

# City UEZ program in a bind

By John Zucal Managing Editor, **Orange Transcript**

Business areas in Orange may find themselves slightly restrained during the next fiscal year under a plan outlined in the governor's proposed budget.

To help fund his \$28.3 billion spending plan for the 2011 fiscal year, Gov. Chris Christie has recommended diverting sales taxes from the 32 Urban Enterprise Zones to the state treasury. If it remains in the budget after it is approved in the Legislature, the administration estimated \$91.7 million would be collected.

Under the law which established the program, enrolled UEZ businesses may charge one-half of the state sales tax, or 3½ percent, on purchases. That money can be used for projects within a zone, such as marketing programs, streetscape projects and police officers.

The program also offers benefits, including tax credits for purchases and employment, to the businesses.

John Mason, Orange's business administrator, said last week many UEZ programs will feel the pinch of lost tax revenue.

"I received correspondence from urban mayors," said Mason. "We will petition Assembly Speaker Sheila Oliver and legislators and try to educate the importance of UEZ's in the municipalities."

In his speech last week to members of the Orange Chamber of Commerce, Mayor Eldridge Hawkins Jr. painted a bleak picture for the city UEZ's next fiscal year. Hawkins said Orange's program would lose an estimated \$1.1 million, which would cost the city 22 positions.

"UEZ funding for litter collection ends on May 31," said Hawkins. "The police project and planning department support ends on June 30."

While much of the support focuses on Main Street, Orange's zone includes portions of Scotland Road, Central Avenue, the area surrounding Route 280 and the NJ Transit railroad line.

The City Council recently gave its approval for the city's UEZ program to submit an application for the state UEZ advisory board to grant approval for the city to continue funding nine street-cleaner positions.

Mason said UEZ funding has helped municipal governments work to improve business areas.

"A lot of municipalities have projects which are focused on economic development," said Mason. "There will be a negative impact by the governor's proposal."

Lisa Ryan, a spokeswoman for the state Department of Community Affairs, which includes the state's Urban Enterprise Zone program, said Monday the opportunity for funding still exists.

Relating to all UEZ programs, Ryan said, "If they have a fund balance on June 30, they will be allowed to use those funds." She said she could not discuss what individual programs had in their fund balances.