

**ASSEMBLY, No. 2041**

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**STATE OF NEW JERSEY**

**218th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman JAMEL C. HOLLEY**

**District 20 (Union)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**Co-Sponsored by:**

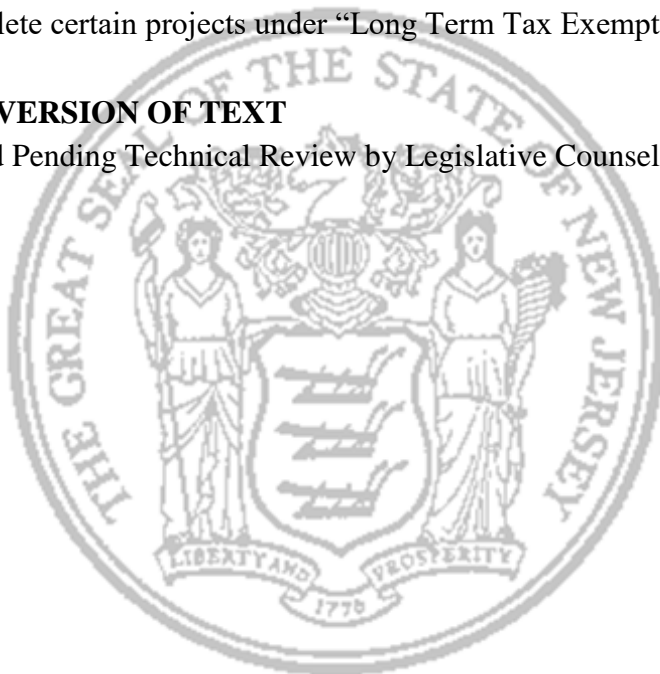
**Assemblywoman Mosquera**

**SYNOPSIS**

Establishes “Economic Redevelopment and Growth Grant Bond Financing Act,” authorizing issuance of bonds secured by pledge of Economic Redevelopment and Growth Grant proceeds, municipal liens, and special assessment; expands “Redevelopment Area Bond Financing Law;” extends time to complete certain projects under “Long Term Tax Exemption Law.”

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** concerning tax exemptions, the issuance of bonds and  
 2       imposition of certain municipal liens and special assessments,  
 3       establishing the “Economic Redevelopment and Growth Grant  
 4       Bond Financing Act,” supplementing Title 52 of the Revised  
 5       Statutes , amending and supplementing the "Redevelopment Area  
 6       Bond Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.),  
 7       and amending the "Long Term Tax Exemption Law," P.L.1991,  
 8       c.431 (C.40A:20-1 et seq.).

9  
 10       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
 11 *of New Jersey:*

12  
 13       1. (New section) Sections 1 through 11 of this act shall be  
 14       known and may be cited as the “Economic Redevelopment and  
 15       Growth Grant Bond Financing Act.”

16  
 17       2. (New section) As used in sections 1 through 11 of P.L.     ,  
 18       c. (C.    ) (pending before the Legislature as this bill):

19       “Authority” means the New Jersey Economic Development  
 20       Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
 21       seq.), the New Jersey Redevelopment Authority established  
 22       pursuant to section 4 of P.L.1996, c.62 (C.55:19-23), a county  
 23       improvement authority established pursuant to P.L.1960, c.183  
 24       (C.40:37A-44 et seq.), or other instrumentality created by law of the  
 25       State with the power to incur debt and issue bonds and other  
 26       obligations.

27       “Board” means the Local Finance Board established in the  
 28       Division of Local Government Services in the Department of  
 29       Community Affairs.

30       “Bonds” mean bonds, notes or other obligations issued by an  
 31       authority, including any State entity, or a municipality to finance or  
 32       refinance economic redevelopment and growth grant projects, and  
 33       in connection therewith, to finance or refinance any other cost or  
 34       expense of an authority, a State entity or a municipality pursuant to  
 35       sections 1 through 11 of P.L.     , c. (C.    ) (pending before the  
 36       Legislature as this bill), the “Local Redevelopment and Housing  
 37       Law,” P.L.1992, c.79 (C.40A:12A-1 et al.), or other applicable law.

38       “Developer” means any person who enters or proposes to enter  
 39       into a redevelopment incentive grant agreement pursuant to the  
 40       provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its  
 41       successors or assigns, including but not limited to a lender that  
 42       completes an economic redevelopment and growth grant project,  
 43       operates an economic redevelopment and growth grant project, or  
 44       completes and operates an economic redevelopment and growth

**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.

1 grant project. A developer also may be a municipal redeveloper as  
2 defined herein.

3 “Economic redevelopment and growth grant project” means a  
4 project for which an incentive grant has been approved pursuant to  
5 section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d or  
6 C.52:27D-489e).

7 “Incentive grant” means reimbursement of all or a portion of the  
8 project financing gap of an economic redevelopment and growth  
9 grant project through the State or a local Economic Redevelopment  
10 and Growth Grant program pursuant to section 4 or section 5 of  
11 P.L.2009, c. 90 (C.52:27D-489d or C.52:27D-489e).

12 “Incentive grant pledge” means an agreement between a  
13 developer and the issuer of bonds pursuant to which the developer  
14 pledges its incentive grant for repayment of the bonds, which  
15 pledge may be part of a bond indenture or other agreement related  
16 to the issuance of the bonds.

17 “Municipal redeveloper” means an applicant for a redevelopment  
18 incentive grant agreement, which applicant is:

19 a. a municipal government, a municipal parking authority, or a  
20 redevelopment agency acting on behalf of a municipal government  
21 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or

22 b. a developer of a mixed use parking project, provided that the  
23 parking component of the mixed use parking project is operated and  
24 maintained by a municipal parking authority for the term of any  
25 financial assistance granted pursuant to P.L.2015, c. 69.

26 “Municipality” means the municipal governing body or an entity  
27 acting on behalf of the municipality if permitted by the federal  
28 Internal Revenue Code of 1986, or, if a redevelopment agency or  
29 redevelopment entity is established in the municipality pursuant to  
30 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
31 provides, the redevelopment agency or entity so established.

32 “Redevelopment incentive grant agreement” means an agreement  
33 between:

34 a. the State and the New Jersey Economic Development  
35 Authority and a developer; or

36 b. a municipality and a developer, or a municipal ordinance  
37 authorizing a project to be undertaken by a municipal redeveloper,  
38 under which, in exchange for the proceeds of an incentive grant, the  
39 developer agrees to perform any work or undertaking necessary for  
40 an economic redevelopment and growth grant project, including the  
41 clearance, development or redevelopment, construction, or  
42 rehabilitation of any structure or improvement of commercial,  
43 industrial, residential, or public structures or improvements within a  
44 qualifying economic redevelopment and growth grant incentive area  
45 or a transit village.

46 “Special assessment” means an assessment upon the lands or  
47 improvements on such lands, or both, on the real property  
48 benefitted by improvements undertaken pursuant to sections 1

1 through 11 of P.L. , c. (C. ) (pending before the Legislature  
2 as this bill) and assessed pursuant to chapter 56 of Title 40 of the  
3 Revised Statutes, R.S.40:56-1 et seq., except as otherwise provided  
4 in subsection b. of section 3 of P.L. , c. (C ) (pending  
5 before the Legislature as this bill).

6 “State entity” means entity created by State law with the power  
7 to undertake an economic redevelopment and growth grant project  
8 directly or through a State entity developer and with the power to  
9 determine the location, type, and character of an economic  
10 redevelopment and growth grant project or part of an economic  
11 redevelopment and growth grant project on land owned or  
12 controlled by it.

13 “State entity developer” means any person, firm, or corporation  
14 that shall enter into or propose to enter into a State entity  
15 development agreement with a State entity for an economic  
16 redevelopment and growth grant project under the enabling  
17 legislation governing the actions of the State entity or for any  
18 construction or other work forming a part of an economic  
19 redevelopment and growth grant project.

20 “State entity development agreement” means an agreement  
21 between a State entity and a State entity developer for an economic  
22 redevelopment and growth grant project.

23  
24 3. (New section) a. In connection with any economic  
25 redevelopment and growth grant project, the municipality in which  
26 the project is located may issue bonds itself in the manner provided  
27 for herein or pursuant to the “Local Redevelopment and Housing  
28 Law,” P.L.1992, c.79 (C.40A:12A-1 et al.) or may apply to an  
29 authority to issue bonds, regardless of whether the economic  
30 redevelopment and growth grant project is undertaken under  
31 municipal authority pursuant to section 4 of P.L.2009,  
32 c.90 (C.52:27D-489d) or by a State entity developer pursuant to a  
33 State entity development agreement, which, in any case, may be  
34 secured by an incentive grant pledge, and may be further secured by  
35 a municipal lien, by special assessments, or both a municipal lien  
36 and special assessments, by the adoption of a resolution or  
37 ordinance, as applicable, of the governing body of the municipality,  
38 the authority, or the State entity to that effect.

39 b. In addition to, or in lieu of, an incentive grant pledge, a  
40 municipality may provide by ordinance for one or more special  
41 assessments on the economic redevelopment and growth grant  
42 project in accordance with chapter 56 of Title 40 of the Revised  
43 Statutes, R.S.40:56-1 et seq.; provided, however, the local  
44 improvements for which such special assessments may be made  
45 may include any improvement in the economic redevelopment and  
46 growth grant project whether or not listed at R.S.40:56-1 and,  
47 provided further, that the provisions of R.S.40:56-35 shall be  
48 applied so that if any installment of a special assessment shall

1 remain unpaid for 30 days after the time at which it shall become  
2 due, the municipality may provide, by ordinance, either that: (1) the  
3 whole assessment or balance due thereon shall become and be  
4 immediately due; or, (2) any subsequent installments which would  
5 not yet have become due except for the default shall be considered  
6 as not in default and that the lien for the installments not yet due  
7 shall continue; and provided, further, that the ordinance may require  
8 that the assessments be payable in quarterly, semi-annual, or yearly  
9 installments, with legal interest thereon, over a period of years up to  
10 but in no event exceeding the period of years for which the bonds  
11 were issued, or for 30 years, whichever shall be less. In levying a  
12 special assessment on the lands or improvements, or both, on which  
13 the economic redevelopment and growth grant project is located,  
14 the municipality may provide that the amount of the special  
15 assessment shall be a specific amount, not to exceed the cost of the  
16 improvements, plus any out-of-pocket costs or expenses incurred in  
17 connection with such improvements, including, but not limited to,  
18 architectural, engineering, financing, legal, and other professional  
19 fees, paid with respect to property on which the economic  
20 redevelopment and growth grant project is located. That specific  
21 amount shall, to the extent accepted by the owner of the property  
22 benefitted, be deemed the conferred benefit, in lieu of the amount  
23 being determined by the procedures otherwise applicable to  
24 determining the actual benefit conferred on the property. Special  
25 assessments levied pursuant to an ordinance adopted under this  
26 subsection shall constitute a municipal lien under R.S.40:56-33.

27 c. Upon adoption, a copy of the ordinance shall be filed for  
28 public inspection in the office of the municipal clerk, and there  
29 shall be published in a newspaper, published or circulating in the  
30 municipality, a notice stating the fact and the date of adoption and  
31 the place where the ordinance is filed and a summary of the  
32 contents of the ordinance. The notice shall state that any action or  
33 proceeding of any kind or nature in any court questioning the  
34 validity or proper authorization of the ordinance or the actions  
35 authorized to be taken as set forth in the ordinance shall be  
36 commenced within 20 days after the publication of the notice. If no  
37 action or proceeding questioning the validity of the ordinance  
38 providing for special assessments or other actions authorized by the  
39 ordinance shall be commenced or instituted within 20 days after the  
40 publication of the notice, the county and the school district and all  
41 other municipalities within the county and all residents and  
42 taxpayers and owners of property therein shall be forever barred  
43 and foreclosed from instituting or commencing any action or  
44 proceeding in any court questioning the validity or enforceability of  
45 the ordinance or the validity or enforceability of acts authorized  
46 under the ordinance, and the ordinance and acts authorized by the  
47 ordinance shall be conclusively deemed to be valid and enforceable  
48 in accordance with their terms and tenor.

1       d. The municipality may include in the terms of a bond or  
2 contract, including an incentive grant pledge, a provision that the  
3 pledge of an incentive grant or special assessments shall constitute a  
4 municipal charge for the purposes of R.S.54:4-66.

5       e. The incentive grant pledge or special assessments, or both,  
6 may be assigned directly by the municipality or the authority to the  
7 trustee for the bonds as payment or security for the bonds.  
8 Notwithstanding any law to the contrary, the assignment shall be an  
9 absolute assignment of all the municipality's right, title, and interest  
10 in the incentive grant pledge or special assessments, or both, or  
11 portion thereof, along with the rights and remedies provided to the  
12 municipality under the agreement including, but not limited to, the  
13 right of collection of payments due. Pursuant to an absolute  
14 assignment, the trustee, in lieu of the municipality, shall possess the  
15 power to conduct a sale of the land or improvements thereon, or  
16 both, or any leasehold interests in the land or improvements  
17 thereon, or both, to satisfy delinquencies in incentive grant pledges  
18 or special assessments, or both. The sale shall be held in  
19 accordance with the provisions of the "tax sale law," R.S.54:5-1 et  
20 seq.; provided, however that notwithstanding any provision of that  
21 law, the trustee shall have the power to issue a tax sale certificate  
22 making sale of any interest, including any interest less than a fee  
23 interest, that is subject to a lien established under this section. Prior  
24 to conducting a sale of the lands or improvements or issuing a tax  
25 sale certificate pursuant to the power conferred under this section,  
26 the trustee shall provide the governing body of the municipality  
27 with written notice of the proposed sale or issuance at least five  
28 working days prior to the date of the proposed sale or issuance.  
29 Any interest that is subject to a lien established under this section  
30 shall not be transferred, conveyed, assigned, disposed of, or sold,  
31 whether by tax sale or otherwise, free and clear of the  
32 redevelopment incentive grant agreement and any incentive grant  
33 pledges due thereunder while bonds are secured thereby, regardless  
34 of the consent of the parties or order of any court, whether in law or  
35 in equity, unless any such transfer or conveyance is provided for  
36 under the terms and conditions set forth in the bond resolution or  
37 bond ordinance, as applicable. Any purchaser, transferee,  
38 successor, grantee, or assignee of such interest, whether at a tax sale  
39 or otherwise, shall take title to such interest subject to the  
40 obligations imposed by the redevelopment incentive grant  
41 agreement. Incentive grant pledges and special assessments  
42 assigned as provided hereunder shall not be included in the general  
43 funds of the municipality, nor shall they be subject to any laws  
44 regarding the receipt, deposit, investment, or appropriation of  
45 public funds and shall retain such status notwithstanding  
46 enforcement of the payment or assessment by the municipality or  
47 assignee as provided herein. The municipality shall be a "person"  
48 within the meaning of that term as defined in section 3 of P.L.1974,

1 c.80 (C.34:1B-3); and the purpose described in this section shall be  
2 a “project” within the meaning of that term as defined in section 3  
3 of P.L.1974, c.80 (C.34:1B-3).

4 f. Notwithstanding the provisions of subsection g. of section  
5 37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to  
6 this section may be issued as non-recourse obligations, and unless  
7 otherwise provided for by a separate action of the municipality to  
8 guarantee such bonds or otherwise provide for a pledge of the  
9 municipality's full faith and credit shall not, except for such action,  
10 be considered to be direct and general obligations of the  
11 municipality, and, absent such action, the municipality shall not be  
12 obligated to levy and collect a tax sufficient in an amount to pay the  
13 principal and interest on the bonds when the same become due and  
14 payable. The provisions of the “Local Government Supervision Act  
15 (1947),” P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to  
16 any bonds issued or authorized pursuant to this section and those  
17 bonds shall not be considered gross debt of the municipality on any  
18 debt statement filed in accordance with the “Local Bond Law,”  
19 N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52  
20 of the Revised Statutes shall not apply to such bonds.

21 g. The proceeds from the sale of bonds and any funds provided  
22 by any department of the State, authority created by the State , or  
23 bi-state authority, for the purposes described in sections 1 through  
24 11 of P.L. , c. (C. ) (pending before the Legislature as this  
25 bill), or for the purpose of financing or refinancing an economic  
26 redevelopment and growth grant project pursuant to a State entity  
27 development agreement, shall not require compliance with public  
28 bidding laws, including the “Local Public Contracts Law,”  
29 P.L.1971, c.198 (C.40A:11-1 et seq.), or any other statute where the  
30 developer or State entity developer, as the case may be, shall  
31 undertake the economic redevelopment and growth grant project.  
32 The use of these funds shall be subject to public accountability and  
33 oversight by the issuer of those bonds, regardless of whether the  
34 municipality, agency, or authority provides the funds.

35 h. In order to provide additional security for bonds issued to  
36 finance an economic redevelopment and growth grant project, the  
37 municipality may utilize powers otherwise provided by law,  
38 including the “Local Redevelopment and Housing Law,” P.L.1992,  
39 c.79 (C.40A:12A-1 et al), to provide for any extension of the  
40 municipality's credit to any developer or State entity developer, as  
41 the case may be, or its full faith and credit which may include a full  
42 faith and credit lease as security for the bonds or any loan to a  
43 developer or State entity developer, as the case may be. To the  
44 extent that the municipality provides for a full faith and credit  
45 guarantee of any bonds, but determines not to authorize the issuance  
46 of bonds or notes to provide for the funding source thereof, or  
47 otherwise determines to enter into a full faith and credit lease, it  
48 may do so by resolution approved by a majority of the full

1 governing body. To the extent that bonds or notes are authorized as  
2 provided above, such bonds or notes shall be authorized pursuant to  
3 the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and  
4 shall be deductible from the gross debt of the municipality until  
5 such time as such bonds or notes are actually issued, and only up to  
6 the amount actually issued, to fund such guarantee.

7 i. A bond, whether issued by a municipality or an authority,  
8 which is secured in whole or in part by the full faith and credit  
9 thereof as provided herein, shall be subject to the review and  
10 approval of the Local Finance Board. That review and approval  
11 shall be made prior to approval of, in the case of a municipal  
12 governing body, an introduced ordinance or, in the case of an  
13 authority or redevelopment entity that is not a municipal governing  
14 body, a resolution. The board shall be entitled to receive from the  
15 applicant an amount sufficient to provide for all reasonable  
16 professional and other fees and expenses incurred by it for the  
17 review, analysis, and determination with respect thereto. As part of  
18 its review, the board shall specifically solicit comments from the  
19 New Jersey Economic Development Authority in addition to  
20 comments from the public. As part of the board's review and  
21 approval, it shall consider comments submitted, and whether the  
22 issuance of the bond will adversely impact the financial stability of  
23 the municipality or the service area of the authority.

24 j. A municipality that has assigned any portion of the incentive  
25 grant pledge it receives as payment or security for bonds, may, with  
26 the consent of the developer, also pledge a portion of the incentive  
27 grant pledge as payment or security for bonds in order to finance or  
28 refinance any cost or expense of the municipality, State entity or  
29 authority.

30 k. In the case of a municipality which is otherwise subject to  
31 tax or revenue sharing pursuant to law and which assigns a portion  
32 of the incentive grant pledge or special assessments to secure bonds  
33 issued by the municipality or the authority, the assigned portion of  
34 the incentive grant pledge or special assessments shall not be  
35 considered part of the tax or revenue sharing formula or calculation  
36 of municipal revenues for the purpose of determining whether that  
37 municipality is obligated to make payment to, or receive a credit  
38 from, any tax sharing or revenue sharing pool.

39 l. Notwithstanding any law to the contrary, in the event that  
40 bonds shall be issued that are secured by incentive grant pledges  
41 pursuant to a redevelopment incentive grant agreement, the  
42 redevelopment incentive grant agreement shall not be terminated for  
43 any reason during the period that the bonds are outstanding.

44  
45 4. (New section) a. If authorized by ordinance of a  
46 municipality adopted pursuant to subsection a. of section 3 of  
47 P.L. , c. (C. ) (pending before the Legislature as this bill),  
48 payments required to be made in accordance with an incentive grant



1     pledge entered into pursuant to sections 1 through 11 of P.L.     ,  
2     c.     (C.     ) (pending before the Legislature as this bill) shall be a  
3     continuous lien on the land or improvements thereon, or both, or a  
4     continuous lien on any leasehold interests in the land or  
5     improvements thereon, or both, against which the ordinance is  
6     recorded on and after the date of recordation of both the ordinance  
7     and the agreement, whether simultaneously or not, or the date of  
8     confirmation of the special assessments, whichever is earlier. All  
9     subsequent payments of the incentive grant pledge thereunder,  
10    interest, penalties, and costs of collection which thereafter fall due  
11    or accrue shall be added and relate back to and be a part of the  
12    initial lien. Upon recordation of the ordinance and agreement, the  
13    incentive grant pledge shall constitute an automatic, enforceable,  
14    and perfected statutory municipal lien for all purposes, including  
15    the federal bankruptcy code, regardless of whether or not the  
16    amount of the incentive grant pledge has been determined at the  
17    time the lien attaches to any interest in the land, leasehold estate, or  
18    improvements, as applicable. A confirmation hearing process to  
19    determine the amount due shall not affect the commencement or  
20    validity of a lien established pursuant to subsection a. of section 3  
21    of P.L.     , c.     (C.     ) (pending before the Legislature as this bill).  
22    Notwithstanding any other applicable law, for the purposes of  
23    subsection a. of section 3 of P.L.     , c.     (C.     ) (pending before  
24    the Legislature as this bill), a municipal lien on a leasehold estate  
25    shall constitute a lien against such leasehold estate only, unless the  
26    redevelopment incentive grant agreement specifically provides for a  
27    lien on the underlying fee interest in the land. In any case,  
28    enforcement of a municipal lien on a leasehold estate shall be  
29    limited to an in rem proceeding only. No municipal lien shall  
30    attach to any interest of a State entity unless such State entity shall  
31    have expressly consented to such lien in the redevelopment  
32    incentive grant agreement.

33    b. If bonds are issued, the municipality, the developer or the  
34    State entity developer, as the case may be, may record, either  
35    simultaneously or at different times, any ordinance adopted by the  
36    municipality relating to the incentive grant pledge or special  
37    assessments and, either simultaneously with the ordinance or at  
38    different times, a copy of the agreement or agreements. The  
39    ordinance, when recorded, shall contain a legend at the top of the  
40    front page substantially as follows:

41  
42    THIS    ORDINANCE    SECURES    BONDS    OR    OTHER  
43    OBLIGATIONS    ISSUED    IN    ACCORDANCE    WITH    THE  
44    PROVISIONS OF THE “ECONOMIC REDEVELOPMENT AND  
45    GROWTH GRANT BOND FINANCING ACT” AND THE LIEN  
46    HEREOF IN FAVOR OF THE OWNERS OF SUCH BONDS OR  
47    OTHER OBLIGATIONS IS A MUNICIPAL LIEN SUPERIOR TO

1 ALL OTHER NON-MUNICIPAL LIENS HEREAFTER  
2 RECORDED.

3 c. Notwithstanding any law to the contrary, upon recordation  
4 of both the ordinance and any accompanying agreement, the lien  
5 thereof shall be perfected for all purposes in accordance with law  
6 and the lien shall thereafter be superior to (1) all municipal and  
7 non-municipal liens thereafter recorded or otherwise arising, and,  
8 (2) each prior lien where the lienholder consents, without any  
9 additional notice, recording, filing, continuation filing, or action,  
10 until the payment in full of the bonds. The lien thereby established  
11 shall apply not only to the bonds initially issued, but also to any  
12 refinancing or refunding thereof, as well as to any additional bonds  
13 thereafter issued on a parity therewith in accordance with the  
14 provisions of the original documents securing the initial bonds;  
15 provided, however, that in the event any ordinance or agreement is  
16 amended or supplemented in a way which increases the amount of  
17 an incentive grant pledge or special assessments, the lien as to that  
18 increase shall be perfected and apply upon the recordation of the  
19 amended or supplemented ordinance and agreement (including the  
20 above-recited legend). Except as set forth in this section, no  
21 amendment or supplement to the ordinance or agreement thereafter  
22 recorded shall affect the perfection or priority of the lien established  
23 upon original recordation thereof.

24 d. Upon the final payment in full of any bonds secured as  
25 provided in sections 1 through 11 of P.L. , c. (C. ) (pending  
26 before the Legislature as this bill), the lien established hereby shall  
27 terminate, and the municipality shall record a notice to that effect.  
28

29 5. (New section) a. In lieu of, or in addition to, the provisions  
30 of section 4 of P.L. , c. (C. ) (pending before the Legislature  
31 as this bill), the municipality may provide in the agreement that the  
32 incentive grant pledge, if any, is to be secured by a mortgage. In  
33 that event the mortgage may also be assigned and pledged to the  
34 repayment of the bonds authorized herein.

35 b. The assignment of any mortgage that secures an incentive  
36 grant pledge, if any, may also be an absolute assignment of all or  
37 part of the municipality's right, title, and interest in the mortgage  
38 and, to the extent assigned, any moneys realized from the  
39 foreclosure of the mortgaged property shall not be included in the  
40 general funds of the municipality.

41 c. After the bonds are paid and no longer deemed to be  
42 outstanding, the assignment of the mortgage shall terminate.  
43

44 6. (New section) All bonds issued pursuant to sections 1  
45 through 11 of P.L. , c. (C. ) (pending before the Legislature  
46 as this bill), are hereby declared to be issued by a political  
47 subdivision of this State and for an essential public and  
48 governmental purpose and the bonds, and the interest thereon and

1 the income therefrom, and all facility charges, funds, revenues, and  
2 other moneys pledged or available to pay or secure the payment of  
3 the bonds, or interest thereon, shall at all times be exempt from  
4 taxation except for transfer inheritance and estate taxes.

5  
6 7. (New section) The State of New Jersey does hereby pledge to  
7 and covenant and agree with the holders of any bonds issued  
8 pursuant to sections 1 through 11 of P.L. , c. (C. ) (pending  
9 before the Legislature as this bill) that the State will not limit or  
10 alter the terms of any agreement, ordinance, or resolution made in  
11 connection with the security for and the issuance and sale of any  
12 bonds, so as to in any way impair the rights or remedies of such  
13 holders, and will not modify in any way the exemption from  
14 taxation provided for in sections 1 through 11 of P.L. , c. (C. )  
15 (pending before the Legislature as this bill) until the bonds, together  
16 with interest thereon, with interest on any unpaid installments of  
17 interest, and all costs and expenses in connection with any action or  
18 proceeding by or on behalf of such holders, are fully met and  
19 discharged or provided for.

20  
21 8. (New section) If any section, subsection, clause or provision  
22 of the “Economic Redevelopment and Growth Grant Bond  
23 Financing Act,” sections 1 through 11 of P.L. , c. (C. )  
24 (pending before the Legislature as this bill), shall be adjudged to be  
25 unconstitutional or ineffective in whole or in part, to the extent that  
26 it is not adjudged unconstitutional or is not ineffective, it shall be  
27 valid and effective and no other section, subsection, clause or  
28 provision of the “Economic Redevelopment and Growth Grant  
29 Bond Financing Act,” sections 1 through 11 of P.L. , c. (C. )  
30 (pending before the Legislature as this bill), shall on account  
31 thereof be deemed invalid or ineffective, and the inapplicability or  
32 invalidity of any section, subsection, clause or provision of the  
33 “Economic Redevelopment and Growth Grant Bond Financing  
34 Act,” sections 1 through 11 of P.L. , c. (C. ) (pending before  
35 the Legislature as this bill), in any one or more instances or under  
36 any one or more circumstances shall not be taken to affect or  
37 prejudice in any way its applicability or validity in any other  
38 instance or under any other circumstance.

39  
40 9. (New section) An authority or municipality, as applicable,  
41 shall cause a copy of any bond resolution or bond ordinance, as  
42 applicable, adopted by it to be filed for public inspection in the  
43 office of the municipal clerk of the municipality wherein the project  
44 financed by the bonds is located. In the case of an authority, the  
45 resolution also shall be filed for public inspection in its office. The  
46 authority or municipality may cause to be published, at least once in  
47 a newspaper published or circulating in the municipality, if there be  
48 one, and if not, in a newspaper published and circulating in the

1 county, a notice stating the fact and date of the adoption and the  
2 places where the bond resolution or bond ordinance, as applicable,  
3 has been so filed for public inspection along with the date of the  
4 first publication of the notice and also stating that any action or  
5 proceeding of any kind or nature in any court questioning the  
6 validity or proper authorization of bonds provided for by the bond  
7 resolution or bond ordinance, as applicable, or the validity of any  
8 covenants, agreements or contracts provided for by the bond  
9 resolution or bond ordinance, as applicable, shall be commenced  
10 within 20 days after the first publication of that notice. If any such  
11 notice shall at any time be published and if no action or proceeding  
12 questioning the validity or proper authorization of bonds provided  
13 for by the bond resolution or bond ordinance, as applicable, referred  
14 to in said notice, or the validity of any covenants, agreements, or  
15 contracts provided for by said bond resolution or bond ordinance, as  
16 applicable, shall be commenced or instituted within 20 days after  
17 the first publication of the notice, then all persons shall be forever  
18 barred and foreclosed from instituting or commencing any action or  
19 proceeding in any court, or from pleading any defense to any action  
20 or proceeding, questioning the validity or proper authorization of  
21 such bonds, or the validity of such covenants, agreements, or  
22 contracts, and said bonds, covenants, agreements, and contracts  
23 shall be conclusively deemed to be valid and binding obligations in  
24 accordance with their terms and tenor.

25  
26 10. (New section) Any municipality may undertake, as a local  
27 improvement; the investigation, analysis, planning, monitoring,  
28 acquisition, removal, containment, remediation, construction, or  
29 improvement of any real property or facility necessary or desirable  
30 for the cleanup of actual, potential, or perceived environmental  
31 contamination or pollution, including without limitation, water  
32 pollution, air pollution, pollution caused by solid waste disposal,  
33 thermal pollution, radiation contamination, or other general  
34 environmental contamination or pollution which is or may become  
35 injurious to the environment or to the public health, safety, or  
36 welfare.

37 The governing body of a municipality undertaking a local  
38 improvement under this section may make, amend, repeal, and  
39 enforce ordinances for carrying into effect the powers granted in  
40 this section. Whenever convenient, one or more of the works  
41 provided for in R.S.40:56-1 may be undertaken together with the  
42 local improvement authorized under this section as one  
43 improvement.

44  
45 11. (New section) Whenever a municipality issues bonds in  
46 accordance with sections 1 through 11 of P.L. , c. (C. )  
47 (pending before the Legislature as this bill), or a municipality  
48 applies to an authority to issue bonds pursuant to sections 1 through

1 11 of P.L. , c. (C. ) (pending before the Legislature as this  
2 bill), the municipality by ordinance may cause local improvements  
3 to be undertaken, or otherwise agree to acknowledge the  
4 undertaking of local improvements, by or on behalf of a  
5 redeveloper, for the powers granted under R.S.40:56-1 et seq.,  
6 including section 10 of P.L. , c. (C. ) (pending before the  
7 Legislature as this bill).

8  
9 12. Section 2 of P.L.2001, c.310 (C.40A:12A-65) is amended to  
10 read as follows:

11 2. As used in sections 1 through 10 of P.L.2001, c.310  
12 (C.40A:12A-64 et seq.):

13 "Authority" means the New Jersey Economic Development  
14 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
15 seq.), the New Jersey Redevelopment Authority established  
16 pursuant to section 4 of P.L.1996, c.62 (C.55:19-23), a county  
17 improvement authority established pursuant to P.L.1960, c.183  
18 (C.40:37A-44 et seq.), or other instrumentality created by law **[by]**  
19 of the State with the power to incur debt and issue bonds and other  
20 obligations.

21 "Board" means the Local Finance Board established in the  
22 Division of Local Government Services in the Department of  
23 Community Affairs.

24 "Bonds" mean bonds, notes or other obligations issued by the  
25 authority, including any State entity, or a municipality to finance or  
26 refinance redevelopment projects, and in connection therewith, to  
27 finance or refinance any other cost or expense of an authority, a  
28 State entity or a municipality pursuant to the "Redevelopment Area  
29 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
30 (C.40A:12A-64 et seq.), the "Local Redevelopment and Housing  
31 Law", P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable  
32 law.

33 "Environmental remediation" means the investigation, analysis,  
34 planning, monitoring, acquisition, removal, containment,  
35 remediation, construction, or improvement of any real property or  
36 facility necessary or desirable for the cleanup of actual, potential, or  
37 perceived environmental contamination or pollution, including  
38 without limitation, water pollution, air pollution, pollution caused  
39 by solid waste disposal, thermal pollution, radiation contamination,  
40 or other general environmental contamination or pollution which is  
41 or may become injurious to the environment or to the public health,  
42 safety, or welfare.

43 "Financial agreement" means an agreement that meets the  
44 requirements of a financial agreement under P.L.1991, c.431  
45 (C.40A:20-1 et seq.) or, in the event that real property within a  
46 redevelopment area is exempt from taxation or has been or will be  
47 abated pursuant to applicable law, an agreement among , as  
48 applicable, a State entity **[.]** or a municipality or both, and a State

1 entity redeveloper providing for payment of payments in lieu of  
2 taxes or special assessments by the State entity redeveloper with  
3 respect to a redevelopment project, or part thereof, to be carried out  
4 pursuant to a State entity redevelopment agreement.

5 "Municipality" means the municipal governing body or an entity  
6 acting on behalf of the municipality if permitted by the federal  
7 Internal Revenue Code of 1986, or, if a redevelopment agency or  
8 redevelopment entity is established in the municipality pursuant to  
9 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
10 provides, the redevelopment agency or entity so established.

11 "Redeveloper" means any person, firm, corporation or public  
12 body, including the New Jersey Economic Development Authority  
13 or the New Jersey Redevelopment Authority to the extent permitted  
14 by law, that shall enter into or propose to enter into a contract with  
15 a municipality or other redevelopment entity for the redevelopment  
16 or rehabilitation of an area in need of redevelopment, or an area in  
17 need of rehabilitation, or any part thereof, under the provisions of  
18 the "Redevelopment Area Bond Financing Law," sections 1 through  
19 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or for any  
20 construction or other work forming part of a redevelopment or  
21 rehabilitation project.

22 "Redevelopment" means clearance, replanning, development and  
23 redevelopment; the conservation and rehabilitation of any structure  
24 or improvement, the construction and provision for construction of  
25 residential, commercial, industrial, public or other structures [and]  
26 the grant or dedication of spaces as may be appropriate or  
27 necessary in the interest of the general welfare for streets, parks,  
28 playgrounds, or other public purposes, including recreational and  
29 other facilities incidental or appurtenant thereto, environmental  
30 remediation, the construction, enhancement or mitigation of  
31 wetlands impacted by a redevelopment project, and any other  
32 related costs and expenses including preliminary planning and  
33 development costs and any financing costs and expenses in  
34 accordance with a redevelopment plan.

35 "Redevelopment bond financing agreement" means a contract  
36 between a municipality and a redeveloper for any work or  
37 undertaking for the redevelopment of a redevelopment area, or part  
38 thereof, under the provisions of the "Redevelopment Area Bond  
39 Financing Law," sections 1 through 10 of P.L.2001, c.310  
40 (C.40A:12A-64 et seq.) or the "Local Redevelopment and Housing  
41 Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

42 "Redevelopment area" means an area which has been delineated  
43 a "redemption area" or "area in need of redemption" pursuant  
44 to the "Local Redevelopment and Housing Law," P.L.1992, c.79  
45 (C.40A:12A-1 et seq.) or with respect to a State entity, an area in  
46 need of, or suitable for, redevelopment delineated by a resolution of  
47 a State entity or a State entity redevelopment agreement, in either

1 case, in accordance with the provisions of the enabling statute  
2 governing that State entity.

3 "Redevelopment plan" means a plan for the redevelopment or  
4 rehabilitation of all or any part of a redevelopment area as described  
5 in the redevelopment plan adopted pursuant to section 7 of  
6 P.L.1992, c.79 (C.40A:12A-7) or as described in the resolution  
7 adopted by a State entity determining the location, type and  
8 character of a redevelopment project.

9 "Redevelopment project" means any work or undertaking  
10 pursuant to a redevelopment plan; such undertaking may include  
11 any buildings, land, including demolition, clearance or removal of  
12 buildings from land, equipment, facilities, or other real or personal  
13 properties which are necessary, convenient, or desirable  
14 appurtenances, such as but not limited to streets, sewers, utilities,  
15 parks, site preparation, landscaping, and administrative, community,  
16 health, recreational, educational, and welfare facilities and any  
17 other related costs and expenses including preliminary planning and  
18 development costs and any financing costs and expenses.

19 "Special assessment" means an assessment upon the lands or  
20 improvements on such lands, or both, in the redevelopment area  
21 benefitted by improvements undertaken pursuant to the  
22 "Redevelopment Area Bond Financing Law," sections 1 through 10  
23 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or the "Local  
24 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et  
25 seq.), and assessed pursuant to chapter 56 of Title 40 of the Revised  
26 Statutes, R.S. 40:56-1 et seq., except as otherwise provided in  
27 subsection c. of section 3 of P.L.2001, c.310 (C.40A:12A-66).

28 "State entity" means **the New Jersey Meadowlands Commission**  
29 **established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.) or** any  
30 **other** entity created by State law with the power to undertake a  
31 redevelopment project directly or through a State entity redeveloper  
32 and with the power to determine the location, type and character of  
33 a redevelopment project or part of a redevelopment project on land  
34 owned or controlled by it.

35 "State entity redeveloper" means any person, firm or corporation  
36 that shall enter into or propose to enter into a State entity  
37 redevelopment agreement with a State entity for the redevelopment  
38 or rehabilitation of a redevelopment area under the enabling  
39 legislation governing the actions of the State entity or for any  
40 construction or other work forming a part of a redevelopment  
41 project.

42 "State entity redevelopment agreement" means an agreement  
43 between a State entity and a State entity redeveloper for any work  
44 or undertaking in a redevelopment area.

45 (cf: P.L.2004, c.112, s.1)

46

47 13. Section 3 of P.L.2001, c.310 (C.40A:12A-66) is amended to  
48 read as follows:

1       3. a. A municipality that has designated a redevelopment area  
2 or a municipality in which a redevelopment project is undertaken by  
3 a State entity redeveloper pursuant to a State entity redevelopment  
4 agreement may provide for tax abatement within that  
5 redevelopment area and for payments in lieu of taxes in accordance  
6 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and  
7 P.L.1991, c.441 (C.40A:21-1 et seq.) ; provided, however, that the  
8 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)  
9 establishing a minimum or maximum annual service charge and  
10 requiring staged increases in annual service charges over the term  
11 of the exemption period, and of section 13 of P.L.1991, c.431  
12 (C.40A:20-13) permitting the relinquishment of status under that  
13 act, shall not apply to redevelopment projects financed with bonds.

14       b. A municipality in which a redevelopment project is  
15 undertaken by a State entity redeveloper pursuant to a State entity  
16 redevelopment agreement regarding real property that is **【or may be**  
17 **abated by applicable law】** not otherwise subject to real property tax  
18 may provide for **【a tax abatement within the redevelopment area**  
19 **and for】** payments in lieu of taxes pursuant to a financial agreement  
20 **【between】** among, as applicable, the State entity or the municipality  
21 or both, and the State entity redeveloper receiving the benefits of  
22 **【P.L.2004, c.112】** sections 1 through 10 of P.L.2001, c.310  
23 (C.40A:12A-64 et seq.) without regard to the **【limitations and**  
24 **other】** provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

25       c. In addition to, or in lieu of, the **【tax abatement】** payments in  
26 lieu of taxes provided for in subsection a. or b. of this section, the  
27 municipality may provide by ordinance for one or more special  
28 assessments within the redevelopment area in accordance with  
29 chapter 56 of Title 40 of the Revised Statutes, R.S.40:56-1 et seq.,  
30 provided, however, the local improvements for which special  
31 assessments may be made may include any improvement in the  
32 redevelopment area whether or not listed at R.S.40:56-1 and  
33 environmental remediation and, provided further, that the  
34 provisions of R.S.40:56-35 shall be applied so that if any  
35 installment of a special assessment shall remain unpaid for 30 days  
36 after the time at which it shall become due, the municipality may  
37 provide, by ordinance, either that: (1) the whole assessment or  
38 balance due thereon shall become and be immediately due; or, (2)  
39 any subsequent installments which would not yet have become due  
40 except for the default shall be considered as not in default and that  
41 the lien for the installments not yet due shall continue; and  
42 provided, further, that the ordinance may require that the  
43 assessments be payable in quarterly, semi-annual or yearly  
44 installments, with legal interest thereon, over a period of years up to  
45 but in no event exceeding the period of years for which the bonds  
46 were issued, or for 30 years, whichever shall be less. In levying a  
47 special assessment on the lands or improvements, or both, located



1 in the redevelopment area, the municipality may provide that the  
2 amount of the special assessment shall be a specific amount, not to  
3 exceed the cost of the improvements, plus any out-of-pocket costs  
4 or expenses incurred in connection with such improvements,  
5 including, but not limited to, architectural, engineering, financing,  
6 legal, and other professional fees, paid with respect to property  
7 located in the redevelopment area. That specific amount shall, to  
8 the extent accepted by the owner of the property benefitted, be  
9 deemed the conferred benefit, in lieu of the amount being  
10 determined by the procedures otherwise applicable to determining  
11 the actual benefit conferred on the property. Special assessments  
12 levied pursuant to an ordinance adopted under this subsection shall  
13 constitute a municipal lien under R.S.40:56-33.

14 d. Upon adoption, a copy of the ordinance shall be filed for  
15 public inspection in the office of the municipal clerk, and there  
16 shall be published in a newspaper, published or circulating in the  
17 municipality, a notice stating the fact and the date of adoption and  
18 the place where the ordinance is filed and a summary of the  
19 contents of the ordinance. The notice shall state that any action or  
20 proceeding of any kind or nature in any court questioning the  
21 validity or proper authorization of the ordinance or the actions  
22 authorized to be taken as set forth in the ordinance shall be  
23 commenced within 20 days after the publication of the notice. If no  
24 action or proceeding questioning the validity of the ordinance  
25 providing for tax abatement, special assessments, payments in lieu  
26 of taxes or other actions authorized by the ordinance shall be  
27 commenced or instituted within 20 days after the publication of the  
28 notice, the county and the school district and all other  
29 municipalities within the county and all residents and taxpayers and  
30 owners of property therein shall be forever barred and foreclosed  
31 from instituting or commencing any action or proceeding in any  
32 court questioning the validity or enforceability of the ordinance or  
33 the validity or enforceability of acts authorized under the ordinance,  
34 and the ordinance and acts authorized by the ordinance shall be  
35 conclusively deemed to be valid and enforceable in accordance with  
36 their terms and tenor.

37 e. Notwithstanding any provision of the "Redevelopment Area  
38 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
39 (C.40A:12A-64 et seq.), or the "Long Term Tax Exemption Law,"  
40 P.L.1991, c.431 (C.40A:20-1 et seq.), to the contrary, whenever  
41 proceeds of a bond are used to conduct environmental remediation,  
42 the term of any agreement securing that bond, whether a financial  
43 agreement providing a payment in lieu of taxes or a special  
44 assessment agreement providing for the payment of a special  
45 assessment, or both, may, subject to the board's review and  
46 approval pursuant to subsection g. of section 4 of P.L.2001, c.310  
47 (C.40A:12A-67), be 35 years plus the anticipated duration of  
48 conducting environmental remediation; provided, however, that the

1 term of any such agreement securing the bonds shall not exceed 30  
2 years from substantial completion of the redevelopment project  
3 associated with the environmental remediation.

4 (cf: P.L.2004, c.112. s.2)

5  
6 14. Section 4 of P.L.2001, c.310 (C.40A:12A-67) is amended to  
7 read as follows:

8 4. a. The municipality may issue bonds itself in the manner  
9 provided for herein or pursuant to the "Local Redevelopment and  
10 Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may apply  
11 to **the** an authority to issue bonds, regardless of whether the  
12 redevelopment project is undertaken under municipal authority  
13 pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a State  
14 entity redeveloper pursuant to a State entity redevelopment  
15 agreement, which in any case may be secured by payments in lieu  
16 of taxes or special assessments or both or a portion thereof, by the  
17 adoption of a resolution or ordinance, as applicable, of the  
18 governing body of the municipality, authority, or State entity to that  
19 effect.

20 b. A municipality that has designated a redevelopment area or  
21 in which a redevelopment project is undertaken by a State entity  
22 redeveloper pursuant to a State entity redevelopment agreement  
23 may, by resolution of its governing body, if it determines to issue  
24 bonds through **the** an authority, enter into contracts with the  
25 authority relating to that redevelopment project, or to act as a  
26 redeveloper or to finance or refinance a redevelopment project  
27 undertaken by a State entity redeveloper pursuant to a State entity  
28 redevelopment agreement within a redevelopment area. A  
29 resolution so adopted shall contain findings and determinations of  
30 the governing body: (1) that all or a portion of the redevelopment  
31 project undertaken within the municipality will result in the  
32 redevelopment of the municipality; and, (2) that the contract with  
33 the authority or, to the extent applicable, the financial agreement  
34 with the State entity redeveloper, is a necessary or important  
35 inducement to the undertaking of the project or the redevelopment  
36 project undertaken by the State entity redeveloper in that it makes  
37 the financing thereof feasible. The contract or contracts, or the  
38 terms of any bonds issued directly by a municipality may provide  
39 for the assignment, for the benefit of bondholders, of all or any  
40 portion of payments in lieu of taxes, or special assessments, or  
41 both **the** A contract , and may further provide that the State entity  
42 redeveloper may use, access, or draw upon bond proceeds to pay  
43 costs of the redevelopment project. These contracts may be made  
44 and entered into for a term beginning currently or at some future or  
45 contingent date, and with or without consideration, and for a  
46 specified or unlimited time, and on any terms and conditions which  
47 may be requested by the municipality and, to the extent applicable,  
48 the State entity redeveloper, and, if applicable, as may be agreed to

1 by the authority and, to the extent applicable, the State entity  
2 redeveloper, in conformity with its contracts with the holders of  
3 bonds, and shall be valid and binding on the municipality. The  
4 municipality is hereby authorized and directed to do and perform  
5 any contract so entered into by it and to provide for the discharge of  
6 any obligation thereunder in the same manner as other obligations  
7 of the municipality.

8 Any contract, and any instrument making or evidencing the  
9 same, may be pledged or assigned by the authority, with the consent  
10 of the municipality executing the contract, and, to the extent  
11 applicable, the consent of the State entity redeveloper, to secure its  
12 bonds and thereafter may not be modified except as provided by the  
13 terms of the instrument or by the terms of the pledge or assignment.

14 The municipality may include in the terms of a bond or contract,  
15 including a financial agreement, a provision that the payments in  
16 lieu of taxes or special assessments shall constitute a municipal  
17 charge for the purposes of R.S.54:4-66.

18 c. The payments in lieu of taxes or special assessments, or  
19 both, may be assigned directly by the municipality or the authority  
20 **[or]** to the trustee for the bonds as payment or security for the  
21 bonds. Notwithstanding any law to the contrary, the assignment  
22 shall be an absolute assignment of all the municipality's right, title,  
23 and interest in the payment in lieu of taxes or special assessments,  
24 or both, or portion thereof, along with the rights and remedies  
25 provided to the municipality under the agreement including, but not  
26 limited to, the right of collection of payments due. Pursuant to an  
27 absolute assignment, the trustee, in lieu of the municipality, shall  
28 possess the power to conduct a sale of the land or improvements  
29 thereon, or both, or any leasehold interests in the land or  
30 improvements thereon, or both, to satisfy delinquencies in payments  
31 in lieu of taxes or special assessments, or both. The sale shall be  
32 held in accordance with the provisions of the "tax sale law,"  
33 R.S.54:5-1 et seq.; provided, however that notwithstanding any  
34 provision of that law, the trustee shall have the power to issue a tax  
35 sale certificate making sale of any interest, including any interest  
36 less than a fee interest, that is subject to the lien established under  
37 the "Redevelopment Area Bond Financing Law," sections 1 through  
38 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.). Prior to conducting  
39 a sale of the lands or improvements or issuing a tax sale certificate  
40 pursuant to the power conferred under this section, the trustee shall  
41 provide the governing body of the municipality with written notice  
42 of the proposed sale or issuance at least five working days prior to  
43 the date of the proposed sale or issuance. Any interest that is  
44 subject to the lien established under the "Redevelopment Area Bond  
45 Financing Law" shall not be transferred, conveyed, assigned,  
46 disposed of, or sold, whether by tax sale or otherwise, free and clear  
47 of the financial agreement and any payments in lieu of taxes due  
48 thereunder while bonds are secured thereby, regardless of the

1 consent of the parties or order of any court, whether in law or in  
2 equity, unless any such transfer or conveyance is provided for under  
3 the terms and conditions set forth in the bond resolution or bond  
4 ordinance, as applicable. Any purchaser, transferee, successor,  
5 grantee, or assignee of such interest, whether at tax sale or  
6 otherwise, shall take title to such interest subject to the obligations  
7 imposed by the financial agreement. Payments in lieu of taxes and  
8 special assessments assigned as provided hereunder shall not be  
9 included in the general funds of the municipality, nor shall they be  
10 subject to any laws regarding the receipt, deposit, investment or  
11 appropriation of public funds and shall retain such status  
12 notwithstanding enforcement of the payment or assessment by the  
13 municipality or assignee as provided herein. The municipality shall  
14 be a "person" within the meaning of that term as defined in section  
15 3 of P.L.1974, c.80 (C.34:1B-3); and the purpose described in this  
16 section shall be a "project" within the meaning of that term as  
17 defined in section 3 of P.L.1974, c.80 (C.34:1B-3).

18 d. Notwithstanding the provisions of subsection g. of section  
19 37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to  
20 this section may be issued as non-recourse obligations, and unless  
21 otherwise provided for by a separate action of the municipality to  
22 guarantee such bonds or otherwise provide for a pledge of the  
23 municipality's full faith and credit shall not, except for such action,  
24 be considered to be direct and general obligations of the  
25 municipality, and, absent such action, the municipality shall not be  
26 obligated to levy and collect a tax sufficient in an amount to pay the  
27 principal and interest on the bonds when the same become due and  
28 payable. The provisions of the "Local Government Supervision Act  
29 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to  
30 any bonds issued or authorized pursuant to this section and those  
31 bonds shall not be considered gross debt of the municipality on any  
32 debt statement filed in accordance with the "Local Bond Law,"  
33 N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52  
34 of the Revised Statutes shall not apply to such bonds.

35 e. The proceeds from the sale of bonds and any funds provided  
36 by any department of the State, authority created by the State, or bi-  
37 state authority, for the purposes described in the "Redevelopment  
38 Area Bond Financing Law," sections 1 through 10 of P.L.2001,  
39 c.310 (C.40A:12A-64 et seq.) or for the purpose of financing or  
40 refinancing a redevelopment project pursuant to a State entity  
41 redevelopment agreement, shall not require compliance with public  
42 bidding laws, including the "Local Public Contracts Law,"  
43 P.L.1971, c.198 (C.40A:11-1 et seq.), or any other statute where the  
44 redeveloper or State entity redeveloper, as the case may be, shall  
45 undertake the redevelopment project. The use of these funds shall  
46 be subject to public accountability and oversight by the issuer of  
47 those bonds, regardless of whether the municipality, agency or  
48 authority provides the funds.

1 f. In order to provide additional security for any loan to a  
2 redeveloper or a State entity redeveloper, as the case may be, or to  
3 bonds issued to finance a redevelopment project, regardless of  
4 whether that redevelopment project is undertaken under municipal  
5 authority pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a  
6 State entity redeveloper pursuant to a State entity redevelopment  
7 agreement, the municipality may utilize powers otherwise provided  
8 by law, including the "Local Redevelopment and Housing Law,"  
9 P.L.1992, c.79 (C.40A:12A-1 et seq.), to provide for any extension  
10 of the municipality's credit to any redeveloper or State entity  
11 redeveloper, as the case may be, or its full faith and credit which  
12 may include a full faith and credit lease as security for the bonds or  
13 any loan to a redeveloper or State entity redeveloper, as the case  
14 may be. To the extent that the municipality provides for a full faith  
15 and credit guarantee of any loan to a redeveloper or State entity  
16 redeveloper, as the case may be, or any bonds, but determines not to  
17 authorize the issuance of bonds or notes to provide for the funding  
18 source thereof, or otherwise determines to enter into a full faith and  
19 credit lease, it may do so by an ordinance introduced, adopted, and  
20 published in accordance with the provisions of N.J.S.40A:2-17 and  
21 N.J.S.40A:2-19. Such ordinance shall take effect 20 days after the  
22 first publication of the ordinance or of a summary thereof after final  
23 adoption. To the extent that bonds or notes are authorized as  
24 provided above, such bonds or notes shall be authorized pursuant to  
25 the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and  
26 shall be deductible from the gross debt of the municipality until  
27 such time as such bonds or notes are actually issued, and only up to  
28 the amount actually issued, to fund such guarantee.

29 g. **【A financial instrument】** A bond, issued in accordance with  
30 the "Redevelopment Area Bond Financing Law," sections 1 through  
31 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), whether issued by a  
32 municipality or an authority, that is secured in whole or in part by  
33 payments in lieu of taxes or by special assessments, or both, as  
34 provided herein shall be subject to the review and approval of the  
35 board. That review and approval shall be made prior to approval of,  
36 in the case of a 【municipality】 municipal governing body, an  
37 introduced ordinance or, in the case of an authority or  
38 redevelopment entity that is not a municipal governing body, a  
39 resolution. The board shall be entitled to receive from the applicant  
40 an amount sufficient to provide for all reasonable professional and  
41 other fees and expenses incurred by it for the review, analysis and  
42 determination with respect thereto. As part of its review, the board  
43 shall specifically solicit comments from the Office of State  
44 Planning and the New Jersey Economic Development Authority in  
45 addition to comments from the public. The Office of State Planning  
46 shall provide comments on whether the redevelopment project or  
47 plan promotes congestion reduction, enhanced mobility, further  
48 redevelopment, and otherwise improves the quality of life of

1 residents. As part of the board's review and approval, it shall  
2 consider the comments submitted and whether the issuance of the  
3 redevelopment area bond will adversely impact the financial  
4 stability of the municipality or service area of the authority.

5 h. A municipality that has assigned any portion of the  
6 payments in lieu of taxes it receives pursuant to a financial  
7 agreement, as payment or security for bonds, may also pledge a  
8 portion of those payments in lieu of taxes as payment or security for  
9 bonds in order to finance or refinance any cost or expense of the  
10 municipality, State entity or authority.

11 i. In the case of a municipality which is otherwise subject to  
12 tax or revenue sharing pursuant to law and which assigns a portion  
13 of the payments in lieu of taxes or special assessments pursuant to a  
14 financial agreement to secure bonds issued by the municipality or  
15 the authority, the assigned portion of those payments in lieu of taxes  
16 or special assessments shall not be considered part of the tax or  
17 revenue sharing formula or calculation of municipal revenues for  
18 the purpose of determining whether that municipality is obligated to  
19 make payment to, or receive a credit from, any tax sharing or  
20 revenue sharing pool.

21 j. Notwithstanding any law to the contrary, including subsection  
22 a. of section 3 of P.L.2001, c.310 (C.40A:12A-66), payments in lieu  
23 of taxes pursuant to a financial agreement to secure bonds may be  
24 established in such amounts as shall be sufficient to pay the  
25 principal of, redemption premium, if any, and interest on the bonds.

26 k. Notwithstanding any law to the contrary, in the event that  
27 bonds shall be issued that are secured by payments in lieu of taxes  
28 pursuant to a financial agreement, the financial agreement shall not  
29 be terminated for any reason during the period that the bonds are  
30 outstanding.

31 (cf: P.L.2015, c.95, s.26)

32

33 15. Section 5 of P.L.2001, c.310 (C.40A:12A-68) is amended to  
34 read as follows:

35 5. a. Payments required to be made in accordance with an  
36 agreement for payments in lieu of taxes entered into under section 3  
37 of P.L.2001, c.310 (C.40A:12A-66) shall be a continuous lien on  
38 the land or improvements thereon, or both, or a continuous lien on  
39 any leasehold interests in the land or improvements thereon, or  
40 both, against which the ordinance is recorded on and after the date  
41 of recordation of both the ordinance and the agreement, whether  
42 simultaneously or not, or the date of confirmation of the special  
43 assessments, whichever is earlier. All subsequent payments in lieu  
44 of taxes thereunder, interest, penalties and costs of collection which  
45 thereafter fall due or accrue shall be added and relate back to and be  
46 a part of the initial lien. Upon recordation of the ordinance and  
47 agreement, payments in lieu of taxes shall constitute **[a]** an  
48 automatic, enforceable, and perfected statutory municipal lien

1 **【within the meaning, and】** for all purposes, **【of law】** including the  
2 federal bankruptcy code, regardless of whether or not the amount of  
3 the payments to be made in lieu of taxes has been determined at the  
4 time the lien attaches to any interest in the land, leasehold estate, or  
5 improvements, as applicable. A confirmation hearing process to  
6 determine the amount due shall not affect the commencement or  
7 validity of the lien. Notwithstanding any other applicable law, for  
8 the purposes of the “Redevelopment Area Bond Financing Law,”  
9 sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), a  
10 municipal lien on a leasehold estate shall constitute a lien against  
11 such leasehold estate only, unless the financial agreement  
12 specifically provides for a lien on the underlying fee interest in the  
13 land. In any case, enforcement of a municipal lien on a leasehold  
14 estate shall be limited to an in rem proceeding only. No municipal  
15 lien shall attach to any interest of a State entity unless such State  
16 entity shall have expressly consented to such lien in the financial  
17 agreement.

18 b. If bonds are issued, the municipality, the redeveloper or the  
19 State entity redeveloper, as the case may be, may record, either  
20 simultaneously or at different times, any ordinance enacted by the  
21 municipality relating to the payment in lieu of taxes agreement or  
22 special assessments and, either simultaneously with the ordinance  
23 or at different times, a copy of the agreement or agreements. The  
24 ordinance, when recorded, shall contain a legend at the top of the  
25 front page substantially as follows:

26  
27 "THIS ORDINANCE SECURES BONDS OR OTHER  
28 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE  
29 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND  
30 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF  
31 THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS  
32 IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-  
33 MUNICIPAL LIENS HEREAFTER RECORDED."  
34

35 c. Notwithstanding any law to the contrary, upon recordation  
36 of both the ordinance and any accompanying agreement, the lien  
37 thereof shall be perfected for all purposes in accordance with law  
38 and the lien shall thereafter be superior to (1) all municipal and  
39 non-municipal liens thereafter recorded or otherwise arising, and  
40 (2) all prior liens where lienholder consents, without any additional  
41 notice, recording, filing, continuation filing or action, until the  
42 payment in full of the bonds. The lien thereby established shall  
43 apply not only to the bonds initially issued, but also to any  
44 refinancing or refunding thereof, as well as to any additional bonds  
45 thereafter issued on a parity therewith in accordance with the  
46 provisions of the original documents securing the initial bonds;  
47 provided, however, that in the event any ordinance or agreement is  
48 amended or supplemented in a way which increases the amount of

1 payment in lieu of taxes or special assessments, the lien as to that  
2 increase shall be perfected and apply upon the recordation of the  
3 amended or supplemented ordinance and agreement (including the  
4 above-recited legend). Except as set forth in this section, no  
5 amendment or supplement to the ordinance or agreement thereafter  
6 recorded shall affect the perfection or priority of the lien established  
7 upon original recordation thereof.

8 d. Upon the final payment in full of any bonds secured as  
9 provided in this section and section 4 of P.L.2001, c.310  
10 (C.40A:12A-67), the lien established hereby shall terminate, and the  
11 municipality shall record a notice to that effect.  
12 (cf: P.L.2004, c.112, s.4)

13  
14 16. Section 10 of P.L.2001, c.310 (C.40A:12A-73) is amended  
15 to read as follows:

16 10. **【After issuance, pursuant to the "Redevelopment Area Bond**  
17 **Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) all bonds**  
18 **shall be conclusively presumed to be fully authorized and issued by**  
19 **all courts and officers of this State, and any person shall be**  
20 **estopped from questioning their sale, execution or delivery.】** An  
21 authority or municipality, as applicable, shall cause a copy of any  
22 bond resolution or bond ordinance, as applicable, adopted by it to  
23 be filed for public inspection in the office of the municipal clerk of  
24 the municipality wherein the project financed by the bonds is  
25 located. In the case of an authority, the resolution also shall be  
26 filed for public inspection in its office. The authority or  
27 municipality may cause to be published, at least once in a  
28 newspaper published or circulating in the municipality, if there be  
29 one, and if not, in a newspaper published and circulating in the  
30 county, a notice stating the fact and date of the adoption and the  
31 places where the bond resolution or bond ordinance, as applicable,  
32 has been so filed for public inspection along with the date of the  
33 first publication of the notice and also stating that any action or  
34 proceeding of any kind or nature in any court questioning the  
35 validity or proper authorization of bonds provided for by the bond  
36 resolution or bond ordinance, as applicable, or the validity of any  
37 covenants, agreements or contracts provided for by the bond  
38 resolution or bond ordinance, as applicable, shall be commenced  
39 within 20 days after the first publication of that notice. If any such  
40 notice shall at any time be published and if no action or proceeding  
41 questioning the validity or proper authorization of bonds provided  
42 for by the bond resolution or bond ordinance, as applicable, referred  
43 to in said notice, or the validity of any covenants, agreements, or  
44 contracts provided for by said bond resolution or bond ordinance, as  
45 applicable, shall be commenced or instituted within 20 days after  
46 the first publication of the notice, then all persons shall be forever  
47 barred and foreclosed from instituting or commencing any action or  
48 proceeding in any court, or from pleading any defense to any action



1 or proceeding, questioning the validity or proper authorization of  
2 such bonds, or the validity of such covenants, agreements, or  
3 contracts, and said bonds, covenants, agreements, and contracts  
4 shall be conclusively deemed to be valid and binding obligations in  
5 accordance with their terms and tenor.

6 (cf: P.L.2001, c.310, s.10)

7  
8 17. 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 Within 10 calendar days following the later of the effective date  
38 of an ordinance following its final adoption by the governing body  
39 approving the tax exemption or the execution of the financial  
40 agreement by the urban renewal entity, the municipal clerk shall  
41 transmit a certified copy of the ordinance and financial agreement  
42 to the chief financial officer of the county and to the county counsel  
43 for informational purposes.

44 Whenever an exemption status changes during a tax year, the  
45 procedure for the apportionment of the taxes for the year shall be  
46 the same as in the case of other changes in tax exemption status  
47 during the tax year. Tax exemptions granted pursuant to P.L.2003,  
48 c.125 (C.40A:12A-4.1 et al.) represent long term financial

1 agreements between the municipality and the urban renewal entity  
2 and as such constitute a single continuing exemption from local  
3 property taxation for the duration of the financial agreement. The  
4 validity of a financial agreement or any exemption granted pursuant  
5 thereto may be challenged only by filing an action in lieu of  
6 prerogative writ within 20 days from the publication of a notice of  
7 the adoption of an ordinance by the governing body granting the  
8 exemption and approving the financial agreement. Such notice  
9 shall be published in a newspaper of general circulation in the  
10 municipality and in a newspaper of general circulation in the county  
11 if different from the municipal newspaper.

12 a. The duration of the exemption for urban renewal entities  
13 shall be as follows:

14 (1) for ~~all projects, a term of~~ a project other than a project that  
15 qualifies under paragraph (2) of this subsection, not more than 30  
16 years from the completion of the entire project, or unit of the  
17 project if the project is undertaken in units, or not more than 35  
18 years from the execution of the financial agreement between the  
19 municipality and the urban renewal entity;

20 (2) for each project undertaken pursuant to a redevelopment  
21 agreement which allows the redeveloper to undertake two or more  
22 projects sequentially, not more than 30 years from the completion  
23 of a project, or unit of the project if the project is undertaken in  
24 units, or not more than 50 years from the execution of the first  
25 financial agreement implementing a project under the  
26 redevelopment agreement. As used in this subsection,  
27 “redevelopment agreement” means an agreement entered into  
28 pursuant to subsection f. of section 8 of P.L.1992, c.79  
29 (C.40A:12A-8) between a municipality or redevelopment entity and  
30 a redeveloper .

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

42 (1) An annual amount equal to a percentage determined  
43 pursuant to this subsection and section 11 of P.L.1991, c.431  
44 (C.40A:20-11), of the annual gross revenue from each unit of the  
45 project, if the project is undertaken in units, or from the total  
46 project, if the project is not undertaken in units. The percentage of  
47 the annual gross revenue shall not be more than 15% in the case of

1 a low and moderate income housing project, nor less than 10% in  
2 the case of all other projects.

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

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

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

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

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

46 (d) For the fourth stage of the exemption period, which shall not  
47 be less than one year nor more than six years, as specified in the  
48 financial agreement, an amount equal to either the amount

1 determined pursuant to paragraph (1) of this subsection and section  
2 11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of  
3 taxes otherwise due on the value of the land and improvements,  
4 whichever shall be greater; and

5 (e) For the final stage of the exemption period, the duration of  
6 which shall not be less than one year and shall be specified in the  
7 financial agreement, an amount equal to either the amount  
8 determined pursuant to paragraph (1) of this subsection and section  
9 11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of  
10 taxes otherwise due on the value of the land and improvements,  
11 whichever shall be greater.

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

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

22 Each municipality which enters into a financial agreement on or  
23 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.)  
24 shall remit 5 percent of the annual service charge collected by the  
25 municipality to the county in accordance with the provisions of  
26 R.S.54:4-74.

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

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

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

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

1 an end upon the entity's rendering its final accounting to and with  
2 the municipality.

3 (cf: P.L.2015, c.247, s.1)

4  
5 18. Section 13 of P.L.1991, c.431 (C.40A:20-13) is amended to  
6 read as follows:

7 13. The tax exemption provided in **[this act]** P.L.1991, c.431  
8 (C.40A:20-1 et seq.) shall apply only so long as the urban renewal  
9 entity and its project remain subject to the provisions of **[this act]**  
10 P.L.1991, c.431 (C.40A:20-1 et seq.), but in no event more than: 35  
11 years from the date of the execution of the financial agreement; or,  
12 if authorized pursuant to paragraph (2) of subsection a. of section  
13 12 of P.L.1991, c.431 (C.40A:20-12), 50 years from the date of the  
14 execution of the first financial agreement implementing a project  
15 under the redevelopment agreement. A tax exemption authorized in  
16 connection with a nonprofit limited dividend cooperative housing  
17 project under a financial agreement entered into pursuant to the  
18 "Limited-Dividend Nonprofit Housing Corporations or Associations  
19 Law," P.L.1949, c.184 (C.55:16-1 et seq.) may be extended to  
20 coincide with existing first mortgage financing. The terms of any  
21 such extension shall be set forth in an amended financial agreement  
22 between the urban renewal entity and the municipality. An urban  
23 renewal entity may at any time after the expiration of one year from  
24 the completion date of the project, notify the governing body of the  
25 municipality that, as of a certain date designated in the notice, it  
26 relinquishes its status under this act, and if the project includes  
27 housing units, that the urban renewal entity has obtained the  
28 consent of the Commissioner of Community Affairs to such a  
29 relinquishment. As of that date, the tax exemption, the service  
30 charges, and the profit and dividend restrictions shall terminate.  
31 The date of termination of tax exemption, whether by  
32 relinquishment by the entity or by terms of the financial agreement,  
33 shall be deemed the close of the fiscal year of the entity. Within 90  
34 days of that date, the urban renewal entity shall pay to the  
35 municipality the amount of reserve, if any maintained pursuant to  
36 section 15 or 16 of **[this act]** P.L.1991, c.431 (C.40A:20-15 or  
37 40A:20-16), as well as the excess net profits, if any, payable as of  
38 that date.

39 (cf: P.L.1999, c.220, s.1)

40  
41 19. This act shall take effect immediately.

#### 42 43 44 STATEMENT

45  
46 This bill supplements the Economic Redevelopment and Growth  
47 (ERG) program by broadening the mechanisms available to finance  
48 the "up-front" costs of certain ERG development projects. The ERG

1 Grant Program, N.J.S.A.52:27D-489a et al., provides economic  
2 incentives to developers of qualified projects by granting  
3 developers certain incremental increases in tax revenues related to  
4 their development projects.

5 The bill is modeled after the “Redevelopment Area Bond Financing  
6 Law,” sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et  
7 seq.). The bill allows a municipality, either directly or through  
8 application to the New Jersey Economic Development Authority or  
9 similar public instrumentality of the State, to issue bonds for  
10 projects that have been awarded incentive grants under the ERG  
11 program. These bonds would be secured by a pledge of the ERG  
12 incentive grant payments, and further secured by municipal liens,  
13 special assessments, or both, on property benefitting from the  
14 improvements.

15 The bill also:

- 16 • adds county improvement authorities to the definition of  
17 “authority” in the “Economic Redevelopment and Growth  
18 Grant Bond Financing Act” (ERGGBFA), which is being  
19 established under sections 1–11 of the bill, and in the  
20 “Redevelopment Area Bond Financing Law” (RABFL).  
21 (Sections 2 and 12)
- 22 • provides the trustee for the bonds, under the ERGGBFA and  
23 the RABFL with the power to conduct a sale of the lands or  
24 improvements to satisfy delinquencies in payments in lieu of  
25 taxes, special assessments, and incentive grant pledges.  
26 (Sections 3 and 14)
- 27 • prohibits termination of a redevelopment incentive grant  
28 agreement under the ERGGBFA while bonds secured by  
29 incentive grant pledges are outstanding; and prohibit  
30 termination of a financial agreement under the RABFL while  
31 bonds secured by payments in lieu of taxes are outstanding.  
32 (Sections 3 and 15)
- 33 • extends the continuous lien on the land under the ERGGBFA  
34 and the RABFL to include improvements and leasehold  
35 interests and, upon recordation of the applicable ordinance,  
36 extend superiority of the liens over all later arising  
37 municipal or non-municipal liens, and prior liens where the  
38 lienholder consents. (Sections 4 and 15)
- 39 • establishes requirements concerning notice of adoption of  
40 bond ordinances and resolutions under the ERGGBFA and  
41 the RABFL and allow a 20-day period to challenge a bond  
42 ordinance or resolution, after which all persons are barred  
43 from questioning the validity or proper authorization of the  
44 bonds. (Sections 9 and 16)
- 45 • provides that local improvements for which special  
46 assessments may be made under the ERGGBFA and the  
47 RABFL may include environmental remediation, and that

- 1 amount of special assessment may include professional fees.  
2 (Sections 10 and 13); and
- 3 • allows extension of the term of the agreement securing a  
4 bond under the RABFL if bond proceeds are used to  
5 undertake environmental remediation to 35 years after  
6 duration of environmental remediation. (Section 13)
  - 7 • extends provisions of “Long Term Tax Exemption Law” that  
8 require tax exemptions to have run their course within 35  
9 years from the date of execution of the financial agreement,  
10 in the case of projects undertaken pursuant to a  
11 redevelopment agreement which allows a redeveloper to  
12 undertake sequential projects, to 50 years after execution of  
13 the first associated financial agreement. This effectively  
14 protects against the shortening of the duration of a tax  
15 exemption for a project undertaken at a later phase of  
16 redevelopment, as long as the later-phased project is  
17 completed within 20 years after execution of the first  
18 associated financial agreement. This does not extend the  
19 current maximum term of a tax exemption beyond 30 years,  
20 as authorized under current law. (Sections 17 and 18)