

[First Reprint]

SENATE, No. 3019

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED JUNE 11, 2015

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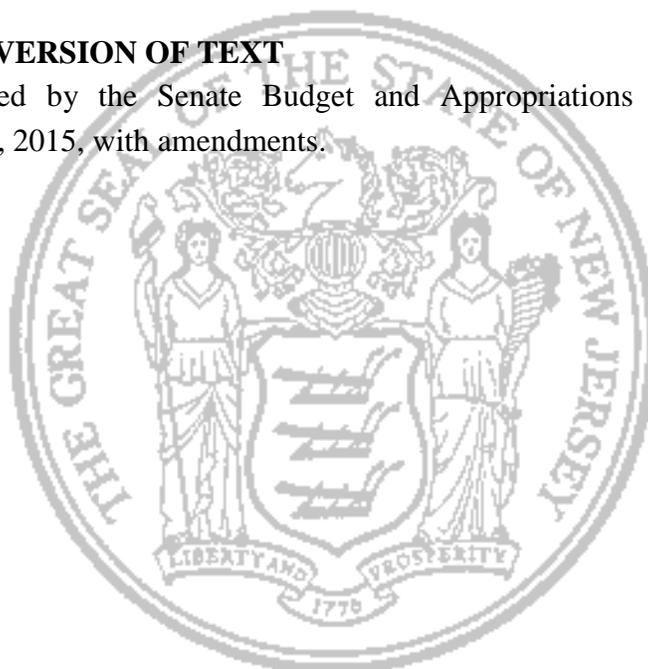
District 15 (Hunterdon and Mercer)

SYNOPSIS

Requires filing of financial agreement for long term tax exemption with county finance officer and counsel; requires quarterly payment of county share of payment in lieu of tax.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 10, 2015, with amendments.



(Sponsorship Updated As Of: 1/12/2016)

1 AN ACT concerning financial agreements under the “Long Term
2 Tax Exemption Law” and amending P.L.1991, c.431 and
3 R.S.54:4-74.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to
9 read as follows:

10 12. The rehabilitation or improvements made in the development
11 or redevelopment of a redevelopment area or area appurtenant
12 thereto or for a redevelopment relocation housing project, pursuant
13 to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from
14 taxation for a limited period as hereinafter provided. When housing
15 is to be constructed, acquired or rehabilitated by an urban renewal
16 entity, the land upon which that housing is situated shall be exempt
17 from taxation for a limited period as hereinafter provided. The
18 exemption shall be allowed when the clerk of the municipality
19 wherein the property is situated shall certify to the municipal tax
20 assessor that a financial agreement with an urban renewal entity for
21 the development or the redevelopment of the property, or the
22 provision of a redevelopment relocation housing project, or the
23 provision of a low and moderate income housing project has been
24 entered into and is in effect as required by P.L.1991, c.431
25 (C.40A:20-1 et seq.).

26 Delivery by the municipal clerk to the municipal tax assessor of
27 a certified copy of the ordinance of the governing body approving
28 the tax exemption and financial agreement with the urban renewal
29 entity shall constitute the required certification. For each
30 exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et
31 al.), upon certification as required hereunder, the tax assessor shall
32 implement the exemption and continue to enforce that exemption
33 without further certification by the clerk until the expiration of the
34 entitlement to exemption by the terms of the financial agreement or
35 until the tax assessor has been duly notified by the clerk that the
36 exemption has been terminated.

37 ¹**[**Upon the adoption of a financial agreement pursuant to
38 P.L.1991, c.431 (C.40A:20-1 et seq.), a certified copy of the
39 ordinance of the governing body approving the tax exemption and
40 the financial agreement with the urban renewal entity shall
41 forthwith be transmitted to the Director of the Division of Local
42 Government Services , the chief financial officer of the county, and
43 the county counsel within 10 calendar days of the date of its
44 adoption by the governing body. **]** Within 10 calendar days following
45 the later of the effective date of an ordinance following its final

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹**Senate SBA committee amendments adopted December 10, 2015.**

1 adoption by the governing body approving the tax exemption or the
2 execution of the financial agreement by the urban renewal entity, the
3 municipal clerk shall transmit a certified copy of the ordinance and
4 financial agreement to the chief financial officer of the county and to
5 the county counsel for informational purposes.¹

6 Whenever an exemption status changes during a tax year, the
7 procedure for the apportionment of the taxes for the year shall be
8 the same as in the case of other changes in tax exemption status
9 during the tax year. Tax exemptions granted pursuant to P.L.2003,
10 c.125 (C.40A:12A-4.1 et al.) represent long term financial
11 agreements between the municipality and the urban renewal entity
12 and as such constitute a single continuing exemption from local
13 property taxation for the duration of the financial agreement. The
14 validity of a financial agreement or any exemption granted pursuant
15 thereto may be challenged only by filing an action in lieu of
16 prerogative writ within 20 days from the publication of a notice of
17 the adoption of an ordinance by the governing body granting the
18 exemption and approving the financial agreement. Such notice
19 shall be published in a newspaper of general circulation in the
20 municipality and in a newspaper of general circulation in the county
21 if different from the municipal newspaper.

22 a. The duration of the exemption for urban renewal entities
23 shall be as follows: for all projects, a term of not more than 30 years
24 from the completion of the entire project, or unit of the project if
25 the project is undertaken in units, or not more than 35 years from
26 the execution of the financial agreement between the municipality
27 and the urban renewal entity.

28 b. During the term of any exemption, in lieu of any taxes to be
29 paid on the buildings and improvements of the project and, to the
30 extent authorized pursuant to this section, on the land, the urban
31 renewal entity shall make payment to the municipality of an annual
32 service charge, which shall remit a portion of that revenue to the
33 county as provided hereinafter. In addition, the municipality may
34 assess an administrative fee, not to exceed two percent of the annual
35 service charge, for the processing of the application. The annual
36 service charge for municipal services supplied to the project to be
37 paid by the urban renewal entity for any period of exemption, shall
38 be determined as follows:

39 (1) An annual amount equal to a percentage determined
40 pursuant to this subsection and section 11 of P.L.1991, c.431
41 (C.40A:20-11), of the annual gross revenue from each unit of the
42 project, if the project is undertaken in units, or from the total
43 project, if the project is not undertaken in units. The percentage of
44 the annual gross revenue shall not be more than 15% in the case of
45 a low and moderate income housing project, nor less than 10% in
46 the case of all other projects.

47 At the option of the municipality, or where because of the nature
48 of the development, ownership, use or occupancy of the project or

1 any unit thereof, if the project is to be undertaken in units, the total
2 annual gross rental or gross shelter rent or annual gross revenue
3 cannot be reasonably ascertained, the governing body shall provide
4 in the financial agreement that the annual service charge shall be a
5 sum equal to a percentage determined pursuant to this subsection
6 and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total
7 project cost or total project unit cost determined pursuant to
8 P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day
9 of the month following the substantial completion of the project or
10 any unit thereof, if the project is undertaken in units. The
11 percentage of the total project cost or total project unit cost shall not
12 be more than 2% in the case of a low and moderate income housing
13 project, and shall not be less than 2% in the case of all other
14 projects.

15 (2) In either case, the financial agreement shall establish a
16 schedule of annual service charges to be paid over the term of the
17 exemption period, which shall be in stages as follows:

18 (a) For the first stage of the exemption period, which shall
19 commence with the date of completion of the unit or of the project,
20 as the case may be, and continue for a time of not less than six years
21 nor more than 15 years, as specified in the financial agreement, the
22 urban renewal entity shall pay the municipality an annual service
23 charge for municipal services supplied to the project in an annual
24 amount equal to the amount determined pursuant to paragraph (1) of
25 this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11).
26 For the remainder of the period of the exemption, if any, the annual
27 service charge shall be determined as follows:

28 (b) For the second stage of the exemption period, which shall
29 not be less than one year nor more than six years, as specified in the
30 financial agreement, an amount equal to either the amount
31 determined pursuant to paragraph (1) of this subsection and section
32 11 of P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of
33 taxes otherwise due on the value of the land and improvements,
34 whichever shall be greater;

35 (c) For the third stage of the exemption period, which shall not
36 be less than one year nor more than six years, as specified in the
37 financial agreement, an amount equal to either the amount
38 determined pursuant to paragraph (1) of this subsection and section
39 11 of P.L.1991, c.431 (C.40A:20-11), or 40% of the amount of
40 taxes otherwise due on the value of the land and improvements,
41 whichever shall be greater;

42 (d) For the fourth stage of the exemption period, which shall not
43 be less than one year nor more than six years, as specified in the
44 financial agreement, an amount equal to either the amount
45 determined pursuant to paragraph (1) of this subsection and section
46 11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of
47 taxes otherwise due on the value of the land and improvements,
48 whichever shall be greater; and

1 (e) For the final stage of the exemption period, the duration of
2 which shall not be less than one year and shall be specified in the
3 financial agreement, an amount equal to either the amount
4 determined pursuant to paragraph (1) of this subsection and section
5 11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of
6 taxes otherwise due on the value of the land and improvements,
7 whichever shall be greater.

8 If the financial agreement provides for an exemption period of
9 less than 30 years from the completion of the entire project, or less
10 than 35 years from the execution of the financial agreement, the
11 financial agreement shall set forth a schedule of annual service
12 charges for the exemption period which shall be based upon the
13 minimum service charges and staged adjustments set forth in this
14 section.

15 The annual service charge shall be paid to the municipality on a
16 quarterly basis in a manner consistent with the municipality's tax
17 collection schedule.

18 Each municipality which enters into a financial agreement on or
19 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.)
20 shall remit 5 percent of the annual service charge ¹collected by the
21 municipality¹ to the county **[upon receipt of that charge]** in
22 accordance with the provisions of **[this section]** R.S.54:4-74.

23 Against the annual service charge the urban renewal entity shall
24 be entitled to credit for the amount, without interest, of the real
25 estate taxes on land paid by it in the last four preceding quarterly
26 installments.

27 Notwithstanding the provisions of this section or of the financial
28 agreement, the minimum annual service charge shall be the amount
29 of the total taxes levied against all real property in the area covered
30 by the project in the last full tax year in which the area was subject
31 to taxation, and the minimum annual service charge shall be paid in
32 each year in which the annual service charge calculated pursuant to
33 this section or the financial agreement would be less than the
34 minimum annual service charge.

35 c. All exemptions granted pursuant to the provisions of
36 P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time
37 prescribed in the financial agreement.

38 Upon the termination of the exemption granted pursuant to the
39 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all
40 affected parcels, land and all improvements made thereto shall be
41 assessed and subject to taxation as are other taxable properties in
42 the municipality. After the date of termination, all restrictions and
43 limitations upon the urban renewal entity shall terminate and be at
44 an end upon the entity's rendering its final accounting to and with
45 the municipality.

46 (cf: P.L.2015, c.95, s.29)

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48 2. R.S.54:4-74 is amended to read as follows:

1 54:4-74. For the purpose of this section:

2 "County tax due" or "tax due" means the amount so assessed less
3 the county's proportionate share of the property taxes no longer
4 owed by the municipality pursuant to the blue acres property tax
5 exemption established by subsection b. of section 1 of P.L.2013,
6 c.261 (C.54:4-3.3g) and less any applicable credit established by
7 subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g), but
8 shall include all amounts **["due and owing to"]** collected by¹ the
9 county under agreements entered into by municipalities pursuant to
10 the "Long Term Tax Exemption Law,"¹¹ P.L.1991, c.431
11 (C.40A:20-1 et seq.).

12 The governing body of each municipality shall cause to be paid
13 to the treasurer of the county, in four installments, the amount of
14 county tax due, and the other county taxes required to be assessed
15 and raised in such municipality, on the fifteenth day of the month in
16 which each installment of taxes shall become payable, except, that
17 in those years when the third installment has been determined by
18 the tax collector to be due after August 10, the installment shall be
19 due no later than five days after the twenty-fifth day from when the
20 tax bill was mailed or otherwise delivered pursuant to subsection a.
21 of R.S.54:4-64, but no later than September 15. The amount to be
22 payable as each of the first two installments shall be one-quarter of
23 the total county tax due and one-quarter of the other total county
24 taxes finally levied against the municipality for the preceding year,
25 and the amount to be payable for the third and fourth installments
26 shall be the county tax due, and for the other county taxes the full
27 tax as levied, for the current year, less the amount charged as the
28 first and second installments. The total amount thus found to be
29 payable as the last two installments shall be divided equally for and
30 as each installment. The governing body of each municipality shall
31 cause to be paid to the county treasurer on December fifteenth of
32 each year all of the taxes required to be assessed and raised by
33 taxation in such taxing district for State school and other State
34 purposes.

35 (cf: P.L.2013, c.261, s.3)

36

37 3. This act shall take effect immediately.