

SENATE, No. 1633

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

SYNOPSIS

“Corporate Disinvestment Property Tax Relief Act”; appropriates \$13.5 million.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a municipal aid program to compensate
2 municipalities for the property tax impact of corporate
3 disinvestment, supplementing Title 52 of the Revised Statutes,
4 and making an appropriation.

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

8
9 1. This act shall be known and may be cited as the “Corporate
10 Disinvestment Property Tax Relief Act.”

11
12 2. As used in this act:

13 “Departure” means the closure of a business, which is not due to
14 the relocation of the business to another municipality within the
15 State and which may include a winding down period of not more
16 than three years. A business shall be deemed closed notwithstanding
17 the retention of necessary personnel to maintain equipment and
18 structures and to provide environmental remediation of the site.

19 “Director” means the Director of the Division of Local
20 Government Services in the Department of Community Affairs.

21 “Eligible municipality” means a municipality that, on or after
22 January 1, 2012, has a decrease in its property tax base due to a
23 reduction in the assessed valuation of a major business ratable as a
24 result of the departure of a business. A municipality shall cease to
25 be an eligible municipality beginning in the sixth year next
26 following the first distribution of a qualified aid amount to the
27 municipality or in any tax year in which the equalized value of the
28 major business ratable returns to an amount that equals or exceeds
29 95 percent of the equalized value of the major business ratable in
30 the tax year prior to the decrease in the assessed valuation for that
31 major business ratable as a result of the departure of a business,
32 whichever occurs first; provided, however, that if the reuse of the
33 major business ratable is delayed by any federal or State statute,
34 rule or regulation, or court or administrative order, the six-year
35 limitation on municipal eligibility shall be extended by the amount
36 of time of such delay.

37 “Fund” means the “Corporate Disinvestment Property Tax Relief
38 Fund” in the General Fund established by subsection b. of section 3
39 of P.L. , c. (C.) (pending before the Legislature as this
40 bill).

41 “Major business ratable” means one or more related parcels of
42 taxable property, classified as commercial or industrial and utilized
43 by the business property owner as its corporate headquarters, which,
44 on the effective date of this act or in either of the two preceding tax
45 years, comprises the largest assessed valuation of any one or more
46 related line items of taxable property in the municipality, equals or
47 exceeds 10 percent of the tax base of the municipality, equals or
48 exceeds \$150,000,000 in aggregate equalized assessed valuation, or

1 employs not less than 1,000 employees in the municipality or a
2 contiguous municipality, or both.

3 “Qualified aid amount” means an amount equal to the current tax
4 rate for school and municipal purposes in an eligible municipality,
5 multiplied by the difference between the equalized assessed
6 valuation of the major business ratable in the current tax year and
7 the equalized assessed valuation of the major business ratable in the
8 tax year prior to the decrease in the valuation of the major business
9 ratable as a result of the departure of a business. This amount shall
10 decrease in proportion to any subsequent increase in the equalized
11 value of the major business ratable.

12

13 3. a. The director shall establish a “Corporate Disinvestment
14 Property Tax Relief Act” aid program.

15 b. The “Corporate Disinvestment Property Tax Relief Fund” is
16 established in the General Fund as a special nonlapsing fund for the
17 purpose of providing “Corporate Disinvestment Property Tax Relief
18 Act” aid to eligible municipalities. The director shall serve as the
19 administrator of the fund.

20 c. The governing body of an eligible municipality may apply to
21 the director for “Corporate Disinvestment Property Tax Relief Act”
22 aid. The application shall be made on a form and shall be
23 accompanied by documentation as prescribed by the director.

24 d. The director shall approve an application for “Corporate
25 Disinvestment Property Tax Relief Act” aid upon finding that the
26 applicant meets all the qualifications of an eligible municipality.

27 e. The director shall annually submit to the Governor and to
28 the President of the Senate and the Speaker of the General
29 Assembly a statement of “Corporate Disinvestment Property Tax
30 Relief Act” aid to be appropriated to the fund. The amount shall
31 equal the total of the qualified aid amounts for each approved
32 eligible municipality.

33 f. The director shall, upon warrant of the Director of the
34 Division of Budget and Accounting, annually distribute “Corporate
35 Disinvestment Property Tax Relief Act” aid allocated to the fund.
36 Each approved eligible municipality shall receive a distribution
37 equal to the qualified aid amount for that municipality. If
38 insufficient monies are allocated to the fund, then each eligible
39 municipality shall receive its proportional share of the available aid
40 monies in the fund.

41

42 4. The assessed valuation of a major business ratable following
43 a departure of a business shall be determined through a
44 reassessment by the municipal tax assessor pursuant to R.S.54:4-23
45 or an appeal to the county board of taxation by a taxpayer or taxing
46 district pursuant to R.S.54:3-21 et seq.

1 headquarters, and if, on the effective date of the program or in
2 either of the preceding two years, it: (1) comprises the largest
3 assessed valuation of any one or more related line items of taxable
4 property in the municipality; (2) equals or exceeds 10 percent of the
5 tax base of the municipality; (3) equals or exceeds \$150,000,000 in
6 aggregate equalized assessed valuation; or (4) employs not fewer
7 than 1,000 employees in the municipality or in a contiguous
8 municipality, or both.

9 To receive this aid, the bill requires an eligible municipality to
10 apply to the Director of the Division of Local Government Services.
11 The director will approve an application upon finding that the above
12 qualifications have been met.

13 An approved eligible municipality will annually receive a
14 distribution in an amount equal to the current tax rate for school and
15 municipal purposes in the eligible municipality, multiplied by the
16 difference between the equalized assessed valuation of the major
17 business ratable in the current tax year and the equalized assessed
18 valuation of the major business ratable in the tax year prior to the
19 decrease in the valuation of the major business ratable as a result of
20 the departure of a business. The director will reduce the amount to
21 be distributed in proportion to any subsequent increase in the value
22 of the major business ratable. The director will cease the
23 distribution of aid to an eligible municipality beginning in the sixth
24 year next following the first distribution of a qualified aid amount
25 to the municipality or in any tax year in which the equalized value
26 of the major business ratable returns to an amount that equals or
27 exceeds 95 percent of the equalized value of the major business
28 ratable in the tax year prior to the decrease in the valuation for that
29 major business ratable due to the departure of a business, whichever
30 occurs first; provided, however, that if the reuse of the major
31 business ratable is delayed by any federal or State statute, rule or
32 regulation, or court or administrative order, the six-year limitation
33 on municipal eligibility will be extended by the period of that delay.

34 The bill establishes the “Corporate Disinvestment Property Tax
35 Relief Fund” in the General Fund as a special nonlapsing fund out
36 of which the aid will be distributed to eligible municipalities.

37 The bill requires an eligible municipality receiving this aid to use
38 the aid to reduce the local property tax levy for school and
39 municipal purposes.

40 The bill also appropriates \$13.5 million to fund distributions of
41 “Corporate Disinvestment Property Tax Relief Act” aid.