

Hawkins objects to UEZ fund diversion

Study suggests program's elimination, cites low return for state

By John Zucal

Managing Editor

Mayor Eldridge Hawkins Jr. has expressed dismay at several proposals regarding Urban Enterprise Zones which came out of Trenton last week.

In his budget presentation to the Legislature last week, Gov. Chris Christie proposed having the state retain sales tax revenues collected in the 32 zones statewide for a second consecutive year. State officials project the collection of approximately \$300 million during the 2012 fiscal year.

Eligible businesses in Urban Enterprise Zones have been permitted to charge one-half of the state's sales tax, currently 3½ percent, since the program began in the early 1980s. Orange was in the first group of municipalities to enter the program.

What may cause more consternation among municipal officials where UEZ zones are located are the results of a study issued last week that recommends ending the program.

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Among the conclusions of the 376-page report, compiled by the New Jersey Institute of Technology, Delta Development Group and HR&A Advisors, is that for the period 2002 to 2008, each dollar spent in an Urban Enterprise Zone resulted in only 8 cents in state revenue.

Another of the study's findings was that much of the revenue collected, most of which was to be retained by the local programs for use within the zones, was little used for business improvement. Such improvements, the study stated, would include items such as store renovations and business development.

While the study recommended retaining most of the program's

benefits locally, such as tax credits for new employment and purchases by businesses, it suggested state oversight could be accomplished in a streamlined manner. More than 135 state and local employees were involved handling program matters, the study stated.

In a letter to legislators, Hawkins wrote the UEZ program has helped Orange as it attempts to attract commercial interest to the city.

"The Urban Enterprise Zone program has been at the heart of our tax stabilization and redevelopment strategy," Hawkins wrote. "We are using UEZ funds to attract additional private investment, especially to spur development within walking distance of

public transportation."

Orange's accomplishments with program funds during his administration, wrote Hawkins, included a market study to form commercial strategies, formation of a plan to recruit businesses, and the creation of an e-mail database of people who shop in Orange so businesses could market themselves at a low cost.

"As the plans are in the first stages of implementation, the UEZ funds that we need to carry them out are being taken away," wrote Hawkins.

Hawkins wrote the city's program would use its remaining funds to launch a website, Discover Orange, that he wrote would market Orange and its businesses in order to attract new residents, shoppers and merchants.

Officials in the Christie administration have stressed in the media that the governor has not endorsed the study's findings at this time. They said he could, however, use some of the results as he continued to work on economic development statewide.