

# SENATE, No. 1305

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 10, 2020

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

Subjects most State property to local property taxation beginning on July 1, 2018.

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

34 b. (1) Commencing on July 1, 2018, notwithstanding any law  
35 to the contrary, the tax exempt status of property of the State and its  
36 agencies and authorities created by the State shall cease and the  
37 property shall be assessed and taxed locally in the same manner as  
38 other property, except when a certification is filed with the  
39 municipal tax assessor, by the appropriate official, that removal of  
40 the tax exempt status of a specific parcel would impair the rights of  
41 bondholders pursuant to a covenant entered into prior to July 1,  
42 2018. Property for which a certification has been filed shall  
43 continue to be subject to the requirements of P.L.1977, c.272  
44 (C.54:4-2.2a et seq.) regarding State payments in lieu of taxes.

45 (2) Liens for delinquent taxes against property owned by the

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 State or its agencies or authorities created by the State shall be  
2 enforced in the same manner as all other tax liens.

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

6 (cf: P.L.2016, c.65, s.2)

7  
8 2. Section 2 of P.L.1971, c.370 (C.54:4-3.3b) is amended to  
9 read as follows:

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

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

23  
24 3. This act shall take effect immediately.

## 25 STATEMENT

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27  
28 This bill would end the tax exempt status of property owned by  
29 the State, its agencies, and authorities created by the State, although  
30 the tax exempt status of property owned by local units of  
31 government would continue. State property would become taxable  
32 on July 1, 2018, except when a certification, prepared by an  
33 appropriate official, is filed with the municipal tax assessor stating  
34 that removal of the tax exempt status of a specific parcel would  
35 impair the rights of bondholders pursuant to a covenant entered into  
36 prior to July 1, 2018. Those parcels would continue to be subject to  
37 the law concerning State payments in lieu of taxes, N.J.S.A.54:4-  
38 2.2a et seq.

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

42 This bill is intended to require the State and its agencies and  
43 authorities to pay their fair share of the local tax burden so that the  
44 local residents and businesses are not unduly burdened by the cost  
45 of subsidizing State government operations. The bill also prohibits  
46 the State from reducing a municipality's formula aid in an attempt  
47 to offset the new property tax liability due and payable to that  
48 municipality, except with respect to State payments in lieu of taxes  
49 for those properties that will now be subject to taxation.