

# ***News From NJ Senate Democrats***



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## **SMITH BILL AUTHORIZING CREATION OF NEW BRUNSWICK UEZ APPROVED**

**TRENTON** - A bill sponsored by Senator Bob Smith which would establish the State's 32nd urban enterprise zone (UEZ) in New Brunswick was approved today by the Senate by a vote of 29-8.

"New Brunswick faces unique problems in terms of decreasing tax bases and drastically high rates of unemployment," said Senator Smith, D-Middlesex and Somerset. "The city has one of the highest poverty rates in New Jersey, higher than Jersey City, Trenton, Paterson and Atlantic City. Local officials are struggling to keep afloat, and UEZ status is the life jacket needed to help them turn the tide against diminished tax collections and general urban blight in New Brunswick."

The bill, S-199, would amend the State's Urban Enterprise Zone program to include New Brunswick in the definition of a UEZ. Since its inception in 1983, 21 zones have been added to the original 10, including Perth Amboy, Asbury Park and most recently, Gloucester City in Camden County. By receiving UEZ status, qualified businesses are permitted to charge a 3% sales tax rate, as opposed to the 6% rate imposed elsewhere in the State. The taxes collected through the lowered tax rate are collected into an account in the Zone Assistance Fund, maintained by the State, and are returned to the municipality for economic development purposes.

"The lower sales tax rate is a success on two fronts," said Senator Smith. "By charging lower sales tax in UEZs, we are fostering greater activity in the zone's economy, and by collecting and returning the sales tax, we are investing in the development of the area. It's a double win for a UEZ municipality."

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Senator Smith argued that unique circumstances in New Brunswick, as well as the landscape of economic incentives in other urban centers throughout the State, put the city at a disadvantage that UEZ status could rectify. Currently, New Brunswick is the only significant urban center in New Jersey without a defined UEZ or casino gambling, which attract business interest in other cities in the State. New Brunswick also suffers from a 27% poverty rate, and unemployment in the city as of April 2004 was 7.8%, compared to a Statewide average rate of 5.3%.

The bill, which was approved by the Assembly earlier in the month, now heads to the Governor's Desk to be signed into law.

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