ASSEMBLY, No. 2822

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblywoman CAROL A. MURPHY
District 7 (Burlington)
Assemblyman HAROLD "HAL" J. WIRTHS
District 24 (Morris, Sussex and Warren)

Co-Sponsored by:
Assemblyman Space

SYNOPSIS

Requires cost-benefit analyses and local government financial impact findings for approval of long term property tax exemption.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 10/8/2020)

AN ACT concerning long term property tax exemptions and amending P.L.1991, c.431.

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

1. Section 8 of P.L.1991, c.431 (C.40A:20-8) is amended to read as follows:

8. Every urban renewal entity qualifying under **[**this act**]** P.L.1991, c.431 (C.40A:20-1 et seq.), before proceeding with any projects, shall make written application to the municipality for approval thereof. The application shall be in a form, and shall certify to those facts and data, as shall be required by the municipality, and shall include but not be limited to:

a. A general statement of the nature of the proposed project, that the undertaking conforms to all applicable municipal ordinances, and that the project accords with the redevelopment plan and master plan of the municipality, or, in the case of a redevelopment relocation housing project, provides for the relocation of residents displaced or to be displaced from a redevelopment area, or, in the case of a low and moderate income housing project, the housing units are restricted to occupation by low and moderate income households.

b. A description of the proposed project outlining the area included and a description of each unit thereof if the project is to be undertaken in units and setting forth architectural and site plans as required.

c. A statement prepared by a qualified architect or engineer of the estimated cost of the proposed project in the detail required, including the estimated cost of each unit to be undertaken.

d. The source, method , and amount of money to be subscribed through the investment of private capital, setting forth the amount of stock or other securities to be issued therefor or the extent of capital invested and the proprietary or ownership interest obtained in consideration therefor.

e. A fiscal plan for the project outlining a schedule of annual gross revenue, the estimated expenditures for operation and maintenance, payments for interest, amortization of debt and reserves, and payments to the municipality to be made pursuant to a financial agreement to be entered into with the municipality.

f. A proposed financial agreement conforming to the provisions of section 9 of **[**this act**]** P.L.1991, c.431 (C.40A:20-9).

g. A cost-benefit analysis of the project's impact on the finances of the affected local governments outlining, at a minimum, the net financial impact on the municipality based on the estimated

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.

payments to the municipality to be made pursuant to a financial agreement to be entered into with the municipality and the estimated additional one-time and periodic expenditures to be incurred by the municipality as a result of the project; the municipal revenues to be gained or lost based on this estimated net financial impact and the estimated net financial impact of the property on the municipality if the project is not approved and the current use and condition of the property is continued; the property tax revenues to be foregone by the county and taxing districts in which the project is located if a tax exemption is approved pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.); and any other information relevant to determining the impact of the project on the finances of the affected local governments as shall be required by the municipality or as may be required by administrative rules adopted by the Commissioner of Community Affairs or the Local Finance Board.

The application shall be addressed and submitted to the mayor or other chief executive officer of the municipality. The mayor or other chief executive officer shall, within 60 days of his receipt of the application thereafter, submit the application with his recommendations , and an independent cost-benefit analysis of the project's impact on the finances of the affected local governments conducted by the office, or other designee, of the mayor or other chief executive officer, to the municipal governing body. The independent cost-benefit analysis shall include, at a minimum, the information required in subsection g. of this section. The governing body shall by resolution approve or disapprove the application, but in the event of disapproval, changes may be suggested to secure approval. The resolution shall include specific findings about the project's estimated net impact on the finances of the affected local governments. An application may be revised and resubmitted.

(cf: P.L.1991, c.431, s.8)

2. This act shall take effect immediately.

STATEMENT

This bill would require an application for a long term property tax exemption to include a cost-benefit analysis and for the mayor or other chief executive officer of the municipality to produce an independent cost-benefit analysis to be submitted along with the application to the municipal governing body before it can decide on the exemption. The bill would also require a municipal governing body to include in its resolution approving or disapproving of a project for which a long term tax exemption is sought specific findings about the net impact of the project on the finances of the affected local governments, including the municipality, county, and school district.

This bill would ensure that municipalities consider and evaluate whether an investment in a redevelopment project through the grant of a long term property tax exemption will generate satisfactory revenue returns to the municipality, as well as the financial impacts to counties, school districts, and other local governments, and would allow the public to do the same by making the required cost-benefit analyses and findings part of the public record.