

Urban Enterprise Zones Offer Big Savings for Shoppers in Central Jersey

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TRENTON -- As more and more consumers pinch pennies, clip coupons and otherwise hunt for bargains, one way to find big savings is to find an Urban Enterprise Zone.

Participating stores in Urban Enterprise Zones can charge 3.5-percent sales tax, instead of the normal 7 percent. That means major savings for consumers who go to those zones to buy big-ticket items.

"For people that are just pricing around, our prices are competitive with all the highway stores, and that 3.5-percent tax most of the time makes the difference," said Joe Battaglia, manager at Appliance Arama on Second Street in Plainfield.

Battaglia said the average appliance at his store sells for about \$600. Normally, the sales tax on such a purchase would be \$42, but it's half that at Appliance Arama.

Urban Enterprise Zones, or UEZs, are urban areas designated by the state as economically distressed and in need of revitalization. The program, which is overseen by the state Department of Community Affairs, is designed to give businesses in those areas a boost through tax breaks, tax exemptions and other benefits.

UEZs generally amount to about one third of the participating municipality and include most of the major retail districts. Four Central Jersey municipalities have UEZs: Carteret, New Brunswick, Perth Amboy and Plainfield.

Juan Hernandez, manager at Karl's Appliance on Smith Street in Perth Amboy, said the sales tax savings are a major draw.

"Absolutely," he said. "No doubt."

Hernandez said most of his store's new business comes from customer referrals, and one of the first things customers tell others about is the tax savings.

"Most likely if they come in they already know about the 3.5 percent," he said. "Once in a while they don't, and they say 'Oh my gosh, yeah!'"

The tax savings are most significant for big-ticket purchases. Karl's sells high-end appliances such as ranges, dishwashers and refrigerators. Hernandez said spring is the time many homeowners and contractors head to his store to buy appliances for post-winter home improvements.

Robert McCoy, chief administrator for Perth Amboy's UEZ, said the city receives a significant amount of out-of-town shopping traffic, including many customers who come to avoid the 8-percent sales tax in New York state.

"There's no question about it," he said. "People come to take advantage of reduced sales tax on appliances that are sold in those stores that participate."

And what's good for local businesses is good for the city, he said. Much of the money raised through the 3.5-percent sales tax is returned to the participating municipality to fund services or

public improvements in the UEZs. In Perth Amboy, that money has helped to fund street-cleaning machines that help keep the retail shopping districts clean.

In Plainfield, the UEZ funds will help fund the city's downtown streetscape project and its closed-circuit camera system, said Wayne Awald, the city's UEZ coordinator.

"I think it is essential," he said. "Along with creating additional consumer traffic through the sales tax reduction benefit, the projects that it funds to make downtown clean, safe and friendly are essential."

Participating businesses are also eligible for other savings, including tax exemptions and tax credits for hiring new employees. In addition to retail stores, the program's incentives also help attract industrial firms to the participating municipalities, officials said.

Lisa Ryan, spokeswoman for the Department of Community Affairs, said 6,500 businesses in 37 municipalities participate in the UEZ program. In Middlesex County, more than 400 businesses participate.

Participating stores are encouraged to place a decal in their front window to let shoppers know about the smaller tax rate.

"It's a great marketing tool to be able to show you have the lower sales tax rate, particularly in these economic times," said Glenn Patterson, director of planning, community and economic development in New Brunswick.

Kathy Shaw, Carteret's UEZ coordinator, said the UEZ program has helped the borough attract a new P.C. Richard & Son electronics store, which will open on Minue Street. But she said it also helps new small-business entrepreneurs.

"That just means there is more of a buffer in their pocket for a new start-up," she said.

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