

ASSEMBLY, No. 425

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman GREGORY P. MCGUCKIN

District 10 (Ocean)

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District 10 (Ocean)

SYNOPSIS

Permits short-term tax exemption for certain improvements to dwellings damaged by natural disasters.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 2/3/2020)

1 **AN ACT** concerning real property tax exemptions in areas in need of
2 rehabilitation, amending P.L.1992, c.79, R.S.54:4-38, and
3 P.L.1991, c.75, and supplementing P.L.1991, c.441 (C.40A:21-1
4 et seq.).

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

8
9 1. Section 14 of P.L.1992, c.79 (C.40A:12A-14) is amended to
10 read as follows:

11 14. a. A delineated area may be determined to be in need of
12 rehabilitation if the governing body of the municipality determines
13 by resolution that a program of rehabilitation, as defined in section
14 3 of P.L.1992, c.79 (C.40A:12A-3), may be expected to prevent
15 further deterioration and promote the overall development of the
16 community; and that there exist in that area any of the following
17 conditions such that (1) a significant portion of structures therein
18 are in a deteriorated or substandard condition; (2) more than half of
19 the housing stock in the delineated area is at least 50 years old; (3)
20 there is a pattern of vacancy, abandonment or underutilization of
21 properties in the area; (4) there is a persistent arrearage of property
22 tax payments on properties in the area; (5) environmental
23 contamination is discouraging improvements and investment in
24 properties in the area; or (6) a majority of the water and sewer
25 infrastructure in the delineated area is at least 50 years old and is in
26 need of repair or substantial maintenance. Where warranted by
27 consideration of the overall conditions and requirements of the
28 community, a finding of need for rehabilitation may extend to the
29 entire area of a municipality. Prior to adoption of the resolution,
30 the governing body shall submit it to the municipal planning board
31 for its review. Within 45 days of its receipt of the proposed
32 resolution, the municipal planning board shall submit its
33 recommendations regarding the proposed resolution, including any
34 modifications which it may recommend, to the governing body for
35 its consideration. Thereafter, or after the expiration of the 45 days
36 if the municipal planning board does not submit recommendations,
37 the governing body may adopt the resolution, with or without
38 modification. The resolution shall not become effective without the
39 approval of the commissioner pursuant to section 6 of P.L.1992,
40 c.79 (C.40A:12A-6), if otherwise required pursuant to that section.

41 b. A delineated area shall be deemed to have been determined
42 to be an area in need of rehabilitation in accordance with the
43 provisions of this act if it has heretofore been determined to be an
44 area in need of rehabilitation pursuant to P.L.1975, c.104 (C.54:4-
45 3.72 et seq.), P.L.1977, c.12 (C.54:4-3.95 et seq.) or P.L.1979,
46 c.233 (C.54:4-3.121 et al.).

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 c. (1) A municipality may adopt an ordinance declaring a
2 renovation housing project to be an area in need of rehabilitation for
3 the purposes of Article VIII, Section I, paragraph 6 of the New
4 Jersey Constitution if the need for renovation resulted from
5 conflagration.

6 (2) For the purposes of this subsection, "renovation housing
7 project" means any work or undertaking to provide a decent, safe,
8 and sanitary dwelling, to exclusively benefit a specific household,
9 by the renovation, reconstruction, or replacement of the household's
10 home on the same lot by either a charitable entity organized to
11 perform home renovations or by a for-profit builder using 75% or
12 more volunteer labor-hours to accomplish the construction for the
13 project. The undertaking may include any buildings; demolition,
14 clearance, or removal of buildings from land; equipment; facilities;
15 or other personal properties or interests therein which are necessary,
16 convenient, or desirable appurtenances of the undertaking.

17 d. (1) A municipality may adopt an ordinance declaring a
18 renovation housing project to be an area in need of rehabilitation for
19 the purposes of Article VIII, Section I, paragraph 6 of the New
20 Jersey Constitution if at least half of the number of people
21 occupying the dwelling as their primary residence qualify for a
22 federal income tax credit pursuant to 26 U.S.C. s.22 as a result of
23 being permanently and totally disabled and the improvements to be
24 made to the dwelling are made substantially to accommodate those
25 disabilities.

26 (2) For the purposes of this subsection, "renovation housing
27 project" means any work or undertaking to provide a decent, safe,
28 and sanitary single-family dwelling, to exclusively benefit at least
29 half of the number of people occupying a dwelling as their primary
30 residence, by the renovation, reconstruction, or replacement of that
31 dwelling on the same lot by either a charitable entity organized to
32 perform home renovations or by a for-profit builder using 75% or
33 more volunteer labor-hours to accomplish the construction for the
34 project. The undertaking may include any buildings; demolition,
35 clearance, or removal of buildings from land; equipment; facilities;
36 or other personal properties or interests therein which are necessary,
37 convenient, or desirable appurtenances of the undertaking.

38 e. A municipality may adopt an ordinance declaring an
39 area to be in need of rehabilitation for the purposes of Article VIII,
40 Section I, paragraph 6 of the New Jersey Constitution if dwellings
41 within the area were damaged by a natural disaster for which a state
42 of emergency has been declared by the President of the United
43 States or the Governor.

44 (cf: P.L.2013, c.159, s.4)

45
46 2. (New section) An ordinance adopted by a municipality

1 pursuant to subsection e. of section 14 of P.L.1992, c.79
2 (C.40A:12A-14) shall require that, in determining the value of an
3 exemption, the assessor shall consider the additional value to those
4 dwellings that is directly attributable to the additional space under
5 those dwellings created by the elevation of those dwellings as not
6 increasing the taxable value of those properties for a period of five
7 years, notwithstanding that the market value of the real property to
8 which the improvements are made is increased thereby. The
9 ordinance may provide for a reduction of the exemption for each
10 year of the exemption period.

11 During the exemption period, increases in value to dwellings that
12 are not directly attributable to the additional space under dwellings
13 created by the elevation of those dwellings, and which increase the
14 value of those dwellings, shall be reflected in the assessed value of
15 those dwellings.

16

17 3. R.S.54:4-38 is amended to read as follows:

18 54:4-38. a. Except as provided in subsection b. of this section,
19 every assessor, at least ten days before filing the complete
20 assessment list and duplicate with the county board of taxation, and
21 before annexing thereto his affidavit as required in [section 54:4-36
22 of this title] R.S.54:4-36, shall notify each taxpayer of the current
23 assessment and preceding year's taxes and give public notice by
24 advertisement in at least one newspaper circulating within his
25 taxing district of a time and place when and where the assessment
26 list may be inspected by any taxpayer for the purpose of enabling
27 the taxpayer to ascertain what assessments have been made against
28 him or his property and to confer informally with the assessor as to
29 the correctness of the assessments, so that any errors may be
30 corrected before the filing of the assessment list and duplicate.
31 Thereafter, the assessor shall notify each taxpayer by mail within 30
32 days of any change to the assessment. This notification of change
33 of assessment shall contain the prior assessment and the current
34 assessment.

35 b. In the case of a municipality located in a county where the
36 county board of taxation is participating in the demonstration
37 program established in section 4 of P.L.2013, c.15 (C.54:1-104),
38 every assessor, before filing the preliminary assessment list with the
39 county board of taxation pursuant to subsection b. of R.S.54:4-35,
40 shall notify each taxpayer of the preliminary assessment and
41 preceding year's taxes and give public notice by advertisement in at
42 least one newspaper circulating within his taxing district of a time
43 and place when and where the assessment list may be inspected by
44 any taxpayer for the purpose of enabling the taxpayer to ascertain
45 what assessments have been made against the taxpayer or the
46 taxpayer's property. Thereafter, the assessor shall notify each
47 taxpayer by mail within 30 days of any change to the assessment.

1 This notification of change of assessment shall contain the prior
2 assessment and the current assessment.

3 c. The notification required by this section shall also include
4 the value of an exemption attributable to the elevation of a dwelling
5 pursuant to section 2 of P.L. , c. (C.) (pending before the
6 Legislature as this bill).
7 (cf: P.L.2013, c.15, s.14)

8
9 4. Section 32 of P.L.1991, c.75 (C.54:4-38.1) is amended to
10 read as follows:

11 32. a. Except as provided in subsection b. of this section, every
12 assessor, prior to February 1, shall notify by mail each taxpayer of
13 the current assessment and preceding year's taxes. Thereafter, the
14 assessor or county board of taxation shall notify each taxpayer by
15 mail within 30 days of any change to the assessment. This
16 notification of change of assessment shall contain the prior
17 assessment and the current assessment. The director shall establish
18 the form of notice of assessment and change of assessment. Any
19 notice issued by the assessor or county board of taxation shall
20 contain information instructing taxpayers on how to appeal their
21 assessment.

22 b. In the case of a municipality located in a county where the
23 county board of taxation is participating in the demonstration
24 program established in section 4 of P.L.2013, c.15 (C.54:1-104),
25 every assessor, on or before November 15 of the pretax year, shall
26 notify by mail each taxpayer of the preliminary assessment and
27 preceding year's taxes. Thereafter, the assessor or county board of
28 taxation shall notify each taxpayer by mail within 30 days of any
29 change to the assessment. This notification of change of assessment
30 shall contain the prior assessment and the current assessment. The
31 director shall establish the form of notice of assessment and change
32 of assessment. Any notice issued by the assessor or county board of
33 taxation shall contain information instructing taxpayers on how to
34 appeal their assessment.

35 c. The county board of taxation of the demonstration county
36 shall make the preliminary data electronically accessible to the
37 public by posting the data in searchable form on the county's
38 website not later than 15 business days after the submission of the
39 preliminary data.

40 d. The notification required by this section shall also include
41 the value of any abatement or exemption attributable to the
42 elevation of a dwelling pursuant to section 2 of P.L. , c. (C.)
43 (pending before the Legislature as this bill).
44 (cf: P.L.2013, c.15, s.15)

45
46 5. This act shall take effect immediately.

STATEMENT

This bill would amend the “Five-Year Exemption and Abatement Law,” P.L.1991, c.441 (C.40A:21-1 et seq.) to permit a municipality to adopt an ordinance declaring an area to be in need of rehabilitation for the purposes of Article VIII, Section I, paragraph 6 of the New Jersey Constitution if dwellings within the area were damaged by a natural disaster for which a state of emergency has been declared by the President of the United States or the Governor. Under that constitutional provision, municipalities, by ordinance, may provide property taxpayers a property tax exemption on dwellings in areas in need of rehabilitation for a period of five years.

Under the bill, an ordinance so adopted would have to require that, in determining the value of an exemption, the assessor shall consider the additional value to those dwellings that is directly attributable to the additional space under those dwellings created by the elevation of those dwellings as not increasing the taxable value of those properties for a period of five years, notwithstanding that the market value of the real property to which the improvements are made is increased thereby. The ordinance may provide for a reduction of the exemption for each year of the exemption period.

The bill also clarifies that during the exemption period, increases in value to dwellings that are not directly attributable to the additional space under dwellings created by the elevation of those dwellings, and which increase the value of those dwellings, must be reflected in the assessed value of those dwellings.