

P.L. 2021, CHAPTER 432, *approved January 18, 2022*
Assembly, No. 862 (*Second Reprint*)

1 **AN ACT** concerning real property assessment appeals and amending
2 P.L.1975, c.361 and P.L.1983, c.137.

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

6
7 1. Section 2 of P.L.1975, c.361 (C.54:3-27.2) is amended to read
8 as follows:

9 2. Except as required in paragraph (2) of subsection a. of section 2
10 of P.L.1983, c.137 (C.54:4-134), in the event that a taxpayer is
11 successful in an appeal from an assessment on real property, the
12 respective taxing district shall refund any excess taxes paid, together
13 with interest thereon from the date of payment at a rate of five percent
14 per annum or one percentage point above the prime rate assessed for
15 each month or fraction thereof, compounded annually at the end of
16 each year, from the date the tax originally was due or paid, whichever
17 date is later, until the date of actual payment, whichever interest rate is
18 lesser, less any amount of taxes, interest, and penalties, which may be
19 applied against delinquencies pursuant to section 2 of P.L.1983, c.137
20 (C.54:4-134) ²**[.]**. In the case of nonresidential real property, a
21 municipality may refund the amount owed to the taxpayer² in
22 substantially equal payment periods and substantially equal payment
23 amounts within three years of the date of final judgment ². A
24 municipality may also,² in the case of nonresidential real property ²[;
25 provided, however, that if] , refund the amount owed to the taxpayer
26 as a credit, including any interest that accumulates until the excess is
27 fully returned, against the balance of property taxes that become due
28 and payable on the parcel of nonresidential real property immediately
29 following the county board of taxation's decision or the Tax Court
30 judgment, as appropriate, but if the excess has not been fully refunded
31 to the taxpayer in connection with the nonresidential real property after
32 three years, then the remaining excess shall be immediately refunded.
33 If² the dollar amount of the refund ²due on nonresidential real
34 property, however,² does not exceed \$100,000, the amount shall be
35 repaid within 60 days of the final judgment. In the case of residential
36 real property, the refund shall be paid within 60 days of the date of
37 final judgment ²[; except that a]. ² ²[municipality may refund the
38 amount owed to the taxpayer as a credit ¹, including any interest that
39 accumulates until the excess is fully returned,¹ against the balance of
40 property taxes that become due and payable on the parcel of real
41 property immediately following the county board of taxation's

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted June 21, 2021.

²Assembly amendments adopted in accordance with Governor's recommendations January 10, 2022.

1 decision, or the Tax Court judgment, as appropriate ¹. If the excess
2 has not been fully refunded to the taxpayer after three years, then the
3 remaining excess shall immediately be refunded¹.²

4 Nothing in this section shall be construed to preclude Local
5 Finance Board approval for any municipality that has ended the
6 previous budget year with a deficit in operations caused, whether in
7 whole or in part, by obligations created from tax appeals to issue notes
8 pursuant to section 3 of P.L.2011, c.224 (C.40A:4-89).
9 (cf: P.L.2019, c.230, s.1)

10

11 2. Section 2 of P.L.1983, c.137 (C.54:4-134) is amended to read
12 as follows:

13 2. a. (1) Whenever the owner of real property shall be entitled,
14 pursuant to a determination of a county board of taxation or a
15 judgment of the tax court, to a refund of all or any portion of the
16 property taxes paid against the property in any given year, and any
17 property taxes, water or sewer payments, or parking or payroll taxes
18 imposed or to be collected by the municipality against that property or
19 the owner or owners of that property are delinquent at the time of the
20 determination or judgment, the governing body of the municipality
21 constituting the taxing district in which the property is located may
22 apply the refund, or such portion thereof as may be necessary,
23 including any accrued interest, against the delinquency.

24 (2) In addition to the application of a refund against a delinquency
25 as set forth in paragraph (1) of this subsection, a refund from an appeal
26 on the assessment of a property that was a constituent part of an
27 industrial site or complex that is currently vacant or underutilized, and
28 that is subject to any federal or State court order, or administrative
29 action or order, for environmental remediation, shall be deposited by
30 the taxing district with the Commissioner of Environmental Protection,
31 to be used to ensure required site remediation. Once the industrial site
32 has been remediated, any remaining refund amounts shall be returned
33 by the commissioner to the taxpayer within 30 days after completion
34 of the site remediation. Any monies not returned within 30 days shall
35 be paid, with interest, from the date of completion of the site
36 remediation, at a rate of 5% per annum. The provisions of this
37 paragraph shall not apply to any property for which a remediation trust
38 fund has been established pursuant to the provisions of section 25 of
39 P.L.1993, c.139 (C.58:10B-3).

40 b. If the total amount of the refund is equal to or exceeds the total
41 amount of the delinquency, the lien against the property for unpaid
42 taxes shall be extinguished, and the balance, if any, remaining after the
43 application of the refund against the delinquency shall be forwarded to
44 the owner not later than 60 days after the date of the determination of
45 the county board of taxation or the tax court judgment, as the case may
46 be; except that ², in the case of nonresidential real property,² a
47 municipality may refund the amount owed to the taxpayer as a credit ¹,
48 including any interest that accumulates until the excess is fully
49 returned,¹ against the balance of property taxes that become due and

1 payable on the parcel of ²nonresidential² real property immediately
2 following the county board of taxation's decision, or the Tax Court
3 judgment, as appropriate ¹. If the excess has not been fully refunded
4 to the taxpayer after three years, then the remaining excess shall
5 immediately be refunded¹. If the total amount of the delinquency
6 exceeds the total amount of the refund, the balance of the delinquency
7 remaining shall remain a lien against the property.
8 (cf: P.L.2012, c.19, s.2)

9
10 3. This act shall take effect immediately.

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15 Permits municipalities to refund excess property taxes paid by a
16 taxpayer who wins an assessment appeal as a property tax credit.