

SENATE, No. 1404

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator MICHAEL J. DOHERTY

District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

Requires cost-benefit analyses and local government financial impact findings for approval of long term property tax exemption; requires DCA to post Statewide database of these exemptions on its Internet website.

CURRENT VERSION OF TEXT

As introduced.



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

3

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

6

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

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

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

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

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

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

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

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

43 g. A cost-benefit analysis of the project's impact on the
44 finances of the municipality, county, and other taxing districts,

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 within which the project is located, outlining, at a minimum: (1) the
2 net financial impact on the municipality based on the estimated
3 payments to the municipality to be made pursuant to a financial
4 agreement to be entered into with the municipality and the
5 estimated additional one-time and periodic expenditures to be
6 incurred by the municipality as a result of the project; (2) the
7 municipal revenues to be gained or lost based on this estimated net
8 financial impact and the estimated net financial impact of the
9 property on the municipality if the project is not approved and the
10 current use and condition of the property is continued; (3) the
11 property tax revenues to be foregone by the county and taxing
12 districts in which the project is located if a tax exemption is
13 approved pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.); and (4)
14 any other information relevant to determining the impact of the
15 project on the finances of the municipality, county, and other taxing
16 districts, within which the project is located, as shall be required by
17 the municipality or as may be required by administrative rules
18 adopted by the Commissioner of Community Affairs or the Local
19 Finance Board. Within 30 days of receipt of the application, the
20 municipality shall post the cost-benefit analysis required by this
21 subsection on its Internet website, or, if one does not exist, the cost-
22 benefit analysis shall be provided for public inspection on the
23 Internet website of the Department of Community Affairs.

24 The application shall be addressed and submitted to the mayor or
25 other chief executive officer of the municipality. The mayor or
26 other chief executive officer shall, within 60 days of his receipt of
27 the application thereafter, submit the application with his
28 recommendations, and an independent cost-benefit analysis of the
29 project's impact on the finances of the municipality, county, and
30 other taxing districts, within which the project is located, conducted
31 by the office, or other designee, of the mayor or other chief
32 executive officer, to the municipal governing body. The
33 independent cost-benefit analysis shall include, at a minimum, the
34 information required in subsection g. of this section. Within 30
35 days of submission to the municipal governing body, the
36 municipality shall post the independent cost-benefit analysis on its
37 Internet website, or, if one does not exist, the independent cost-
38 benefit analysis shall be provided for public inspection on the
39 Internet website of the Department of Community Affairs.

40 The governing body shall by resolution approve or disapprove
41 the application, but in the event of disapproval, changes may be
42 suggested to secure approval. The resolution shall include specific
43 findings about the project's estimated net impact on the finances of
44 the municipality, county, and other taxing districts, within which
45 the project is located. Within 30 days of adoption of the resolution,
46 the municipality shall post the resolution on its Internet website, or,
47 if one does not exist, the resolution shall be provided for public

1 inspection on the Internet website of the Department of Community
2 Affairs. An application may be revised and resubmitted.
3 (cf: P.L.1991, c.431, s.8)

4
5 2. (New section) a. A municipality shall notify the
6 Department of Community Affairs within 30 days after approving a
7 financial agreement pursuant to section 9 of P.L.1991, c.431
8 (C.40A:20-9). The notice shall include the same information
9 required to be included in a plain language budget summary for
10 long term tax exemptions pursuant to subsection b. of section 39 of
11 P.L.2007, c.63 (C.40A:5-48).

12 b. The Department of Community Affairs, in consultation with
13 the Office of Information Technology, shall design, develop, and
14 maintain a database on its Internet website that contains and
15 displays: (1) the information provided to the department pursuant to
16 subsection a. of this section, and (2) the information included in
17 plain language budget summaries for long term tax exemptions
18 pursuant to subsection b. of section 39 of P.L.2007, c.63 (C.40A:5-
19 48), which were approved prior to the effective date of P.L. ,
20 c. (C.) (pending before the Legislature as this bill), sorted by
21 municipality.

22
23 3. This act shall take effect immediately.

24 25 26 STATEMENT

27
28 This bill would require an application for a long term property
29 tax exemption to include a cost-benefit analysis and for the mayor
30 or other chief executive officer of the municipality to produce an
31 independent cost-benefit analysis to be submitted along with the
32 application to the municipal governing body before it can decide on
33 the exemption. The bill would also require a municipal governing
34 body to include in its resolution approving or disapproving of a
35 project for which a long term tax exemption is sought specific
36 findings about the net impact of the project on the finances of the
37 directly affected local governments, namely the municipality,
38 county, school district, and other taxing districts within which the
39 project is located.

40 The cost-benefit analyses and financial impact findings required
41 for grants of long term property tax exemptions would have to be
42 posted on the Internet website of the granting municipality. If the
43 municipality does not have a website, this information would have
44 to be provided for public inspection on the Internet website of the
45 Department of Community Affairs (DCA). Municipalities that
46 grant new long term property tax exemptions would have to provide
47 pertinent information about each approved project to DCA, which
48 would post that information, along with existing long term property

1 tax exemption information retrieved from plain language budget
2 summaries submitted to DCA, in a database, sorted by municipality,
3 on its Internet website.

4 This bill would ensure that municipalities consider and evaluate
5 whether an investment in a redevelopment project through the grant
6 of a long term property tax exemption will generate satisfactory
7 revenue returns to the municipality, as well as the financial impacts
8 on counties, school districts, and other local governments. The bill
9 would also allow the public to do the same by making the required
10 cost-benefit analyses and financial impact findings, as well as
11 complete long term property tax exemption information for each
12 municipality, easily accessible on the Internet.