

[First Reprint]

ASSEMBLY, No. 862

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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District 31 (Hudson)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

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District 35 (Bergen and Passaic)

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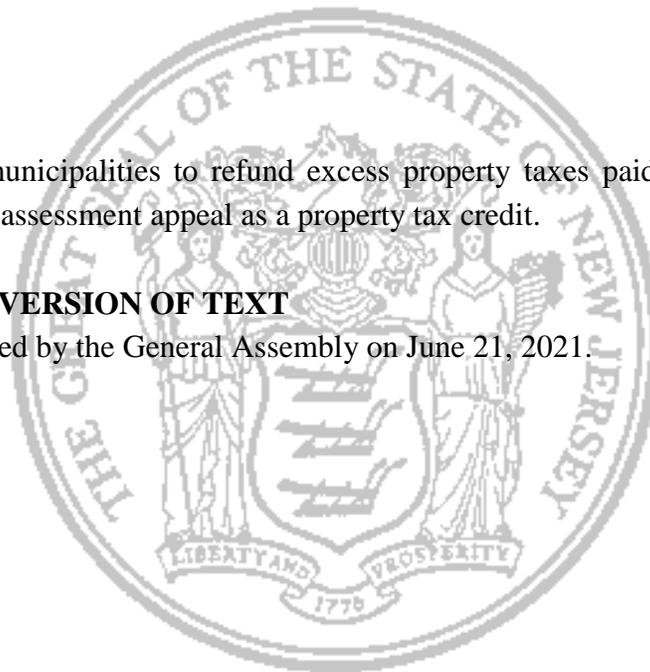
Assemblyman Freiman and Senator O'Scanlon

SYNOPSIS

Permits municipalities to refund excess property taxes paid by a taxpayer who wins an assessment appeal as a property tax credit.

CURRENT VERSION OF TEXT

As amended by the General Assembly on June 21, 2021.



(Sponsorship Updated As Of: 12/20/2021)

1 AN ACT concerning real property assessment appeals and amending
2 P.L.1975, c.361 and P.L.1983, c.137.

3

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

6

7 1. Section 2 of P.L.1975, c.361 (C.54:3-27.2) is amended to read
8 as follows:

9 2. Except as required in paragraph (2) of subsection a. of section 2
10 of P.L.1983, c.137 (C.54:4-134), in the event that a taxpayer is
11 successful in an appeal from an assessment on real property, the
12 respective taxing district shall refund any excess taxes paid, together
13 with interest thereon from the date of payment at a rate of five percent
14 per annum or one percentage point above the prime rate assessed for
15 each month or fraction thereof, compounded annually at the end of
16 each year, from the date the tax originally was due or paid, whichever
17 date is later, until the date of actual payment, whichever interest rate is
18 lesser, less any amount of taxes, interest, and penalties, which may be
19 applied against delinquencies pursuant to section 2 of P.L.1983, c.137
20 (C.54:4-134), in substantially equal payment periods and substantially
21 equal payment amounts within three years of the date of final
22 judgment in the case of nonresidential real property; provided,
23 however, that if the dollar amount of the refund does not exceed
24 \$100,000, the amount shall be repaid within 60 days of the final
25 judgment. In the case of residential real property, the refund shall be
26 paid within 60 days of the date of final judgment; except that a
27 municipality may refund the amount owed to the taxpayer as a credit¹,
28 including any interest that accumulates until the excess is fully
29 returned,¹ against the balance of property taxes that become due and
30 payable on the parcel of real property immediately following the
31 county board of taxation's decision, or the Tax Court judgment, as
32 appropriate¹. If the excess has not been fully refunded to the taxpayer
33 after three years, then the remaining excess shall immediately be
34 refunded¹.

35 Nothing in this section shall be construed to preclude Local
36 Finance Board approval for any municipality that has ended the
37 previous budget year with a deficit in operations caused, whether in
38 whole or in part, by obligations created from tax appeals to issue notes
39 pursuant to section 3 of P.L.2011, c.224 (C.40A:4-89).

40 "Prime rate" means "prime rate" as that term is defined by
41 R.S.54:48-2.

42 (cf: P.L.2019, c.230, s.1)

43

44 2. Section 2 of P.L.1983, c.137 (C.54:4-134) is amended to
45 read as follows:

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly floor amendments adopted June 21, 2021.

1 2. a. (1) Whenever the owner of real property shall be
2 entitled, pursuant to a determination of a county board of taxation
3 or a judgment of the tax court, to a refund of all or any portion of
4 the property taxes paid against the property in any given year, and
5 any property taxes, water or sewer payments, or parking or payroll
6 taxes imposed or to be collected by the municipality against that
7 property or the owner or owners of that property are delinquent at
8 the time of the determination or judgment, the governing body of
9 the municipality constituting the taxing district in which the
10 property is located may apply the refund, or such portion thereof as
11 may be necessary, including any accrued interest, against the
12 delinquency.

13 (2) In addition to the application of a refund against a
14 delinquency as set forth in paragraph (1) of this subsection, a refund
15 from an appeal on the assessment of a property that was a
16 constituent part of an industrial site or complex that is currently
17 vacant or underutilized, and that is subject to any federal or State
18 court order, or administrative action or order, for environmental
19 remediation, shall be deposited by the taxing district with the
20 Commissioner of Environmental Protection, to be used to ensure
21 required site remediation. Once the industrial site has been
22 remediated, any remaining refund amounts shall be returned by the
23 commissioner to the taxpayer within 30 days after completion of the
24 site remediation. Any monies not returned within 30 days shall be
25 paid, with interest, from the date of completion of the site
26 remediation, at a rate of 5% per annum. The provisions of this
27 paragraph shall not apply to any property for which a remediation
28 trust fund has been established pursuant to the provisions of section
29 25 of P.L.1993, c.139 (C.58:10B-3).

30 b. If the total amount of the refund is equal to or exceeds the
31 total amount of the delinquency, the lien against the property for
32 unpaid taxes shall be extinguished, and the balance, if any,
33 remaining after the application of the refund against the
34 delinquency shall be forwarded to the owner not later than 60 days
35 after the date of the determination of the county board of taxation or
36 the tax court judgment, as the case may be; except that a
37 municipality may refund the amount owed to the taxpayer as a
38 credit¹, including any interest that accumulates until the excess is
39 fully returned,¹ against the balance of property taxes that become
40 due and payable on the parcel of real property immediately
41 following the county board of taxation's decision, or the Tax Court
42 judgment, as appropriate¹. If the excess has not been fully refunded
43 to the taxpayer after three years, then the remaining excess shall
44 immediately be refunded¹. If the total amount of the delinquency
45 exceeds the total amount of the refund, the balance of the
46 delinquency remaining shall remain a lien against the property.

47 (cf: P.L.2012, c.19, s.2)

48

49 3. This act shall take effect immediately.