

**ASSEMBLY, No. 891**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman THOMAS P. GIBLIN**

**District 34 (Essex and Passaic)**

**SYNOPSIS**

Exempts nonprofit vocational training schools from property tax.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** exempting nonprofit vocational training schools from  
 2       property taxation, and amending and supplementing chapter 4 of  
 3       Title 54 of the Revised Statutes.

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

- 7  
 8       1. (New section) The Legislature finds and declares that:  
 9       a. Important benefits flow to the public when high-quality  
 10      vocational training institutions are maintained and made widely-  
 11      available;  
 12      b. Vocational training schools alleviate much of the cost of  
 13      publicly-financed job training, and make important contributions to  
 14      the State economy and employment of State residents;  
 15      c. When offered by nonprofit organizations, vocational-training  
 16      schools allow individuals to affordably pursue a trade, when they  
 17      might not otherwise be able to do so;  
 18      d. Even those who never take vocational training courses  
 19      themselves benefit from their availability through the large pool of  
 20      skilled tradespersons that the courses produce; and  
 21      e. It is necessary and in the public interest for the Legislature  
 22      to amend R.S.54:4-3.6 to specify that, like other schools, nonprofit  
 23      vocational training schools that offer bona fide courses which  
 24      further the public good should benefit from property tax-exempt  
 25      status.

- 26  
 27      2. R.S.54:4-3.6 is amended to read as follows:  
 28      54:4-3.6. The following property shall be exempt from taxation  
 29      under this chapter: all buildings actually used for colleges, schools,  
 30      academies or seminaries, provided that if any portion of such  
 31      buildings are leased to profit-making organizations or otherwise  
 32      used for purposes which are not themselves exempt from taxation,  
 33      said portion shall be subject to taxation and the remaining portion  
 34      only shall be exempt; all buildings actually used for historical  
 35      societies, associations or exhibitions, when owned by the State,  
 36      county or any political subdivision thereof or when located on land  
 37      owned by an educational institution which derives its primary  
 38      support from State revenue; all buildings actually and exclusively  
 39      used for public libraries, asylum or schools for adults and children  
 40      with intellectual disabilities; all buildings used exclusively by any  
 41      association or corporation formed for the purpose and actually  
 42      engaged in the work of preventing cruelty to animals; all buildings  
 43      actually and exclusively used and owned by volunteer first-aid  
 44      squads, which squads are or shall be incorporated as associations  
 45      not for pecuniary profit; all buildings actually used in the work of

**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 associations and corporations organized exclusively for the moral  
2 and mental improvement of men, women and children, provided  
3 that if any portion of a building used for that purpose is leased to  
4 profit-making organizations or is otherwise used for purposes which  
5 are not themselves exempt from taxation, that portion shall be  
6 subject to taxation and the remaining portion only shall be exempt;  
7 all buildings actually used in the work of associations and  
8 corporations organized exclusively for religious purposes, including  
9 religious worship, or charitable purposes, provided that if any  
10 portion of a building used for that purpose is leased to a profit-  
11 making organization or is otherwise used for purposes which are not  
12 themselves exempt from taxation, that portion shall be subject to  
13 taxation and the remaining portion shall be exempt from taxation,  
14 and provided further that if any portion of a building is used for a  
15 different exempt use by an exempt entity, that portion shall also be  
16 exempt from taxation; all buildings actually used in the work of  
17 associations and corporations organized exclusively for hospital  
18 purposes, provided that if any portion of a building used for hospital  
19 purposes is leased to profit-making organizations or otherwise used  
20 for purposes which are not themselves exempt from taxation, that  
21 portion shall be subject to taxation and the remaining portion only  
22 shall be exempt; all buildings owned or held by an association or  
23 corporation created for the purpose of holding the title to such  
24 buildings as are actually and exclusively used in the work of two or  
25 more associations or corporations organized exclusively for the  
26 moral and mental improvement of men, women and children; all  
27 buildings owned by a corporation created under or otherwise  
28 subject to the provisions of Title 15 of the Revised Statutes or Title  
29 15A of the New Jersey Statutes and actually and exclusively used in  
30 the work of one or more associations or corporations organized  
31 exclusively for charitable or religious purposes, which associations  
32 or corporations may or may not pay rent for the use of the premises  
33 or the portions of the premises used by them; the buildings, not  
34 exceeding two, actually occupied as a parsonage by the officiating  
35 clergymen of any religious corporation of this State, together with  
36 the accessory buildings located on the same premises; the land  
37 whereon any of the buildings hereinbefore mentioned are erected,  
38 and which may be necessary for the fair enjoyment thereof, and  
39 which is devoted to the purposes above mentioned and to no other  
40 purpose and does not exceed five acres in extent; the furniture and  
41 personal property in said buildings if used in and devoted to the  
42 purposes above mentioned; all property owned and used by any  
43 nonprofit corporation in connection with its curriculum, work, care,  
44 treatment and study of men, women, or children with intellectual  
45 disabilities shall also be exempt from taxation, provided that such  
46 corporation conducts and maintains research or professional  
47 training facilities for the care and training of men, women, or  
48 children with intellectual disabilities; provided, in case of all the

1 foregoing, the buildings, or the lands on which they stand, or the  
2 associations, corporations or institutions using and occupying them  
3 as aforesaid, are not conducted for profit, except that the exemption  
4 of the buildings and lands used for charitable, benevolent or  
5 religious purposes shall extend to cases where the charitable,  
6 benevolent or religious work therein carried on is supported partly  
7 by fees and charges received from or on behalf of beneficiaries  
8 using or occupying the buildings; provided the building is wholly  
9 controlled by and the entire income therefrom is used for said  
10 charitable, benevolent or religious purposes; and any tract of land  
11 purchased pursuant to subsection (n) of section 21 of P.L.1971,  
12 c.199 (C.40A:12-21), and located within a municipality, actually  
13 used for the cultivation and sale of fresh fruits and vegetables and  
14 owned by a duly incorporated nonprofit organization or association  
15 which includes among its principal purposes the cultivation and sale  
16 of fresh fruits and vegetables, other than a political, partisan,  
17 sectarian, denominational or religious organization or association.  
18 The foregoing exemption shall apply only where the association,  
19 corporation or institution claiming the exemption owns the property  
20 in question and is incorporated or organized under the laws of this  
21 State and authorized to carry out the purposes on account of which  
22 the exemption is claimed or where an educational institution, as  
23 provided herein, has leased said property to a historical society or  
24 association or to a corporation organized for such purposes and  
25 created under or otherwise subject to the provisions of Title 15 of  
26 the Revised Statutes or Title 15A of the New Jersey Statutes.

27 As used in this section **["hospital"]** :

28 "Hospital purposes" includes health care facilities for the elderly,  
29 such as nursing homes; residential health care facilities; assisted  
30 living residences; facilities with a Class C license pursuant to  
31 P.L.1979, c.496 (C.55:13B-1 et al.), the "Rooming and Boarding  
32 House Act of 1979"; similar facilities that provide medical, nursing  
33 or personal care services to their residents; and that portion of the  
34 central administrative or service facility of a continuing care  
35 retirement community that is reasonably allocable as a health care  
36 facility for the elderly;

37 "Profit-making organization" does not include an organization  
38 that operates an institution of instruction for a particular skill or  
39 field, if the organization is exempt from federal income taxes under  
40 section 501(c) of the federal Internal Revenue Code (26 U.S.C.s.  
41 501(c)); and

42 "School" includes an institution of instruction for a particular  
43 skill or field, so long as courses or educational programs offered by  
44 the institution are either approved by the Training Evaluation Unit  
45 in the Department of Labor and Workforce Development, or meet  
46 other criteria designated by the Commissioner of Labor and  
47 Workforce Development as sufficient to satisfy minimum

1 educational standards.  
2 (cf: P.L.2011, c.171, s.4)

3  
4 3. The Commissioner of Labor and Workforce Development  
5 may adopt rules and regulations, pursuant to the "Administrative  
6 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to guide the  
7 approval of courses or educational programs for property tax  
8 exemption purposes under R.S.54:4-3.6.

9  
10 4. This act shall take effect immediately, but shall remain  
11 inoperative until the beginning of the first tax year next following  
12 enactment.

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15 STATEMENT

16

17 In Carpenters Apprentice Training and Education Fund v.  
18 Borough of Kenilworth, 147 N.J. 171, the Supreme Court  
19 interpreted that the Legislature never intended that a property tax  
20 exemption offered to nonprofit schools, pursuant to R.S.54:4-3.6,  
21 should benefit vocational schools. This bill intends to adjust this  
22 interpretation so that certain vocational schools are exempt from  
23 property taxes.

24 The Legislature recognizes the important benefits that stream to  
25 the public through the availability of quality vocational training.  
26 Vocational training schools alleviate much of the cost of publicly-  
27 financed job training, and make important contributions to the State  
28 economy, along with the employment of State residents. Trade  
29 schools, when offered by nonprofit organizations, allow individuals  
30 to affordably pursue a trade, when they might not otherwise be able  
31 to do so. Furthermore, even those who never take vocational  
32 training courses themselves benefit from their availability through  
33 the large pool of skilled tradespersons that the courses produce.

34 This bill provides that the property tax exemption provided to  
35 nonprofit schools under R.S.54:4-3.6, should include institutions  
36 that offer instruction for a particular skill or field, commonly-  
37 known as vocational schools. The exemption would be available so  
38 long as courses or educational programs offered by the institutions  
39 are either approved by the Training Evaluation Unit in the  
40 Department of Labor and Workforce Development, or meet other  
41 criteria designated by the Commissioner of Labor and Workforce  
42 Development as sufficient to satisfy minimum educational  
43 standards. The bill further provides that a vocational school should  
44 not be considered for-profit if its operator is exempt from federal  
45 income taxes under 26 U.S.C.501(c).