ASSEMBLY, No. 2575

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:
Assemblyman WAYNE P. DEANGELO
District 14 (Mercer and Middlesex)

SYNOPSIS

Requires State Building Authority to make certain payments in lieu of taxes for public safety facilities to municipalities; makes appropriation.

CURRENT VERSION OF TEXT

As introduced.

AN ACT requiring the State Building Authority to make certain payments in lieu of taxes for public safety facilities to municipalities, amending P.L.1981, c.120, and making an appropriation.

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

1. Section 23 of P.L.1981, c.120 (C.52:18A-78.23) is amended to read as follows:

a. All projects and other property of the authority, and projects erected upon land owned by the authority if the projects have been financed, in whole or in part, directly or indirectly, by bonds or notes of the authority and the projects are used and occupied by State agencies, are declared to be public property devoted to an essential public and governmental function and purpose and shall be exempt from all taxes of the State or any political subdivision thereof; provided that when all or any part of a project is leased, subleased, or licensed to, or otherwise used under an arrangement providing for the acquisition thereof by any person, firm, association, partnership, or corporation, other than a State agency, a local governmental agency, or other public body the interest created by the lease or other arrangement and the appurtenances thereto shall be listed as the property of the lessee or the user under the other arrangement, or their respective assignees, and be assessed and taxed as real estate, but this provision shall not be deemed to modify or repeal in any respect any tax exemption or tax abatement that the person, firm, or corporation shall otherwise be entitled to with respect to the property of the project or part thereof. All bonds or notes issued pursuant to this act are declared to be issued by a body corporate and politic of the State and for an essential public and governmental purpose and these bonds and notes, and the interest thereon and the income therefrom and from the sale, exchange, or other transfer thereof, and all funds, revenues, income, and other moneys received or to be received by the authority shall at all times be exempt from taxation, except for transfer inheritance and estate taxes.

b. Projects and property of the authority, and projects erected upon land owned by the authority if the projects have been financed, in whole or in part, directly or indirectly, by bonds or notes of the authority and the projects are used and occupied by State agencies, shall be deemed to be "State property" under P.L.1977, c.272 (C.54:4-2.2a et seq.) and shall be assessed and subject to an in lieu tax payment provided in that act unless the interest created by a lease, sublease or license or other arrangement

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.

is subject to tax as real estate under this section.

c. Notwithstanding any other provision of law to the contrary, any project that: (1) is owned by the authority and upon which construction was commenced after January 1, 2002; and (2) is occupied by a State agency engaged in ensuring the public safety, including any State Police facility, shall, together with the land on which the project is situated, be deemed to be "State property" under P.L.1977, c.272 (C.54:4-2.2a et seq.). Projects deemed "State property" under this paragraph shall, notwithstanding section 5 of P.L.1977, c.272 (C.54:4-2.2e), be assessed and subject to an in lieu tax payment equal to one half the amount that would be due under any municipal purposes tax except that to the extent an interest in that property was created by a lease, sublease, license, or other arrangement and is subject to tax as real estate under this section.

(cf: P.L.1983, c.138, s.11)

2. There is appropriated from the General Fund to the State Building Authority an amount equal to the amount that an enforceable contract, entered into after the effective date of P.L. , c. (pending before the Legislature as this bill) and as certified by the Director of the Division of Budget and Accounting, requires the State Building Authority to pay to a municipality under a payment in lieu of taxes agreement entered into pursuant to section 23 of P.L.1981, c.120 (C.52:18A-78.23).

3. This act shall take effect on January 1 next following the date of enactment.

STATEMENT

This bill requires the State Building Authority to make payments in lieu of taxes to municipalities for any project upon which construction was commenced after January 1, 2002 and which is occupied by a State agency engaged in ensuring the public safety. The payment in lieu of taxes is required to be equivalent to one half of the amount that would be due under the municipality's municipal purposes tax. This provision is inapplicable to property subject to an interest created by a lease, sublease, license, or other arrangement, that is taxed as real estate.

This bill amends the law by exempting projects owned by the State Building Authority from property tax and instead requiring payment in lieu of taxes to be made to the municipalities where those properties are located. Current law requires the State Building Authority to only make payments in lieu of taxes equal to the municipality's municipal purpose tax and caps the State Building Authority's total liability at 35% of the local purpose tax levy.