state and local tax exemptions, credits, and deductions that are granted to KOZ businesses, residents, and property owners. The Commonwealth does not have a system to collect or a method to calculate total Program costs from tax abatements and, reportedly, few local tax jurisdictions maintain such records.
- The Committee found that statewide only 30% of KOZ acreage has been developed, and three-quarters of all Program participants did not report any job creation activity.
- Despite these challenges, the Committee noted that numerous KOZ projects appear to be success stories, achieving the desired goals of job creation, capital investment, and economic growth. They also note that the Governor’s Action Team and other state and local economic development officials insist that the KOZ Program is often the key deciding factor in business location decisions and is an important component of an economic development incentive package to attract businesses to targeted areas.

⁴⁸ Report Presentation by John Rowe, Legislative Budget and Finance Committee, July 9, 2009, “An Evaluation of the Keystone Opportunity Zone Program.”



- To address some of these concerns, the Committee recommended that, if the KOZ Program is reauthorized and continued, it should be amended to establish specific qualifications and criteria for business participation, including commitments to create jobs and/or make capital investments in the zone.

Additionally, as noted with the EZ Program, DCED has developed a “Project Measures” report to collect jobs and investment data. The report is completed and submitted with certification and tax credit applications. It asks for 39 projected (applications) or actual (tax credit awards) data entries across nine possible areas of impact. While this form is a step in the right direction, it may need to be simplified (for example, limited to 10 entries), offer clear definitions of the data requested and specified time periods, and be able to be completed online.



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STATE COMPARATIVE SUMMARY MATRIX							
State Program	New Jersey - Urban Enterprise Zones (UEZs)	Michigan - Renaissance Zones	New York - Empire Zones	New York - Excelsior	Ohio - Enterprise Zones	Pennsylvania - Enterprise Zones (EZs)	Pennsylvania - Keystone Opportunity Zones (KOZs)
State Agency (providing program oversight)	Department of Community Affairs	Michigan Economic Development Corporation (MEDC) oversees the Program; Michigan Department of Treasury oversees State tax benefits	Department of Economic Development	Department of Economic Development	Department of Development	Department of Community and Economic Development (DCED): Center for Community Development	Department of Community and Economic Development: Center for Business Financing
Decision-Making Entity (if different from state agency)	Urban Enterprise Zone Authority (UEZA)	Michigan Strategic Fund (MSF) board decides zone extensions and subzone designations.	Empire State Development Corporation	Commissioner of the Department of Economic Development - Empire State Development Corporation	Local Government and Tax Incentive Review Council (TIRC), and Board of Education		
Legislative Enactment Date	1983. New Jersey Urban Enterprise Zones Act of 1983.	1996. Michigan Renaissance Zone Act, Act 376 of 1996.	1986. Program sunset beginning in 2010.	2010	1982, extended in 1987, 1992, 1993, 1994, 1998, 2002, 2009, 2010	Neighborhood Assistance Act, Act 1994-48	Keystone Opportunity Zone Act, Act 1998-92
Staff Requirements to Administer the Program	18 staff members in the State UEZ Program Office; 99 professionals (including 1 zone coordinator per zone) staff the 32 Urban Enterprise Zones located in 37 municipalities.	One Program administrator at MEDC works with the MSF board. Local governments oversee the local taxing portion of the Program and answer questions regarding zone benefits. No zone coordinators.	10 staff members at Enterprise State Development Corporation, 85+ Regional Zone coordinators at the local level in each zone, either municipal employees or typically the local economic development agency.	10 ESD Regional Office Staff members replace local staff in former Empire Zones.	Enterprise Zone Manager at the local level (local employee, not paid by state).	One full-time Enterprise Zone Program administrator at DCED. One full- or part-time Enterprise Zone coordinator employed by a local government or nonprofit economic development organization and paid for by a State Operational Grant for 7 years.	One full-time Keystone Opportunity Zone Program administrator at DCED. One zone coordinator per zone employed by regional economic development organizations.
Total Number of State Zones	32 Urban Enterprise Zones in 37 municipalities	21 Geographic Renaissance Zones and 4 industry-based Renaissance Zones: Agricultural Processing, Renewable Energy, Forest-Products Processing, and Tool and Die.	85 zones	Not place based - 54 Investment Zones for real property tax credits.	409 zones; requirements for participation in the Program are minimal.	66 total zones. 23 zones are active as of December 2010.	Not more than 12 zones in the Commonwealth. Each zone can be divided into a maximum of 12 subzones.
Zone Term and Time Extensions	Original legislation set a term of 20 years. Amended in 2002 to include the 27 zones at that time to apply for a 16-year extension after their 15th year in the Program. The 5 remaining designated zones are only permitted the 20-year term. The Program is currently legislated to end in the year 2027.	Zone terms are up to 15 years, with the MSF Board having authority to grant time extensions. Time extensions are only allowed for existing urban, rural, and military Renaissance Zones. Localities submit extension requests to the MSF board, which makes decisions based on new investments and/or job creation. Time extensions are available through December 31, 2011.	Legislation creating the Economic Development Zones (EDZs) was set to sunset 10 years after the designation of the first zone. In 1999 the name changed to the Empire Zone Program. In 2000 the benefits were extended. After multiple extensions and amendments, the final legislation terminated new enrollment in the Program in 2009, with Program benefits ending in June 2010. Participating companies continue to receive benefits until the end of their 10-year enrollment period. Extended and amended in 1990, 1993, 1999, 2000, 2002, 2004, 2008, 2009.	In the first year of a 5-year program providing incentive for a 5-year term (2011 to 2015). Time extensions are not applicable.	Zones are currently scheduled to expire in 2010.	Seven-year zone terms. EZ communities may be considered for re-designation or request a 2-year time extension to their EZ designation if an unusual investment opportunity is occurring that will have a significant, positive impact; sudden and severe dislocation occurred; chronic and severe economic deterioration has occurred over a long period of time; and if the administering organization can define what will be different in the new EZ efforts to promote economic recovery. If approved, DCED will restart the EZ with the planning phase of the Program and it also reserves the right to extend a zone exit date beyond 2 years.	Original expiration date was December 31, 2008, but Act 79 of 2008 extended the statutory duration of the KOZ Program. It has been extended to 2010, 2013, 2018, and 2025, depending on the specific zone. Municipalities are permitted to request that KOZ benefits be extended to unoccupied parcels located within an existing KOZ, or Keystone Opportunity Expansion Zone (KOEZ) for either a flat 7-year period or 10-years from the point of occupancy. Also, subzones expiring on December 31, 2008, could have applied to delay expiration until June 30, 2009.
Geographical Expansion	Application for Zone Boundary Change must include municipal resolution and detailed mapping showing blocks/lots added/deleted. Proposed zone boundary expansions are approved by State UEZ Program Office and Deputy Attorney General.	Boundary expansions are not currently allowed for geographic based Renaissance Zones. The MSF Board does have the authority to grant new subzones. New subzones are only allowed for existing urban and rural Renaissance Zones that have not reached the maximum of 10 subzones. New subzones are available through December 31, 2011. Industry-specific Renaissance Zones expand as companies make investments at specific locations throughout Michigan.	Zones can expand beyond areas meeting poverty and unemployment criteria to include land that is "nearby or contiguous" to the qualifying census tract. The Commissioner of Economic Development can also designate zones based on the area's "potential for business development and job creation."	N/A	The zone boundaries are static but can be amended. The local jurisdiction must modify the petition originally sent in with the necessary changes and updating of information. If accepted the zone will receive an Amended Certification.	Boundary extension requests should be discussed with DCED prior to the submission of a request. In cases of exceptional opportunity that could not reasonably have been foreseen, consideration will be given to amend the EZ boundaries. Documentation of exceptional opportunity and an explanation of why the municipality(ies) and/or areas in question were not included with the original application must be provided. The EZ entity may be required to reduce the size of the zone by the same amount of property that will be added.	DCED was able to designate up to 15 additional KOEZs, each to be not less than 10 acres and not to exceed 350 acres. These additional zones were authorized for 10 years, through December 31, 2020. Eligible parcels include those that are (1) deteriorated, underutilized, or unoccupied at the time of Act 79; or (2) occupied by a business that creates at least 1,400 jobs within 3 years and invests \$750 million in capital investment. Political subdivisions may apply to add up to 15 acres of contiguous deteriorated property to existing zones. Existing subzones where development is substantially adversely impacted by governmental environmental prohibitions may apply to substitute other similar parcels within 5 miles for the affected parcels.

STATE COMPARATIVE SUMMARY MATRIX							
State Program	New Jersey - Urban Enterprise Zones (UEZs)	Michigan - Renaissance Zones	New York - Empire Zones	New York - Excelsior	Ohio - Enterprise Zones	Pennsylvania - Enterprise Zones (EZs)	Pennsylvania - Keystone Opportunity Zones (KOZs)
Accountability/ Reporting to the State	Each UEZ is required to report business certification and zone assistance fund administration through several databases and forms. UEZA is required to submit an annual report to the Governor and legislature on the effectiveness of the UEZs addressing conditions cited in the act, including recommendations to improve Program effectiveness.	Zone communities report to MEDC on a voluntary basis. The MEDC is required to annually report the following information for each zone to the Michigan legislature: number of new jobs created; percentage of change in aggregate taxable value and state equalized value; average wage of new jobs created; and percentage of change of adjusted gross income of residents.	Jobs created, new businesses to area/ expansions, money invested in zones. Zones submit information online via PDF forms or mail in annually.	Zones report on employment, investments made by businesses, businesses locating or expanding in New York using the incentives. Zones submit information online via PDF forms or mail in annually.	Each zone must report annually (by March 31) to ODOD regarding the status of all zone activities and conditions as of December 31 of the previous year. The report must include all information outlined in ORC Section 5709.68. Details explaining the reporting process (either electronic or mail submission) are provided 10 weeks prior to the submittal date. Information reported includes new jobs, investment in real or personal property, taxes paid and forgone for real and personal property, estimated value of investments given.	Each Enterprise Zone coordinator is required to submit an Active Grant Contract Loan Report semiannually on each project to DCED.	Qualified businesses, property owners, and residents must submit a KOZ application annually to receive benefits. Qualified businesses must obtain a sales tax exemption certificate annually. DCED coordinates reviews of the application by the Department of Revenue and Department of Labor and Industry.
Goals and Objectives	To foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private- sector jobs through public and private investment.	Provide selected communities with a market-based incentive of no State or local taxes to encourage new jobs and investment. To encourage economic opportunities in the State; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; and to prevent physical and infrastructure deterioration in the State.	Facilitate economic growth by using tax incentives to entice businesses to locate to distressed areas within the State and to increase the expansion and job creation capacity of existing businesses with these zones.	Job creation and investment through incentives targeted at firms in industries such as biotechnology, pharmaceutical, high-tech, clean technology, green technology, financial services, agriculture, and manufacturing. The goal is to incentivize businesses to expand in and relocate to New York while maintaining strict accountability standards to guarantee that businesses deliver on job and investment commitments.	EZs are one of several economic development tools to help communities retain and expand their economic base.	(1) To increase communities' competitiveness through improvement of their business technology capabilities, (2) to increase their capabilities to respond effectively to business expansion opportunities and constraints in financially disadvantaged municipalities, (3) to assist in the formation of public/private partnerships that will develop and sustain increased rates of business investment and job creation, (4) to encourage multi-municipal participation for better economic planning and development, (5) to encourage the reuse of brownfields and the location of commercial, manufacturing, and industrial enterprises into appropriately zoned areas, (6) to assist in developing e-business technology, and 7) To increase the access of local firms to financing by lending institutions on mutually advantageous terms.	The KOZ Program is intended to revive economically distressed urban and rural communities in Pennsylvania. Using the incentive of tax abatement, this initiative seeks to foster both private business and residential reinvestment in designated areas to regain the economic stability of these communities.
Zone Requirements	Upon the enacting of legislation by the State legislature providing the creation of additional UEZs, the Authority, by reviewing applications of cities, may designate those municipalities that fulfill the required criteria.	The 21 Geographic Renaissance Zones were created by statute. Local units of government or a combination of local units applied to the State to become a Renaissance Zone. The proposed zone could not be more than 5,000 acres in size and could not contain more than 10 distinct geographic areas. The State chose the zones based on evidence of adverse economic and socioeconomic conditions within the proposed zone; the viability, creativity, and innovation of the development plan; applications that included new business activity; the level of local cooperation; and public and private commitments. In addition, MSF can designate up to 17 zones at its discretion pursuant to Section 8a (2) of the Act, and the State Administrative Board can create industry-/facility-specific zones.	<ul style="list-style-type: none"> An unemployment rate equal to or exceeding the State rate; or a poverty rate of at least 20%; or at least 14% of households receiving public assistance; or no other Empire Zone in the county; or located in a "non-metropolitan area," or designated by the Commissioner of Economic Development on the basis of "potential for business development and job creation. " 	No zone designation for 3 of 4 tax credits. To be a participant in the Excelsior Program, a business entity shall operate in New York State predominantly (1) as a financial services data center or a financial services back office operations; (2) in manufacturing; (3) in software development and new media; (4) in scientific research and development; (5) in agriculture; (6) in creation or expansion of back office operations in the State; (7) in a distribution center; or (8) in an industry with significant potential for private-sector economic growth and development in New York State as established by the commissioner.	The community must first contact the ODOD to discuss the concept, procedure, and requirements. Local communities must identify the EZ's geographic area. The area must <ul style="list-style-type: none"> have a single contiguous boundary, be appropriate for business development, meet distressed characteristics, meet minimum population requirements: <ul style="list-style-type: none"> If the county's population > 300,000, then minimum zone population is 4,000 If the county's population < 300,000, then minimum zone population is 1,000 There are two types of zones: Distressed-Based Zones - Must meet distressed criteria - the community is able to give tax abatements for any project. Non-Distressed Based Zones - Does not need to meet distressed criteria and can be established by any community - communities, however, can not include businesses relocating from one part of the State to another.	To establish a zone, the following is needed (1) description of the distressed nature of the area with examples and statistics, (2) five-Year Strategy, (3) resolution by participating municipalities, (4) map detailing the boundaries of the zone, (5) demonstration of zoning ordinances, and (6) identification of the coordinating EZ organization.	The KOZ Act required that the zones, proposed by communities and approved by the Commonwealth, meet at least 2 of these 12 criteria in order to qualify for authorization. (1) At least 20 percent of the population is below poverty level. (2) The unemployment rate is 1.25 times the statewide average. (3) At least 20 percent of all real property within a five-mile radius of the proposed KOZ or sub-zone in a non-urban area is underutilized or deteriorated. (4) At least 20% of all real property within a one-mile radius of the proposed KOZ or subzone in an urban area is underutilized or deteriorated. (5) At least 20% of all occupied housing within a two-mile radius in a non-urban area is deteriorated. (6) At least 20% of all occupied housing within a one-mile radius in an urban area is deteriorated. (7) Urban area: The median family income is 80% or less of the median family income for that metropolitan statistical area. (8) Non-urban area. The median family income is 80% or less of the non-MSA statewide median family income. (9) Population loss exceeds 10% in an area that includes the proposed zone and its surrounding area. (10) The area has experienced a severe job loss. (11) At least 33% of the real property (in a non-urban area) would remain underdeveloped or non-performing due to physical characteristics of the real property. (12) The area has substantial real property with adequate infrastructure and energy to support new or expanded development.

STATE COMPARATIVE SUMMARY MATRIX

State Program	New Jersey - Urban Enterprise Zones (UEZs)	Michigan - Renaissance Zones	New York - Empire Zones	New York - Excelsior	Ohio - Enterprise Zones	Pennsylvania - Enterprise Zones (EZs)	Pennsylvania - Keystone Opportunity Zones (KOZs)
Business Requirements	The business must be engaged in the active conduct of a trade or business in a zone or district at the time the zone is designated an EZ or the district is designated as an Urban Enterprise Zone-impacted district, or after the zone or district is designated to become engaged in the active conduct of a trade or business in that zone or district and have at least 25% of its employees employed at a business location in the zone or district, meeting one or more employment tests.	In order to be eligible for benefits under the Program, companies and residents must be current with all state and local taxes. Qualified recipients of the Program must continue to file annual State and city income tax forms, and businesses must file annual SBT returns and Personal Property statements. Some local governments require you to apply and qualify for benefits based on their standards.	Firms must work with local Empire Zone Administrators. Once approved at the local level, the application then moves to the ESD. Once approved, they will be issued a certificate to claim benefits, applications to be sent in with self-reporting proof. Yearly submissions for Qualified Enterprise Zone Enterprises.	Firms must apply to the ESD. Once approved, the ESD will enter into a formal agreement with the firm for 5 years. Acceptance is at the sole discretion of the Commissioner, making the Program discretionary versus a business able to claim benefits as statute of tax law. The Commissioner will consult with the Department of Taxation and Finance and issue a Certificate of Tax Credit. The certificate is then used with the business's tax return to receive benefits. The business must from then on provide yearly reports to the ESD demonstrating its job creation and investment commitments.	Project Eligibility - The business must make a "substantial investment" defined in ORC Section 5709.61. Asset Eligibility - Categories of tangible personal property eligible for an Enterprise Zone tax exemption include the following: 1. New machinery and equipment purchased by the business 2. Used machinery and equipment purchased by the business from another firm in Ohio that is not an affiliate and that was never used by the business seeking the exemption 3. Used machinery or equipment brought to the project site by the business from a location outside Ohio and placed into service for the first time in Ohio as a result of the project 4. Machinery and equipment owned by the business in Ohio, but never previously placed into operation	Eligible businesses for loans and benefits include industrial, manufacturing, and technology-oriented businesses, located in the zone, but not retail or commercial businesses. Corporate/regional headquarters of any type of firm may be funded with EZ funds.	A "qualified business" must be located or partially located within a subzone and engaged in the active conduct of a trade or business in accordance with the requirements of section 307 of the statute for the taxable year. The business shall obtain annual renewal of the certification from DCED to continue to qualify as a qualified business.
Zone Exit Strategy	Each UEZ must create a 5-year Zone Development Plan approved by municipal resolution. Zones are currently not required to demonstrate long-term sustainability after exiting the Program.	The tax benefits are phased out at 25% increments during the last 3 years of the zone designation.	Stopped enrolling businesses as of June 30, 2010. Businesses already enrolled will continue to receive benefits till the end of their term (10 yrs). Excelsior Program is replacing Empire Zone Program.	Businesses may participate in the Program for 5 years. Businesses may enter into the Program from June 2010 to 2015. The Program is capped at \$250 million annually and at \$1.25 billion for the life of the program. The Program will expire in 2019.	Set to expire in October 2011, but will likely be extended again.	Exit Strategy in the seventh year of the zone. This strategy should outline how the zone will be maintained and managed without the assistance of operational grant funds. Funds in the RLF must be documented and a strategy for its continued use must be outlined. The EZ organization is required to document how it will continue to provide assistance to local businesses and spur job creation within the zone.	No guidance on exit strategies is provided and no requirement or recommendation for the development of an exit strategy is made for any of the involved parties.

STATE COMPARATIVE SUMMARY - ZONE INCENTIVES

INCENTIVE TYPE	NEW JERSEY	MICHIGAN	NEW YORK--Empire Zones	NEW YORK--Excelsior Zones	OHIO	PENNSYLVANIA--KOZ	PENNSYLVANIA--EZ
Sales Tax Exemption	BUSINESS (1) UEZ Certified Businesses are eligible for a sales tax exemption (7%) on most purchases. Businesses with total gross receipts less than \$10 million may be eligible for the exemption at the time of purchase. Businesses with total gross receipts over \$10 million pay the total sales tax at the time of purchase and apply quarterly for a refund of sales taxes paid.						
Sales Tax Reduction	CONSUMER (2) Consumers making purchases on specific goods and services from Certified UEZ Businesses are eligible to receive a 50% reduction in State sales tax.						
Sales Tax Refund or Credit			BUSINESS (1) Refund or credit on State, sometimes local sales tax - purchases of goods and services (including utility and telephone services). (2) Tax abatement for 10 years - 100% for 7 years, decreasing over the last 3 years of exemption. (3) Refund or credit of NYS/local tax for purchase of building materials.				
Real Property Tax Credit			BUSINESS (4) Refundable credit against business or income tax based on real property taxes paid in the zone.	BUSINESS (1) Year 1 - 50% of real property taxes, year 2 - 40%, year 3 - 30%, year 4 - 20%, year 5 - 10% (available to firms locating in certain distressed areas or Regionally Significant Project)	BUSINESS (1) a. Exemption of all real and personal property assets provided by the local Enterprise Zone Agreement from the asset- or income-based tax calculation: b. Reduction of payroll numerator of wage paid to new hires. c. Credit of up to \$300, or actual reimbursement for day care services for new employees. d. Credit of up to \$1,000, or actual costs for training new employees.		BUSINESS (1) Neighborhood Assistance Program Tax Credits: For investments in the zone that involve rehabilitating, expanding, or improving buildings or land that promotes Community Economic Development (results in employment opportunities, removes blight, or has significant impact in a distressed area). An approved, qualified company will receive tax credits of 25% of eligible project costs, up to \$500,000 per project and \$1,250,000 per qualified company for 4 or more approved projects. Tax credits can be carried forward or passed through.
Real Property Tax Abatement		BUSINESS, RESIDENTS (1) General property taxes on land, homes, and buildings are nearly 100% abated. In addition, the State property tax levy for schools is 100% eliminated.	BUSINESS (5) Tax abatement for 10 years - 100% for 7 years, decreasing over the last 3 years of exemption.				
Personal Property Tax Abatement/Exemption		BUSINESS, RESIDENTS (2) Abatement of general property taxes are at nearly 100% for the business's personal property that is located in the Renaissance Zone. 100% exempt for zone residents. Individuals living in a Renaissance Zone are exempt from paying the State's personal income tax.					
Tax Reduction Credit		BUSINESS (3) A tax credit is allowed against the Michigan Business Tax (MBT) for business activity attributable to the Renaissance Zone.	BUSINESS (6) Credit against business or income tax equal to a percentage of taxes attributable to zone enterprise.			BUSINESS, RESIDENTS (1) The state taxes that can be credited, waived, or abated are corporate net income tax, capital stock and foreign franchise tax, personal income tax, sales and use tax (purchases by the zone business), mutual thrift institution tax, bank and trust company shares tax, and insurance premiums tax. (2) The local taxes that can be credited, waived, or abated are earned income/net profits tax, business gross receipts/business occupancy/business privilege/mercantile tax, sales and use tax (purchased by the zone business), and property tax.	
Wage/Job Creation Tax Credit	BUSINESS (3) UEZ Certified Businesses receive a \$1,500 credit for each new, additional full-time employee living in a UEZ municipality who was unemployed for at least 90 days, or was dependent upon public assistance as the primary source of income. Employees must be employed for at least 6 continuous months to earn the credit.		BUSINESS (7) Credit up to \$3,000 per employee per year for 5 years (target groups), \$1,500 per year for other new hires.	BUSINESS (2) Credit of up to \$ 5,000 per new job.			

STATE COMPARATIVE SUMMARY - ZONE INCENTIVES

INCENTIVE TYPE	NEW JERSEY	MICHIGAN	NEW YORK--Empire Zones	NEW YORK--Excelsior Zones	OHIO	PENNSYLVANIA--KOZ	PENNSYLVANIA--EZ
Investment Tax Credit	BUSINESS (4) Investment credits for UEZ Certified Businesses that are non-retail and non-warehouse corporations with fewer than 50 employees. Investments must be at least \$5,000 for employers with fewer than 10 employees. For employers with more than 10 employees, the minimum investment requirement of \$5,000 increases by \$500 per each additional employee beyond 10. The tax credit may equal to up to 8% of the qualified investment.		BUSINESS (8) tax credits based on a company's eligible investment for jobs and investments in production, property, and equipment.	BUSINESS (3) Investment tax credit valued at 2% of qualified investments.	BUSINESS (2) Up to 75% (municipalities) and 60% (unincorporated areas) exemption equal to the value of new project investment for up to 10 years.		
Utility Rate Tax Exemption	BUSINESS (5) Certified UEZ manufacturers with at least 250 full-time employees, 50% of whom are involved in the manufacturing process, may be eligible for an exemption from the sales and use tax on energy and utility services.	BUSINESS, RESIDENTS (4) Utility users tax exemption: This only applies to residents or businesses in the City of Detroit. The City levies a 5% tax on utility bills. Individuals living within and businesses located in the Renaissance Zone are exempt from this tax.					
Utility Rate Savings			BUSINESS (9) 25% credit against personal or corporate income.				
Research and Development				BUSINESS (4) 10% credit for new investments based on Federal Research and Development credit.			
Grants /Reimbursable Grants/Loans	LOCAL PROGRAM ADMINISTRATION (6) Administrative grants to local UEZs to administer the Program. Amount varies by UEZ. BUSINESS, LOCAL GOVERNMENT (7) Zone Assistance Fund grants approved by UEZA Board to facilitate community and economic development in each UEZ.		BUSINESS (10) 50% cash refund for businesses new to New York.				LOCAL PROGRAM ADMINISTRATION (2) Operational Grants: \$50,000/year for 7 years. Can be used for business development survey, technical assistance, RLF administration, EZ marketing, update Five-Year Strategy, partial salary of EZ coordinator, and exit strategy. (3) Planning Grants/Special Studies: \$25,000/maximum 2 times. Can be used for cluster analysis and analytic tools to enhance development plans. BUSINESS (4) grant to the EZ organization, but a loan to businesses. a. Provides up to \$350,000 or 30% of the project costs. Number of loans is based funding allotment per annual state budget and eligible businesses needing assistance. b. Capitalized from the repayment of the low-interest loans. Administration/dispersion of RLF by the EZ organization. Must meet the same criteria as the first generation loan, listed above. c. Eligible for the lowest statewide prevailing interest rates on DCED business development loan programs. Also applicable for the first two years after the zone exits the program.
Technical Incentives			BUSINESS (11) Assistance to business in zones.			BUSINESS (3) State government assistance in leveraging imminent business investment and job creation in the zone.	BUSINESS (5) Socially and Economically Restricted Business Designation: a. Also applicable for the first 5 years after the zone exits the Program. Conferring of the designation of zone businesses as socially and economically restricted is advantageous for bidding on Commonwealth government contracts. b. Priority consideration for DCED grants and loans: Commonwealth government assistance prioritizes projects that leverage business investment and job creation in the zone. c. State Liquor License Availability: If the applicant has exhausted reasonable means and the business opportunity is located in an EZ or KOZ, it will be given priority in the issuance of a liquor license for the purposes of economic development, without regard to quota restrictions. d. Act II Contaminated Sites Assistance: DEP gives additional weight for funding projects in enterprise zones.

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NEW JERSEY URBAN ENTERPRISE ZONE
PROGRAM ASSESSMENT

APPENDIX I: ECONOMIC IMPACT

APPENDIX I: ECONOMIC IMPACT

METHODOLOGY

To demonstrate the consultant team's approach to and methodology for conducting the analysis of the return on investment (ROI) to the State of New Jersey relative to the New Jersey Urban Enterprise Zone (UEZ) Program, the following describes the methodologies employed in implementing specific components of the consultant team's proposed scope of services (see Appendix A: NJ UEZ Program Assessment, 2010-RFQ/P-040).

COMPONENT #1 – RETURN ON INVESTMENT/IMPACT ANALYSIS

TASK 1 – DEVELOP FLOW CHART OF ALL MONETARY UEZ BENEFITS

The consultant team reviewed background documents to gain a thorough understanding of all of the monetary components of the NJ UEZ Program, how each component flows from the State of New Jersey to the end beneficiary, documentation/application requirements and processes, tracking processes, and post-award reporting requirements and processes. Based on this research, the individual components analyzed included the following:

- Sales tax revenues collected by UEZ-qualified businesses (50% of sales tax) and allocated for economic development projects through Zone Assistance Funds (ZAFs)
- Fifty percent sales tax reduction for qualified UEZ businesses
- Sales tax exemptions on certain purchases by qualified UEZ businesses and contractors
- Manufacturers' sales tax exemption on energy and utility consumption
- One-time, \$1,500 tax credit for new, permanent, full-time employee hired
- Subsidized unemployment insurance costs for certain employees earning less than \$4,500/quarter
- Tax credit against the Corporate Business Tax for up to 8% of qualified investments within the zone
- Second generation funds generated and their utilization
- Investments in lieu of job creation
- Private investment leveraged by UEZ funds

The goal of this task was to quantify the values of the above components in the greatest detail possible (within time and budget constraints) to ensure that the values used as input for the IMPLAN model will result in the most accurate estimation possible of the Program's impacts. The consultant team worked closely with DCA, EDA, and the Department of Treasury staff to obtain available data to quantify the above. The following data was made available to the consultant team for analysis:

- Historic business-specific data from the UEZ database (e.g. certification date, SIC/NAICS codes, number of employees, startup or move-in, etc.)
- Historic UZ4 (sales tax exemptions for contractors) and UZ5 (sales tax exemptions for qualified UEZ businesses) data by year, by zone, and by SIC code
- The "raw" Baker files – historic ZAF project and administrative cost data in a complex

system of spreadsheets in Microsoft Excel format (project data reflected actual project costs, and administrative cost data reflected the amount requested, not the actual amount received from the Department of Treasury)

- Administrative cost data for selected program years revised to reflect actual amounts received from the Department of Treasury
- Summarized data from the Department of Treasury for tax reductions, exemptions, credits, and refunds for selected program years (some allocated by zone and some in the aggregate)
- Limited data related to second generation funds
- Data for selected program years reflecting the unemployment insurance awards
- Various standard reports based on data from the UEZ database and project database (the Baker files)

TASK 2 – IMPLAN MODELING

The assumptions and methodology for developing inputs for IMPLAN included the following:

- Input #1 – The value of first generation funds used for project activity (ZAFs)
 - Project-specific data is currently tracked in a series of Excel workbooks known as “the Baker files.” Prior to this analysis, there had not been a way to access the underlying data except through a standard reporting interface that aggregates certain data; however, the consultant team was able to extract the underlying data into a flat file for analysis purposes that allowed it to quantify project costs over time in 10 use categories, as well as administrative costs. These costs represent the State’s investment and were used as inputs in the IMPLAN model as the initial economic stimulus that generated additional economic activity.
- Input #2 – Tax abatements and refunds to businesses, e.g. sales tax exemptions and refunds, corporate tax credits, employment tax credits, and unemployment insurance awards
 - Various tax abatements and refunds are awarded to qualified UEZ businesses and contractors through the UEZ Program. UZ4 and UZ5 data detailed the award amounts by business type, but no documentation was available (or required by the UEZ Program) for how the funds were spent by recipients. For purposes of the consultant team’s analysis, based on information gleaned through our interviews and business surveys, the team assumed that the amount of abatements and refunds went back into their business operations. By default, IMPLAN assumes a “typical” production function for each industry sector and allocates the total among intermediate purchases and value added (which includes proprietor income). Qualified UEZ businesses represent over 330 different industry sectors. To most accurately estimate the economic impacts of these funds within time and budget constraints, the consultant team analyzed the data to determine the industry sectors represented by the majority of the awards and applied total awards proportionately among those sectors as the inputs in the IMPLAN model.

Data for all other tax abatements and refunds was provided for selected years in the aggregate. As with the UZ4 and UZ5 funds, in the absence of data documenting how businesses used these funds, the consultant team made the assumption that the funds went back into business operations. However, unlike the UZ4 and UZ5 funds, data was not available to detail the industry sectors that received the funds. Therefore, for purposes of the IMPLAN analysis, the consultant team assumed that the award recipients represented the same industry sectors as the recipients of the UZ4 and UZ5 funds.

- Input #3 – The value of 50% sales tax that goes into the pockets of consumers
 - The value of the 50% sales tax reduction for selected program years was provided to the consultant team by the Department of Treasury. Since the recipient of the benefit of the tax reduction is the consumer of goods and services, the consultant team used the total amount of the sales tax reduction as an increase in household income (or spending power) as the initial input in the IMPLAN model. In modeling the increase in household income, the consultant team assumed that consumers would be reflective of the general New Jersey population and assumed a mix of households by income based on the most recent New Jersey household income data. The IMPLAN model uses the mix of households by income to determine the typical use of funds.
- Input #4 – The value of private investment leveraged by UEZ investment
 - It is the consultant team’s understanding that private investment is currently not tracked in any form other than hard copies of the budget information provided in the project application form. The team’s proposed methodology for estimating private investment is to (1) review project-specific data by year (provided that we are able to extract the detailed data from the Baker files); (2) identify a “typical” year with a wide variety of project types and sizes; (3) obtain hard copies of applications from DCA for that year; (4) hard code budget information by project type; (5) calculate private (and/or other public) investment leveraged per dollar of UEZ investment by project types; and (6) generalize the ratio to all investment. While the best option would be to have actual budget information from *all* years hard coded for analysis, the team’s scope and budget does not include hard coding of data.

Because the consultant team believes that an understanding of the impacts of leveraging private investment is critical to understanding the benefits of the UEZ Program, we have agreed to include the hard coding of this data for one year within the current budget amount.

OTHER ASSUMPTIONS/METHODOLOGIES

Previous economic impact analyses during the early years of the NJ UEZ Program utilized jobs and job creation reported through business surveys as the initial input for impact modeling. This approach measured the ripple effects of the actual business activity of qualified UEZ businesses and compared the results to the State's investment. The consultant team's approach and methodology as described above differs, in that we felt it was important to understand the impacts that the State's investment should have within the State, and then compare that to actual changes that took place in the UEZs.

This allowed us to capture impacts of the State's investment outside the UEZs as well. A comparative analysis of actual economic indicators, as described below, helped us to compare actual employment and other economic trends within the zones to better determine whether the State's investment in the UEZ Program is achieving its desired results.

One of the data elements requested from participating UEZ businesses during the certification and recertification processes is a detailed list of capital investments they plan to make within the next three years. Since the Program's inception, UEZ businesses have reported nearly \$31 billion in planned capital investments, with nearly half of that number reportedly planned between 2002 and 2008. Although this information is captured and tracked, there is no documentation required (or available) as to whether or not these investments were made. It was our initial assumption that the intent of the UEZ legislation allowing businesses to take tax exemptions was to provide businesses with funds to support capital investment in UEZ communities. While this may have happened in some instances, based on the lack of documentation and information gleaned through our interviews and business surveys that suggest tax exemptions are used to support business operations, we concluded there was insufficient justification to include these investments as actual benefits of the NJ UEZ Program.

While available data would allow us to quantify (or estimate) and analyze Program components since program inception, due to time and budget constraints and to capture data that best represents the current NJ UEZ Program, we analyzed a sample of some of the most recent program years for analysis. Sample years chosen for analysis were 2002 to 2008, years that correspond to the available external employment data that was used in the comparative shift-share analysis. This allowed us to compare shift-share results with impact estimates for the same time period, and also provided a defensible sampling for annualizing impacts.

The most current IMPLAN model data is based on 2009 industry and economic statistics. Dollar amounts were entered into the model in 2010 dollars, and model output was reported in 2010 dollars. It should be noted, however, that because the model's structural matrix is based on 2009 industry and economic statistics, the resulting job numbers are likely understated, since \$1 in 2002 would likely support more jobs than \$1 in 2010.

IMPLAN's Social Accounting Matrix (SAM) model estimates regional purchase coefficients. The study area used in the model was the entire State of New Jersey; therefore, impacts captured represent only the benefits to the State, and do not include benefits that may be experienced outside of New Jersey through interstate spending.

FINAL RESULTS

The results of the above analyses are presented in the final report and corroborating appendices in both tabular and narrative format and include the following:

- Analysis of program investment and utilization since inception (as data was available)
- Analysis of estimated economic/fiscal impacts for the years 2002 to 2008 by use of funds. Impacts will include direct, indirect, and induced effects for the following:
 - Employment
 - Employee Compensation
 - Industry Output
 - Labor Income (Employee and Proprietor)
 - Value Added
 - State and Local Tax Revenue
- Impacts and level of investment by use were annualized, and estimated annual costs were compared to estimated annual benefits to measure the State's return on investment.

COMPONENT #2 – SAMPLE ZONE LEVEL COMPARATIVE ANALYSIS

APPROACH AND METHODOLOGY

- Employment Analysis – The impact methodology presented above estimates the effects of the UEZ Program based on expected performance. This analysis compared actual economic indicators in a sample of eight zones for the years corresponding to the impact analysis scope. The eight zones were selected to reflect diverse Program utilization and levels of investment. As previously noted, for the years 2002 to 2008, employment data for two-digit NAICS sectors is available at the Census block group level for these years, which will allow us to conduct location quotient and shift-share analyses that will measure the following:
 - Location quotient analysis to identify base industries in each zone
 - Employment change by NAICS sector in each zone
 - Micro-to-macro comparisons to municipalities, New Jersey, and the United States
 - Peer-to-peer comparisons of eight UEZs and two non-UEZ communities
 - Shift-share analysis to compare local trends to national trends and mix of business sectors to identify changes attributable to local factors
 - Labor shed analysis to document where workers in UEZs live
- Comparative Analysis – In addition to the above analysis, we will also conduct micro-to-macro and peer-to-peer trend analyses of geographic areas specified above to track the following economic indicators:
 - Population
 - Households
 - Housing Units

- Housing Vacancies
- Average and Median Home Values
- Average and Median Household Income
- Unemployment Rates
- Median Age
- Violent and Nonviolent Crimes per 1,000 Population

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ECONOMIC IMPACT OF UEZ PROGRAM - ANALYSIS OF THE RETURN ON INVESTMENT TO THE STATE OF NEW JERSEY

INTRODUCTION

A critical factor in assessing New Jersey’s UEZ Program is measuring the economic and fiscal benefits that can be attributed to the Program to determine the estimated return on the state’s investment in the Program. The Delta team approached this task in three primary steps:

1. Quantifying the State’s investment
2. Conducting an impact assessment to estimate the level of benefits that should have been realized in the UEZs
3. Assessing economic conditions within a sampling of UEZs to see if the expected benefits were actually realized

A detailed description of our approach to this analysis can be found in the Methodology Section of this Appendix. Detailed data tables can be found in Exhibit #1. The following pages present an overview of the results of the team’s analysis. It should be noted that New Jersey’s investment in the UEZ Program as presented in this report represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State’s investment, and do not represent a financial accounting or audit of NJ UEZ funds.

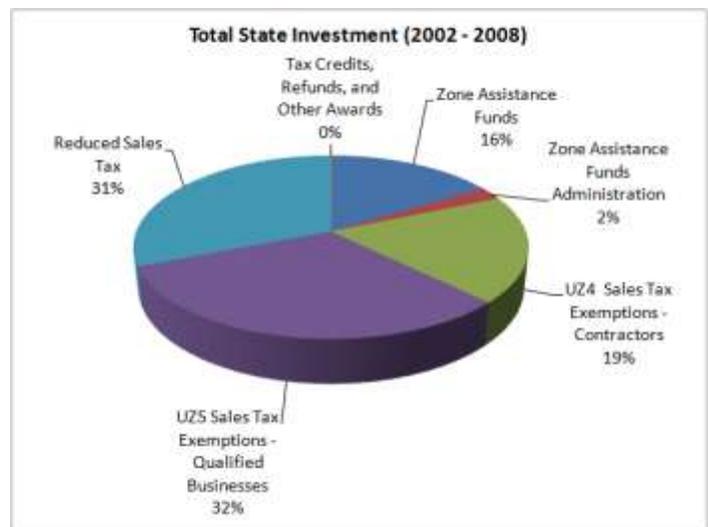
THE STATE’S INVESTMENT IN THE UEZ PROGRAM

To quantify the State of New Jersey’s investment in the New Jersey UEZ Program, the Delta Team worked closely with staff members from DCA, EDA, and the Department of Treasury to identify and gather all available data related to the Program since its inception. Between 2002 and 2008, the State invested over \$1.9 billion in the UEZ Program. As show in Figure 1, over half of the \$1.9 billion was invested through tax exemptions to qualified businesses in the UEZs, 31% through reduced sales taxes, and 18% through Zone Assistance Funds (ZAFs). Less than 1% of the total investment was associated with other tax abatements and refunds.

ZONE ASSISTANCE FUNDS

One of the distinct features of New Jersey’s UEZ Program is its connection to the State’s sales tax. Qualified businesses within UEZs are allowed to reduce sales tax by 50% to consumers as an incentive to draw consumers to shop in the UEZs. The businesses collect the

FIGURE 1



other 50% of the sales tax, a portion of which goes into a ZAF to be used to fund various economic development projects within the zone. The portion of the sales tax collected that goes into the ZAF varies, depending upon the length of time the zone has been in the UEZ Program.

- In years 1-5, a zone receives 100 % of sales taxes collected.
- In years 6-10, a zone receives 2/3 of the sales taxes collected.
- In years 11-15, a zone receives 1/3 of the sales taxes collected.
- If a zone receives an extension beyond 15 years, the percentage starts over at 100% in year-1 of the extension.
- The balance of the sales taxes collected as UEZ percentages decrease is returned to the State's General Fund.

Since the UEZ Program's inception, the State has invested \$717.1 million through ZAFs. Between 2002 and 2008, \$314.2 million was invested in ZAF projects and \$44.4 million was allocated for zone administration. However, it should be noted that during this time period, an estimated \$596.9 million in sales taxes collected was allocated by the State to the UEZ Program's ZAF, which means that around \$238.3 million of the allocated funds was not spent for projects.

ZAF projects are tracked by year and by zone in 10 categories of uses. As shown in Figures 2 and 3 below, the mix of fund uses between 2002 and 2008 closely mirrors the uses of funds since the Program's inception. Representing 30% of ZAF projects, construction projects are by far the largest use of funds. Loans are the second largest use of funds at 19%, followed closely by municipal salaries and benefits at 16%. Table 1 shows the use of funds by zone between 2002 and 2008. It should be noted that prior to 2004, the use of funds was tracked by only eight categories. The data collection system was modified in 2004 to include grants and marketing as separate categories.

FIGURE 2

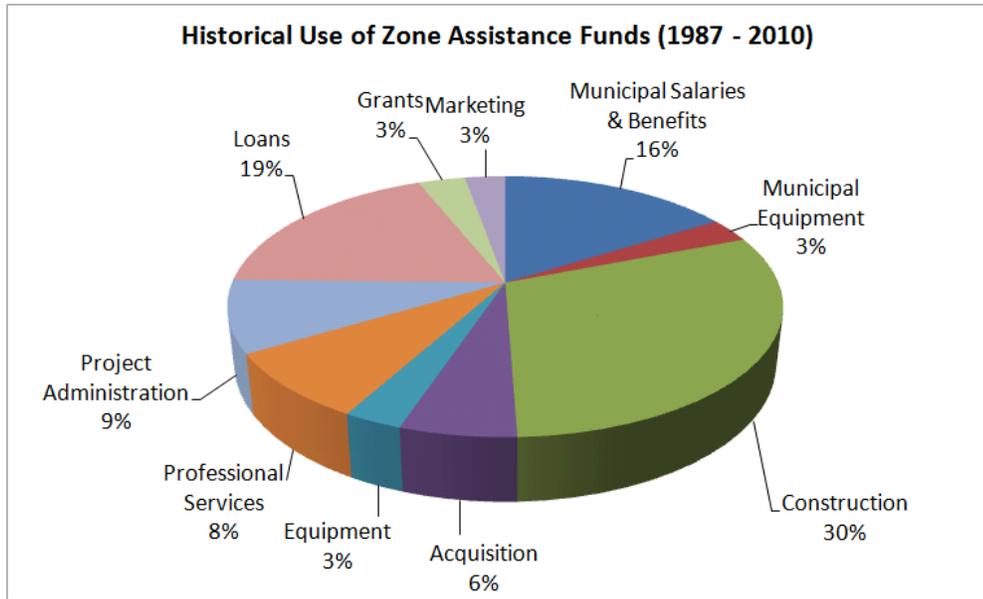


FIGURE 3

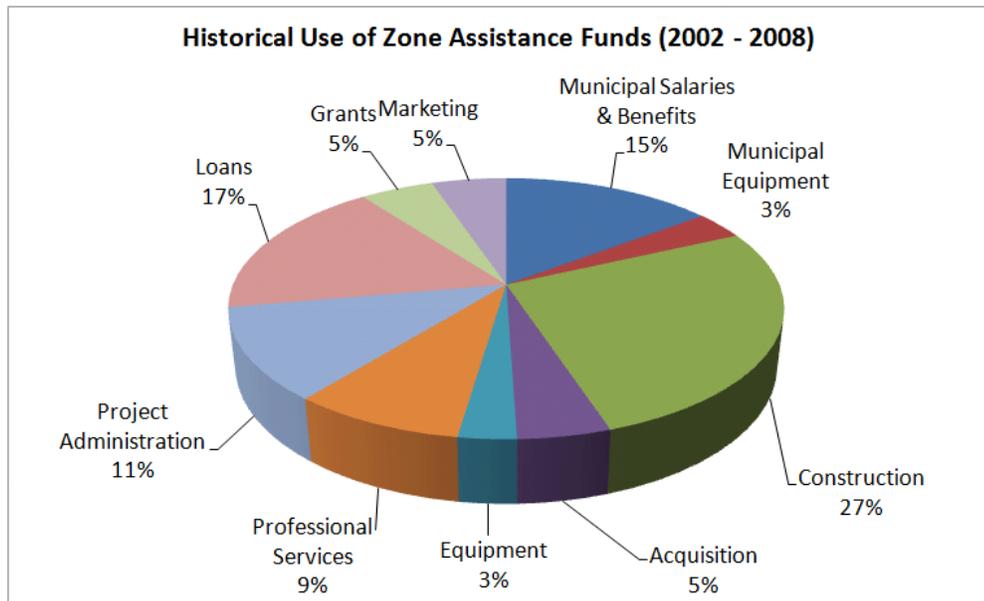


TABLE 1 – USES OF ZONE ASSISTANCE FUNDS BY ZONE (2002 – 2008)

	Municipal Services		Projects								Total State Expenses	Estimated Open Projects
	Salaries/Fringe Benefits	Equipment	Construction	Acquisition	Equipment	Professional Services	Administration	Grant	Loans	Marketing		
New Brunswick	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	\$300,000	\$2,214,832
Guttenberg	0%	17%	21%	0%	0%	0%	1%	0%	60%	0%	\$521,171	\$199,541
Gloucester City	4%	0%	16%	0%	0%	17%	4%	10%	16%	33%	\$682,424	\$331,886
Pemberton	10%	7%	5%	0%	24%	4%	9%	19%	21%	0%	\$921,828	\$215,058
Roselle	15%	3%	18%	0%	6%	4%	32%	0%	0%	23%	\$1,915,737	\$1,220,021
Bridgeton	8%	26%	27%	0%	5%	7%	3%	2%	21%	0%	\$2,046,170	\$794,436
Asbury Park	15%	8%	20%	0%	8%	17%	1%	5%	3%	24%	\$2,202,303	\$233,459
Long Branch	24%	3%	9%	3%	3%	39%	10%	0%	0%	9%	\$2,374,922	\$660,909
Bayonne	46%	0%	6%	0%	0%	2%	21%	0%	0%	25%	\$3,043,166	\$5,787,454
East Orange	0%	9%	72%	0%	0%	9%	9%	2%	0%	0%	\$3,061,709	\$1,400,591
Camden	0%	0%	26%	0%	0%	27%	21%	3%	22%	0%	\$3,182,558	\$2,828,844
Phillipsburg	3%	0%	13%	5%	2%	12%	4%	18%	33%	9%	\$3,641,377	\$237,959
Carteret	0%	0%	74%	3%	3%	6%	0%	2%	10%	2%	\$3,881,898	\$392,467
Wildwood	1%	3%	77%	0%	3%	13%	0%	1%	0%	1%	\$4,311,138	\$4,431,763
Plainfield	15%	5%	35%	0%	5%	21%	3%	3%	7%	6%	\$4,352,085	\$630,621
Union City	11%	3%	3%	0%	10%	11%	46%	0%	0%	17%	\$4,406,695	\$2,247,322
West New York	31%	0%	8%	0%	7%	4%	3%	19%	15%	12%	\$5,867,546	\$473,192
Trenton	13%	0%	58%	4%	0%	9%	0%	17%	0%	0%	\$6,004,662	\$1,290,676
Orange	26%	10%	19%	1%	3%	5%	26%	2%	0%	8%	\$6,840,287	\$1,259,551
Hillside	14%	1%	35%	0%	10%	3%	10%	1%	19%	7%	\$6,890,249	\$1,895,139
Irvington	34%	1%	0%	0%	6%	7%	23%	11%	0%	19%	\$7,446,464	\$556,311
Mount Holly	5%	3%	10%	38%	0%	3%	5%	9%	25%	1%	\$8,909,352	\$388,591
Perth Amboy	2%	1%	54%	0%	0%	22%	9%	5%	2%	5%	\$9,374,439	\$793,136
Kearny	4%	2%	66%	0%	2%	11%	7%	0%	3%	5%	\$9,826,258	\$2,424,436
Newark	0%	11%	62%	0%	1%	9%	3%	7%	6%	3%	\$12,714,923	\$30,871,005
Paterson	0%	8%	32%	0%	10%	3%	5%	5%	34%	3%	\$12,910,535	\$4,461,135
Millville	14%	2%	28%	1%	1%	7%	3%	6%	28%	10%	\$13,190,337	\$4,115,613
North Bergen	27%	1%	37%	2%	12%	5%	15%	0%	0%	0%	\$13,550,698	\$4,685,838
Passaic	19%	0%	36%	12%	6%	12%	13%	0%	2%	0%	\$15,031,606	\$3,130,192
Pleasantville	17%	3%	33%	25%	1%	11%	9%	0%	0%	0%	\$15,158,554	\$5,463,351
Elizabeth	47%	0%	23%	0%	0%	7%	12%	1%	7%	2%	\$23,470,826	\$19,010,614
Lakewood	11%	0%	5%	8%	0%	5%	31%	4%	35%	1%	\$26,616,675	\$10,098,371
Jersey City	9%	6%	19%	0%	3%	14%	16%	18%	0%	15%	\$35,267,945	\$13,677,088
Vineland	12%	5%	13%	5%	0%	3%	2%	0%	59%	1%	\$44,298,187	\$4,817,308
Total	15%	3%	27%	5%	3%	9%	11%	5%	17%	5%	\$314,214,724	\$133,238,711



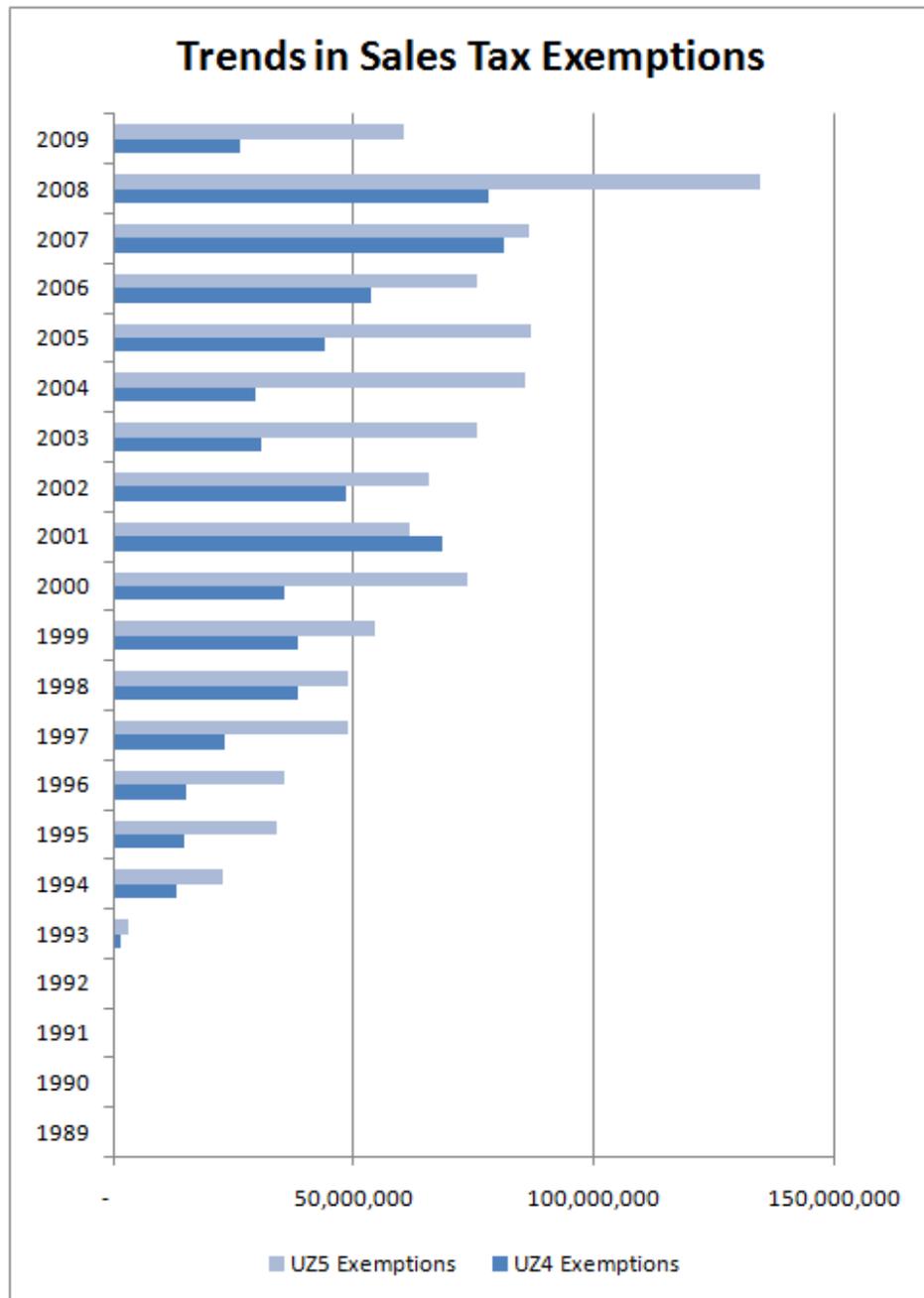
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The expenses presented in Figures 1 and 2 and in Table 1 include only those funds actually expended. When ZAF projects are awarded, funds are “encumbered” to cover the total amount awarded; however, if a project is not completed, unless the project is closed and the encumbered funds are released, the encumbered funds cannot be used for other projects. As of the date the Delta team acquired ZAF project data, over \$133 million was encumbered for projects that had not been spent. These encumbered funds are shown in Table 1 as “Open Projects.” While some of these funds are for projects awarded recently, nearly \$106 million in encumbered funds are for projects that have been open for over three years.

TAX EXEMPTIONS

The UEZ Program provides sales tax exemptions on certain purchases for certified UEZ businesses (UZ5 Funds) and contractors who are working on UEZ projects (UZ4 Funds). This component of UEZ benefits accounts for approximately half of the total investment in the program. Currently, businesses with total annual revenues less than \$10 million are allowed to take the exemption at the point of sale, and businesses with annual revenues greater than \$10 million request a refund from the Department of Treasury. UZ4 and UZ5 Funds are currently tracked in a database maintained by the Office of Information Technology. The data tracked is self-reported by businesses receiving the exemption, and the information is entered into the database by DCA staff from paper-based forms, and is therefore somewhat subject to errors; however, it is the only information available for measuring the utilization of this component of UEZ investments. Sales tax exemptions were first utilized by UEZ businesses in 1989, but were not heavily utilized until around 1993. To date, the State has invested nearly \$1.7 billion in UEZs through sales tax exemptions, with \$976.7 million invested between 2002 and 2008. Approximately 62% of these funds were exempted to qualified UEZ businesses, with the remainder exempted to contractors working on UEZ projects. Figure 4 shows the historic trends in the utilization of sales tax exemptions.

FIGURE 4



50% SALES TAX REDUCTION

Another key feature of the State’s investment in UEZs is the allowance of a 50% reduction in sales tax for qualified businesses within the zones that is intended to provide an incentive for consumers to shop in UEZs, thus strengthening the local economies. Information was not available to quantify the State’s investment in sales tax reductions since the Program’s

inception; however, between 2002 and 2008, sales tax reductions to consumers totaled \$598.9 million.

TAX ABATEMENTS AND REFUNDS

The least utilized components of the UEZ Program are tax abatements and refunds such as corporate tax credits, employment tax credits, and unemployment insurance awards. Since 1988, only \$2.2 million was awarded through these abatements and refunds, approximately half of which was awarded between 2002 and 2008.

SECOND GENERATION FUNDS

Second generation funds are generated as the State's investment in the Zone Assistance Funds are either reinvested through a loan program or through interested earnings. Since second generation funds generate economic impacts beyond the State's initial investment each time they are circulated through the economy, they represent a significant opportunity to maximize the State's investment. Although over \$321 million has been allocated to loans, since 1994, UEZs have not consistently tracked the use of these funds, and little information was available regarding the level of second generation activity. Available data reflects under \$2.5 million in second generation funds, which is likely understated.

EXPECTED ECONOMIC IMPACTS OF THE STATE'S INVESTMENT

To estimate the expected impact that the State's investment will have on the local and regional economies, the Delta team conducted an economic impact analysis utilizing IMPLAN, an input/output model developed by the Minnesota IMPLAN Group, Inc.¹ An economic impact analysis involves the estimation of the effects of a change in the economic environment within a community resulting from events such as the development of a new housing project, the opening of a new business, or the closing of an existing business, etc. The central feature of an economic impact analysis is to measure the "ripple" effects, or benefits, created by spending resulting from a project.

Economic benefits often have a time component to them such as a construction phase, an operating phase, or a planned future expansion stage. In each of these phases, the spending characteristics will be different so therefore, the economic impacts will be different. For example, within the construction stage, benefits include the temporary employment of construction personnel, spending on construction materials and energy, and spending by construction personnel within the community. In the ongoing operating stage, benefits include permanent new jobs created and ongoing operating expenses within the community for services, utilities, and supplies.

Economic benefits have an initial (**direct**) financial impact, a secondary (**indirect**) impact, as well as **induced** impacts. Direct impacts include the new jobs created by the project, which in turn

¹ Minnesota IMPLAN Group, Inc. (MIG) is an outgrowth of work done by Scott Lindall and Doug Olson at the University of Minnesota over a period of eight years. This developmental work closely involved the U.S. Forest Service's Land Management Planning Unit in Fort Collins, and Dr. Wilbur Maki at the University of Minnesota. There are over 1,300 active users of MIG databases and software in the United State as well as internationally. Their client base includes federal and state government, universities, as well as private-sector consultants.

create indirect employment from inter-industry purchases in response to the new demands of the directly affected industries. Induced impacts relate to household spending as income increases or decreases due to the economic changes.

An economic impact analysis begins with identifying the economic changes resulting from a project and converting those changes to a set of initial expenditures that will stimulate further economic activity. The actions and the economic activity they stimulate are the impacts. To calculate the estimated economic impacts of the State's investment in the UEZ Program, the State's monetary investment served as the initial expenditures that stimulate further economic activity.

Based on business sectors impacted by the various components of the State's investment, the Delta team calculated the estimated direct, indirect, and induced impacts of the State's investment in the UEZ program. Following are the key findings of the analysis:

- The State's total annual investment in the UEZ Program is estimated to create or support approximately 10 jobs for every \$1 million invested.
- Every \$1 invested by the State in the UEZ Program is estimated to stimulate around \$.83 in "ripple effect" economic activity through business operational spending and household spending by new employees.
- Every \$1 invested by the State in the UEZ Program is estimated to generate around \$.08 in new State and local tax revenue.
- The sales tax exemptions to UEZ businesses (UZ4 and UZ5 exemptions) is estimated to have created or supported around 870 jobs within the UEZs (direct employment) between 2002 and 2008; however, data provided by DCA staff from the UEZ database indicated that participating UEZ businesses experienced a loss of around 4,700 full time employees and a gain of around 2,500 part time employees during that time period, representing a net loss of around 2,200 employees.

Table 2 presents a summary of the annualized estimated impacts of the State's investment in the UEZ Program. Details regarding the assumptions used in the model and the time frames studied to provide annualized estimates can be found in the Methodology section of this Appendix. Detailed IMPLAN model results can be found in Exhibit #1.

TABLE 2 – ANNUALIZED ECONOMIC IMPACTS OF NEW JERSEY STATE INVESTMENT IN THE UEZ PROGRAM (2002 – 2008)

	Zone Assistance Funds ²		Taxes Foregone				Second Generation Funds	Total
	ZAF Fund - Projects	ZAF Fund - Administrative	UZ4 Sales Tax Exemptions - Contractors	UZ5 Sales Tax Exemptions - Qualified Businesses	Reduced Sales Tax	Tax Credits, Refunds, and Other Awards		
Total State Investment	\$44,888,000	\$6,340,000	\$52,254,000	\$87,278,000	\$85,565,000	\$299,000	\$0	\$276,624,000
Indirect Effects (Output)	\$14,846,000	\$2,469,000	\$17,473,000	\$38,371,000	\$0	\$132,000	\$0	\$73,291,000
Induced Effects (Output)	\$22,802,000	\$3,824,000	\$16,673,000	\$30,081,000	\$78,212,000	\$103,000	\$0	\$151,695,000
New Total State & Local Tax	\$3,287,000	\$572,000	\$5,541,000	\$6,444,000	\$4,624,000	\$22,000	\$0	\$20,490,000
New Jobs Created or Supported								
Direct Jobs	423	89	395	475	0	2		1,385
Indirect Jobs	88	16	110	200	0	1		415
Induced Jobs	155	26	114	205	531	1		1,032
Additional Investment Leveraged	\$2,361,000	\$18,000					\$353,000	\$2,732,000
Indirect Effects (Output)	\$835,000	\$7,000					\$118,000	\$960,000
Induced Effects (Output)	\$1,409,000	\$11,000					\$168,000	\$1,588,000
Total State & Local Tax	\$252,000	\$2,000					\$20,000	\$274,000
New Jobs Created or Supported								
Direct Jobs	32	0.2					3	35
Indirect Jobs	5	0.0					1	6
Induced Jobs	10	0.1					1	11
Summary								
Total New Output Generated or Leveraged	\$42,253,000	\$6,329,000	\$34,146,000	\$68,452,000	\$78,212,000	\$235,000	\$639,000	\$230,266,000
Total New State & Local Tax Revenue	\$3,539,000	\$574,000	\$5,541,000	\$6,444,000	\$4,624,000	\$22,000	\$20,000	\$20,764,000
Total New Jobs Created or Supported	714	132	619	880	531	3	4	2,883
New Output/State Dollar Invested	\$0.94	\$1.00	\$0.65	\$0.78	\$0.91	\$0.79	N/A	\$0.83
New State & Local Tax/State Dollar Invested	\$0.08	\$0.09	\$0.11	\$0.07	\$0.05	\$0.07	N/A	\$0.08
New Jobs Created or Supported/\$ million Investment	16	21	12	10	6	10	N/A	10

² An estimated \$85.2 million from sales tax collected was allocated to the UEZ ZAF annually between 2002 and 2008; however, only \$51.2 million was spent for projects and administration. In addition, approximately \$4.3 million annually was encumbered for projects, but the projects were not been completed and the funds were never spent. These amounts are not reflected in the above table.

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SOCIOECONOMIC CHANGES IN URBAN ENTERPRISE ZONES

The economic impact assessment presented above was designed to estimate the impacts of the State's investment across the entire State. Furthermore, the impact assessment measures the **expected** level of impacts based on the typical production function of the affected industry sector. Therefore, to gain a better understanding of the actual economic changes that occurred in UEZs concurrent with the State's investment, the Delta team conducted an analysis of nine key economic indicators for a sample of eight UEZs that included the following:

- Population
- Households
- Housing Units
- Housing Vacancies
- Average and Median Home Values
- Average and Median Household Income
- Unemployment Rates
- Median Age
- Violent and Nonviolent Crimes per 1,000 Population

The Delta team utilized the information presented in Table 1 to select eight UEZs as the study sample. The eight zones selected represented a cross section of zones based on the level of the State's investment in the zones and the mix of uses of their respective ZAFs. The following eight zones were selected for study:

1. Bayonne
2. Elizabeth
3. Jersey City
4. Lakewood
5. Newark
6. Union City
7. Vineland
8. Wildwood

The comparative nature of this analysis provided critical insights into the actual impacts that were experienced in the UEZs. The following comparisons were included:

- Trends Analysis – Trends were compared to show changes over time. Employment data for geographic levels smaller than counties is only available for the years 2002 to 2008; therefore, the team's employment analysis was focused on trends between those years. The impact analysis described above also focused on the same time period for comparative purposes.
- Peer-to-Peer – UEZ trends were compared to each other.
- Micro-to-Macro – UEZ trends were compared to the State of New Jersey and the U.S.
- Shift-Share – Changes in employment in the UEZs were compared with statewide changes to determine what portion of changes in the UEZ can be attributed to local factors rather than to general economic conditions.

In addition to assessing conditions within the boundaries of the UEZs, the Delta team also assessed economic conditions in the areas immediately surrounding the zones by identifying a 1-mile buffer and a 3-mile buffer around the outer edges of each zone's boundaries and assessing the economic conditions within these areas for comparison. Following is a summary of the team's analysis. Detailed tables and maps of the eight zones are included in Exhibit #1.

POPULATION

Over the last decade, the United States population was estimated to have grown by around 10.6%. The State of New Jersey's population was estimated to have grown by around 4.8%. Trends in three of the eight sample zones were generally consistent with State and national trends. The most notable differences were observed in the Lakewood and Wildwood areas. Population in the Lakewood UEZ grew by 20%, while population in the Wildwood UEZ declined by 19.9%. Less severe declines of 5.7%, 4.0%, and 1.4% were estimated in the Bayonne, Union City, and Newark UEZs, respectively.

HOUSEHOLDS, HOUSING UNITS, AND HOUSING VACANCIES

Not surprisingly, household trends generally mirrored population trends in all areas studied. Comparing the population size to the number of households, the Wildwood UEZ appeared to have the smallest household size with 2.1 people per household, compared to 2.7 in the State of New Jersey and the United States. The largest household size was observed in the Lakewood UEZ with an estimated 3.8 people per household.

Housing vacancy rates in all areas appeared to have decreased in between 1990 and 2000 in all UEZs except Bayonne, Elizabeth, and Vineland; however, all experienced increased vacancies in 2010, and the trend is expected to continue. The sharpest increases were observed in Bayonne and Newark, and the vacancy rates in these UEZs were also higher than State and national averages. In 2010, vacancy rates in the State of New Jersey and the United States ranged between 10% and 12%, while vacancy rates in Bayonne and Newark were estimated at around 16%. The highest vacancy rate among all sample UEZs in 2010 was estimated in Wildwood at 80%; however, the unusually high rate can likely be attributed to the area's seasonal population.

AVERAGE AND MEDIAN HOME VALUES AND HOUSEHOLD INCOME

In 2010, the median home value in the State of New Jersey was estimated at \$316,812. With the exception of the Union City area and the 3-mile buffer around Jersey City, home values ranged from \$12,200 lower than the State median in Bayonne to \$177,000 lower than the State median in Vineland. In all areas except the 3-mile buffers around Jersey City, Lakewood, and Union City, the home value gap is expected to increase in the next decade.

In 2010, the estimated median household income in the State of New Jersey was \$72,519. The gap between the State's median household income and household income in the sample study areas ranged from a low of \$7,649 in the 3-mile buffer around Union City, to a high of \$52,257 in the Newark UEZ. In all sample study areas except Jersey City and the 3-mile buffers around Jersey City and Union City, the gap between the State's median household income is expected to increase over the next decade.

UNEMPLOYMENT RATES

Unemployment rates for the UEZ municipalities were obtained from the New Jersey Department of Labor and Workforce Development for the study years of 2002 to 2008. In 2008, the unemployment rate in the State of New Jersey was 5.5%. The unemployment rates in the sample UEZ municipalities were relatively consistent with the State's rate, with the exception of Wildwood, with a reported unemployment rate of 20%. Elizabeth, Jersey City, Lakewood, Newark, and Union City experienced decreases in unemployment between 2002 and 2008, ranging between 1% and 3%.

MEDIAN AGE

Typical of urban areas, in general, the population in the sample UEZ areas is younger than that in the State of New Jersey as a whole. In 2010, the median age in the State of New Jersey was estimated at 38.9. The youngest population in the sample UEZ areas was estimated in Lakewood, with a median age of 24. The 3-mile buffer around the Wildwood UEZ was estimated to have the oldest population, with a median age of 47.2.

VIOLENT AND NONVIOLENT CRIMES PER 1,000 POPULATION

Crime rates for the UEZ municipalities were obtained from the New Jersey Department of Law and Public Safety for the study years of 2002 and 2008. With the exception of Bayonne, all UEZ municipalities experienced an overall decrease in crime rates between 2002 and 2008. Although Bayonne experienced a slight increase in crimes, it also reported the lowest crime rate in 2008 among UEZ municipalities, with an estimated 20.8 crimes per 1,000 population. Wildwood reported the highest crime rate, with an estimated 142.9 crimes per 1,000 population. The State of New Jersey reported 26.2 crimes per 1,000 population in 2008.

BASE INDUSTRIES IN SAMPLE UEZS

An industry's location quotient is a calculation that compares the industry's share of employment at the local level to the industry's share of employment at the state level. According to economic base theory, industries with an employment share that exceeds the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth. The Delta team conducted location quotient analyses for each of the eight sample UEZs. Across all UEZs, the transportation and warehousing sector is by far the strongest sector, with the greatest strengths in Elizabeth, Newark, and Bayonne. Other notable zone-specific strengths include the finance and insurance industry in Jersey City and the arts, entertainment and recreation industry in Wildwood.

LOCAL ATTRACTIVENESS FACTORS IN SAMPLE UEZS

The location quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage.



1. **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy.
2. **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix.
3. **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide – a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth.

The Delta team conducted a shift-share analysis for the sample UEZs to gain an understanding of how changes in their local economies compared to statewide economic changes. Overall, employment increased in the sample UEZs by 4.1% between 2002 and 2008, compared to a statewide growth rate of 3.2%. However, the growth rate was largely driven by significant increases in Elizabeth. The shift-share analysis indicated that employment growth could be attributed to a local attractiveness factor in only Elizabeth, Lakewood, and Vineland. The greatest attractiveness factors in each of these UEZs were as follows:

- Elizabeth – Transportation and Warehousing Industry
- Lakewood – Professional, Scientific, and Technical Services Industry
- Vineland – Manufacturing and Construction Industries

CONCLUSIONS

The sales tax exemptions to UEZ businesses (UZ4 and UZ5 exemptions) are estimated to have created or supported around 870 jobs within the UEZs (direct employment) between 2002 and 2008; however, data provided by DCA staff from the UEZ database indicated that participating UEZ businesses experienced a loss of around 4,700 full time employees and a gain of around 2,500 part time employees during that time period, representing a net loss of around 2,200 employees. These statistics indicate that the State's investment in UEZ businesses has not achieved its desired purpose.

Employment growth in the sample UEZs was largely driven by growth in the transportation and warehousing industry in Elizabeth, and this industry was also the industry in Elizabeth, that reflected the greatest growth due to local attractiveness factors. The growth in this industry in Elizabeth, however, was likely due to Elizabeth's proximity to major transportation corridors and population centers rather than to the UEZ Program. These statistics, coupled with employment losses reported by UEZ businesses, indicate that the State's overall investment in the UEZ Program has likely not achieved its desired purpose.

Annualized Economic Impacts of New Jersey State Investment for FY2002 through FY 2008

	Zone Assistance Funds ⁽¹⁾		Taxes Foregone				Second Generation Funds	Total
	ZAF Fund	ZAF Fund - Administrative	UZ4 Sales Tax Exemptions - Contractors	UZ5 Sales Tax Exemptions - Qualified Businesses	Reduced Sales Tax	Tax Credits, Refunds, and Other Awards ⁽²⁾		
Total State Investment	\$44,888,000	\$6,340,000	\$52,254,000	\$87,278,000	\$85,565,000	\$299,000	\$0	\$276,624,000
Indirect Effects (Output)	\$14,846,000	\$2,469,000	\$17,473,000	\$38,371,000	\$0	\$132,000	\$0	\$73,291,000
Induced Effects (Output)	\$22,802,000	\$3,824,000	\$16,673,000	\$30,081,000	\$78,212,000	\$103,000	\$0	\$151,695,000
New Total State & Local Tax	\$3,287,000	\$572,000	\$5,541,000	\$6,444,000	\$4,624,000	\$22,000	\$0	\$20,490,000
New Jobs Created or Supported								
Direct Jobs	423	89	395	475	0	2		1,385
Indirect Jobs	88	16	110	200	0	1		415
Induced Jobs	155	26	114	205	531	1		1,032
Additional Investment Leveraged	\$2,361,000	\$18,000					\$353,000	\$2,732,000
Indirect Effects (Output)	\$835,000	\$7,000					\$118,000	\$960,000
Induced Effects (Output)	\$1,409,000	\$11,000					\$168,000	\$1,588,000
Total State & Local Tax	\$252,000	\$2,000					\$20,000	\$274,000
New Jobs Created or Supported								
Direct Jobs	32	0.2					3	35
Indirect Jobs	5	0.0					1	6
Induced Jobs	10	0.1					1	11
Summary								
Total New Output Generated or Leveraged	\$42,253,000	\$6,329,000	\$34,146,000	\$68,452,000	\$78,212,000	\$235,000	\$639,000	\$230,266,000
Total New State & Local Tax Revenue	\$3,539,000	\$574,000	\$5,541,000	\$6,444,000	\$4,624,000	\$22,000	\$20,000	\$20,764,000
Total New Jobs Created or Supported	714	132	619	880	531	3	4	2,883
New Output/State Dollar Invested	\$0.94	\$1.00	\$0.65	\$0.78	\$0.91	\$0.79	N/A	\$0.83
New State & Local Tax/Dollar Invested	\$0.08	\$0.09	\$0.11	\$0.07	\$0.05	\$0.07	N/A	\$0.08
New Jobs Created or Supported/\$million Investment	16	21	12	10	6	10	N/A	10

Source: IMPLAN, 2010

⁽¹⁾ An estimated \$85.2 million from sales tax collected was allocated to the UEZ ZAF annually between 2002 and 2008; however, only \$51.2 million was spent for projects and administration. In addition, approximately \$4.3 million annually was encumbered for projects, but the projects were not completed and the funds were never spent. These amounts are not reflected in the above table.

⁽²⁾ **Annualized Tax Credits, Refunds, and Other Awards (FY 2002 - FY 2008):**

Tax Refunds/Credits Reported by Department of Treasury	\$157,717
Unemployment Insurance Awards	\$141,448
Total	\$299,165

Notes:

- Direct Effects - Economic changes that are a direct result of the State's investment.
- Indirect Effects - The impact of local industries buying goods and services from other local industries.
- Induced Effects - Respending of income from direct activities (e.g. household spending by new employees).

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

Aggregate Economic Impacts of New Jersey State Investment for FY2002 through FY 2008

	Zone Assistance Funds ⁽¹⁾		Taxes Foregone				Second Generation Funds	Total
	ZAF Fund	ZAF Fund - Administrative	UZ4 Sales Tax Exemptions - Contractors	UZ5 Sales Tax Exemptions - Qualified Businesses	Reduced Sales Tax	Tax Credits, Refunds, and Other Awards ⁽²⁾		
Total State Investment	\$314,215,000	\$44,381,000	\$365,779,000	\$610,943,000	\$598,958,000	\$2,094,000	\$0	\$1,936,370,000
Indirect Effects (Output)	\$103,923,000	\$17,285,000	\$122,312,000	\$268,598,000	\$0	\$921,000	\$0	\$513,039,000
Induced Effects (Output)	\$159,615,000	\$26,765,000	\$116,711,000	\$210,565,000	\$547,487,000	\$722,000	\$0	\$1,061,865,000
New Total State & Local Tax	\$23,010,000	\$4,001,000	\$38,786,000	\$45,105,000	\$32,366,000	\$155,000	\$0	\$143,423,000
New Jobs Created or Supported								
Direct Jobs	2,960	626	2,767	3,327	0	11		9,692
Indirect Jobs	619	111	769	1,400	0	5		2,903
Induced Jobs	1,087	182	795	1,434	3,719	5		7,222
Additional Investment Leveraged	\$16,530,000	\$124,000					\$2,472,000	\$19,126,000
Indirect Effects (Output)	\$5,842,000	\$48,000					\$825,000	\$6,715,000
Induced Effects (Output)	\$9,862,000	\$75,000					\$1,174,000	\$11,111,000
Total State & Local Tax	\$1,766,000	\$11,000					\$138,000	\$1,915,000
New Jobs Created or Supported								
Direct Jobs	227	1.7					18	247
Indirect Jobs	37	0.3					5	42
Induced Jobs	67	0.5					8	76
Summary								
Total New Output Generated or Leveraged	\$295,772,000	\$44,297,000	\$239,023,000	\$479,163,000	\$547,487,000	\$1,643,000	\$4,471,000	\$1,611,856,000
Total New State & Local Tax Revenue	\$24,776,000	\$4,012,000	\$38,786,000	\$45,105,000	\$32,366,000	\$155,000	\$138,000	\$145,338,000
Total New Jobs Created or Supported	4,998	921	4,331	6,161	3,719	21	31	20,182
New Output/State Dollar Invested	\$0.94	\$1.00	\$0.65	\$0.78	\$0.91	\$0.78	N/A	\$0.83
New State & Local Tax/Dollar Invested	\$0.08	\$0.09	\$0.11	\$0.07	\$0.05	\$0.07	N/A	\$0.08
New Jobs Created or Supported/\$million Investment	16	21	12	10	6	10	N/A	10

Source: IMPLAN, 2010

⁽¹⁾ An estimated \$85.2 million from sales tax collected was allocated to the UEZ ZAF annually between 2002 and 2008; however, only \$51.2 million was spent for projects and administration. In addition, approximately \$4.3 million annually was encumbered for projects, but the projects were not completed and the funds were never spent. These amounts are not reflected in the above table.

⁽²⁾ Tax Credits, Refunds, and Other Awards

Tax Refunds/Credits Reported by Department of Treasury	\$1,104,022
Unemployment Insurance Awards	\$990,134
Total	\$2,094,156

Notes:

- Direct Effects - Economic changes that are a direct result of the State's investment.
- Indirect Effects - The impact of local industries buying goods and services from other local industries.
- Induced Effects - Responding of income from direct activities (e.g. household spending by new employees).

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

Appendix I - Exhibit #1 - Detailed Data & Maps

**Zone Assistance Fund (ZAF) Projects - State Expenses
(FY 2002 - FY 2008)**

UEZ Name	Municipal		Project Expenses								
	Salaries / Fringe	Equipment	Construction	Acquisition	Equipment	Professional Services	Administration	Loans	Grants	Marketing	Total
ASBURY PARK URBAN ENTERPRISE ZONE	\$323,766	\$177,700	\$436,313	\$0	\$171,818	\$383,228	\$17,000	\$75,000	\$99,685	\$517,793	\$2,202,303
BAYONNE URBAN ENTERPRISE ZONE	\$1,412,638	\$0	\$172,575	\$0	\$14,725	\$53,745	\$632,274	\$0	\$0	\$757,208	\$3,043,166
BRIDGETON URBAN ENTERPRISE ZONE	\$161,606	\$541,086	\$559,091	\$0	\$93,341	\$143,527	\$59,047	\$436,701	\$48,608	\$3,163	\$2,046,170
CAMDEN URBAN ENTERPRISE ZONE	\$0	\$0	\$842,542	\$0	\$0	\$865,312	\$654,619	\$700,000	\$110,158	\$9,927	\$3,182,558
CARTERET URBAN ENTERPRISE ZONE	\$0	\$0	\$2,884,516	\$100,000	\$114,097	\$233,448	\$0	\$379,279	\$80,000	\$90,558	\$3,881,898
EAST ORANGE URBAN ENTERPRISE ZONE	\$0	\$270,070	\$2,216,267	\$0	\$0	\$265,384	\$264,013	\$0	\$45,974	\$0	\$3,061,709
ELIZABETH URBAN ENTERPRISE ZONE	\$11,044,736	\$97,220	\$5,345,730	\$0	\$11,264	\$1,641,522	\$2,859,049	\$1,725,515	\$300,069	\$445,721	\$23,470,826
GLOUCESTER CITY URBAN ENTERPRISE ZONE	\$29,721	\$0	\$110,270	\$0	\$0	\$112,959	\$24,871	\$110,000	\$70,224	\$224,379	\$682,424
GUTTENBERG URBAN ENTERPRISE ZONE	\$0	\$90,734	\$111,428	\$0	\$0	\$0	\$7,579	\$311,430	\$0	\$0	\$521,171
HILLSIDE URBAN ENTERPRISE ZONE	\$982,739	\$41,925	\$2,408,185	\$0	\$697,652	\$194,752	\$715,668	\$1,277,250	\$75,000	\$497,079	\$6,890,249
IRVINGTON URBAN ENTERPRISE ZONE	\$2,514,594	\$49,803	\$0	\$0	\$477,192	\$511,801	\$1,678,562	\$0	\$812,112	\$1,402,400	\$7,446,464
JERSEY CITY URBAN ENTERPRISE ZONE	\$3,018,583	\$2,241,374	\$6,760,933	\$0	\$949,275	\$4,818,137	\$5,757,396	\$0	\$6,421,949	\$5,300,299	\$35,267,945
KEARNY URBAN ENTERPRISE ZONE	\$352,853	\$210,000	\$6,473,962	\$0	\$159,070	\$1,121,296	\$708,631	\$304,316	\$0	\$496,131	\$9,826,258
LAKESWOOD URBAN ENTERPRISE ZONE	\$2,812,090	\$72,651	\$1,408,965	\$2,040,749	\$115,737	\$1,435,408	\$8,167,198	\$9,249,986	\$1,065,627	\$248,264	\$26,616,675
LONG BRANCH URBAN ENTERPRISE ZONE	\$566,009	\$78,045	\$201,975	\$75,163	\$67,654	\$933,968	\$227,421	\$0	\$0	\$224,686	\$2,374,922
MILLVILLE URBAN ENTERPRISE ZONE	\$1,831,394	\$199,842	\$3,729,964	\$114,200	\$123,267	\$921,995	\$459,218	\$3,732,949	\$814,916	\$1,262,591	\$13,190,337
MOUNT HOLLY URBAN ENTERPRISE ZONE	\$412,495	\$302,769	\$851,734	\$3,416,000	\$0	\$289,066	\$469,751	\$2,244,565	\$795,262	\$127,710	\$8,909,352
NEW BRUNSWICK URBAN ENTERPRISE ZONE	\$0	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
NEWARK URBAN ENTERPRISE ZONE	\$0	\$1,399,825	\$7,844,326	\$0	\$83,704	\$1,143,227	\$327,500	\$700,000	\$872,538	\$343,803	\$12,714,923
NORTH BERGEN URBAN ENTERPRISE ZONE	\$3,712,969	\$122,105	\$5,029,951	\$289,610	\$1,590,147	\$743,647	\$2,062,269	\$0	\$0	\$0	\$13,550,698
ORANGE URBAN ENTERPRISE ZONE	\$1,810,958	\$672,433	\$1,295,899	\$38,500	\$203,339	\$327,249	\$1,792,062	\$0	\$119,022	\$580,826	\$6,840,287
PASSAIC URBAN ENTERPRISE ZONE	\$2,824,828	\$37,320	\$5,344,056	\$1,860,000	\$888,978	\$1,807,135	\$1,945,417	\$300,000	\$0	\$23,872	\$15,031,606
PATERSON URBAN ENTERPRISE ZONE	\$0	\$997,199	\$4,090,395	\$0	\$1,351,479	\$395,519	\$610,194	\$4,417,106	\$633,815	\$414,828	\$12,910,535
PEMBERTON URBAN ENTERPRISE ZONE	\$91,846	\$66,819	\$50,000	\$0	\$220,845	\$35,664	\$87,436	\$189,844	\$179,374	\$0	\$921,828
PERTH AMBOY URBAN ENTERPRISE ZONE	\$217,469	\$83,451	\$5,041,431	\$0	\$45,273	\$2,021,515	\$797,048	\$204,780	\$500,000	\$463,472	\$9,374,439
PHILLIPSBURG URBAN ENTERPRISE ZONE	\$114,334	\$0	\$485,218	\$190,000	\$71,120	\$420,599	\$155,476	\$1,200,617	\$666,758	\$337,255	\$3,641,377
PLAINFIELD URBAN ENTERPRISE ZONE	\$662,383	\$232,120	\$1,538,800	\$0	\$199,662	\$901,753	\$132,973	\$317,798	\$110,196	\$256,398	\$4,352,085
PLEASANTVILLE URBAN ENTERPRISE ZONE	\$2,647,353	\$456,878	\$4,970,558	\$3,862,171	\$181,736	\$1,699,412	\$1,340,446	\$0	\$0	\$0	\$15,158,554
ROSELLE URBAN ENTERPRISE ZONE	\$289,751	\$52,382	\$341,149	\$0	\$108,928	\$72,748	\$607,640	\$0	\$7,104	\$436,036	\$1,915,737
TRENTON URBAN ENTERPRISE ZONE	\$754,867	\$0	\$3,455,350	\$247,000	\$0	\$543,445	\$0	\$0	\$1,004,000	\$0	\$6,004,662
UNION CITY URBAN ENTERPRISE ZONE	\$470,579	\$121,681	\$137,892	\$0	\$426,518	\$472,600	\$2,046,954	\$0	\$0	\$730,472	\$4,406,695
VINELAND URBAN ENTERPRISE ZONE	\$5,131,461	\$2,112,112	\$5,924,671	\$2,158,675	\$12,150	\$1,420,215	\$1,047,709	\$26,126,766	\$0	\$364,428	\$44,298,187
WEST NEW YORK URBAN ENTERPRISE ZONE	\$1,842,662	\$7,699	\$472,705	\$0	\$438,432	\$224,180	\$180,401	\$878,629	\$1,114,777	\$708,062	\$5,867,546
WILDWOOD URBAN ENTERPRISE ZONE	\$48,255	\$118,523	\$3,320,053	\$0	\$139,199	\$580,070	\$0	\$0	\$49,036	\$56,002	\$4,311,138
Total	\$46,082,940	\$10,853,765	\$84,156,904	\$14,392,069	\$8,956,599	\$26,734,525	\$35,835,824	\$54,882,531	\$15,996,204	\$16,323,363	\$314,214,724

Note: Within the 34 zones represented in this analysis, Vineland and Millvale, and Asbury Park and Long Branch are joint zones.

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

**Zone Assistance Fund (ZAF) Projects - State Expenses
(Program Inception to Present)**

UEZ Name	Municipal		Project Expenses									
	Salaries / Fringe	Equipment	Construction	Acquisition	Equipment	Professional			Loans	Grants	Marketing	Total
						Services	Administration					
ASBURY PARK URBAN ENTERPRISE ZONE	\$323,766	\$227,700	\$635,430	\$0.0	\$210,708	\$554,571	\$17,000	\$325,000	\$99,685	\$836,906	\$3,230,766	
BAYONNE URBAN ENTERPRISE ZONE	\$1,412,638	\$0	\$172,575	\$0.0	\$14,725	\$53,745	\$632,274	\$0	\$0	\$757,208	\$3,043,166	
BRIDGETON URBAN ENTERPRISE ZONE	\$401,783	\$983,900	\$2,643,728	\$1,559,943.1	\$304,928	\$750,638	\$730,451	\$1,029,201	\$150,608	\$5,663	\$8,560,842	
CAMDEN URBAN ENTERPRISE ZONE	\$111,509	\$162,735	\$3,033,024	\$10,000.0	\$335,523	\$1,340,708	\$654,925	\$1,422,000	\$359,842	\$9,927	\$7,440,193	
CARTERET URBAN ENTERPRISE ZONE	\$0	\$0	\$4,017,860	\$100,000.0	\$114,097	\$347,446	\$0	\$379,279	\$161,164	\$128,605	\$5,248,451	
EAST ORANGE URBAN ENTERPRISE ZONE	\$0	\$344,968	\$3,861,560	\$0.0	\$0	\$378,889	\$1,018,569	\$0	\$45,974	\$0	\$5,649,960	
ELIZABETH URBAN ENTERPRISE ZONE	\$22,708,046	\$1,285,614	\$29,849,101	\$99,930.0	\$842,341	\$5,634,415	\$6,597,659	\$12,678,857	\$692,879	\$864,195	\$81,253,036	
GLOUCESTER CITY URBAN ENTERPRISE ZONE	\$29,721	\$0	\$110,270	\$0.0	\$0	\$112,959	\$24,871	\$110,000	\$70,224	\$255,378	\$713,422	
GUTTENBERG URBAN ENTERPRISE ZONE	\$5,600	\$90,734	\$235,428	\$0.0	\$24,208	\$7,500	\$13,959	\$311,430	\$0	\$0	\$688,858	
HILLSIDE URBAN ENTERPRISE ZONE	\$1,372,733	\$128,995	\$2,666,196	\$0.0	\$758,840	\$362,632	\$1,064,015	\$1,277,250	\$75,000	\$497,079	\$8,202,740	
IRVINGTON URBAN ENTERPRISE ZONE	\$3,185,448	\$84,094	\$36,857	\$0.0	\$632,887	\$732,619	\$2,301,633	\$0	\$812,112	\$1,540,043	\$9,325,694	
JERSEY CITY URBAN ENTERPRISE ZONE	\$13,633,620	\$3,166,782	\$30,774,408	\$6,930,625.3	\$2,448,822	\$12,859,519	\$16,628,799	\$4,515,000	\$7,622,527	\$6,392,683	\$104,972,786	
KEARNY URBAN ENTERPRISE ZONE	\$657,617	\$572,503	\$10,999,009	\$0.0	\$424,467	\$2,804,989	\$812,070	\$1,435,057	\$0	\$496,131	\$18,201,843	
LAKEWOOD URBAN ENTERPRISE ZONE	\$5,613,190	\$536,415	\$3,340,120	\$3,545,715.4	\$1,056,246	\$5,287,404	\$13,863,660	\$23,041,559	\$1,470,909	\$478,547	\$58,233,764	
LONG BRANCH URBAN ENTERPRISE ZONE	\$1,110,279	\$143,714	\$1,599,384	\$75,163.5	\$159,716	\$1,682,982	\$309,253	\$0	\$0	\$288,944	\$5,369,436	
MILLVILLE URBAN ENTERPRISE ZONE	\$3,180,409	\$442,911	\$8,630,363	\$787,200.0	\$724,124	\$1,490,907	\$1,244,605	\$6,161,917	\$5,169,339	\$1,835,145	\$29,666,920	
MOUNT HOLLY URBAN ENTERPRISE ZONE	\$785,502	\$516,069	\$2,305,964	\$4,027,114.0	\$229,901	\$776,018	\$558,846	\$2,733,365	\$862,830	\$131,210	\$12,926,818	
NEW BRUNSWICK URBAN ENTERPRISE ZONE	\$0	\$0	\$410,354	\$0.0	\$0	\$0	\$28,208	\$0	\$0	\$0	\$438,562	
NEWARK URBAN ENTERPRISE ZONE	\$22,081,761	\$2,066,369	\$11,965,222	\$0.0	\$187,506	\$1,290,384	\$597,184	\$700,000	\$872,538	\$343,803	\$40,104,767	
NORTH BERGEN URBAN ENTERPRISE ZONE	\$6,638,051	\$122,105	\$10,877,820	\$3,054,610.0	\$2,049,250	\$1,195,506	\$2,675,926	\$0	\$0	\$126,557	\$26,739,824	
ORANGE URBAN ENTERPRISE ZONE	\$2,612,492	\$970,562	\$2,001,743	\$104,242.5	\$379,775	\$434,539	\$2,254,254	\$0	\$280,018	\$606,954	\$9,644,579	
PASSAIC URBAN ENTERPRISE ZONE	\$3,138,449	\$67,892	\$10,293,344	\$1,860,000.0	\$972,767	\$3,732,678	\$2,057,711	\$1,580,000	\$0	\$23,872	\$23,726,715	
PATERSON URBAN ENTERPRISE ZONE	\$3,231,725	\$1,001,119	\$8,507,978	\$0.0	\$1,991,849	\$889,659	\$911,785	\$9,245,889	\$803,021	\$414,828	\$26,997,853	
PEMBERTON URBAN ENTERPRISE ZONE	\$166,151	\$66,819	\$104,174	\$100,000.0	\$245,845	\$38,664	\$87,436	\$349,844	\$179,374	\$6,962	\$1,345,269	
PERTH AMBOY URBAN ENTERPRISE ZONE	\$217,469	\$83,451	\$11,404,169	\$0.0	\$415,021	\$2,998,061	\$1,095,691	\$204,780	\$500,000	\$463,472	\$17,382,113	
PHILLIPSBURG URBAN ENTERPRISE ZONE	\$181,854	\$28,200	\$1,491,982	\$289,729.7	\$107,496	\$884,233	\$235,300	\$1,220,148	\$896,441	\$521,618	\$5,857,002	
PLAINFIELD URBAN ENTERPRISE ZONE	\$3,926,293	\$384,843	\$3,924,918	\$202,737.0	\$769,112	\$1,291,806	\$132,973	\$617,798	\$160,196	\$286,398	\$11,697,075	
PLAINFIELD URBAN ENTERPRISE ZONE	\$201,808	\$0	\$0	\$0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$201,808	
PLEASANTVILLE URBAN ENTERPRISE ZONE	\$4,226,953	\$1,991,600	\$11,028,400	\$7,971,446.9	\$291,268	\$4,762,549	\$2,067,487	\$12,450,015	\$0	\$50,000	\$44,839,719	
ROSELLE URBAN ENTERPRISE ZONE	\$289,751	\$52,382	\$341,149	\$0.0	\$120,113	\$72,748	\$827,536	\$0	\$7,104	\$520,848	\$2,231,631	
TRENTON URBAN ENTERPRISE ZONE	\$1,889,148	\$0	\$8,684,328	\$2,308,476.0	\$56,635	\$1,213,255	\$320	\$249,245	\$1,004,000	\$0	\$15,405,407	
UNION CITY URBAN ENTERPRISE ZONE	\$470,579	\$121,681	\$399,331	\$0.0	\$482,905	\$1,990,692	\$2,212,704	\$0	\$0	\$730,472	\$6,408,363	
VINELAND URBAN ENTERPRISE ZONE	\$7,339,786	\$5,707,018	\$26,911,066	\$8,203,559.2	\$3,863,669	\$2,426,449	\$2,046,509	\$50,080,966	\$15,000	\$509,230	\$107,103,253	
WEST NEW YORK URBAN ENTERPRISE ZONE	\$3,316,086	\$7,699	\$1,115,305	\$0.0	\$509,016	\$597,297	\$477,623	\$1,011,879	\$1,114,777	\$908,477	\$9,058,158	
WILDWOOD URBAN ENTERPRISE ZONE	\$754,110	\$118,523	\$3,320,053	\$0.0	\$139,199	\$789,108	\$0	\$0	\$49,036	\$56,002	\$5,226,031	
Grand Total	\$115,214,328	\$21,477,397	\$217,692,612	\$41,230,493	\$20,862,959	\$59,785,568	\$64,181,236	\$133,130,479	\$23,474,597	\$20,087,155	\$717,136,823	

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

Appendix I - Exhibit #1 - Detailed Data & Maps

**Zone Assistance Fund (ZAF) Projects - City Match Expenses
(FY 2002 - FY 2008)**

UEZ Name	Municipal Salaries / Fringe	Municipal Equipment	Project Expenses											
			Construction	Acquisition	Equipment	Professional Services	Administration	Loans	Grants	Marketing	Total			
ASBURY PARK URBAN ENTERPRISE ZONE	\$325,727	\$52,577	\$0	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$498,304
BAYONNE URBAN ENTERPRISE ZONE	\$611,732	\$0	\$0	\$0	\$10,394	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$622,126
BRIDGETON URBAN ENTERPRISE ZONE	\$48,118	\$360,272	\$0	\$0	\$8,216	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$416,605
CAMDEN URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CARTERET URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EAST ORANGE URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ELIZABETH URBAN ENTERPRISE ZONE	\$2,997,730	\$22,025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,019,755
GLOUCESTER CITY URBAN ENTERPRISE ZONE	\$5,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,501
GUTTENBERG URBAN ENTERPRISE ZONE	\$0	\$11,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,020
HILLSIDE URBAN ENTERPRISE ZONE	\$223,623	\$10,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$234,124
IRVINGTON URBAN ENTERPRISE ZONE	\$786,319	\$12,451	\$0	\$0	\$8,507	\$12,806	\$0	\$0	\$0	\$0	\$148,308	\$0	\$0	\$968,391
JERSEY CITY URBAN ENTERPRISE ZONE	\$645,438	\$75,966	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$721,404
KEARNY URBAN ENTERPRISE ZONE	\$345,036	\$209,318	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$554,354
LAKEWOOD URBAN ENTERPRISE ZONE	\$742,177	\$18,163	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$760,340
LONG BRANCH URBAN ENTERPRISE ZONE	\$642,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$642,560
MILLVILLE URBAN ENTERPRISE ZONE	\$447,169	\$133,318	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$580,488
MOUNT HOLLY URBAN ENTERPRISE ZONE	\$91,011	\$63,905	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$154,916
NEW BRUNSWICK URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEWARK URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$11,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,062
NORTH BERGEN URBAN ENTERPRISE ZONE	\$688,384	\$47,790	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$736,174
ORANGE URBAN ENTERPRISE ZONE	\$262,779	\$160,916	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$423,696
PASSAIC URBAN ENTERPRISE ZONE	\$1,209,223	\$9,330	\$0	\$0	\$87,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,306,479
PATERSON URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PEMBERTON URBAN ENTERPRISE ZONE	\$0	\$16,202	\$0	\$0	\$52,543	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68,745
PERTH AMBOY URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PHILLIPSBURG URBAN ENTERPRISE ZONE	\$24,895	\$0	\$0	\$0	\$4,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,948
PLAINFIELD URBAN ENTERPRISE ZONE	\$143,016	\$1,030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$144,046
PLEASANTVILLE URBAN ENTERPRISE ZONE	\$443,807	\$167,148	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$610,955
ROSELLE URBAN ENTERPRISE ZONE	\$53,025	\$7,555	\$0	\$0	\$595	\$2,160	\$295	\$0	\$0	\$0	\$0	\$0	\$0	\$63,629
TRENTON URBAN ENTERPRISE ZONE	\$188,126	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$188,126
UNION CITY URBAN ENTERPRISE ZONE	\$58,270	\$9,582	\$0	\$0	\$0	\$0	\$55,367	\$0	\$0	\$0	\$0	\$0	\$0	\$123,218
VINELAND URBAN ENTERPRISE ZONE	\$1,108,099	\$1,059,595	\$0	\$0	\$2,790	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,179,484
WEST NEW YORK URBAN ENTERPRISE ZONE	\$1,421,857	\$0	\$0	\$0	\$16,611	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,438,467
WILDWOOD URBAN ENTERPRISE ZONE	\$12,063	\$0	\$0	\$0	\$4,604	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,667
Grand Total	\$13,525,685	\$2,448,664	\$0	\$0	\$316,239	\$35,028	\$55,662	\$0	\$0	\$0	\$148,308	\$0	\$16,529,585	

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

Appendix I - Exhibit #1 - Detailed Data & Maps

Zone Assistance Fund (ZAF) Projects - City Match Expenses (Program Inception to Present)			Project Expenses								
UEZ Name	Municipal Salaries / Fringe	Municipal Equipment	Construction	Acquisition	Equipment	Professional Services	Administration	Loans	Grants	Marketing	Total
ASBURY PARK URBAN ENTERPRISE ZONE	\$325,727	\$52,577	\$0	\$0	\$126,967	\$28,596	\$0	\$0	\$0	\$0	\$533,867
BAYONNE URBAN ENTERPRISE ZONE	\$611,732	\$0	\$0	\$0	\$10,394	\$0	\$0	\$0	\$0	\$0	\$622,126
BRIDGETON URBAN ENTERPRISE ZONE	\$48,118	\$681,434	\$0	\$0	\$8,216	\$0	\$8,000	\$0	\$0	\$0	\$745,767
CAMDEN URBAN ENTERPRISE ZONE	\$59,105	\$27,090	\$0	\$0	\$15,855	\$0	\$0	\$3,764,202	\$0	\$0	\$3,866,252
CARTERET URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EAST ORANGE URBAN ENTERPRISE ZONE	\$0	\$18,724	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,724
ELIZABETH URBAN ENTERPRISE ZONE	\$5,979,527	\$390,764	\$0	\$0	\$0	\$59,328	\$957	\$0	\$0	\$0	\$6,430,576
GLOUCESTER CITY URBAN ENTERPRISE ZONE	\$5,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,501
GUTTENBERG URBAN ENTERPRISE ZONE	\$0	\$11,020	\$0	\$0	\$4,177	\$0	\$0	\$0	\$0	\$0	\$15,197
HILLSIDE URBAN ENTERPRISE ZONE	\$290,560	\$138,997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$429,557
IRVINGTON URBAN ENTERPRISE ZONE	\$895,255	\$42,019	\$0	\$0	\$8,507	\$12,806	\$0	\$0	\$0	\$148,308	\$1,106,894
JERSEY CITY URBAN ENTERPRISE ZONE	\$1,129,741	\$137,192	\$0	\$326,820	\$0	\$0	\$287,822	\$0	\$0	\$0	\$1,881,576
KEARNY URBAN ENTERPRISE ZONE	\$424,000	\$327,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$751,675
LAKEWOOD URBAN ENTERPRISE ZONE	\$1,231,826	\$240,888	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$1,522,714
LONG BRANCH URBAN ENTERPRISE ZONE	\$911,507	\$0	\$0	\$0	\$0	\$150,222	\$50,500	\$0	\$0	\$0	\$1,112,229
MILLVILLE URBAN ENTERPRISE ZONE	\$624,217	\$430,352	\$1,294,963	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,349,532
MOUNT HOLLY URBAN ENTERPRISE ZONE	\$132,448	\$117,295	\$10,389	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260,132
NEW BRUNSWICK URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEWARK URBAN ENTERPRISE ZONE	\$4,449,513	\$34,001	\$0	\$0	\$0	\$11,062	\$0	\$0	\$0	\$0	\$4,494,576
NORTH BERGEN URBAN ENTERPRISE ZONE	\$1,060,099	\$47,790	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,357,889
ORANGE URBAN ENTERPRISE ZONE	\$603,685	\$293,242	\$0	\$0	\$18,400	\$0	\$0	\$0	\$0	\$0	\$915,326
PASSAIC URBAN ENTERPRISE ZONE	\$1,209,223	\$17,630	\$0	\$0	\$87,925	\$0	\$0	\$0	\$0	\$0	\$1,314,779
PATERSON URBAN ENTERPRISE ZONE	\$183,885	\$2,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,465
PEMBERTON URBAN ENTERPRISE ZONE	\$0	\$16,202	\$0	\$0	\$52,543	\$0	\$0	\$0	\$0	\$0	\$68,745
PERTH AMBOY URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PHILLIPSBURG URBAN ENTERPRISE ZONE	\$36,562	\$13,117	\$0	\$0	\$7,554	\$970	\$0	\$0	\$0	\$0	\$58,203
PLAINFIELD URBAN ENTERPRISE ZONE	\$587,166	\$31,218	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$618,384
PLAINFIELD URBAN ENTERPRISE ZONE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PLEASANTVILLE URBAN ENTERPRISE ZONE	\$620,832	\$552,753	\$0	\$0	\$531	\$0	\$0	\$0	\$0	\$0	\$1,174,117
ROSELLE URBAN ENTERPRISE ZONE	\$53,025	\$7,555	\$0	\$0	\$595	\$2,160	\$295	\$0	\$0	\$0	\$63,629
TRENTON URBAN ENTERPRISE ZONE	\$764,768	\$0	\$348,264	\$550,000	\$3,327	\$73,724	\$0	\$0	\$0	\$0	\$1,740,083
UNION CITY URBAN ENTERPRISE ZONE	\$58,270	\$9,582	\$0	\$0	\$0	\$176,500	\$55,367	\$0	\$0	\$0	\$299,718
VINELAND URBAN ENTERPRISE ZONE	\$1,426,321	\$2,294,425	\$213,046	\$0	\$2,790	\$43,270	\$0	\$0	\$0	\$0	\$3,979,852
WEST NEW YORK URBAN ENTERPRISE ZONE	\$1,883,456	\$0	\$0	\$0	\$16,611	\$0	\$0	\$0	\$0	\$0	\$1,900,066
WILDWOOD URBAN ENTERPRISE ZONE	\$12,063	\$0	\$0	\$0	\$4,604	\$0	\$0	\$0	\$0	\$0	\$16,667
Grand Total	\$25,618,131	\$5,936,121	\$2,116,662	\$876,820	\$368,996	\$608,637	\$402,940	\$3,764,202	\$0	\$148,308	\$39,840,817

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

**UZ4 Sales Tax Exempted
(FY 2002 - FY 2008)**

UEZ Name	2002	2003	2004	2005	2006	2007	2008	Total
ASBURY PARK	\$63,041	\$203,079	\$507,627	\$916,038	\$1,580,726	\$713,010	\$200,560	\$4,184,080
BAYONNE	\$22,512	\$121,793	\$766,303	\$85,228	\$130,541	\$102,993	\$42,134	\$1,271,503
BRIDGETON	\$59,495	\$55,299	\$62,862	\$51,354	\$40,991	\$94,470	\$117,044	\$481,515
CAMDEN	\$1,085,736	\$1,006,433	\$1,735,005	\$3,121,421	\$458,534	\$276,049	\$420,871	\$8,104,048
CARTERET	\$207,392	\$305,619	\$866,705	\$225,579	\$1,271,667	\$2,528,063	\$7,822,847	\$13,227,873
EAST ORANGE	\$35,366	\$30,538	\$413,579	\$190,167	\$212,538	\$87,930	\$146,065	\$1,116,182
ELIZABETH	\$1,229,730	\$566,525	\$897,088	\$592,790	\$43,922	\$120,877	\$1,232,115	\$4,683,048
GLOUCESTER CITY			\$6,090	\$3,332	\$9,939	\$1,871	\$0	\$21,232
GUTTENBERG	\$19,776	\$39,815	\$296,062	\$372,044	\$293,560	\$220,847	\$3,762	\$1,245,866
HILLSIDE	\$146,151	\$297,174	\$141,597	\$85,946	\$197,611	\$68,069	\$104,591	\$1,041,140
IRVINGTON	\$45,318	\$138,098	\$60,050	\$93,395	\$193,347	\$20,774	\$17,808	\$568,789
JERSEY CITY	\$33,414,550	\$17,372,296	\$9,385,280	\$18,352,305	\$20,530,064	\$55,003,598	\$42,070,979	\$196,129,073
KEARNY	\$221,509	\$720,205	\$226,972	\$564,716	\$1,375,377	\$743,538	\$340,201	\$4,192,518
LAKEWOOD	\$270,803	\$271,052	\$566,108	\$345,584	\$245,787	\$1,297,042	\$312,355	\$3,308,730
LONG BRANCH	\$233,018	\$112,767	\$568,802	\$287,540	\$17,716	\$100,915	\$4,304,562	\$5,625,321
MILLVILLE	\$470,029	\$1,358,401	\$863,340	\$927,858	\$1,760,088	\$1,969,122	\$924,768	\$8,273,605
MOUNT HOLLY	\$7,190	\$14,326	\$66,141	\$246,655	\$8,107	\$5,536	\$4,615	\$352,570
NEW BRUNSWICK				\$561,256	\$7,374,082	\$207,493	\$56,056	\$8,198,887
NEWARK	\$6,123,315	\$2,958,185	\$4,350,309	\$10,850,430	\$12,195,811	\$7,551,385	\$7,998,252	\$52,027,686
NORTH BERGEN	\$151,489	\$225,867	\$122,785	\$189,954	\$160,892	\$82,324	\$5,968,967	\$6,902,278
NORTH WILDWOOD	\$55,507	\$140,599	\$748,980	\$138,893	\$29,821	\$138,841	\$39,785	\$1,292,425
ORANGE	\$24,843	\$23,255	\$23,067	\$9,965	\$107,331	\$1,024	\$7,340	\$196,825
PASSAIC	\$267,395	\$92,126	\$116,378	\$64,400	\$153,767	\$53,452	\$260,059	\$1,007,576
PATERSON	\$325,286	\$468,164	\$258,293	\$307,382	\$274,865	\$1,571,578	\$879,174	\$4,084,741
PEMBERTON	\$25,976	\$17,268	\$19,403	\$25,005	\$36,174	\$6,270	\$4,769	\$134,863
PERTH AMBOY	\$493,623	\$141,789	\$916,364	\$1,827,153	\$2,489,316	\$2,941,755	\$1,201,501	\$10,011,501
PHILLIPSBURG	\$39,547	\$17,359	\$34,571	\$10,917	\$6,299	\$9,315	\$8,835	\$126,843
PLAINFIELD	\$48,458	\$35,551	\$61,860	\$19,539	\$88,399	\$18,410	\$18,263	\$290,480
PLEASANTVILLE	\$336,662	\$317,438	\$307,815	\$132,919	\$111,032	\$185,406	\$240,760	\$1,632,032
ROSELLE	\$64,063	\$25,516	\$8,947	\$15,030	\$498	\$15,277	\$4,211	\$133,542
TRENTON	\$353,662	\$303,093	\$744,503	\$771,034	\$212,882	\$476,062	\$705,362	\$3,566,598
UNION CITY	\$54,875	\$215,964	\$16,028	\$5,977	\$1,590	\$1,162	\$954	\$296,550
VINELAND	\$2,225,796	\$1,723,536	\$4,019,865	\$2,246,583	\$1,974,243	\$4,297,771	\$2,060,676	\$18,548,470
WEST NEW YORK	\$33,391	\$19,111	\$15,640	\$21,967	\$28,309	\$4,185	\$7,779	\$130,382
WEST WILDWOOD	\$3,516	\$0	\$0	\$0	\$0	\$0	\$0	\$3,516
WILDWOOD	\$105,257	\$127,721	\$289,504	\$422,957	\$87,922	\$96,529	\$321,864	\$1,451,752
WILDWOOD CREST	\$94,512	\$1,368,894	\$221,028	\$20,234	\$42,021	\$117,006	\$51,192	\$1,914,887
Total	\$48,358,788	\$30,834,854	\$29,704,950	\$44,103,544	\$53,745,769	\$81,129,947	\$77,901,074	\$365,778,926

Note: UZ4 = sales tax exemptions for contractors working on UEZ projects, and UZ5 = sales tax exemptions for qualified UEZ businesses.

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

**UZ5 Sales Tax Exempted
(FY 2002 - FY 2008)**

UEZ Name	2002	2003	2004	2005	2006	2007	2008	Total
ASBURY PARK	\$75,632	\$112,993	\$357,227	\$289,898	\$314,275	\$394,927	\$323,616	\$1,868,568
BAYONNE	\$106,798	\$351,297	\$852,273	\$793,234	\$141,207	\$135,709	\$149,616	\$2,530,133
BRIDGETON	\$391,534	\$563,172	\$481,017	\$531,765	\$409,564	\$763,562	\$829,512	\$3,970,126
CAMDEN	\$3,087,606	\$3,079,548	\$3,352,171	\$3,504,426	\$4,777,898	\$5,462,724	\$6,657,140	\$29,921,513
CARTERET	\$2,682,422	\$2,759,351	\$3,852,049	\$4,711,092	\$5,976,705	\$2,704,512	\$361,332	\$23,047,464
EAST ORANGE	\$214,235	\$314,478	\$277,152	\$412,275	\$164,580	\$220,736	\$274,723	\$1,878,179
ELIZABETH	\$5,175,611	\$5,697,257	\$5,029,683	\$3,965,877	\$1,691,317	\$1,194,097	\$72,816,113	\$95,569,955
GLOUCESTER CITY			\$98,913	\$160,779	\$141,037	\$271,082	\$119,467	\$791,277
GUTTENBERG	\$66,414	\$43,856	\$43,844	\$43,602	\$52,900	\$50,313	\$84,647	\$385,576
HILLSIDE	\$1,328,764	\$4,022,715	\$1,835,354	\$572,367	\$266,828	\$192,337	\$231,652	\$8,450,017
IRVINGTON	\$648,371	\$318,491	\$455,396	\$714,794	\$505,874	\$501,593	\$572,309	\$3,716,828
JERSEY CITY	\$22,187,088	\$19,562,852	\$25,019,319	\$25,832,794	\$16,227,694	\$29,368,866	\$24,288,518	\$162,487,131
KEARNY	\$774,912	\$923,746	\$1,389,553	\$4,235,959	\$1,047,323	\$891,938	\$906,043	\$10,169,474
LAKEWOOD	\$1,878,499	\$1,962,577	\$2,439,695	\$2,260,503	\$1,399,681	\$1,527,546	\$2,007,910	\$13,476,410
LONG BRANCH	\$231,005	\$284,996	\$709,791	\$193,680	\$77,233	\$66,051	\$93,629	\$1,656,387
MILLVILLE	\$1,785,122	\$1,918,544	\$2,409,608	\$2,843,274	\$3,433,326	\$4,386,107	\$1,304,720	\$18,080,702
MOUNT HOLLY	\$77,569	\$60,986	\$405,932	\$193,245	\$36,490	\$33,243	\$32,108	\$839,574
NEW BRUNSWICK				\$263,762	\$463,434	\$527,799	\$508,230	\$1,763,226
NEWARK	\$13,910,121	\$14,948,577	\$16,586,560	\$11,477,352	\$8,505,116	\$11,277,014	\$8,842,753	\$85,547,492
NORTH BERGEN	\$711,007	\$1,160,499	\$785,681	\$580,663	\$2,964,002	\$2,146,763	\$853,286	\$9,201,901
NORTH WILDWOOD	\$81,419	\$134,189	\$243,036	\$295,220	\$483,355	\$455,635	\$230,693	\$1,923,546
ORANGE	\$177,149	\$262,713	\$217,236	\$282,996	\$81,485	\$144,736	\$577,397	\$1,743,712
PASSAIC	\$259,954	\$329,317	\$409,939	\$338,589	\$198,270	\$230,278	\$239,740	\$2,006,088
PATERSON	\$1,282,177	\$2,248,290	\$2,118,189	\$1,626,957	\$6,213,948	\$7,712,494	\$2,992,747	\$24,194,803
PEMBERTON	\$182,038	\$189,501	\$197,551	\$158,752	\$134,797	\$34,375	\$17,200	\$914,215
PERTH AMBOY	\$1,173,548	\$1,827,869	\$2,182,999	\$2,039,608	\$6,143,325	\$1,068,778	\$573,150	\$15,009,277
PHILLIPSBURG	\$573,057	\$662,488	\$853,295	\$778,489	\$801,618	\$730,015	\$630,000	\$5,028,962
PLAINFIELD	\$365,263	\$258,309	\$313,990	\$158,965	\$127,071	\$122,992	\$159,792	\$1,506,381
PLEASANTVILLE	\$186,432	\$444,801	\$353,214	\$482,454	\$368,888	\$698,306	\$409,856	\$2,943,950
ROSELLE	\$45,901	\$24,996	\$89,659	\$56,977	\$59,925	\$72,672	\$49,831	\$399,962
TRENTON	\$436,817	\$581,490	\$963,773	\$1,035,594	\$546,341	\$797,721	\$1,654,712	\$6,016,448
UNION CITY	\$44,772	\$93,381	\$74,937	\$300,488	\$58,832	\$261,841	\$249,879	\$1,084,132
VINELAND	\$4,790,877	\$9,648,836	\$9,874,802	\$14,651,673	\$11,169,663	\$11,560,782	\$4,744,473	\$66,441,105
WEST NEW YORK	\$173,818	\$140,042	\$210,708	\$237,064	\$94,779	\$25,813	\$41,483	\$923,706
WEST WILDWOOD	\$155	\$454	\$2,671	\$1,030	\$0	\$130	\$138	\$4,578
WILDWOOD	\$370,656	\$336,170	\$517,982	\$593,704	\$429,803	\$459,442	\$502,391	\$3,210,148
WILDWOOD CREST	\$95,628	\$226,525	\$823,189	\$461,620	\$217,179	\$183,598	\$232,068	\$2,239,806
Total	\$65,572,368	\$75,495,309	\$85,828,387	\$87,081,523	\$75,725,764	\$86,676,526	\$134,562,875	\$610,942,752

Note: UZ4 = sales tax exemptions for contractors working on UEZ projects, and UZ5 = sales tax exemptions for qualified UEZ businesses.

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

**UZ4 and UZ5 Sales Tax Exempted
(Program Inception to Present)**

UEZ Name	UZ4	UZ5	Total
ASBURY PARK	\$4,597,527	\$2,539,523	\$7,137,050
BAYONNE	\$1,402,470	\$3,091,019	\$4,493,488
BRIDGETON	\$5,406,999	\$7,406,745	\$12,813,745
CAMDEN	\$19,616,346	\$50,014,642	\$69,630,988
CARTERET	\$17,009,296	\$35,673,605	\$52,682,901
EAST ORANGE	\$1,642,645	\$3,181,818	\$4,824,464
ELIZABETH	\$29,297,266	\$122,968,403	\$152,265,669
GLOUCESTER CITY	\$24,038	\$1,105,414	\$1,129,452
GUTTENBERG	\$1,348,368	\$776,931	\$2,125,299
HILLSIDE	\$2,336,356	\$13,313,743	\$15,650,099
IRVINGTON	\$1,120,088	\$5,842,179	\$6,962,266
JERSEY CITY	\$332,103,719	\$328,587,831	\$660,691,550
KEARNY	\$7,933,895	\$17,450,816	\$25,384,711
LAKEWOOD	\$10,281,840	\$35,556,074	\$45,837,914
LONG BRANCH	\$6,592,869	\$3,444,529	\$10,037,398
MILLVILLE	\$14,625,428	\$35,080,908	\$49,706,336
MOUNT HOLLY	\$697,313	\$1,478,245	\$2,175,558
NEW BRUNSWICK	\$8,219,011	\$1,969,755	\$10,188,765
NEWARK	\$77,057,321	\$155,801,411	\$232,858,732
NORTH BERGEN	\$14,907,194	\$16,147,806	\$31,055,000
NORTH WILDWOOD	\$1,378,049	\$2,225,149	\$3,603,198
ORANGE	\$837,486	\$4,784,297	\$5,621,783
PASSAIC	\$3,342,140	\$5,385,399	\$8,727,538
PATERSON	\$9,801,387	\$37,005,591	\$46,806,978
PEMBERTON	\$249,979	\$1,937,398	\$2,187,377
PERTH AMBOY	\$12,537,586	\$23,980,793	\$36,518,379
PHILLIPSBURG	\$787,227	\$8,924,932	\$9,712,159
PLAINFIELD	\$1,215,065	\$4,981,738	\$6,196,803
PLEASANTVILLE	\$3,151,081	\$4,706,994	\$7,858,075
ROSELLE	\$133,692	\$446,662	\$580,354
TRENTON	\$10,130,753	\$12,273,168	\$22,403,921
UNION CITY	\$464,728	\$1,337,662	\$1,802,390
VINELAND	\$36,961,268	\$97,453,246	\$134,414,513
WEST NEW YORK	\$504,023	\$1,646,973	\$2,150,996
WEST WILDWOOD	\$3,516	\$4,728	\$8,245
WILDWOOD	\$1,810,262	\$3,747,182	\$5,557,444
WILDWOOD CREST	\$2,030,185	\$2,606,033	\$4,636,218
Total	\$641,558,413	\$1,054,879,341	\$1,696,437,754

Note: UZ4 = sales tax exemptions for contractors working on UEZ projects, and UZ5 = sales tax exemptions for qualified UEZ businesses.

Note: New Jersey's investment in the UEZ Program represents estimated spending based on sets of data provided to the consultant team by staff from various State agencies. The estimates are intended solely for assessing the impacts of the State's investment, and do not represent a financial accounting or audit of NJ UEZ funds.

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
ZAF Projects - State Expenses**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	3,068	\$170,885,666	\$186,689,614	\$295,867,689	\$145,217,709
Indirect Effect	625	\$38,606,053	\$61,553,150	\$105,256,369	\$32,857,799
Induced Effect	1,123	\$56,369,714	\$102,238,152	\$164,813,779	\$49,123,707
Total Effect	4,816	\$265,861,433	\$350,480,916	\$565,937,838	\$227,199,215

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$6,959
Social Ins Tax- Employee Contribution	\$95,080	\$0			
Social Ins Tax- Employer Contribution	\$236,166				
Indirect Bus Tax: Sales Tax			\$6,501,462		
Indirect Bus Tax: Property Tax			\$12,769,618		
Indirect Bus Tax: Motor Vehicle Lic			\$163,151		
Indirect Bus Tax: Severance Tax			\$978		
Indirect Bus Tax: Other Taxes			\$566,339		
Indirect Bus Tax: S/L NonTaxes			\$384,483		
Corporate Profits Tax					\$711,555
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$1,608,704	
Personal Tax: Motor Vehicle License				\$324,421	
Personal Tax: Property Taxes				\$201,951	
Personal Tax: Other Tax (Fish/Hunt)				\$44,561	
Total State and Local Tax	\$331,246	\$0	\$20,386,031	\$2,179,637	\$718,514
Total					\$23,615,428

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
ZAF Projects - City Match**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	234	\$10,881,010	\$11,506,693	\$16,037,416	\$10,547,898
Indirect Effect	38	\$2,048,867	\$3,570,853	\$5,859,993	\$1,741,858
Induced Effect	69	\$3,461,425	\$6,275,494	\$10,119,935	\$3,016,794
Total Effect	341	\$16,391,302	\$21,353,041	\$32,017,343	\$15,306,550

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$354
Social Ins Tax- Employee Contribution	\$6,406	\$0			
Social Ins Tax- Employer Contribution	\$15,911				
Indirect Bus Tax: Sales Tax			\$513,438		
Indirect Bus Tax: Property Tax			\$1,008,452		
Indirect Bus Tax: Motor Vehicle Lic			\$12,885		
Indirect Bus Tax: Severance Tax			\$77		
Indirect Bus Tax: Other Taxes			\$44,725		
Indirect Bus Tax: S/L NonTaxes			\$30,364		
Corporate Profits Tax					\$36,240
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$98,442	
Personal Tax: Motor Vehicle License				\$19,852	
Personal Tax: Property Taxes				\$12,358	
Personal Tax: Other Tax (Fish/Hunt)				\$2,727	
Total State and Local Tax	\$22,316	\$0	\$1,609,940	\$133,379	\$36,594
Total					\$1,802,229

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
ZAF Admin - State Expenses**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	648.5	\$29,171,538	\$29,430,517	\$45,960,718	\$28,652,101
Indirect Effect	114.4	\$6,257,894	\$10,879,570	\$17,899,836	\$5,319,761
Induced Effect	188.7	\$9,480,678	\$17,187,704	\$27,717,888	\$8,262,927
Total Effect	951.6	\$44,910,110	\$57,497,790	\$91,578,442	\$42,234,789

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$960
Social Ins Tax- Employee Contribution	\$17,675	\$0			
Social Ins Tax- Employer Contribution	\$43,902				
Indirect Bus Tax: Sales Tax			\$1,153,872		
Indirect Bus Tax: Property Tax			\$2,266,338		
Indirect Bus Tax: Motor Vehicle Lic			\$28,956		
Indirect Bus Tax: Severance Tax			\$174		
Indirect Bus Tax: Other Taxes			\$100,513		
Indirect Bus Tax: S/L NonTaxes			\$68,238		
Corporate Profits Tax					\$98,105
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$269,549	
Personal Tax: Motor Vehicle License				\$54,359	
Personal Tax: Property Taxes				\$33,838	
Personal Tax: Other Tax (Fish/Hunt)				\$7,467	
Total State and Local Tax	\$61,576	\$0	\$3,618,090	\$365,213	\$99,064
Total					\$4,143,943

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
ZAF Admin - City Match**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	1.7	\$78,659	\$79,357	\$123,930	\$77,258
Indirect Effect	0.3	\$16,874	\$29,336	\$48,266	\$14,344
Induced Effect	0.5	\$25,564	\$46,345	\$74,739	\$22,280
Total Effect	2.6	\$121,097	\$155,039	\$246,935	\$113,883

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$3
Social Ins Tax- Employee Contribution	\$48	\$0			
Social Ins Tax- Employer Contribution	\$118				
Indirect Bus Tax: Sales Tax			\$3,111		
Indirect Bus Tax: Property Tax			\$6,111		
Indirect Bus Tax: Motor Vehicle Lic			\$78		
Indirect Bus Tax: Severance Tax			\$0		
Indirect Bus Tax: Other Taxes			\$271		
Indirect Bus Tax: S/L NonTaxes			\$184		
Corporate Profits Tax					\$265
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$727	
Personal Tax: Motor Vehicle License				\$147	
Personal Tax: Property Taxes				\$91	
Personal Tax: Other Tax (Fish/Hunt)				\$20	
Total State and Local Tax	\$166	\$0	\$9,756	\$985	\$267
Total					\$11,174

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
50% Sales Tax Reduction**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	0	\$0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0	\$0
Induced Effect	3,718.10	\$187,255,871	\$337,944,755	\$547,328,702	\$163,337,485
Total Effect	3,718.10	\$187,255,871	\$337,944,755	\$547,328,702	\$163,337,485

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$13,310
Social Ins Tax- Employee Contribution	\$68,355	\$0			
Social Ins Tax- Employer Contribution	\$169,784				
Indirect Bus Tax: Sales Tax			\$9,315,967		
Indirect Bus Tax: Property Tax			\$18,297,628		
Indirect Bus Tax: Motor Vehicle Lic			\$233,780		
Indirect Bus Tax: Severance Tax			\$1,402		
Indirect Bus Tax: Other Taxes			\$811,508		
Indirect Bus Tax: S/L NonTaxes			\$550,926		
Corporate Profits Tax					\$1,360,909
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$1,131,180	
Personal Tax: Motor Vehicle License				\$228,120	
Personal Tax: Property Taxes				\$142,004	
Personal Tax: Other Tax (Fish/Hunt)				\$31,334	
Total State and Local Tax	\$238,138	\$0	\$29,211,212	\$1,532,639	\$1,374,219
Total					\$32,356,208

**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
UZ4 Sales Tax Exemptions (Contractors)**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	2,766.80	\$107,128,468	\$249,777,696	\$365,413,134	\$94,407,960
Indirect Effect	769.1	\$41,399,255	\$75,262,132	\$122,312,140	\$35,315,018
Induced Effect	794.9	\$39,918,266	\$72,393,321	\$116,711,483	\$34,787,842
Total Effect	4,330.70	\$188,445,989	\$397,433,148	\$604,436,757	\$164,510,820

State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$19,170
Social Ins Tax- Employee Contribution	\$68,846	\$0			
Social Ins Tax- Employer Contribution	\$171,004				
Indirect Bus Tax: Sales Tax			\$11,169,835		
Indirect Bus Tax: Property Tax			\$21,938,838		
Indirect Bus Tax: Motor Vehicle Lic			\$280,302		
Indirect Bus Tax: Severance Tax			\$1,681		
Indirect Bus Tax: Other Taxes			\$972,998		
Indirect Bus Tax: S/L NonTaxes			\$660,560		
Corporate Profits Tax					\$1,959,992
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$1,138,292	
Personal Tax: Motor Vehicle License				\$229,555	
Personal Tax: Property Taxes				\$142,897	
Personal Tax: Other Tax (Fish/Hunt)				\$31,531	
Total State and Local Tax	\$239,849	\$0	\$35,024,214	\$1,542,275	\$1,979,162
Total					\$38,785,500

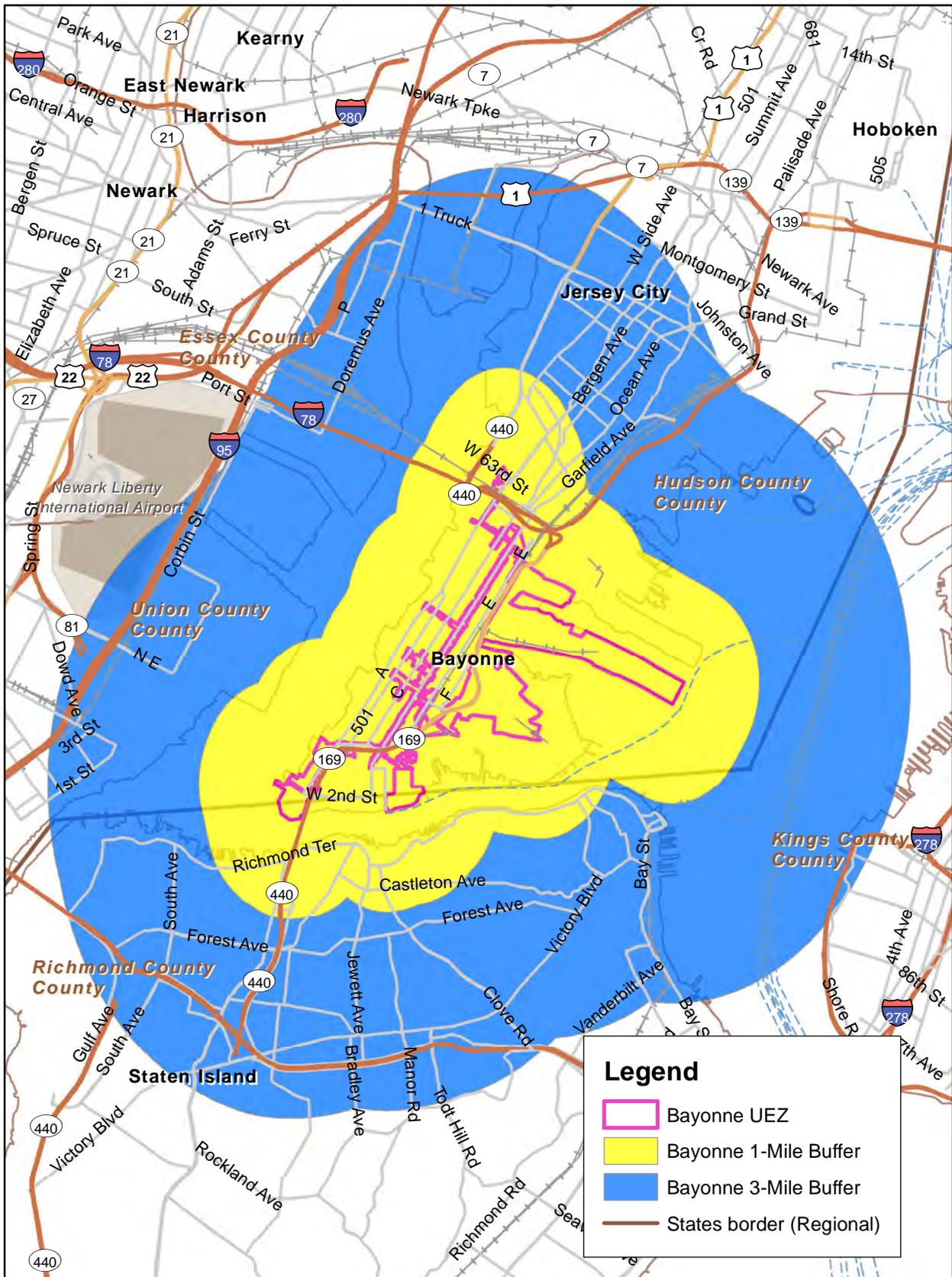
**Detailed IMPLAN Results - Economic Impact of New Jersey's Investment
UZ5 Sales Tax Exemptions (UEZ Businesses)**

Impact Type	Employment	Labor Income	Value Added	Output	Compensation
Direct Effect	3,327.30	\$181,162,069	\$277,987,643	\$611,553,660	\$163,583,308
Indirect Effect	1,399.50	\$87,050,329	\$148,306,773	\$268,598,303	\$75,474,428
Induced Effect	1,433.90	\$72,019,138	\$130,600,180	\$210,564,627	\$62,764,173
Total Effect	6,160.70	\$340,231,536	\$556,894,596	\$1,090,716,591	\$301,821,909

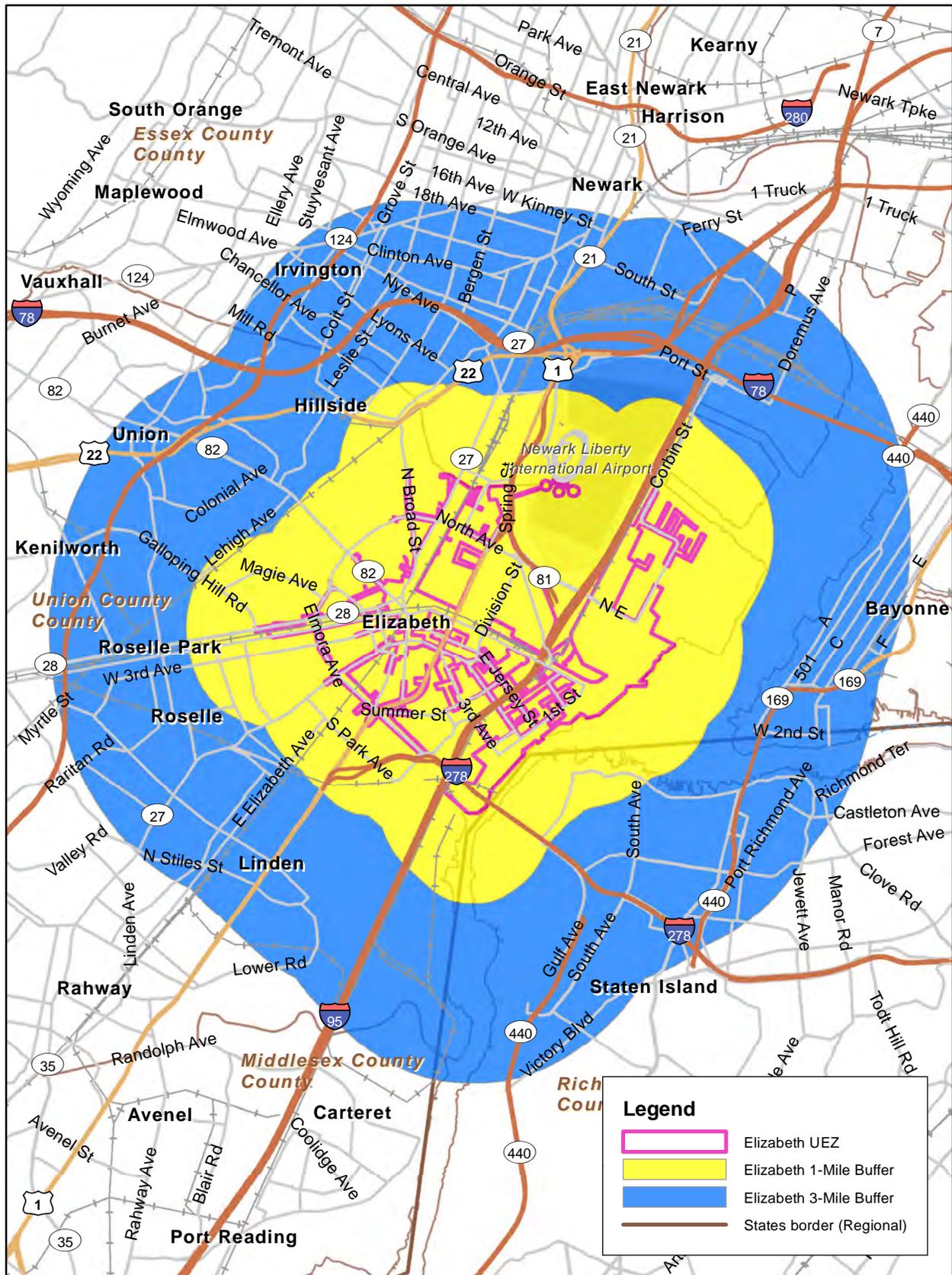
State and Local Tax Revenues and Fees (Total Direct, Indirect, and Induced Effects)

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$19,412
Social Ins Tax- Employee Contribution	\$126,308	\$0			
Social Ins Tax- Employer Contribution	\$313,734				
Indirect Bus Tax: Sales Tax			\$12,718,478		
Indirect Bus Tax: Property Tax			\$24,980,550		
Indirect Bus Tax: Motor Vehicle Lic			\$319,165		
Indirect Bus Tax: Severance Tax			\$1,914		
Indirect Bus Tax: Other Taxes			\$1,107,899		
Indirect Bus Tax: S/L NonTaxes			\$752,144		
Corporate Profits Tax					\$1,984,777
Personal Tax: Income Tax				\$0	
Personal Tax: NonTaxes (Fines- Fees				\$2,052,401	
Personal Tax: Motor Vehicle License				\$413,899	
Personal Tax: Property Taxes				\$257,651	
Personal Tax: Other Tax (Fish/Hunt)				\$56,851	
Total State and Local Tax	\$440,042	\$0	\$39,880,150	\$2,780,804	\$2,004,189
Total					\$45,105,185

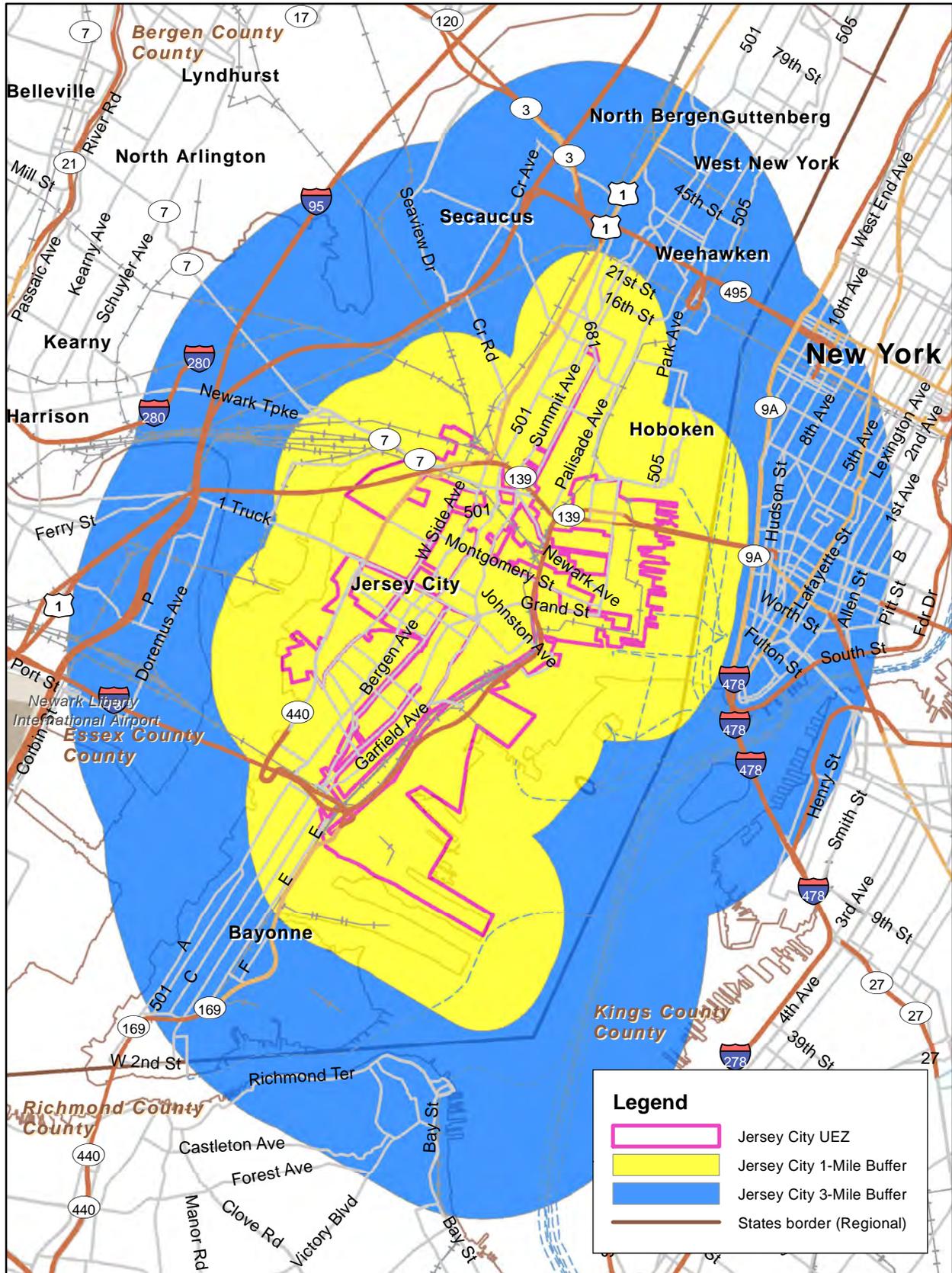
Comparative Analysis Boundaries - Bayonne UEZ



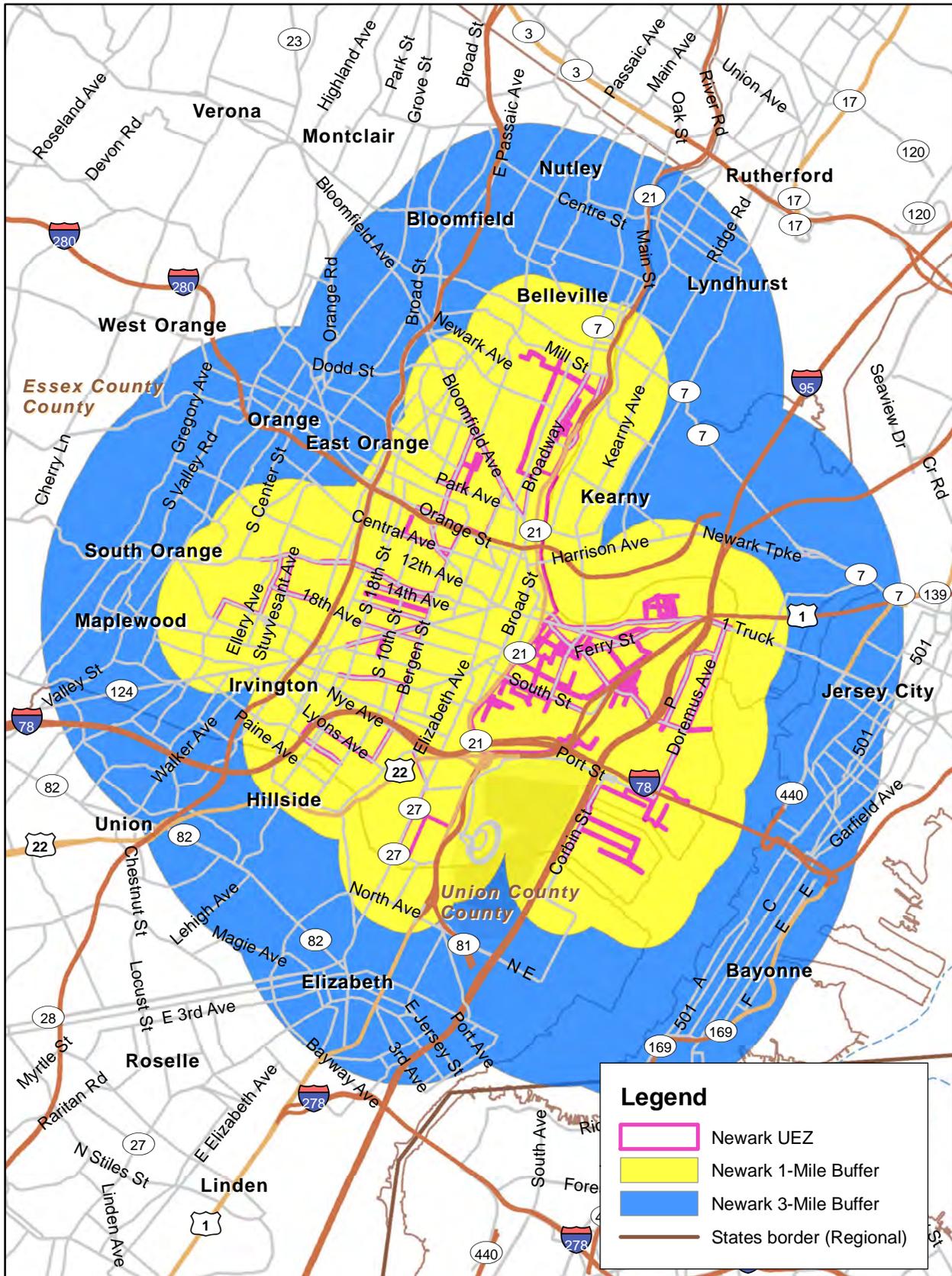
Comparative Analysis Boundaries - Elizabeth UEZ



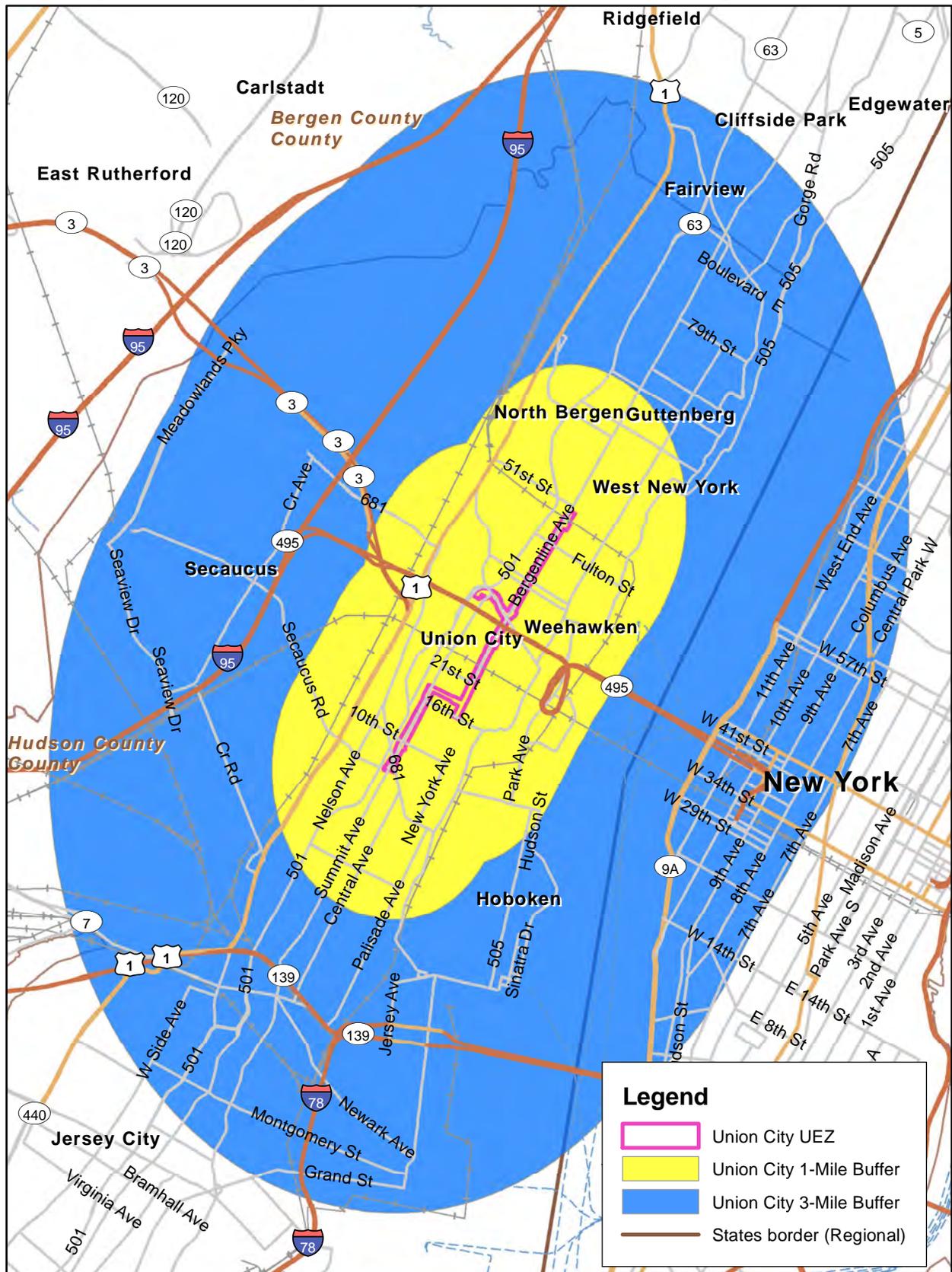
Comparative Analysis Boundaries - Jersey City UEZ



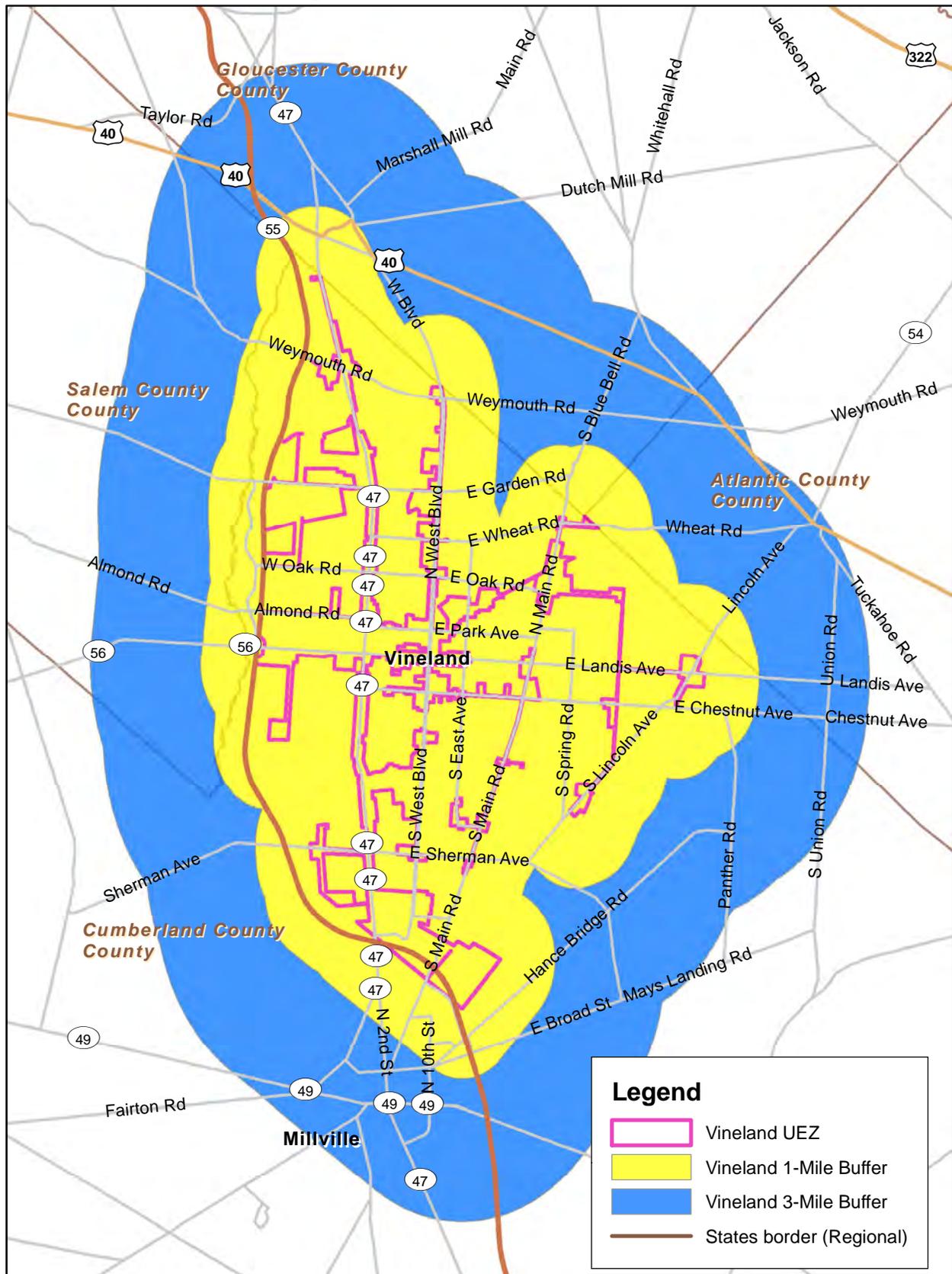
Comparative Analysis Boundaries - Newark UEZ



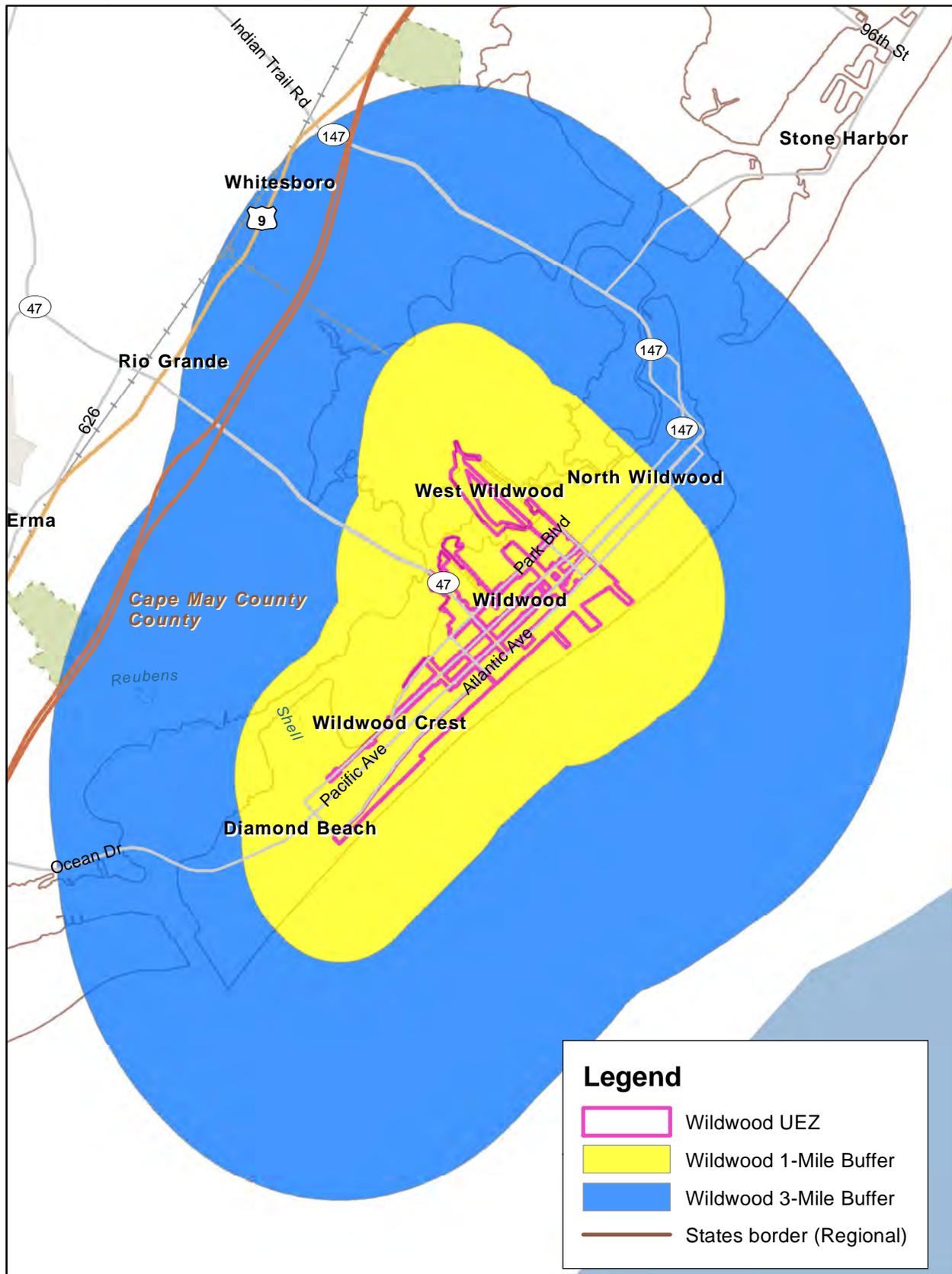
Comparative Analysis Boundaries - Union City UEZ



Comparative Analysis Boundaries - Vineland UEZ



Comparative Analysis Boundaries - Wildwood UEZ



Population

	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015
Bayonne UEZ	3,902	3,800	3,583	3,513	(2.6%)	(5.7%)	(2.0%)
Bayonne UEZ 1-Mile Buffer	108,407	115,594	115,092	115,008	6.6%	(0.4%)	(0.1%)
Bayonne UEZ 3-Mile Buffer	321,764	345,427	360,662	366,594	7.4%	4.4%	1.6%
Elizabeth UEZ	15,886	16,872	17,992	18,159	6.2%	6.6%	0.9%
Elizabeth UEZ 1-Mile Buffer	146,699	158,812	164,656	165,146	8.3%	3.7%	0.3%
Elizabeth UEZ 3-Mile Buffer	467,812	489,385	500,828	502,001	4.6%	2.3%	0.2%
Jersey City UEZ	47,144	54,020	58,851	60,231	14.6%	8.9%	2.3%
Jersey City UEZ 1-Mile Buffer	308,495	333,117	341,980	342,815	8.0%	2.7%	0.2%
Jersey City UEZ 3-Mile Buffer	794,052	855,983	906,746	922,735	7.8%	5.9%	1.8%
Lakewood UEZ	9,832	12,034	14,558	15,047	22.4%	21.0%	3.4%
Lakewood UEZ 1-Mile Buffer	48,250	63,987	76,485	80,016	32.6%	19.5%	4.6%
Lakewood UEZ 3-Mile Buffer	119,018	151,106	172,292	178,767	27.0%	14.0%	3.8%
Newark UEZ	56,491	54,777	54,028	53,753	(3.0%)	(1.4%)	(0.5%)
Newark UEZ 1-Mile Buffer	495,305	500,961	497,881	494,204	1.1%	(0.6%)	(0.7%)
Newark UEZ 3-Mile Buffer	958,077	989,741	985,453	978,561	3.3%	(0.4%)	(0.7%)
Union City UEZ	1,167	1,395	1,339	1,317	19.5%	(4.0%)	(1.6%)
Union City UEZ 1-Mile Buffer	160,482	184,546	182,451	181,110	15.0%	(1.1%)	(0.7%)
Union City UEZ 3-Mile Buffer	541,129	597,018	620,207	626,811	10.3%	3.9%	1.1%
Vineland UEZ	5,422	5,355	5,516	5,658	(1.2%)	3.0%	2.6%
Vineland UEZ 1-Mile Buffer	56,706	57,777	61,659	63,990	1.9%	6.7%	3.8%
Vineland UEZ 3-Mile Buffer	88,411	89,833	96,657	100,413	1.6%	7.6%	3.9%
Wildwood UEZ	955	1,180	945	886	23.6%	(19.9%)	(6.2%)
Wildwood UEZ 1-Mile Buffer	12,108	13,418	11,847	11,483	10.8%	(11.7%)	(3.1%)
Wildwood UEZ 3-Mile Buffer	17,088	18,035	16,499	16,098	5.5%	(8.5%)	(2.4%)
New Jersey	7,730,188	8,414,350	8,822,373	8,926,303	8.9%	4.8%	1.2%
United States	248,709,873	281,421,906	311,212,863	323,209,391	13.2%	10.6%	3.9%

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Households

	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015
Bayonne UEZ	1,523	1,529	1,453	1,423	0.4%	(5.0%)	(2.1%)
Bayonne UEZ 1-Mile Buffer	41,767	44,210	43,945	43,785	5.8%	(0.6%)	(0.4%)
Bayonne UEZ 3-Mile Buffer	115,140	122,901	128,228	130,174	6.7%	4.3%	1.5%
Elizabeth UEZ	5,633	5,758	6,058	6,091	2.2%	5.2%	0.5%
Elizabeth UEZ 1-Mile Buffer	52,528	54,069	55,006	54,922	2.9%	1.7%	(0.2%)
Elizabeth UEZ 3-Mile Buffer	169,384	173,516	175,640	175,494	2.4%	1.2%	(0.1%)
Jersey City UEZ	17,384	21,817	24,538	25,302	25.5%	12.5%	3.1%
Jersey City UEZ 1-Mile Buffer	115,154	127,147	132,988	133,721	10.4%	4.6%	0.6%
Jersey City UEZ 3-Mile Buffer	338,779	368,797	392,146	400,087	8.9%	6.3%	2.0%
Lakewood UEZ	3,142	3,167	3,757	3,889	0.8%	18.6%	3.5%
Lakewood UEZ 1-Mile Buffer	17,087	20,710	24,165	25,328	21.2%	16.7%	4.8%
Lakewood UEZ 3-Mile Buffer	43,678	54,144	61,088	63,423	24.0%	12.8%	3.8%
Newark UEZ	20,172	18,992	19,049	18,945	(5.8%)	0.3%	(0.5%)
Newark UEZ 1-Mile Buffer	170,881	171,659	170,929	169,604	0.5%	(0.4%)	(0.8%)
Newark UEZ 3-Mile Buffer	344,478	351,080	348,827	345,975	1.9%	(0.6%)	(0.8%)
Union City UEZ	407	455	434	425	11.8%	(4.6%)	(2.1%)
Union City UEZ 1-Mile Buffer	59,353	66,721	66,337	65,905	12.4%	(0.6%)	(0.7%)
Union City UEZ 3-Mile Buffer	247,247	271,134	283,696	287,698	9.7%	4.6%	1.4%
Vineland UEZ	1,743	1,753	1,809	1,860	0.6%	3.2%	2.8%
Vineland UEZ 1-Mile Buffer	19,503	20,519	22,003	22,861	5.2%	7.2%	3.9%
Vineland UEZ 3-Mile Buffer	31,217	32,584	35,171	36,562	4.4%	7.9%	4.0%
Wildwood UEZ	413	525	428	403	27.1%	(18.5%)	(5.8%)
Wildwood UEZ 1-Mile Buffer	5,175	5,991	5,404	5,265	15.8%	(9.8%)	(2.6%)
Wildwood UEZ 3-Mile Buffer	7,132	7,992	7,444	7,294	12.1%	(6.9%)	(2.0%)
New Jersey	2,794,711	3,064,645	3,214,726	3,253,696	9.7%	4.9%	1.2%
United States	91,947,410	105,480,101	116,761,140	121,359,604	14.7%	10.7%	3.9%

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Housing Units

	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015
Bayonne UEZ	1,796	1,702	1,734	1,744	(5.2%)	1.9%	0.6%
Bayonne UEZ 1-Mile Buffer	44,385	46,664	48,777	49,640	5.1%	4.5%	1.8%
Bayonne UEZ 3-Mile Buffer	124,074	130,415	140,670	144,828	5.1%	7.9%	3.0%
Elizabeth UEZ	5,995	6,229	6,756	6,904	3.9%	8.5%	2.2%
Elizabeth UEZ 1-Mile Buffer	55,893	57,233	59,966	60,775	2.4%	4.8%	1.3%
Elizabeth UEZ 3-Mile Buffer	180,814	184,606	194,329	197,453	2.1%	5.3%	1.6%
Jersey City UEZ	19,846	23,234	27,404	28,832	17.1%	17.9%	5.2%
Jersey City UEZ 1-Mile Buffer	127,627	133,705	147,456	151,649	4.8%	10.3%	2.8%
Jersey City UEZ 3-Mile Buffer	369,116	389,717	432,558	448,379	5.6%	11.0%	3.7%
Lakewood UEZ	3,428	3,412	4,035	4,195	(0.5%)	18.3%	4.0%
Lakewood UEZ 1-Mile Buffer	18,625	22,019	25,824	27,174	18.2%	17.3%	5.2%
Lakewood UEZ 3-Mile Buffer	47,271	56,919	64,543	67,220	20.4%	13.4%	4.1%
Newark UEZ	24,008	21,007	22,637	23,130	(12.5%)	7.8%	2.2%
Newark UEZ 1-Mile Buffer	187,214	185,163	194,491	196,948	(1.1%)	5.0%	1.3%
Newark UEZ 3-Mile Buffer	371,092	372,990	388,792	393,093	0.5%	4.2%	1.1%
Union City UEZ	455	469	476	479	3.1%	1.5%	0.6%
Union City UEZ 1-Mile Buffer	65,181	69,306	73,101	74,393	6.3%	5.5%	1.8%
Union City UEZ 3-Mile Buffer	275,788	286,441	314,257	324,493	3.9%	9.7%	3.3%
Vineland UEZ	1,846	1,905	2,029	2,093	3.2%	6.5%	3.2%
Vineland UEZ 1-Mile Buffer	20,371	21,621	23,546	24,503	6.1%	8.9%	4.1%
Vineland UEZ 3-Mile Buffer	32,728	34,412	37,735	39,345	5.1%	9.7%	4.3%
Wildwood UEZ	1,934	1,962	2,184	2,196	1.4%	11.3%	0.5%
Wildwood UEZ 1-Mile Buffer	17,130	18,187	20,636	20,841	6.2%	13.5%	1.0%
Wildwood UEZ 3-Mile Buffer	21,675	22,580	25,618	25,878	4.2%	13.5%	1.0%
New Jersey	3,075,310	3,310,275	3,560,008	3,642,596	7.6%	7.5%	2.3%
United States	102,263,678	115,904,641	132,607,736	139,606,264	13.3%	14.4%	5.3%

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Housing Vacancies

	1990	2000	2010	2015	Vacancy % 1990	Vacancy % 2000	Vacancy % 2010	Vacancy % 2015
Bayonne UEZ	66	153	280	321	3.7%	9.0%	16.1%	18.4%
Bayonne UEZ 1-Mile Buffer	2,441	2,474	4,832	5,855	5.5%	5.3%	9.9%	11.8%
Bayonne UEZ 3-Mile Buffer	8,668	7,440	12,442	14,654	7.0%	5.7%	8.8%	10.1%
Elizabeth UEZ	369	485	698	813	6.2%	7.8%	10.3%	11.8%
Elizabeth UEZ 1-Mile Buffer	3,376	3,175	4,960	5,853	6.0%	5.5%	8.3%	9.6%
Elizabeth UEZ 3-Mile Buffer	11,437	11,074	18,690	21,959	6.3%	6.0%	9.6%	11.1%
Jersey City UEZ	2,433	1,368	2,867	3,530	12.3%	5.9%	10.5%	12.2%
Jersey City UEZ 1-Mile Buffer	12,364	6,661	14,468	17,929	9.7%	5.0%	9.8%	11.8%
Jersey City UEZ 3-Mile Buffer	30,166	20,933	40,412	48,291	8.2%	5.4%	9.3%	10.8%
Lakewood UEZ	236	185	278	307	6.9%	5.4%	6.9%	7.3%
Lakewood UEZ 1-Mile Buffer	1,519	1,289	1,659	1,846	8.2%	5.9%	6.4%	6.8%
Lakewood UEZ 3-Mile Buffer	3,613	2,808	3,455	3,797	7.6%	4.9%	5.4%	5.6%
Newark UEZ	3,873	2,050	3,588	4,184	16.1%	9.8%	15.9%	18.1%
Newark UEZ 1-Mile Buffer	16,332	13,502	23,562	27,344	8.7%	7.3%	12.1%	13.9%
Newark UEZ 3-Mile Buffer	26,417	21,903	39,965	47,117	7.1%	5.9%	10.3%	12.0%
Union City UEZ	48	13	42	53	10.5%	2.8%	8.8%	11.1%
Union City UEZ 1-Mile Buffer	5,811	2,567	6,763	8,488	8.9%	3.7%	9.3%	11.4%
Union City UEZ 3-Mile Buffer	28,614	15,375	30,562	36,795	10.4%	5.4%	9.7%	11.3%
Vineland UEZ	99	148	220	233	5.4%	7.8%	10.8%	11.1%
Vineland UEZ 1-Mile Buffer	857	1,089	1,543	1,642	4.2%	5.0%	6.6%	6.7%
Vineland UEZ 3-Mile Buffer	1,490	1,805	2,564	2,783	4.6%	5.2%	6.8%	7.1%
Wildwood UEZ	1,460	1,348	1,756	1,794	75.5%	68.7%	80.4%	81.7%
Wildwood UEZ 1-Mile Buffer	11,960	12,203	15,231	15,575	69.8%	67.1%	73.8%	74.7%
Wildwood UEZ 3-Mile Buffer	14,504	14,544	18,174	18,584	66.9%	64.4%	70.9%	71.8%
New Jersey	280,599	245,630	345,282	388,900	9.1%	7.4%	9.7%	10.7%
United States	10,316,268	10,424,540	15,846,596	18,246,660	10.1%	9.0%	11.9%	13.1%

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Average Home Value

								Compared to New Jersey			
	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015	1990	2000	2010	2015
Bayonne UEZ	\$165,667	\$184,025	\$331,144	\$375,540	11.1%	79.9%	13.4%	(\$19,627)	(\$26,310)	(\$56,405)	(\$114,020)
Bayonne UEZ 1-Mile Buffer	\$160,823	\$170,598	\$314,977	\$371,012	6.1%	84.6%	17.8%	(\$24,471)	(\$39,737)	(\$72,572)	(\$118,548)
Bayonne UEZ 3-Mile Buffer	\$178,363	\$189,751	\$349,154	\$431,657	6.4%	84.0%	23.6%	(\$6,931)	(\$20,584)	(\$38,395)	(\$57,903)
Elizabeth UEZ	\$120,850	\$152,505	\$261,778	\$300,258	26.2%	71.7%	14.7%	(\$64,444)	(\$57,830)	(\$125,771)	(\$189,302)
Elizabeth UEZ 1-Mile Buffer	\$148,691	\$160,193	\$284,177	\$334,844	7.7%	77.4%	17.8%	(\$36,603)	(\$50,142)	(\$103,372)	(\$154,716)
Elizabeth UEZ 3-Mile Buffer	\$155,038	\$165,193	\$299,115	\$350,701	6.6%	81.1%	17.2%	(\$30,256)	(\$45,142)	(\$88,434)	(\$138,859)
Jersey City UEZ	\$134,168	\$169,367	\$336,441	\$384,894	26.2%	98.6%	14.4%	(\$51,126)	(\$40,968)	(\$51,108)	(\$104,666)
Jersey City UEZ 1-Mile Buffer	\$143,713	\$173,310	\$334,479	\$389,131	20.6%	93.0%	16.3%	(\$41,581)	(\$37,025)	(\$53,070)	(\$100,429)
Jersey City UEZ 3-Mile Buffer	\$172,931	\$305,389	\$492,697	\$587,417	76.6%	61.3%	19.2%	(\$12,363)	\$95,054	\$105,148	\$97,857
Lakewood UEZ	\$126,612	\$142,056	\$293,245	\$367,501	12.2%	106.4%	25.3%	(\$58,682)	(\$68,279)	(\$94,304)	(\$122,059)
Lakewood UEZ 1-Mile Buffer	\$125,798	\$137,152	\$297,760	\$391,264	9.0%	117.1%	31.4%	(\$59,496)	(\$73,183)	(\$89,789)	(\$98,296)
Lakewood UEZ 3-Mile Buffer	\$137,360	\$144,955	\$310,638	\$408,265	5.5%	114.3%	31.4%	(\$47,934)	(\$65,380)	(\$76,911)	(\$81,295)
Newark UEZ	\$99,613	\$115,977	\$217,625	\$237,291	16.4%	87.6%	9.0%	(\$85,681)	(\$94,358)	(\$169,924)	(\$252,269)
Newark UEZ 1-Mile Buffer	\$141,350	\$155,881	\$285,931	\$319,543	10.3%	83.4%	11.8%	(\$43,944)	(\$54,454)	(\$101,618)	(\$170,017)
Newark UEZ 3-Mile Buffer	\$167,716	\$174,471	\$320,284	\$362,554	4.0%	83.6%	13.2%	(\$17,578)	(\$35,864)	(\$67,265)	(\$127,006)
Union City UEZ	\$148,245	\$174,924	\$333,341	\$375,205	18.0%	90.6%	12.6%	(\$37,049)	(\$35,411)	(\$54,208)	(\$114,355)
Union City UEZ 1-Mile Buffer	\$166,235	\$197,182	\$371,118	\$419,309	18.6%	88.2%	13.0%	(\$19,059)	(\$13,153)	(\$16,431)	(\$70,251)
Union City UEZ 3-Mile Buffer	\$183,641	\$329,329	\$519,874	\$614,471	79.3%	57.9%	18.2%	(\$1,653)	\$118,994	\$132,325	\$124,911
Vineland UEZ	\$73,438	\$87,489	\$155,827	\$200,279	19.1%	78.1%	28.5%	(\$111,856)	(\$122,846)	(\$231,722)	(\$289,281)
Vineland UEZ 1-Mile Buffer	\$90,846	\$103,591	\$192,852	\$247,014	14.0%	86.2%	28.1%	(\$94,448)	(\$106,744)	(\$194,697)	(\$242,546)
Vineland UEZ 3-Mile Buffer	\$88,578	\$103,460	\$192,519	\$246,832	16.8%	86.1%	28.2%	(\$96,716)	(\$106,875)	(\$195,030)	(\$242,728)
Wildwood UEZ	\$120,962	\$128,760	\$319,624	\$362,167	6.4%	148.2%	13.3%	(\$64,332)	(\$81,575)	(\$67,925)	(\$127,393)
Wildwood UEZ 1-Mile Buffer	\$138,716	\$150,884	\$355,748	\$405,774	8.8%	135.8%	14.1%	(\$46,578)	(\$59,451)	(\$31,801)	(\$83,786)
Wildwood UEZ 3-Mile Buffer	\$129,557	\$136,468	\$316,491	\$371,546	5.3%	131.9%	17.4%	(\$55,737)	(\$73,867)	(\$71,058)	(\$118,014)
United States	\$111,667	\$151,910	\$223,616	\$268,636	36.0%	47.2%	20.1%	(\$73,627)	(\$58,425)	(\$163,933)	(\$220,924)
New Jersey	\$185,294	\$210,335	\$387,549	\$489,560	13.5%	84.3%	26.3%	-	-	-	-

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Median Home Value

						Compared to New Jersey		
	2000	2010	2015	% Change 2000 to 2010	% Change 2010 to 2015	2000	2010	2015
Bayonne UEZ	\$168,367	\$303,106	\$345,545	80.0%	14.0%	\$468	(\$13,706)	(\$47,076)
Bayonne UEZ 1-Mile Buffer	\$161,049	\$288,569	\$341,853	79.2%	18.5%	(\$6,850)	(\$28,243)	(\$50,768)
Bayonne UEZ 3-Mile Buffer	\$169,491	\$303,318	\$371,806	79.0%	22.6%	\$1,592	(\$13,494)	(\$20,815)
Elizabeth UEZ	\$137,174	\$227,907	\$258,183	66.1%	13.3%	(\$30,725)	(\$88,905)	(\$134,438)
Elizabeth UEZ 1-Mile Buffer	\$150,271	\$255,381	\$299,084	69.9%	17.1%	(\$17,628)	(\$61,431)	(\$93,537)
Elizabeth UEZ 3-Mile Buffer	\$155,542	\$273,536	\$320,133	75.9%	17.0%	(\$12,357)	(\$43,276)	(\$72,488)
Jersey City UEZ	\$142,357	\$272,188	\$310,355	91.2%	14.0%	(\$25,542)	(\$44,624)	(\$82,266)
Jersey City UEZ 1-Mile Buffer	\$150,004	\$277,866	\$326,386	85.2%	17.5%	(\$17,895)	(\$38,946)	(\$66,235)
Jersey City UEZ 3-Mile Buffer	\$187,866	\$357,264	\$435,629	90.2%	21.9%	\$19,967	\$40,452	\$43,008
Lakewood UEZ	\$122,958	\$241,454	\$311,130	96.4%	28.9%	(\$44,941)	(\$75,358)	(\$81,491)
Lakewood UEZ 1-Mile Buffer	\$123,330	\$254,917	\$329,563	106.7%	29.3%	(\$44,569)	(\$61,895)	(\$63,058)
Lakewood UEZ 3-Mile Buffer	\$136,928	\$281,741	\$360,938	105.8%	28.1%	(\$30,971)	(\$35,071)	(\$31,683)
Newark UEZ	\$115,006	\$209,583	\$223,968	82.2%	6.9%	(\$52,893)	(\$107,229)	(\$168,653)
Newark UEZ 1-Mile Buffer	\$142,561	\$256,179	\$288,917	79.7%	12.8%	(\$25,338)	(\$60,633)	(\$103,704)
Newark UEZ 3-Mile Buffer	\$157,327	\$283,011	\$319,965	79.9%	13.1%	(\$10,572)	(\$33,801)	(\$72,656)
Union City UEZ	\$174,038	\$327,907	\$363,333	88.4%	10.8%	\$6,139	\$11,095	(\$29,288)
Union City UEZ 1-Mile Buffer	\$168,274	\$312,274	\$350,587	85.6%	12.3%	\$375	(\$4,538)	(\$42,034)
Union City UEZ 3-Mile Buffer	\$209,485	\$388,439	\$475,798	85.4%	22.5%	\$41,586	\$71,627	\$83,177
Vineland UEZ	\$81,833	\$139,084	\$174,151	70.0%	25.2%	(\$86,066)	(\$177,728)	(\$218,470)
Vineland UEZ 1-Mile Buffer	\$93,498	\$164,717	\$208,744	76.2%	26.7%	(\$74,401)	(\$152,095)	(\$183,877)
Vineland UEZ 3-Mile Buffer	\$92,963	\$164,308	\$208,817	76.7%	27.1%	(\$74,936)	(\$152,504)	(\$183,804)
Wildwood UEZ	\$112,813	\$271,875	\$312,500	141.0%	14.9%	(\$55,086)	(\$44,937)	(\$80,121)
Wildwood UEZ 1-Mile Buffer	\$129,450	\$304,560	\$345,594	135.3%	13.5%	(\$38,449)	(\$12,252)	(\$47,027)
Wildwood UEZ 3-Mile Buffer	\$115,899	\$266,162	\$312,552	129.6%	17.4%	(\$52,000)	(\$50,650)	(\$80,069)
United States	\$111,833	\$157,913	\$185,976	41.2%	17.8%	(\$56,066)	(\$158,899)	(\$206,645)
New Jersey	\$167,899	\$316,812	\$392,621	88.7%	23.9%	-	-	-

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Median Household Income

						Compared to New Jersey		
	2000	2010	2015	% Change 2000 to 2010	% Change 2010 to 2015	2000	2010	2015
Bayonne UEZ	\$41,126	\$51,448	\$57,572	25.1%	11.9%	(13,957)	(21,071)	(25,614)
Bayonne UEZ 1-Mile Buffer	\$40,851	\$53,917	\$62,793	32.0%	16.5%	(14,232)	(18,602)	(20,393)
Bayonne UEZ 3-Mile Buffer	\$42,834	\$56,218	\$66,797	31.2%	18.8%	(12,249)	(16,301)	(16,389)
Elizabeth UEZ	\$29,873	\$41,767	\$49,090	39.8%	17.5%	(25,210)	(30,752)	(34,096)
Elizabeth UEZ 1-Mile Buffer	\$37,073	\$50,955	\$57,620	37.4%	13.1%	(18,010)	(21,564)	(25,566)
Elizabeth UEZ 3-Mile Buffer	\$39,096	\$52,644	\$59,531	34.7%	13.1%	(15,987)	(19,875)	(23,655)
Jersey City UEZ	\$39,088	\$53,244	\$64,884	36.2%	21.9%	(15,995)	(19,275)	(18,302)
Jersey City UEZ 1-Mile Buffer	\$40,252	\$53,510	\$62,399	32.9%	16.6%	(14,831)	(19,009)	(20,787)
Jersey City UEZ 3-Mile Buffer	\$44,749	\$62,582	\$78,838	39.9%	26.0%	(10,334)	(9,937)	(4,348)
Lakewood UEZ	\$24,665	\$36,728	\$44,407	48.9%	20.9%	(30,418)	(35,791)	(38,779)
Lakewood UEZ 1-Mile Buffer	\$38,748	\$53,335	\$58,509	37.6%	9.7%	(16,335)	(19,184)	(24,677)
Lakewood UEZ 3-Mile Buffer	\$47,269	\$61,705	\$69,718	30.5%	13.0%	(7,814)	(10,814)	(13,468)
Newark UEZ	\$15,803	\$20,262	\$24,127	28.2%	19.1%	(39,280)	(52,257)	(59,059)
Newark UEZ 1-Mile Buffer	\$33,566	\$45,744	\$51,826	36.3%	13.3%	(21,517)	(26,775)	(31,360)
Newark UEZ 3-Mile Buffer	\$38,969	\$51,190	\$57,277	31.4%	11.9%	(16,114)	(21,329)	(25,909)
Union City UEZ	\$34,248	\$46,216	\$50,157	34.9%	8.5%	(20,835)	(26,303)	(33,029)
Union City UEZ 1-Mile Buffer	\$34,844	\$47,132	\$53,785	35.3%	14.1%	(20,239)	(25,387)	(29,401)
Union City UEZ 3-Mile Buffer	\$46,986	\$64,870	\$80,768	38.1%	24.5%	(8,097)	(7,649)	(2,418)
Vineland UEZ	\$30,610	\$40,575	\$43,594	32.6%	7.4%	(24,473)	(31,944)	(39,592)
Vineland UEZ 1-Mile Buffer	\$39,730	\$50,457	\$57,346	27.0%	13.7%	(15,353)	(22,062)	(25,840)
Vineland UEZ 3-Mile Buffer	\$39,965	\$50,745	\$57,271	27.0%	12.9%	(15,118)	(21,774)	(25,915)
Wildwood UEZ	\$27,015	\$37,534	\$42,715	38.9%	13.8%	(28,068)	(34,985)	(40,471)
Wildwood UEZ 1-Mile Buffer	\$29,525	\$41,250	\$46,117	39.7%	11.8%	(25,558)	(31,269)	(37,069)
Wildwood UEZ 3-Mile Buffer	\$30,118	\$41,806	\$46,942	38.8%	12.3%	(24,965)	(30,713)	(36,244)
United States	\$42,164	\$54,442	\$61,189	29.1%	12.4%	(12,919)	(18,077)	(21,997)
New Jersey	\$55,083	\$72,519	\$83,186	31.7%	14.7%	-	-	-

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Average Household Income

								Compared to New Jersey			
	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015	1990	2000	2010	2015
Bayonne UEZ	\$37,535	\$49,722	\$61,758	\$68,466	32.5%	24.2%	10.9%	(\$13,706)	(\$23,538)	(\$32,462)	(\$39,358)
Bayonne UEZ 1-Mile Buffer	\$37,748	\$51,741	\$65,509	\$74,013	37.1%	26.6%	13.0%	(\$13,493)	(\$21,519)	(\$28,711)	(\$33,811)
Bayonne UEZ 3-Mile Buffer	\$40,804	\$54,650	\$70,445	\$80,867	33.9%	28.9%	14.8%	(\$10,437)	(\$18,610)	(\$23,775)	(\$26,957)
Elizabeth UEZ	\$30,088	\$40,671	\$55,936	\$63,942	35.2%	37.5%	14.3%	(\$21,153)	(\$32,589)	(\$38,284)	(\$43,882)
Elizabeth UEZ 1-Mile Buffer	\$35,172	\$47,172	\$63,883	\$73,493	34.1%	35.4%	15.0%	(\$16,069)	(\$26,088)	(\$30,337)	(\$34,331)
Elizabeth UEZ 3-Mile Buffer	\$37,010	\$49,573	\$64,975	\$74,509	33.9%	31.1%	14.7%	(\$14,231)	(\$23,687)	(\$29,245)	(\$33,315)
Jersey City UEZ	\$35,592	\$60,818	\$77,766	\$92,400	70.9%	27.9%	18.8%	(\$15,649)	(\$12,442)	(\$16,454)	(\$15,424)
Jersey City UEZ 1-Mile Buffer	\$36,876	\$56,157	\$72,533	\$84,780	52.3%	29.2%	16.9%	(\$14,365)	(\$17,103)	(\$21,687)	(\$23,044)
Jersey City UEZ 3-Mile Buffer	\$44,770	\$71,298	\$92,599	#####	59.3%	29.9%	20.3%	(\$6,471)	(\$1,962)	(\$1,621)	\$3,580
Lakewood UEZ	\$26,231	\$37,837	\$51,924	\$62,107	44.2%	37.2%	19.6%	(\$25,010)	(\$35,423)	(\$42,296)	(\$45,717)
Lakewood UEZ 1-Mile Buffer	\$36,077	\$50,983	\$66,218	\$76,415	41.3%	29.9%	15.4%	(\$15,164)	(\$22,277)	(\$28,002)	(\$31,409)
Lakewood UEZ 3-Mile Buffer	\$40,968	\$58,359	\$74,907	\$84,410	42.5%	28.4%	12.7%	(\$10,273)	(\$14,901)	(\$19,313)	(\$23,414)
Newark UEZ	\$19,751	\$28,570	\$34,666	\$41,306	44.7%	21.3%	19.2%	(\$31,490)	(\$44,690)	(\$59,554)	(\$66,518)
Newark UEZ 1-Mile Buffer	\$33,169	\$44,791	\$55,691	\$64,448	35.0%	24.3%	15.7%	(\$18,072)	(\$28,469)	(\$38,529)	(\$43,376)
Newark UEZ 3-Mile Buffer	\$37,823	\$51,988	\$64,492	\$74,351	37.5%	24.1%	15.3%	(\$13,418)	(\$21,272)	(\$29,728)	(\$33,473)
Union City UEZ	\$30,704	\$41,519	\$54,160	\$58,600	35.2%	30.4%	8.2%	(\$20,537)	(\$31,741)	(\$40,060)	(\$49,224)
Union City UEZ 1-Mile Buffer	\$33,671	\$48,633	\$61,986	\$73,144	44.4%	27.5%	18.0%	(\$17,570)	(\$24,627)	(\$32,234)	(\$34,680)
Union City UEZ 3-Mile Buffer	\$47,906	\$78,147	\$97,666	#####	63.1%	25.0%	20.9%	(\$3,335)	\$4,887	\$3,446	\$10,212
Vineland UEZ	\$27,589	\$39,874	\$49,662	\$55,414	44.5%	24.5%	11.6%	(\$23,652)	(\$33,386)	(\$44,558)	(\$52,410)
Vineland UEZ 1-Mile Buffer	\$37,091	\$50,770	\$62,880	\$70,778	36.9%	23.9%	12.6%	(\$14,150)	(\$22,490)	(\$31,340)	(\$37,046)
Vineland UEZ 3-Mile Buffer	\$36,804	\$50,600	\$62,504	\$70,759	37.5%	23.5%	13.2%	(\$14,437)	(\$22,660)	(\$31,716)	(\$37,065)
Wildwood UEZ	\$30,651	\$35,857	\$49,335	\$53,074	17.0%	37.6%	7.6%	(\$20,590)	(\$37,403)	(\$44,885)	(\$54,750)
Wildwood UEZ 1-Mile Buffer	\$32,272	\$40,920	\$53,187	\$59,546	26.8%	30.0%	12.0%	(\$18,969)	(\$32,340)	(\$41,033)	(\$48,278)
Wildwood UEZ 3-Mile Buffer	\$31,506	\$41,130	\$53,562	\$60,473	30.5%	30.2%	12.9%	(\$19,735)	(\$32,130)	(\$40,658)	(\$47,351)
United States	\$38,453	\$56,644	\$70,173	\$79,340	47.3%	23.9%	13.1%	(\$12,788)	(\$16,616)	(\$24,047)	(\$28,484)
New Jersey	\$51,241	\$73,260	\$94,220	#####	43.0%	28.6%	14.4%	\$0	\$0	\$0	\$0

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Unemployment Rate (%)

Municipality	2002	2003	2004	2005	2006	2007	2008
Bayonne	6.0	5.8	4.8	5.5	5.6	5.3	7.2
Elizabeth	10.5	10.4	8.8	6.7	6.8	6.2	7.8
Jersey City	8.8	8.5	7.1	6.0	6.0	5.4	6.6
Lakewood	6.9	7.4	6.4	4.6	4.9	4.6	5.8
Newark	12.6	12.6	10.9	8.3	8.5	7.8	9.5
Union City	11.3	10.9	9.2	7.1	7.1	6.5	8.3
Vineland	6.7	7.0	5.9	6.1	6.6	6.4	8.2
Wildwood	19.8	20.0	17.5	16.7	17.3	16.7	20.0
New Jersey	5.8	5.9	4.9	4.5	4.6	4.3	5.5
United States	5.8	6.0	5.5	5.1	4.6	4.6	5.8

Source: New Jersey Department of Labor and Workforce Development

Median Age

	1990	2000	2010	2015	% Change 1990 to 2000	% Change 2000 to 2010	% Change 2010 to 2015
Bayonne UEZ	36.4	37.7	39.0	39.0	3.6%	3.4%	0.0%
Bayonne UEZ 1-Mile Buffer	34.9	35.8	36.6	36.4	2.6%	2.2%	(0.5%)
Bayonne UEZ 3-Mile Buffer	33.0	34.3	35.0	34.9	3.9%	2.0%	(0.3%)
Elizabeth UEZ	31.5	32.2	32.6	32.6	2.2%	1.2%	0.0%
Elizabeth UEZ 1-Mile Buffer	32.7	33.1	33.6	33.5	1.2%	1.5%	(0.3%)
Elizabeth UEZ 3-Mile Buffer	33.2	34.0	34.8	34.8	2.4%	2.4%	0.0%
Jersey City UEZ	31.1	32.4	33.4	33.2	4.2%	3.1%	(0.6%)
Jersey City UEZ 1-Mile Buffer	31.8	32.4	33.2	33.1	1.9%	2.5%	(0.3%)
Jersey City UEZ 3-Mile Buffer	34.3	34.6	35.8	35.7	0.9%	3.5%	(0.3%)
Lakewood UEZ	26.4	23.2	24.0	24.4	(12.1%)	3.4%	1.7%
Lakewood UEZ 1-Mile Buffer	32.7	30.3	31.6	32.2	(7.3%)	4.3%	1.9%
Lakewood UEZ 3-Mile Buffer	34.7	37.1	39.4	39.6	6.9%	6.2%	0.5%
Newark UEZ	28.5	29.1	30.0	30.2	2.1%	3.1%	0.7%
Newark UEZ 1-Mile Buffer	31.1	32.1	33.0	33.1	3.2%	2.8%	0.3%
Newark UEZ 3-Mile Buffer	32.8	33.7	34.6	34.6	2.7%	2.7%	0.0%
Union City UEZ	32.4	32.8	32.4	31.8	1.2%	(1.2%)	(1.9%)
Union City UEZ 1-Mile Buffer	32.7	33.0	33.5	33.4	0.9%	1.5%	(0.3%)
Union City UEZ 3-Mile Buffer	35.0	35.0	36.4	36.3	0.0%	4.0%	(0.3%)
Vineland UEZ	29.2	31.1	32.2	32.7	6.5%	3.5%	1.6%
Vineland UEZ 1-Mile Buffer	33.7	36.5	38.6	38.9	8.3%	5.8%	0.8%
Vineland UEZ 3-Mile Buffer	33.5	36.3	38.3	38.7	8.4%	5.5%	1.0%
Wildwood UEZ	37.4	37.9	41.5	42.5	1.3%	9.5%	2.4%
Wildwood UEZ 1-Mile Buffer	40.6	42.0	46.5	48.3	3.4%	10.7%	3.9%
Wildwood UEZ 3-Mile Buffer	39.4	42.7	47.2	49.3	8.4%	10.5%	4.4%
New Jersey	34.5	36.7	38.9	39.1	6.4%	6.0%	0.5%
United States	32.9	35.3	37.0	37.3	7.3%	4.8%	0.8%

Source: U.S. Census Bureau and ESRI Business Analyst Estimates and Projections

Crimes per 1,000 Population

Municipality	2002	2003	2004	2005	2006	2007	2008
Total Crimes per 1,000 Population							
Bayonne	17.8	21.1	16.9	19.1	17.6	19.3	20.8
Elizabeth	60.5	53.7	51.7	47.9	45.9	49.7	55.5
Jersey City	51.6	49.6	47.1	50.1	44.2	38.6	40.9
Lakewood	29.6	27.5	29.6	24.5	27.4	23.5	24
Newark	68.8	63.3	61.3	58.4	53.8	49.6	48.2
Union City	33	31.7	29.1	27.6	30.4	28.6	29.6
Vineland	66.4	61.4	59.1	61.6	56.4	50	48.8
Wildwood	142.9	119.5	135.6	119	100.4	146.4	134
New Jersey	31	29.4	28.1	26.9	26.4	25.3	26.2
Violent Crimes per 1,000 Population							
Bayonne	3.4	4	3	3.6	3.2	3.2	3.6
Elizabeth	7.6	6.2	5.7	6.7	7.2	7.5	9
Jersey City	12.3	12.2	12.3	13.3	12.2	10.2	9.6
Lakewood	3.7	3	3.3	2.5	3.3	2.6	3.6
Newark	12.1	10.3	10.7	10.5	10.6	8.8	9.9
Union City	4.6	4.9	4.9	4.9	6.2	6.4	5.4
Vineland	8.1	7.4	7.9	12.4	9.3	5.7	5.9
Wildwood	18	15	15.2	14.4	14.7	15.8	13.4
New Jersey	3.8	3.7	3.6	3.6	3.5	3.3	3.3
Nonviolent Crimes per 1,000 Population							
Bayonne	14.4	17.1	13.9	15.4	14.4	16.1	17.2
Elizabeth	53	47.5	46	41.2	38.7	42.2	46.5
Jersey City	39.3	12.2	12.3	36.8	32	28.5	31.3
Lakewood	25.9	24.5	26.3	22.1	24.1	20.8	20.4
Newark	56.6	53	50.6	47.8	43.2	40.8	38.3
Union City	28.4	26.8	24.2	22.7	24.2	22.2	24.2
Vineland	58.3	54	51.2	49.2	47.1	44.2	42.9
Wildwood	124.9	104.6	120.3	104.6	85.6	130.5	120.6
New Jersey	27.2	25.7	24.5	23.4	22.9	22	22.9

New Jersey Department of Law & Public Safety

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Bayonne						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment	% Change	% Change			Employment	Employment	% Change	% Change		
Agriculture, Forestry, Fishing and Hunting	-	2	(2)	(100.0%)	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	-	-	0	0.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	-	1	(1)	(100.0%)	0%	0%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	527	469	58	12.4%	3%	3%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	1,360	2,226	(866)	(38.9%)	8%	13%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	1,887	1,512	375	24.8%	12%	9%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	1,457	1,620	(163)	(10.1%)	9%	9%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	2,431	1,873	558	29.8%	15%	11%	158,935	156,831	2,104	1.3%	4%	5%
Information	131	647	(516)	(79.8%)	1%	4%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	541	1,092	(551)	(50.5%)	3%	6%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	236	205	31	15.1%	1%	1%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	632	781	(149)	(19.1%)	4%	4%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	322	320	2	0.6%	2%	2%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	505	361	144	39.9%	3%	2%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	1,677	1,723	(46)	(2.7%)	10%	10%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	1,898	2,142	(244)	(11.4%)	12%	12%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	179	60	119	198.3%	1%	0%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	782	620	162	26.1%	5%	4%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	486	509	(23)	(4.5%)	3%	3%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	1,076	1,243	(167)	(13.4%)	7%	7%	157,389	146,520	10,869	7.4%	4%	4%
Total	16,127	17,406	(1,279)	(7.3%)	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change (2002-2008)		State Share	Industry Mix	Local Competitive Advantage
	Employment	Employment					
Agriculture, Forestry, Fishing and Hunting	-	2	(2)	0	0	(2)	
Mining	-	-	0	0	0	0	
Utilities	-	1	(1)	0	0	(1)	
Construction	527	469	58	15	(8)	51	
Manufacturing	1,360	2,226	(866)	72	(509)	(428)	
Wholesale Trade	1,887	1,512	375	49	(96)	422	
Retail Trade	1,457	1,620	(163)	52	(59)	(157)	
Transportation and Warehousing	2,431	1,873	558	60	(35)	533	
Information	131	647	(516)	21	(114)	(423)	
Finance and Insurance	541	1,092	(551)	35	(36)	(550)	
Real Estate and Rental and Leasing	236	205	31	7	14	11	
Professional, Scientific, and Technical Services	632	781	(149)	25	56	(230)	
Management of Companies and Enterprises	322	320	2	10	79	(87)	
Administration & Support, Waste Management and Remediation Services	505	361	144	12	1	132	
Educational Services	1,677	1,723	(46)	56	226	(327)	
Health Care and Social Assistance	1,898	2,142	(244)	69	208	(521)	
Arts, Entertainment, and Recreation	179	60	119	2	3	114	
Accommodation and Food Services	782	620	162	20	59	83	
Other Services (excluding Public Administration)	486	509	(23)	16	21	(61)	
Public Administration	1,076	1,243	(167)	40	52	(259)	
Total	16,127	17,406	(1,279)	562	(138)	(1,702)	

Shift-Share Analysis

The location-quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage.

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy.
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix.
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide – a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth.

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Bayonne		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	-	0.00%	7,143	0.20%	0.0
Mining	-	0.00%	1,576	0.04%	0.0
Utilities	-	0.00%	17,299	0.49%	0.0
Construction	527	3.27%	149,287	4.21%	0.8
Manufacturing	1,360	8.43%	296,573	8.36%	1.0
Wholesale Trade	1,887	11.70%	228,813	6.45%	1.8
Retail Trade	1,457	9.03%	411,312	11.60%	0.8
Transportation and Warehousing	2,431	15.07%	158,935	4.48%	3.4
Information	131	0.81%	91,061	2.57%	0.3
Finance and Insurance	541	3.35%	196,810	5.55%	0.6
Real Estate and Rental and Leasing	236	1.46%	56,836	1.60%	0.9
Professional, Scientific, and Technical Services	632	3.92%	285,397	8.05%	0.5
Management of Companies and Enterprises	322	2.00%	76,980	2.17%	0.9
Administration & Support, Waste Management and Remediation	505	3.13%	209,379	5.90%	0.5
Educational Services	1,677	10.40%	356,656	10.06%	1.0
Health Care and Social Assistance	1,898	11.77%	455,953	12.86%	0.9
Arts, Entertainment, and Recreation	179	1.11%	43,004	1.21%	0.9
Accommodation and Food Services	782	4.85%	236,145	6.66%	0.7
Other Services (excluding Public Administration)	486	3.01%	110,241	3.11%	1.0
Public Administration	1,076	6.67%	157,389	4.44%	1.5

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Elizabeth						New Jersey					
	2008		2002		Employment Change (2002-2008)		2008		2002		Employment Change (2002-2008)	
	Employment	Employment	% Change	2008 Industry Mix	2002 Industry Mix	Employment	Employment	% Change	2008 Industry Mix	2002 Industry Mix		
Agriculture, Forestry, Fishing and Hunting	3	-	3	0.0%	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	19	-	19	0.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	820	1,021	(201)	(19.7%)	1%	2%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	1,115	1,152	(37)	(3.2%)	2%	2%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	5,125	7,857	(2,732)	(34.8%)	9%	16%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	3,141	2,640	501	19.0%	5%	5%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	7,255	5,662	1,593	28.1%	12%	11%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	13,378	8,577	4,801	56.0%	23%	17%	158,935	156,831	2,104	1.3%	4%	5%
Information	250	352	(102)	(29.0%)	0%	1%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	579	807	(228)	(28.3%)	1%	2%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	899	991	(92)	(9.3%)	2%	2%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	1,542	1,610	(68)	(4.2%)	3%	3%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	929	366	563	153.8%	2%	1%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	4,347	2,848	1,499	52.6%	7%	6%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	4,422	4,078	344	8.4%	7%	8%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	5,341	4,993	348	7.0%	9%	10%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	27	115	(88)	(76.5%)	0%	0%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	4,634	3,620	1,014	28.0%	8%	7%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	2,031	1,256	775	61.7%	3%	2%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	3,196	2,511	685	27.3%	5%	5%	157,389	146,520	10,869	7.4%	4%	4%
Total	59,053	50,456	8,597	17.0%	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008		2002		Employment Change (2002-2008)		Local Competitive Advantage
	Employment	Employment	State Share	Industry Mix			
Agriculture, Forestry, Fishing and Hunting	3	-	3	0	0	0	
Mining	19	-	19	0	0	0	
Utilities	820	1,021	(201)	33	(197)	(37)	
Construction	1,115	1,152	(37)	37	(19)	(55)	
Manufacturing	5,125	7,857	(2,732)	254	(1,798)	(1,188)	
Wholesale Trade	3,141	2,640	501	85	(167)	583	
Retail Trade	7,255	5,662	1,593	183	(205)	1,616	
Transportation and Warehousing	13,378	8,577	4,801	277	(162)	4,686	
Information	250	352	(102)	11	(62)	(52)	
Finance and Insurance	579	807	(228)	26	(27)	(227)	
Real Estate and Rental and Leasing	899	991	(92)	32	65	(189)	
Professional, Scientific, and Technical Services	1,542	1,610	(68)	52	115	(235)	
Management of Companies and Enterprises	929	366	563	12	90	461	
Administration & Support, Waste Management and Remediation Services	4,347	2,848	1,499	92	6	1,401	
Educational Services	4,422	4,078	344	132	534	(322)	
Health Care and Social Assistance	5,341	4,993	348	161	485	(298)	
Arts, Entertainment, and Recreation	27	115	(88)	4	6	(98)	
Accommodation and Food Services	4,634	3,620	1,014	117	347	550	
Other Services (excluding Public Administration)	2,031	1,256	775	41	52	682	
Public Administration	3,196	2,511	685	81	105	499	
Total	59,053	50,456	8,597	1,628	(831)	7,777	

• Shift-Share Analysis¶

The location quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage. ¶

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy. ¶
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix. ¶
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth. ¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Elizabeth		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	3	0.01%	7,143	0.20%	0.0
Mining	19	0.03%	1,576	0.04%	0.7
Utilities	820	1.39%	17,299	0.49%	2.8
Construction	1,115	1.89%	149,287	4.21%	0.4
Manufacturing	5,125	8.68%	296,573	8.36%	1.0
Wholesale Trade	3,141	5.32%	228,813	6.45%	0.8
Retail Trade	7,255	12.29%	411,312	11.60%	1.1
Transportation and Warehousing	13,378	22.65%	158,935	4.48%	5.1
Information	250	0.42%	91,061	2.57%	0.2
Finance and Insurance	579	0.98%	196,810	5.55%	0.2
Real Estate and Rental and Leasing	899	1.52%	56,836	1.60%	1.0
Professional, Scientific, and Technical Services	1,542	2.61%	285,397	8.05%	0.3
Management of Companies and Enterprises	929	1.57%	76,980	2.17%	0.7
Administration & Support, Waste Management and Remediation	4,347	7.36%	209,379	5.90%	1.2
Educational Services	4,422	7.49%	356,656	10.06%	0.7
Health Care and Social Assistance	5,341	9.04%	455,953	12.86%	0.7
Arts, Entertainment, and Recreation	27	0.05%	43,004	1.21%	0.0
Accommodation and Food Services	4,634	7.85%	236,145	6.66%	1.2
Other Services (excluding Public Administration)	2,031	3.44%	110,241	3.11%	1.1
Public Administration	3,196	5.41%	157,389	4.44%	1.2

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Jersey City						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment	% Change	% Change			Employment	Employment	% Change	% Change		
Agriculture, Forestry, Fishing and Hunting	7	12	(5)	(41.7%)	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	80	7	73	1042.9%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	260	246	14	5.7%	0%	0%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	1,277	1,373	(96)	(7.0%)	1%	1%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	2,248	3,936	(1,688)	(42.9%)	2%	4%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	3,605	3,098	507	16.4%	4%	3%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	7,263	7,418	(155)	(2.1%)	8%	8%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	8,084	8,547	(463)	(5.4%)	8%	9%	158,935	156,831	2,104	1.3%	4%	5%
Information	5,484	3,947	1,537	38.9%	6%	4%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	29,188	23,782	5,406	22.7%	30%	25%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	1,767	1,632	135	8.3%	2%	2%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	6,826	5,774	1,052	18.2%	7%	6%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	370	1,188	(818)	(68.9%)	0%	1%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	5,924	5,448	476	8.7%	6%	6%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	3,693	9,593	(5,900)	(61.5%)	4%	10%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	7,503	7,278	225	3.1%	8%	8%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	703	559	144	25.8%	1%	1%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	3,573	2,817	756	26.8%	4%	3%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	1,704	2,407	(703)	(29.2%)	2%	3%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	6,476	4,294	2,182	50.8%	7%	5%	157,389	146,520	10,869	7.4%	4%	4%
Total	96,035	93,356	2,679	2.9%	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change (2002-2008)		State Share	Industry Mix	Local Competitive Advantage
	Employment	Employment					
Agriculture, Forestry, Fishing and Hunting	7	12	(5)		0	(0)	(5)
Mining	80	7	73		0	0	72
Utilities	260	246	14		8	(47)	53
Construction	1,277	1,373	(96)		44	(23)	(117)
Manufacturing	2,248	3,936	(1,688)		127	(901)	(914)
Wholesale Trade	3,605	3,098	507		100	(196)	603
Retail Trade	7,263	7,418	(155)		239	(269)	(126)
Transportation and Warehousing	8,084	8,547	(463)		276	(161)	(578)
Information	5,484	3,947	1,537		127	(693)	2,103
Finance and Insurance	29,188	23,782	5,406		767	(786)	5,425
Real Estate and Rental and Leasing	1,767	1,632	135		53	108	(25)
Professional, Scientific, and Technical Services	6,826	5,774	1,052		186	414	452
Management of Companies and Enterprises	370	1,188	(818)		38	292	(1,148)
Administration & Support, Waste Management and Remediation Services	5,924	5,448	476		176	11	289
Educational Services	3,693	9,593	(5,900)		310	1,256	(7,466)
Health Care and Social Assistance	7,503	7,278	225		235	707	(717)
Arts, Entertainment, and Recreation	703	559	144		18	29	97
Accommodation and Food Services	3,573	2,817	756		91	270	395
Other Services (excluding Public Administration)	1,704	2,407	(703)		78	100	(881)
Public Administration	6,476	4,294	2,182		139	180	1,863
Total	96,035	93,356	2,679		3,013	291	(624)

* Shift-Share Analysis¶

The location quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage.¶

1. → **State-Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy.¶
2. → **Industry-Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix.¶
3. → **Local-Competitive-Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth.¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Jersey City		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	7	0.01%	7,143	0.20%	0.0
Mining	80	0.08%	1,576	0.04%	1.9
Utilities	260	0.27%	17,299	0.49%	0.6
Construction	1,277	1.33%	149,287	4.21%	0.3
Manufacturing	2,248	2.34%	296,573	8.36%	0.3
Wholesale Trade	3,605	3.75%	228,813	6.45%	0.6
Retail Trade	7,263	7.56%	411,312	11.60%	0.7
Transportation and Warehousing	8,084	8.42%	158,935	4.48%	1.9
Information	5,484	5.71%	91,061	2.57%	2.2
Finance and Insurance	29,188	30.39%	196,810	5.55%	5.5
Real Estate and Rental and Leasing	1,767	1.84%	56,836	1.60%	1.1
Professional, Scientific, and Technical Services	6,826	7.11%	285,397	8.05%	0.9
Management of Companies and Enterprises	370	0.39%	76,980	2.17%	0.2
Administration & Support, Waste Management and Remediation	5,924	6.17%	209,379	5.90%	1.0
Educational Services	3,693	3.85%	356,656	10.06%	0.4
Health Care and Social Assistance	7,503	7.81%	455,953	12.86%	0.6
Arts, Entertainment, and Recreation	703	0.73%	43,004	1.21%	0.6
Accommodation and Food Services	3,573	3.72%	236,145	6.66%	0.6
Other Services (excluding Public Administration)	1,704	1.77%	110,241	3.11%	0.6
Public Administration	6,476	6.74%	157,389	4.44%	1.5

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Lakewood						New Jersey					
	2008 Employment	2002 Employment	Employment Change (2002-2008)	% Change	2008 Industry Mix	2002 Industry Mix	2008 Employment	2002 Employment	Employment Change (2002-2008)	% Change	2008 Industry Mix	2002 Industry Mix
Agriculture, Forestry, Fishing and Hunting	10	21	(11)	(52.4%)	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	12	1	11	1100.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	366	418	(52)	(12.4%)	1%	1%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	1,766	1,823	(57)	(3.1%)	6%	6%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	3,933	4,818	(885)	(18.4%)	13%	17%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	1,953	2,024	(71)	(3.5%)	6%	7%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	4,026	4,390	(364)	(8.3%)	13%	15%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	1,110	996	114	11.4%	4%	3%	158,935	156,831	2,104	1.3%	4%	5%
Information	272	235	37	15.7%	1%	1%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	576	370	206	55.7%	2%	1%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	629	471	158	33.5%	2%	2%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	1,716	1,226	490	40.0%	6%	4%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	146	96	50	52.1%	0%	0%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	1,187	1,022	165	16.1%	4%	4%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	2,406	2,659	(253)	(9.5%)	8%	9%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	6,698	5,301	1,397	26.4%	22%	18%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	544	486	58	11.9%	2%	2%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	1,319	1,149	170	14.8%	4%	4%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	1,198	905	293	32.4%	4%	3%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	972	724	248	34.3%	3%	2%	157,389	146,520	10,869	7.4%	4%	4%
Total	30,839	29,135	1,704	5.8%	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

Jobs by Industry Type (2-digit NAICS)	2008	2002	Employment Change (2002-2008)	Local Competitive Advantage		
	Employment	Employment	Employment Change (2002-2008)	State Share	Industry Mix	
Agriculture, Forestry, Fishing and Hunting	10	21	(11)	1	(1)	(11)
Mining	12	1	11	0	0	11
Utilities	366	418	(52)	13	(81)	15
Construction	1,766	1,823	(57)	59	(30)	(85)
Manufacturing	3,933	4,818	(885)	155	(1,103)	62
Wholesale Trade	1,953	2,024	(71)	65	(128)	(8)
Retail Trade	4,026	4,390	(364)	142	(159)	(347)
Transportation and Warehousing	1,110	996	114	32	(19)	101
Information	272	235	37	8	(41)	71
Finance and Insurance	576	370	206	12	(12)	206
Real Estate and Rental and Leasing	629	471	158	15	31	112
Professional, Scientific, and Technical Services	1,716	1,226	490	40	88	363
Management of Companies and Enterprises	146	96	50	3	24	23
Administration & Support, Waste Management and Remediation Services	1,187	1,022	165	33	2	130
Educational Services	2,406	2,659	(253)	86	348	(687)
Health Care and Social Assistance	6,698	5,301	1,397	171	515	711
Arts, Entertainment, and Recreation	544	486	58	16	26	17
Accommodation and Food Services	1,319	1,149	170	37	110	23
Other Services (excluding Public Administration)	1,198	905	293	29	38	226
Public Administration	972	724	248	23	30	194
Total	30,839	29,135	1,704	940	(362)	1,126

• Shift-Share Analysis¶

The location-quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage. ¶

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy. ¶
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix. ¶
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide – a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth. ¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Lakewood		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	10	0.03%	7,143	0.20%	0.0
Mining	12	0.04%	1,576	0.04%	0.9
Utilities	366	1.19%	17,299	0.49%	2.4
Construction	1,766	5.73%	149,287	4.21%	1.4
Manufacturing	3,933	12.75%	296,573	8.36%	1.5
Wholesale Trade	1,953	6.33%	228,813	6.45%	1.0
Retail Trade	4,026	13.05%	411,312	11.60%	1.1
Transportation and Warehousing	1,110	3.60%	158,935	4.48%	0.8
Information	272	0.88%	91,061	2.57%	0.3
Finance and Insurance	576	1.87%	196,810	5.55%	0.3
Real Estate and Rental and Leasing	629	2.04%	56,836	1.60%	1.3
Professional, Scientific, and Technical Services	1,716	5.56%	285,397	8.05%	0.7
Management of Companies and Enterprises	146	0.47%	76,980	2.17%	0.2
Administration & Support, Waste Management and Remediation	1,187	3.85%	209,379	5.90%	0.7
Educational Services	2,406	7.80%	356,656	10.06%	0.8
Health Care and Social Assistance	6,698	21.72%	455,953	12.86%	1.7
Arts, Entertainment, and Recreation	544	1.76%	43,004	1.21%	1.5
Accommodation and Food Services	1,319	4.28%	236,145	6.66%	0.6
Other Services (excluding Public Administration)	1,198	3.88%	110,241	3.11%	1.2
Public Administration	972	3.15%	157,389	4.44%	0.7

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Newark						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment	% Change	% Change			Employment	Employment	% Change	% Change		
Agriculture, Forestry, Fishing and Hunting	-	26	(26)	(100.0%)	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	22	2	20	1000.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	1,064	1,194	(130)	(10.9%)	1%	1%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	2,376	2,490	(114)	(4.6%)	2%	2%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	7,388	9,682	(2,294)	(23.7%)	5%	7%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	4,798	5,101	(303)	(5.9%)	3%	4%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	8,331	6,413	1,918	29.9%	6%	5%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	24,891	22,794	2,097	9.2%	18%	17%	158,935	156,831	2,104	1.3%	4%	5%
Information	4,445	5,526	(1,081)	(19.6%)	3%	4%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	7,244	7,299	(55)	(0.8%)	5%	5%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	3,021	3,691	(670)	(18.2%)	2%	3%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	5,246	5,107	139	2.7%	4%	4%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	3,462	3,232	230	7.1%	3%	2%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	8,494	7,360	1,134	15.4%	6%	5%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	21,373	19,117	2,256	11.8%	16%	14%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	18,756	17,736	1,020	5.8%	14%	13%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	1,133	690	443	64.2%	1%	1%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	6,489	5,435	1,054	19.4%	5%	4%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	3,791	3,594	197	5.5%	3%	3%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	5,308	10,101	(4,793)	(47.5%)	4%	7%	157,389	146,520	10,869	7.4%	4%	4%
Total	137,632	136,590	1,042	0.8%	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change (2002-2008)		Local Competitive Advantage	
	Employment	Employment	State Share	Industry Mix	State Share	Industry Mix
Agriculture, Forestry, Fishing and Hunting	-	26	(26)	1	(1)	(26)
Mining	22	2	20	0	0	20
Utilities	1,064	1,194	(130)	39	(230)	62
Construction	2,376	2,490	(114)	80	(41)	(153)
Manufacturing	7,388	9,682	(2,294)	312	(2,216)	(391)
Wholesale Trade	4,798	5,101	(303)	165	(323)	(145)
Retail Trade	8,331	6,413	1,918	207	(232)	1,943
Transportation and Warehousing	24,891	22,794	2,097	736	(430)	1,791
Information	4,445	5,526	(1,081)	178	(970)	(289)
Finance and Insurance	7,244	7,299	(55)	236	(241)	(49)
Real Estate and Rental and Leasing	3,021	3,691	(670)	119	244	(1,033)
Professional, Scientific, and Technical Services	5,246	5,107	139	165	366	(392)
Management of Companies and Enterprises	3,462	3,232	230	104	794	(668)
Administration & Support, Waste Management and Remediation Services	8,494	7,360	1,134	238	15	882
Educational Services	21,373	19,117	2,256	617	2,503	(864)
Health Care and Social Assistance	18,756	17,736	1,020	572	1,723	(1,276)
Arts, Entertainment, and Recreation	1,133	690	443	22	36	384
Accommodation and Food Services	6,489	5,435	1,054	175	521	358
Other Services (excluding Public Administration)	3,791	3,594	197	116	149	(68)
Public Administration	5,308	10,101	(4,793)	326	423	(5,542)
Total	137,632	136,590	1,042	4,408	2,090	(5,456)

• Shift-Share Analysis¶

The location-quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage. ¶

- 1 → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy. ¶
- 2 → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix. ¶
- 3 → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth. ¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Newark		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	-	0.00%	7,143	0.20%	0.0
Mining	22	0.02%	1,576	0.04%	0.4
Utilities	1,064	0.77%	17,299	0.49%	1.6
Construction	2,376	1.73%	149,287	4.21%	0.4
Manufacturing	7,388	5.37%	296,573	8.36%	0.6
Wholesale Trade	4,798	3.49%	228,813	6.45%	0.5
Retail Trade	8,331	6.05%	411,312	11.60%	0.5
Transportation and Warehousing	24,891	18.09%	158,935	4.48%	4.0
Information	4,445	3.23%	91,061	2.57%	1.3
Finance and Insurance	7,244	5.26%	196,810	5.55%	0.9
Real Estate and Rental and Leasing	3,021	2.19%	56,836	1.60%	1.4
Professional, Scientific, and Technical Services	5,246	3.81%	285,397	8.05%	0.5
Management of Companies and Enterprises	3,462	2.52%	76,980	2.17%	1.2
Administration & Support, Waste Management and Remediation	8,494	6.17%	209,379	5.90%	1.0
Educational Services	21,373	15.53%	356,656	10.06%	1.5
Health Care and Social Assistance	18,756	13.63%	455,953	12.86%	1.1
Arts, Entertainment, and Recreation	1,133	0.82%	43,004	1.21%	0.7
Accommodation and Food Services	6,489	4.71%	236,145	6.66%	0.7
Other Services (excluding Public Administration)	3,791	2.75%	110,241	3.11%	0.9
Public Administration	5,308	3.86%	157,389	4.44%	0.9

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Union City						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment		% Change			Employment	Employment		% Change		
Agriculture, Forestry, Fishing and Hunting	-	-	0	0.0%	0%	0%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	-	-	0	0.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	-	3	(3)	(100.0%)	0%	0%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	205	97	108	111.3%	3%	1%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	376	476	(100)	(21.0%)	5%	6%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	219	235	(16)	(6.8%)	3%	3%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	807	970	(163)	(16.8%)	11%	12%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	461	439	22	5.0%	6%	6%	158,935	156,831	2,104	1.3%	4%	5%
Information	50	41	9	22.0%	1%	1%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	321	294	27	9.2%	4%	4%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	181	163	18	11.0%	2%	2%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	241	298	(57)	(19.1%)	3%	4%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	44	25	19	76.0%	1%	0%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	889	1,318	(429)	(32.5%)	12%	17%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	1,336	1,371	(35)	(2.6%)	17%	17%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	1,142	985	157	15.9%	15%	12%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	32	33	(1)	(3.0%)	0%	0%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	779	813	(34)	(4.2%)	10%	10%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	338	328	10	3.0%	4%	4%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	252	57	195	342.1%	3%	1%	157,389	146,520	10,869	7.4%	4%	4%
Total	7,673	7,946	(273)	(3.4%)	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change		Local Competitive	
	Employment	Employment	(2002-2008)	State Share	Industry Mix	Advantage
Agriculture, Forestry, Fishing and Hunting	-	-	0	0	0	0
Mining	-	-	0	0	0	0
Utilities	-	3	(3)	0	(1)	(3)
Construction	205	97	108	3	(2)	106
Manufacturing	376	476	(100)	15	(109)	(6)
Wholesale Trade	219	235	(16)	8	(15)	(9)
Retail Trade	807	970	(163)	31	(35)	(159)
Transportation and Warehousing	461	439	22	14	(8)	16
Information	50	41	9	1	(7)	15
Finance and Insurance	321	294	27	9	(10)	27
Real Estate and Rental and Leasing	181	163	18	5	11	2
Professional, Scientific, and Technical Services	241	298	(57)	10	21	(88)
Management of Companies and Enterprises	44	25	19	1	6	12
Administration & Support, Waste Management and Remediation Services	889	1,318	(429)	43	3	(474)
Educational Services	1,336	1,371	(35)	44	180	(259)
Health Care and Social Assistance	1,142	985	157	32	96	30
Arts, Entertainment, and Recreation	32	33	(1)	1	2	(4)
Accommodation and Food Services	779	813	(34)	26	78	(138)
Other Services (excluding Public Administration)	338	328	10	11	14	(14)
Public Administration	252	57	195	2	2	191
Total	7,673	7,946	(273)	256	225	(755)

• Shift-Share Analysis¶

The location-quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage. ¶

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy. ¶
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix. ¶
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth. ¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Union City		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	-	0.00%	7,143	0.20%	0.0
Mining	-	0.00%	1,576	0.04%	0.0
Utilities	-	0.00%	17,299	0.49%	0.0
Construction	205	2.67%	149,287	4.21%	0.6
Manufacturing	376	4.90%	296,573	8.36%	0.6
Wholesale Trade	219	2.85%	228,813	6.45%	0.4
Retail Trade	807	10.52%	411,312	11.60%	0.9
Transportation and Warehousing	461	6.01%	158,935	4.48%	1.3
Information	50	0.65%	91,061	2.57%	0.3
Finance and Insurance	321	4.18%	196,810	5.55%	0.8
Real Estate and Rental and Leasing	181	2.36%	56,836	1.60%	1.5
Professional, Scientific, and Technical Services	241	3.14%	285,397	8.05%	0.4
Management of Companies and Enterprises	44	0.57%	76,980	2.17%	0.3
Administration & Support, Waste Management and Remediation	889	11.59%	209,379	5.90%	2.0
Educational Services	1,336	17.41%	356,656	10.06%	1.7
Health Care and Social Assistance	1,142	14.88%	455,953	12.86%	1.2
Arts, Entertainment, and Recreation	32	0.42%	43,004	1.21%	0.3
Accommodation and Food Services	779	10.15%	236,145	6.66%	1.5
Other Services (excluding Public Administration)	338	4.41%	110,241	3.11%	1.4
Public Administration	252	3.28%	157,389	4.44%	0.7

 Indicates LQ >1

Note:

An industry's location quotient is a calculation that compares the industry's *share* of employment at the local level to the industry's *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Vineland						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment		% Change			Employment	Employment		% Change		
Agriculture, Forestry, Fishing and Hunting	168	192	(24)	(12.5%)	1%	1%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	-	-	0	0.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	187	268	(81)	(30.2%)	1%	1%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	2,215	1,536	679	44.2%	7%	5%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	4,676	4,896	(220)	(4.5%)	15%	17%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	1,159	701	458	65.3%	4%	2%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	4,403	4,102	301	7.3%	14%	14%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	1,246	1,101	145	13.2%	4%	4%	158,935	156,831	2,104	1.3%	4%	5%
Information	783	579	204	35.2%	2%	2%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	701	602	99	16.4%	2%	2%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	211	212	(1)	(0.5%)	1%	1%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	692	805	(113)	(14.0%)	2%	3%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	710	376	334	88.8%	2%	1%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	976	1,100	(124)	(11.3%)	3%	4%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	3,465	3,145	320	10.2%	11%	11%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	6,589	5,888	701	11.9%	21%	21%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	48	218	(170)	(78.0%)	0%	1%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	1,879	1,309	570	43.5%	6%	5%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	722	803	(81)	(10.1%)	2%	3%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	738	606	132	21.8%	2%	2%	157,389	146,520	10,869	7.4%	4%	4%
Total	31,568	28,439	3,129	11.0%	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change		State Share	Industry Mix	Local Competitive Advantage
	Employment	Employment	(2002-2008)				
Agriculture, Forestry, Fishing and Hunting	168	192	(24)	6	(6)	(24)	
Mining	-	-	0	0	0	0	
Utilities	187	268	(81)	9	(52)	(38)	
Construction	2,215	1,536	679	50	(26)	655	
Manufacturing	4,676	4,896	(220)	158	(1,120)	742	
Wholesale Trade	1,159	701	458	23	(44)	480	
Retail Trade	4,403	4,102	301	132	(149)	317	
Transportation and Warehousing	1,246	1,101	145	36	(21)	130	
Information	783	579	204	19	(102)	287	
Finance and Insurance	701	602	99	19	(20)	99	
Real Estate and Rental and Leasing	211	212	(1)	7	14	(22)	
Professional, Scientific, and Technical Services	692	805	(113)	26	58	(197)	
Management of Companies and Enterprises	710	376	334	12	92	229	
Administration & Support, Waste Management and Remediation Services	976	1,100	(124)	35	2	(162)	
Educational Services	3,465	3,145	320	101	412	(193)	
Health Care and Social Assistance	6,589	5,888	701	190	572	(61)	
Arts, Entertainment, and Recreation	48	218	(170)	7	11	(188)	
Accommodation and Food Services	1,879	1,309	570	42	125	402	
Other Services (excluding Public Administration)	722	803	(81)	26	33	(140)	
Public Administration	738	606	132	20	25	87	
Total	31,568	28,439	3,129	918	(193)	2,405	

Shift-Share Analysis¶

The location quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage. ¶

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy. ¶
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix. ¶
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth. ¶

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Vineland		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	168	0.53%	7,143	0.20%	0.0
Mining	-	0.00%	1,576	0.04%	0.0
Utilities	187	0.59%	17,299	0.49%	1.2
Construction	2,215	7.02%	149,287	4.21%	1.7
Manufacturing	4,676	14.81%	296,573	8.36%	1.8
Wholesale Trade	1,159	3.67%	228,813	6.45%	0.6
Retail Trade	4,403	13.95%	411,312	11.60%	1.2
Transportation and Warehousing	1,246	3.95%	158,935	4.48%	0.9
Information	783	2.48%	91,061	2.57%	1.0
Finance and Insurance	701	2.22%	196,810	5.55%	0.4
Real Estate and Rental and Leasing	211	0.67%	56,836	1.60%	0.4
Professional, Scientific, and Technical Services	692	2.19%	285,397	8.05%	0.3
Management of Companies and Enterprises	710	2.25%	76,980	2.17%	1.0
Administration & Support, Waste Management and Remediation	976	3.09%	209,379	5.90%	0.5
Educational Services	3,465	10.98%	356,656	10.06%	1.1
Health Care and Social Assistance	6,589	20.87%	455,953	12.86%	1.6
Arts, Entertainment, and Recreation	48	0.15%	43,004	1.21%	0.1
Accommodation and Food Services	1,879	5.95%	236,145	6.66%	0.9
Other Services (excluding Public Administration)	722	2.29%	110,241	3.11%	0.7
Public Administration	738	2.34%	157,389	4.44%	0.5

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Industry Trends

Jobs by Industry Type (2-digit NAICS)	Wildwood						New Jersey					
	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix	2008	2002	Employment Change (2002-2008)		2008 Industry Mix	2002 Industry Mix
	Employment	Employment	% Change	% Change			Employment	Employment	% Change	% Change		
Agriculture, Forestry, Fishing and Hunting	113	92	21	22.8%	3%	2%	7,143	7,146	(3)	(0.0%)	0%	0%
Mining	-	-	0	0.0%	0%	0%	1,576	1,428	148	10.4%	0%	0%
Utilities	-	60	(60)	(100.0%)	0%	1%	17,299	20,608	(3,309)	(16.1%)	0%	1%
Construction	249	263	(14)	(5.3%)	6%	5%	149,287	146,990	2,297	1.6%	4%	4%
Manufacturing	158	172	(14)	(8.1%)	4%	4%	296,573	369,131	(72,558)	(19.7%)	8%	11%
Wholesale Trade	37	47	(10)	(21.3%)	1%	1%	228,813	236,141	(7,328)	(3.1%)	6%	7%
Retail Trade	523	942	(419)	(44.5%)	12%	19%	411,312	412,954	(1,642)	(0.4%)	12%	12%
Transportation and Warehousing	16	15	1	6.7%	0%	0%	158,935	156,831	2,104	1.3%	4%	5%
Information	42	16	26	162.5%	1%	0%	91,061	106,291	(15,230)	(14.3%)	3%	3%
Finance and Insurance	169	174	(5)	(2.9%)	4%	4%	196,810	196,966	(156)	(0.1%)	6%	6%
Real Estate and Rental and Leasing	130	124	6	4.8%	3%	3%	56,836	51,747	5,089	9.8%	2%	2%
Professional, Scientific, and Technical Services	146	158	(12)	(7.6%)	3%	3%	285,397	258,533	26,864	10.4%	8%	8%
Management of Companies and Enterprises	-	-	0	0.0%	0%	0%	76,980	60,238	16,742	27.8%	2%	2%
Administration & Support, Waste Management and Remediation Services	188	110	78	70.9%	4%	2%	209,379	202,442	6,937	3.4%	6%	6%
Educational Services	463	426	37	8.7%	10%	9%	356,656	306,613	50,043	16.3%	10%	9%
Health Care and Social Assistance	353	389	(36)	(9.3%)	8%	8%	455,953	403,698	52,255	12.9%	13%	12%
Arts, Entertainment, and Recreation	449	488	(39)	(8.0%)	10%	10%	43,004	39,642	3,362	8.5%	1%	1%
Accommodation and Food Services	639	604	35	5.8%	14%	12%	236,145	209,337	26,808	12.8%	7%	6%
Other Services (excluding Public Administration)	251	326	(75)	(23.0%)	6%	7%	110,241	102,659	7,582	7.4%	3%	3%
Public Administration	543	474	69	14.6%	12%	10%	157,389	146,520	10,869	7.4%	4%	4%
Total	4,469	4,880	(411)	(8.4%)	100%	100%	3,546,789	3,435,915	110,874	3.2%	100%	100%

Shift Share Analysis

	2008	2002	Employment Change (2002-2008)		State Share	Industry Mix	Local Competitive Advantage
	Employment	Employment	Change	State Share			
Agriculture, Forestry, Fishing and Hunting	113	92	21	3	(3)	21	
Mining	-	-	0	0	0	0	
Utilities	-	60	(60)	2	(12)	(50)	
Construction	249	263	(14)	8	(4)	(18)	
Manufacturing	158	172	(14)	6	(39)	20	
Wholesale Trade	37	47	(10)	2	(3)	(9)	
Retail Trade	523	942	(419)	30	(34)	(415)	
Transportation and Warehousing	16	15	1	0	(0)	1	
Information	42	16	26	1	(3)	28	
Finance and Insurance	169	174	(5)	6	(6)	(5)	
Real Estate and Rental and Leasing	130	124	6	4	8	(6)	
Professional, Scientific, and Technical Services	146	158	(12)	5	11	(28)	
Management of Companies and Enterprises	-	-	0	0	0	0	
Administration & Support, Waste Management and Remediation Services	188	110	78	4	0	74	
Educational Services	463	426	37	14	56	(33)	
Health Care and Social Assistance	353	389	(36)	13	38	(86)	
Arts, Entertainment, and Recreation	449	488	(39)	16	26	(80)	
Accommodation and Food Services	639	604	35	19	58	(42)	
Other Services (excluding Public Administration)	251	326	(75)	11	14	(99)	
Public Administration	543	474	69	15	20	34	
Total	4,469	4,880	(411)	157	126	(694)	

Shift-Share Analysis

The location-quotient technique is useful in establishing which local industries are key drivers of the local economy. Shift-share analysis begins to uncover the factors that influence an industry's growth trend. There are three components to shift-share analysis: state share, industry mix, and local competitive advantage.

1. → **State Share.** State share represents the number of jobs created (or lost) due to growth trends in the state economy.
2. → **Industry Mix.** Industry mix represents the number of jobs created (or lost) due to the statewide industry mix.
3. → **Local Competitive Advantage.** Competitive advantage represents the number of jobs created (or lost) due to local factors. A positive number indicates that local industry growth outpaced industry growth statewide — a sign of competitive advantage. A negative number indicates that local conditions do not support continued job growth because the local industry growth has not kept pace with statewide industry growth.

Location Quotient (LQ)

Jobs by Industry Type (2-digit NAICS)	Wildwood		New Jersey		LQ
	Employment	% of Total	Employment	% of Total	
Agriculture, Forestry, Fishing and Hunting	113	2.53%	7,143	0.20%	0.0
Mining	-	0.00%	1,576	0.04%	0.0
Utilities	-	0.00%	17,299	0.49%	0.0
Construction	249	5.57%	149,287	4.21%	1.3
Manufacturing	158	3.54%	296,573	8.36%	0.4
Wholesale Trade	37	0.83%	228,813	6.45%	0.1
Retail Trade	523	11.70%	411,312	11.60%	1.0
Transportation and Warehousing	16	0.36%	158,935	4.48%	0.1
Information	42	0.94%	91,061	2.57%	0.4
Finance and Insurance	169	3.78%	196,810	5.55%	0.7
Real Estate and Rental and Leasing	130	2.91%	56,836	1.60%	1.8
Professional, Scientific, and Technical Services	146	3.27%	285,397	8.05%	0.4
Management of Companies and Enterprises	-	0.00%	76,980	2.17%	0.0
Administration & Support, Waste Management and Remediation	188	4.21%	209,379	5.90%	0.7
Educational Services	463	10.36%	356,656	10.06%	1.0
Health Care and Social Assistance	353	7.90%	455,953	12.86%	0.6
Arts, Entertainment, and Recreation	449	10.05%	43,004	1.21%	8.3
Accommodation and Food Services	639	14.30%	236,145	6.66%	2.1
Other Services (excluding Public Administration)	251	5.62%	110,241	3.11%	1.8
Public Administration	543	12.15%	157,389	4.44%	2.7

 Indicates LQ >1

Note:

An industry’s location quotient is a calculation that compares the industry’s *share* of employment at the local level to the industry’s *share* of employment at the state level. According to economic base theory, industries with an employment share that *exceeds* the state employment share have excess production – production that serves export markets. Because export activity injects new money into the local economy, these basic industries are considered “key drivers” of economic growth.

Bayonne UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	16,127	100.0%	17,406	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Bayonne city, NJ	5,779	35.8%	7,382	42.4%
Jersey City city, NJ	1,779	11.0%	2,218	12.7%
New York city, NY	1,630	10.1%	1,775	10.2%
Newark city, NJ	335	2.1%	242	1.4%
Union City city, NJ	188	1.2%	147	0.8%
Elizabeth city, NJ	182	1.1%	152	0.9%
Kearny town, NJ	139	0.9%	92	0.5%
Union CDP, NJ	123	0.8%	101	0.6%
Linden city, NJ	114	0.7%	56	0.3%
Edison CDP, NJ	106	0.7%	111	0.6%
All Other Locations	5,752	35.7%	5,130	29.5%

Jobs in Counties Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Hudson County, NJ	8,330	51.7%	10,172	58.4%
Essex County, NJ	976	6.1%	785	4.5%
Union County, NJ	872	5.4%	713	4.1%
Middlesex County, NJ	812	5.0%	796	4.6%
Kings County, NY	748	4.6%	710	4.1%
Bergen County, NJ	743	4.6%	643	3.7%
Monmouth County, NJ	575	3.6%	452	2.6%
Richmond County, NY	380	2.4%	456	2.6%
Passaic County, NJ	311	1.9%	218	1.3%
Ocean County, NJ	303	1.9%	328	1.9%
All Other Locations	2,077	12.9%	2,133	12.3%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	13,903	86.2%	14,998	86.2%
New York	1,912	11.9%	2,161	12.4%
Pennsylvania	184	1.1%	154	0.9%
Connecticut	33	0.2%	42	0.2%
Maryland	19	0.1%	2	0.0%
All Other Locations	76	0.5%	49	0.3%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Elizabeth UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	59,053	100.0%	50,456	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Elizabeth city, NJ	10,983	18.6%	12,068	23.9%
Newark city, NJ	5,212	8.8%	4,031	8.0%
New York city, NY	2,579	4.4%	2,141	4.2%
Linden city, NJ	1,789	3.0%	1,565	3.1%
Union CDP, NJ	1,788	3.0%	1,548	3.1%
Jersey City city, NJ	1,725	2.9%	1,339	2.7%
Irvington CDP, NJ	1,262	2.1%	1,018	2.0%
Roselle borough, NJ	1,013	1.7%	896	1.8%
East Orange city, NJ	961	1.6%	588	1.2%
Hillside CDP, NJ	865	1.5%	921	1.8%
All Other Locations	30,876	52.3%	24,341	48.2%

Jobs in Counties Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Union County, NJ	20,811	35.2%	20,769	41.2%
Essex County, NJ	10,375	17.6%	7,902	15.7%
Middlesex County, NJ	5,555	9.4%	4,719	9.4%
Hudson County, NJ	4,386	7.4%	3,186	6.3%
Bergen County, NJ	2,510	4.3%	1,948	3.9%
Monmouth County, NJ	2,159	3.7%	1,857	3.7%
Passaic County, NJ	1,496	2.5%	1,137	2.3%
Morris County, NJ	1,332	2.3%	1,090	2.2%
Somerset County, NJ	1,318	2.2%	1,065	2.1%
Ocean County, NJ	1,266	2.1%	1,141	2.3%
All Other Locations	7,845	13.3%	5,642	11.2%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	54,409	92.1%	46,958	93.1%
New York	3,181	5.4%	2,697	5.3%
Pennsylvania	955	1.6%	571	1.1%
Maryland	116	0.2%	28	0.1%
Connecticut	80	0.1%	52	0.1%
All Other Locations	312	0.5%	150	0.3%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Jersey City UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	96,035	100.0%	93,356	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Jersey City city, NJ	18,768	19.5%	23,552	25.2%
New York city, NY	16,218	16.9%	15,435	16.5%
Bayonne city, NJ	3,427	3.6%	3,979	4.3%
Newark city, NJ	2,179	2.3%	1,998	2.1%
Union City city, NJ	1,670	1.7%	1,782	1.9%
Hoboken city, NJ	1,549	1.6%	1,369	1.5%
Edison CDP, NJ	1,018	1.1%	747	0.8%
Elizabeth city, NJ	849	0.9%	749	0.8%
Irvington CDP, NJ	769	0.8%	635	0.7%
East Orange city, NJ	765	0.8%	593	0.6%
All Other Locations	48,823	50.8%	42,517	45.5%

Jobs in Counties Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Hudson County, NJ	29,093	30.3%	34,140	36.6%
Essex County, NJ	8,012	8.3%	6,881	7.4%
Bergen County, NJ	7,543	7.9%	7,104	7.6%
Middlesex County, NJ	6,401	6.7%	5,676	6.1%
Kings County, NY	5,346	5.6%	5,438	5.8%
Union County, NJ	4,706	4.9%	4,252	4.6%
Monmouth County, NJ	4,122	4.3%	3,640	3.9%
New York County, NY	4,102	4.3%	3,485	3.7%
Queens County, NY	3,171	3.3%	3,118	3.3%
Morris County, NJ	2,741	2.9%	2,312	2.5%
All Other Locations	20,798	21.7%	17,310	18.5%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	73,766	76.8%	73,083	78.3%
New York	20,307	21.1%	18,981	20.3%
Pennsylvania	1,319	1.4%	925	1.0%
Connecticut	310	0.3%	210	0.2%
Maryland	69	0.1%	31	0.0%
All Other Locations	264	0.3%	126	0.1%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Lakewood UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	30,839	100.0%	29,135	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Lakewood CDP, NJ	3,780	12.3%	3,740	12.8%
Toms River CDP, NJ	3,511	11.4%	3,928	13.5%
Leisure Village West-Pine Lake Park (496	1.6%	458	1.6%
Point Pleasant borough, NJ	461	1.5%	514	1.8%
New York city, NY	422	1.4%	326	1.1%
Beachwood borough, NJ	401	1.3%	461	1.6%
Leisure Village CDP, NJ	293	1.0%	252	0.9%
Ramtown CDP, NJ	262	0.8%	207	0.7%
Ocean Acres CDP, NJ	219	0.7%	226	0.8%
South Toms River borough, NJ	191	0.6%	201	0.7%
All Other Locations	20,803	67.5%	18,822	64.6%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	29,649	96.1%	28,312	97.2%
New York	608	2.0%	418	1.4%
Pennsylvania	378	1.2%	277	1.0%
Maryland	62	0.2%	36	0.1%
Connecticut	20	0.1%	11	0.0%
All Other Locations	122	0.4%	81	0.3%

Jobs in Census Tracts Where Workers Live

	2008		2002	
	Count	Share	Count	Share
7152 (Ocean, NJ)	741	2.4%	683	2.3%
7153.01 (Ocean, NJ)	728	2.4%	717	2.5%
7155 (Ocean, NJ)	621	2.0%	579	2.0%
7220 (Ocean, NJ)	604	2.0%	725	2.5%
7150 (Ocean, NJ)	567	1.8%	638	2.2%
7154.02 (Ocean, NJ)	530	1.7%	540	1.9%
7153.02 (Ocean, NJ)	457	1.5%	446	1.5%
7156 (Ocean, NJ)	453	1.5%	497	1.7%
7154.01 (Ocean, NJ)	422	1.4%	381	1.3%
7157 (Ocean, NJ)	408	1.3%	459	1.6%
All Other Locations	25,308	82.1%	23,470	80.6%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Union City UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	7,673	100.0%	7,946	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Union City city, NJ	1,723	22.5%	1,876	23.6%
Jersey City city, NJ	634	8.3%	654	8.2%
New York city, NY	608	7.9%	753	9.5%
West New York town, NJ	457	6.0%	558	7.0%
Newark city, NJ	135	1.8%	105	1.3%
Bayonne city, NJ	104	1.4%	87	1.1%
Paterson city, NJ	88	1.1%	78	1.0%
Clifton city, NJ	81	1.1%	49	0.6%
Cliffside Park borough, NJ	76	1.0%	56	0.7%
Elizabeth city, NJ	73	1.0%	74	0.9%
All Other Locations	3,694	48.1%	3,656	46.0%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	6,804	88.7%	6,928	87.2%
New York	734	9.6%	893	11.2%
Pennsylvania	73	1.0%	84	1.1%
Connecticut	17	0.2%	12	0.2%
Florida	12	0.2%	0	0.0%
All Other Locations	33	0.4%	29	0.4%

Jobs in Census Tracts Where Workers Live

	2008		2002	
	Count	Share	Count	Share
171 (Hudson, NJ)	183	2.4%	191	2.4%
178 (Hudson, NJ)	145	1.9%	148	1.9%
163 (Hudson, NJ)	130	1.7%	141	1.8%
164 (Hudson, NJ)	116	1.5%	123	1.5%
162 (Hudson, NJ)	112	1.5%	129	1.6%
170 (Hudson, NJ)	106	1.4%	100	1.3%
176 (Hudson, NJ)	97	1.3%	80	1.0%
166 (Hudson, NJ)	97	1.3%	131	1.6%
165 (Hudson, NJ)	96	1.3%	104	1.3%
169 (Hudson, NJ)	95	1.2%	97	1.2%
All Other Locations	6,496	84.7%	6,702	84.3%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Vineland UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	31,568	100.0%	28,439	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Vineland city, NJ	10,330	32.7%	11,604	40.8%
Millville city, NJ	2,829	9.0%	2,738	9.6%
Bridgeton city, NJ	814	2.6%	876	3.1%
Buena borough, NJ	424	1.3%	405	1.4%
Philadelphia city, PA	277	0.9%	128	0.5%
Newfield borough, NJ	249	0.8%	185	0.7%
Hammonton town, NJ	240	0.8%	166	0.6%
Laurel Lake CDP, NJ	226	0.7%	180	0.6%
Glassboro borough, NJ	211	0.7%	163	0.6%
Clayton borough, NJ	186	0.6%	139	0.5%
All Other Locations	15,782	50.0%	11,855	41.7%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	30,220	95.7%	27,730	97.5%
Pennsylvania	776	2.5%	406	1.4%
New York	235	0.7%	134	0.5%
Delaware	123	0.4%	74	0.3%
Maryland	89	0.3%	51	0.2%
All Other Locations	125	0.4%	44	0.2%

Jobs in Census Tracts Where Workers Live

	2008		2002	
	Count	Share	Count	Share
407 (Cumberland, NJ)	1,366	4.3%	1,662	5.8%
404 (Cumberland, NJ)	1,268	4.0%	1,310	4.6%
410 (Cumberland, NJ)	1,267	4.0%	1,344	4.7%
409.02 (Cumberland, NJ)	1,240	3.9%	1,437	5.1%
406 (Cumberland, NJ)	1,178	3.7%	1,392	4.9%
408 (Cumberland, NJ)	1,083	3.4%	1,150	4.0%
405 (Cumberland, NJ)	844	2.7%	979	3.4%
402 (Cumberland, NJ)	831	2.6%	1,033	3.6%
304 (Cumberland, NJ)	757	2.4%	750	2.6%
403 (Cumberland, NJ)	664	2.1%	701	2.5%
All Other Locations	21,070	66.7%	16,681	58.7%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Wildwood UEZ Labor Shed**Total Primary Jobs**

	2008		2002	
	Count	Share	Count	Share
Total Primary Jobs	4,469	100.0%	4,880	100.0%

Jobs in Places (Cities, CDPs, etc.) Where Workers Live

	2008		2002	
	Count	Share	Count	Share
Wildwood city, NJ	563	12.6%	657	13.5%
Villas CDP, NJ	399	8.9%	388	8.0%
North Wildwood city, NJ	375	8.4%	508	10.4%
Wildwood Crest borough, NJ	355	7.9%	504	10.3%
Cape May Court House CDP, NJ	176	3.9%	206	4.2%
Rio Grande CDP, NJ	143	3.2%	125	2.6%
North Cape May CDP, NJ	128	2.9%	144	3.0%
Erma CDP, NJ	101	2.3%	139	2.8%
Whitesboro-Burleigh CDP, NJ	84	1.9%	88	1.8%
West Wildwood borough, NJ	46	1.0%	55	1.1%
All Other Locations	2,099	47.0%	2,066	42.3%

Jobs in States Where Workers Live

	2008		2002	
	Count	Share	Count	Share
New Jersey	4,277	95.7%	4,699	96.3%
Pennsylvania	109	2.4%	107	2.2%
New York	19	0.4%	12	0.2%
Delaware	13	0.3%	3	0.1%
Maryland	12	0.3%	10	0.2%
All Other Locations	39	0.9%	49	1.0%

Jobs in Census Tracts Where Workers Live

	2008		2002	
	Count	Share	Count	Share
214 (Cape May, NJ)	381	8.5%	460	9.4%
213 (Cape May, NJ)	375	8.4%	508	10.4%
216 (Cape May, NJ)	355	7.9%	504	10.3%
212 (Cape May, NJ)	346	7.7%	321	6.6%
217 (Cape May, NJ)	279	6.2%	320	6.6%
218.02 (Cape May, NJ)	272	6.1%	319	6.5%
218.04 (Cape May, NJ)	241	5.4%	247	5.1%
215 (Cape May, NJ)	228	5.1%	252	5.2%
210 (Cape May, NJ)	199	4.5%	215	4.4%
211 (Cape May, NJ)	176	3.9%	206	4.2%
All Other Locations	1,617	36.2%	1,528	31.3%

Data Sources

US Census Bureau, LED OnTheMap Origin-Destination Database
(Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)