

ASSEMBLY, No. 2797

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Assemblywoman NANCY J. PINKIN

District 18 (Middlesex)

SYNOPSIS

Subjects most State property to local property taxation beginning on July 1, 2021.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning the taxation of State property and amending
2 R.S.54:4-3.3 and P.L.1971, c.370.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. R.S.54:4-3.3 is amended to read as follows:

8 54:4-3.3. a. Except as otherwise provided by article 1 of this
9 chapter (s.54:4-1 et seq.) and P.L.2009, c.6 (C.54:4-3.6f et seq.),
10 **【the property of the State of New Jersey; and】** the property of the
11 respective counties, and municipalities, and their agencies and
12 authorities, school districts, and other taxing districts used for
13 public purposes, which public purposes include the use for stadiums
14 and arenas, or for the preservation or exhibit of historical data,
15 records or property; school district property which is leased to a
16 nonprofit organization which is exempt from taxation under
17 R.S.54:4-3.6, for use by that organization in its exempt functions;
18 school district property which is leased to another board of
19 education or governmental agency; and property acquired by any
20 municipality through tax title foreclosure or by deed in lieu of
21 foreclosure, if not used for private purpose, shall be exempt from
22 taxation under this chapter, but this exemption shall not include real
23 property bought in for debts or on foreclosure of mortgages given to
24 secure loans out of public funds or out of money in court, which
25 property shall be taxed unless devoted to public use. The lands of
26 counties, municipalities, and other municipal and public agencies of
27 this State used for the purpose and for the protection of a public
28 water supply shall be subject to taxation by the respective taxing
29 districts where situated, at the taxable value thereof, without regard
30 to any buildings or other improvements thereon, in the same manner
31 and to the same extent as the lands of private persons, but all other
32 property so used shall be exempt from taxation. Property, the title
33 to which is in the Morris Canal and Banking Company, in trust for
34 the State, shall, so long as the title is so vested, be deemed to be the
35 property of the State within the meaning of any tax law.

36 b. (1) Commencing on July 1, 2021, notwithstanding any law
37 to the contrary, the tax exempt status of property of the State and its
38 agencies and authorities created by the State shall cease and the
39 property shall be assessed and taxed locally in the same manner as
40 other property, except when a certification is filed with the
41 municipal tax assessor, by the appropriate official, that removal of
42 the tax exempt status of a specific parcel would impair the rights of
43 bondholders pursuant to a covenant entered into prior to July 1,
44 2021. Property for which a certification has been filed shall
45 continue to be subject to the requirements of P.L.1977, c.272

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.54:4-2.2a et seq.) regarding State payments in lieu of taxes.

2 (2) Liens for delinquent taxes against property owned by the
 3 State or its agencies or authorities created by the State shall be
 4 enforced in the same manner as all other tax liens.

5 (3) The State shall not offset any property taxes due and payable
 6 with a reduction in State formula aid, except with respect to State
 7 payments in lieu of taxes for properties subject to taxation.

8 (cf: P.L.2016, c.65, s.1)

9

10 2. Section 2 of P.L.1971, c.370 (C.54:4-3.3b) is amended to
 11 read as follows:

12 2. Where real property is acquired by the State or by a State
 13 agency, or by an authority created by the State, by purchase,
 14 condemnation or otherwise, such property shall **【become tax**
 15 **exempt on January 1 of the calendar year next following the date of**
 16 **acquisition, provided that the tax assessor of the municipality in**
 17 **which such property is located is given written notice of the**
 18 **acquisition by certified mail on or before January 10 of said**
 19 **calendar year next following; provided further that if real property**
 20 **is acquired between January 1 and January 10 inclusive and the**
 21 **prescribed notice is given on or before January 10, such real**
 22 **property shall become tax exempt as of the date of acquisition】**
 23 continue to be taxable.

24 (cf: P.L.1971, c.370, s.2)

25

26 3. This act shall take effect immediately.

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29 STATEMENT

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31 This bill would end the tax exempt status of property owned by
 32 the State, its agencies, and authorities created by the State, although
 33 the tax exempt status of property owned by local units of
 34 government would continue. State property would become taxable
 35 on July 1, 2021, except when a certification, prepared by an
 36 appropriate official, is filed with the municipal tax assessor stating
 37 that removal of the tax exempt status of a specific parcel would
 38 impair the rights of bondholders pursuant to a covenant entered into
 39 prior to July 1, 2021. Those parcels would continue to be subject to
 40 the law concerning State payments in lieu of taxes, N.J.S.A.54:4-
 41 2.2a et seq.

42 If the State becomes delinquent on the property taxes due and
 43 payable for a parcel, then the tax lien would be enforced in the same
 44 manner as all other tax liens.

45 This bill is intended to require the State and its agencies and
 46 authorities to pay their fair share of the local tax burden so that the

1 local residents and businesses are not unduly burdened by the cost
2 of subsidizing State government operations. The bill also prohibits
3 the State from reducing a municipality's formula aid in an attempt
4 to offset the new property tax liability due and payable to that
5 municipality, except with respect to State payments in lieu of taxes
6 for those properties that will now be subject to taxation.