

## UEZ cities already facing layoffs, higher taxes from diversion of funds

By Evelyn Lee

The report recommending elimination of the New Jersey Urban Enterprise Zone Authority and the UEZ program was just released by the **Chris Christie** administration Thursday, but some municipalities home to UEZs said they already have been feeling the pain of losing the funding.

The diversion of UEZ tax revenues to the state's general fund "creates a massive budgetary problem," said **Eldridge Hawkins**, mayor of the city of Orange. "This is a devastating blow to the urban centers."

The city lost about \$1 million in UEZ revenues as a result of the diversion last year, contributing to a \$6 million budget deficit, Hawkins said. In anticipation of future funding not being available, Orange has laid off 11 police officers and 10 public works officers assigned to the city's UEZ districts, said Hawkins, who anticipates local taxes will increase by 3 percent as a result of the lost revenue.

"The UEZs have been stagnant for the last year," said **Chris Bollwage**, mayor of the city of Elizabeth, whose UEZ has the largest participation rate in the state, with 1,000 businesses. "There's been no ability to create jobs and economic growth."

The city lost an average of \$9 million as a result of the UEZ revenues being recaptured by the state last year, he said. As a larger UEZ, Elizabeth is currently using second-generation money from the UEZ to maintain the staff of the Elizabeth Development Corp., although it would eventually have to cut workers, said Bollwage, who also is co-founder of the Urban Enterprise Zone Mayors Commission.

Many of the smaller zones, however, will have to cut employees this year, he said.

Bollwage said he will be meeting with legislators in Jersey City next week to garner support for the UEZ program. "The Legislature has to step up and say the program is worth saving, or end up siding with the governor," he said. "We're hopeful that the leadership of the Senate and Assembly will agree the UEZ is a mechanism to create jobs."

A number of significant projects in the state, including the Jersey Gardens mall, in Elizabeth, and the Newport master-planned development in Jersey City, were funded with the help of UEZ programs, where revenues were used to pledge to pay back bonds on the projects, he said.

But "while the UEZ program is essential to revitalization, I never believe putting all our eggs in one basket," Hawkins said, referring to the city's other economic development efforts, such as creating a local arts district.

"When you have such a bad economy, when people are losing jobs, when companies are not spending, when people can't get loans, you have to have a variety of things in your arsenal that work in tandem with each other," he said. "It's all these things working in concert with each other that make a change."