SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 984

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 13, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 984, with committee amendments.

As amended, this bill revises various aspects of the laws governing property tax exemptions. Specifically, the bill requires municipalities to share certain payments in lieu of property taxes (PILOTs) with school districts. The bill also requires notice to be provided to the county, school districts, and Department of Community Affairs (DCA) when a municipality considers and approves a property tax exemption.

Under current law, any urban renewal entity that benefits from a long-term property tax exemption is required to make annual PILOTs to the municipality in which it is located. Currently, the municipality is required to remit five percent of the PILOT to the host county, thereby remaining 95 percent of the payment. Under the bill, municipalities would also be required to remit certain portions of these PILOTs to the school districts that serve the municipality, including regional school districts.

For a residential property, the municipality would be required to provide those school districts with an amount equal to the product of: (1) the number of school-age children who attend a public school or regional school district that serves the municipality, and who reside in the project; and (2) the base per pupil amount determined by the Commissioner of Education for the previous school year pursuant to section 7 of P.L.2007, c.260 (C.18A:7F-49). Alternatively, this amount would equal five percent of the PILOT, or an in-kind contribution equal in value to that amount, if the long-term tax exemption concerns nonresidential or mixed-use property. When an amount is remitted to more than one school district, the amount would be divided amongst those districts in proportion to each district's share of the total school tax levy in the municipality.

The bill also provides that when an urban renewal entity applies for a long-term property tax exemption, the entity would be required to provide copies of the application to the county, school districts, and the Director of the Division of Local Government Services (DLGS) in the DCA. The DLGS would be required to post this application on the Internet website of the DCA.

Under current law, the mayor of a municipality is required to submit recommendations to the municipal governing body within 60 days of receiving an application from an urban renewal for a long-term tax exemption. The bill requires these recommendations to be simultaneously submitted to the county and the local school districts that serve the municipality. Thereafter, representatives of the county and school districts may submit recommendations to the governing body within 10 days of receiving the mayor's recommendations.

When a municipality approves a long-term tax exemption, the bill also requires the municipality to provide the DLGS and the school districts with a copy of the ordinance and financial agreement that effectuated the exemption. Currently, only the county is required to receive these copies. The bill also requires the ordinance and financial agreement to be posted on the Internet website of the DCA.

After an application for a long-term property tax exemption is approved, current law requires the urban renewal entity to submit an annual audit to the municipality. Under the bill, this annual audit would be required to certify the number of school-age children attending public school who are residing in the approved project. The bill also requires copies of the audit to be provided to the Director of the DLGS for publication on the DCA's Internet website.

The bill also requires a municipality to provide the DLGS with a copy of any ordinance that effectuates a five-year property tax abatement. The DLGS would also be required to post this ordinance on the Internet website of the DCA.

COMMITTEE AMENDMENTS:

The committee amendments require certain documents to be provided to the DCA, and made available online, when a municipality considers and approves a long-term or short-term property tax exemption.

Specifically, the amendments require the following documents to be provided to the DLGS and posted on the DCA's Internet website: (1) any notice of application from an urban renewal entity for a long-term tax exemption; (2) the annual audit of an urban renewal entity that benefits from a long-term tax exemption; and (3) any ordinance and financial agreement that effectuates a long-term tax exemption or five-year tax abatement.

The amendments also clarify that when a residential property is subject to a long-term tax exemption, the amount remitted to the school districts would be based on the base per pupil amount determined by the Commissioner of Education for the previous school year pursuant to section 7 of P.L.2007, c.260 (C.18A:7F-49). Additionally, the amendments provide that when an amount is remitted to more than one school district, the amount would be divided amongst those districts in proportion to each district's share of the total school tax levy in the municipality.

The amendments also permit the Commissioner of Community Affairs or the Local Finance Board to require any application for a long-term tax exemption to include information concerning the financial impact of the project.