



Adopt an Amended Economic Stimulus Bill To Ensure Fair Outcomes that Benefit our Communities

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Every community in New Jersey should be able to replace empty buildings and abandoned properties with attractive new homes and job centers. Reusing already-developed properties makes much more sense than developing open lands. And New Jersey residents should have more opportunities to live and work in good locations where they can take advantage of our train, bus and ferry services.

The economic stimulus bill you are considering today can help make those things happen—but only if it is amended to help prevent corruption and abuse of taxpayer dollars.

The bill creates new incentive grants to encourage development. Like today’s “Revenue Allocation District” or “RAD” program, the grants are funded when a municipality and/or the state agree to give up some of the new tax revenues they expect to get from development projects. These funds are then used in one of two ways – they can either be given to the developer to make their project feasible, or they can be given to the town to pay for infrastructure or public facilities.

Unfortunately, the process outlined in the bill provides no opportunity for local residents to participate in the decision of whether their town should give up anticipated tax revenues. (The current RAD law is limited to Areas in Need of Redevelopment, which does involve public input.) Residents should be informed about any such deal under consideration, especially when municipal funds are going to a developer, and be invited to discuss whether or not it will benefit the community. Without meaningful public participation and transparency, bad decisions can be made that benefit insiders –local officials, the developer, the property owner – at the community’s expense. New Jersey already has enough corruption and the bill must be amended to help prevent more.

We are also disappointed that this special tool can be used to encourage any kind of development project, including building on a farm or woodland. The definition of “redevelopment project” in the bill should be rewritten so it means what it says – only projects on land that have already been used. The bill can be used in growth areas identified in the State Plan. That makes sense, but only IF you provide adequate funding for the Office of Smart Growth so it has the staff it needs to update the State Plan and make the growth areas current.

New Jersey Future supports the Urban Transit Tax Credit Act and most of the provisions in this bill that would make that new program work better. Encouraging homes and jobs near urban transit facilities will boost our cities and give residents more convenient, environmentally friendly choices for their commute. However, certain amendments are needed to better target state funds. The bill should only offer the tax credits to new residential buildings that are—like the employment centers--located near transit and are of a sufficient density. State incentives must be spent wisely on the most important locations, especially in a time of budget crisis. You should also amend the bill so there is less room for abuse... so the state is not giving huge tax credits to developers for projects that would be built anyway. You can build in safeguards by having an agency like the Housing Mortgage Finance Agency conduct the feasibility review, and require them to ensure costs are within accepted industry standards.

I have a quick question about a different provision in the bill that allows some cities to add a surcharge to tickets from arenas and stadiums to raise funds for youth and senior services. While not necessarily a bad idea, why is this considered part of an economic stimulus bill? We support the ability of towns to raise additional funds through vehicles like rental car surcharges and surcharges on ticket sales. However, the provisions of this bill target the uses of these funds for youth and senior services. While these are worthwhile uses, they do little to stimulate the economy. We recommend that these funds be targeted to infrastructure and redevelopment activities.