

ASSEMBLY, No. 5857

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 9, 2021

Sponsored by:

Assemblywoman SHAVONDA E. SUMTER

District 35 (Bergen and Passaic)

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District 15 (Hunterdon and Mercer)

SYNOPSIS

Modifies calculation of payments in lieu of taxes for certain State entity redevelopment projects.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT modifying the calculation of payments in lieu of taxes on
2 redevelopment projects undertaken by State entity redevelopers,
3 and amending P.L.2001, c.310.

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

7
8 1. Section 3 of P.L.2001, c.310 (C.40A:12A-66) is amended to
9 read as follows:

10 3. a. A municipality that has designated a redevelopment area
11 or a municipality in which a redevelopment project is undertaken by
12 a State entity redeveloper pursuant to a State entity redevelopment
13 agreement may provide for tax abatement within that
14 redevelopment area and for payments in lieu of taxes in accordance
15 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and
16 P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the
17 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)
18 establishing a minimum or maximum annual service charge and
19 requiring staged increases in annual service charges over the term
20 of the exemption period, and of section 13 of P.L.1991, c.431
21 (C.40A:20-13) permitting the relinquishment of status under that
22 act, shall not apply to redevelopment projects financed with bonds.

23 b. A municipality in which a redevelopment project is
24 undertaken by a State entity redeveloper pursuant to a State entity
25 redevelopment agreement regarding real property that is not
26 otherwise subject to real property tax may provide for payments in
27 lieu of taxes pursuant to a financial agreement among, as
28 applicable, the State entity or the municipality or both, and the State
29 entity redeveloper receiving the benefits of sections 1 through 10 of
30 P.L.2001, c.310 (C.40A:12A-64 et seq.) without regard to the
31 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

32 Where a redevelopment project is constructed on State owned
33 land, or land of an agency or instrumentality of the State, the land
34 shall be exempt from taxation, and the actual or imputed value of
35 the land shall be excluded from the calculation of payments in lieu
36 of taxes. Alternatively, the State entity redeveloper shall be entitled
37 to a credit against the payments in lieu of taxes for the amount,
38 without interest, of the previous year's payments in lieu of taxes
39 allocable to the actual or imputed value of the land,

40 c. In addition to, or in lieu of, the payments in lieu of taxes
41 provided for in subsection a. or b. of this section, the municipality
42 may provide by ordinance for one or more special assessments
43 within the redevelopment area in accordance with chapter 56 of
44 Title 40 of the Revised Statutes, R.S.40:56-1 et seq., provided,
45 however, the local improvements for which special assessments

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 may be made may include any improvement in the redevelopment
2 area whether or not listed at R.S.40:56-1 and environmental
3 remediation and, provided further, that the provisions of R.S.40:56-
4 35 shall be applied so that if any installment of a special assessment
5 shall remain unpaid for 30 days after the time at which it shall
6 become due, the municipality may provide, by ordinance, either
7 that: (1) the whole assessment or balance due thereon shall become
8 and be immediately due; or, (2) any subsequent installments which
9 would not yet have become due except for the default shall be
10 considered as not in default and that the lien for the installments not
11 yet due shall continue; and provided, further, that the ordinance
12 may require that the assessments be payable in quarterly, semi-
13 annual, or yearly installments, with legal interest thereon, over a
14 period of years up to but in no event exceeding the period of years
15 for which the bonds were issued. In levying a special assessment
16 on the lands or improvements, or both, located in the redevelopment
17 area, the municipality may provide that the amount of the special
18 assessment shall be a specific amount, not to exceed the cost of the
19 improvements, plus any out-of-pocket costs or expenses incurred in
20 connection with such improvements, including, but not limited to,
21 architectural, engineering, financing, legal, and other professional
22 fees, paid with respect to property located in the redevelopment
23 area. That specific amount shall, to the extent accepted by the
24 owner of the property benefitted, be deemed the conferred benefit,
25 in lieu of the amount being determined by the procedures otherwise
26 applicable to determining the actual benefit conferred on the
27 property. Special assessments levied pursuant to an ordinance
28 adopted under this subsection shall constitute a municipal lien
29 under R.S.40:56-33.

30 d. Upon adoption, a copy of the ordinance shall be filed for
31 public inspection in the office of the municipal clerk, and there
32 shall be published in a newspaper, published or circulating in the
33 municipality, a notice stating the fact and the date of adoption and
34 the place where the ordinance is filed and a summary of the
35 contents of the ordinance. The notice shall state that any action or
36 proceeding of any kind or nature in any court questioning the
37 validity or proper authorization of the ordinance or the actions
38 authorized to be taken as set forth in the ordinance shall be
39 commenced within 20 days after the publication of the notice. If no
40 action or proceeding questioning the validity of the ordinance
41 providing for tax abatement, special assessments, payments in lieu
42 of taxes, or other actions authorized by the ordinance shall be
43 commenced or instituted within 20 days after the publication of the
44 notice, the county and the school district and all other
45 municipalities within the county and all residents and taxpayers and
46 owners of property therein shall be forever barred and foreclosed
47 from instituting or commencing any action or proceeding in any
48 court questioning the validity or enforceability of the ordinance or

1 the validity or enforceability of acts authorized under the ordinance,
2 and the ordinance and acts authorized by the ordinance shall be
3 conclusively deemed to be valid and enforceable in accordance with
4 their terms and tenor.

5 e. Notwithstanding any provision of the "Redevelopment Area
6 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310
7 (C.40A:12A-64 et seq.), or the "Long Term Tax Exemption Law,"
8 P.L.1991, c.431 (C.40A:20-1 et seq.), to the contrary, whenever
9 proceeds of a bond are used to conduct environmental remediation,
10 the term of any agreement securing that bond, whether a financial
11 agreement providing a payment in lieu of taxes or a special
12 assessment agreement providing for the payment of a special
13 assessment, or both, may, subject to the board's review and
14 approval pursuant to subsection g. of section 4 of P.L.2001, c.310
15 (C.40A:12A-67), be 35 years plus the anticipated duration of
16 conducting environmental remediation; provided, however, that the
17 term of any such agreement securing the bonds shall not exceed 30
18 years from substantial completion of the redevelopment project
19 associated with the environmental remediation.
20 (cf: P.L.2018, c.97, s.13)

21
22 2. This act shall take effect immediately and shall be applicable
23 to the calculation of payments in lieu of taxes for calendar year
24 2021 and thereafter.

25 26 27 STATEMENT

28
29 This bill would modify the calculation of payments in law of
30 taxes (PILOTs) applicable to certain State entity redevelopers when
31 a redevelopment project is undertaken on State-owned land, or on
32 land owned by an agency or instrumentality of the State. Under that
33 circumstance, the land shall be exempt from taxation, and the
34 calculation of PILOTs shall exclude the actual or imputed value of
35 the land from the calculation. Alternatively, the bill provides that
36 the State entity redeveloper shall be entitled, as a credit against the
37 PILOTs, to the amount of the previous year's payments in lieu of
38 taxes, without interest, allocable to the actual or imputed value of
39 the land.