SENATE, No. 1685

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:
Senator JAMES W. HOLZAPFEL
District 10 (Ocean)

SYNOPSIS

Permits short-term tax exemption for certain improvements to dwellings damaged by natural disasters.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning real property tax exemptions in areas in need of rehabilitation, amending P.L.1992, c.79, R.S.54:4-38, and P.L.1991, c.75, and supplementing P.L.1991, c.441 (C.40A:21-1 et seq.).

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

1. Section 14 of P.L.1992, c.79 (C.40A:12A-14) is amended to read as follows:

14. a. A delineated area may be determined to be in need of rehabilitation if the governing body of the municipality determines by resolution that a program of rehabilitation, as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3), may be expected to prevent further deterioration and promote the overall development of the community; and that there exist in that area any of the following conditions such that (1) a significant portion of structures therein are in a deteriorated or substandard condition; (2) more than half of the housing stock in the delineated area is at least 50 years old; (3) there is a pattern of vacancy, abandonment or underutilization of properties in the area; (4) there is a persistent arrearage of property tax payments on properties in the area; (5) environmental contamination is discouraging improvements and investment in properties in the area; or (6) a majority of the water and sewer infrastructure in the delineated area is at least 50 years old and is in need of repair or substantial maintenance. Where warranted by consideration of the overall conditions and requirements of the community, a finding of need for rehabilitation may extend to the entire area of a municipality. Prior to adoption of the resolution, the governing body shall submit it to the municipal planning board for its review. Within 45 days of its receipt of the proposed resolution, the municipal planning board shall submit its recommendations regarding the proposed resolution, including any modifications which it may recommend, to the governing body for its consideration. Thereafter, or after the expiration of the 45 days if the municipal planning board does not submit recommendations, the governing body may adopt the resolution, with or without modification. The resolution shall not become effective without the approval of the commissioner pursuant to section 6 of P.L.1992, c.79 (C.40A:12A-6), if otherwise required pursuant to that section.

b. A delineated area shall be deemed to have been determined to be an area in need of rehabilitation in accordance with the provisions of this act if it has heretofore been determined to be an area in need of rehabilitation pursuant to P.L.1975, c.104 (C.54:4-

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 <u>thus</u> is new matter.

3.72 et seq.), P.L.1977, c.12 (C.54:4-3.95 et seq.) or P.L.1979, c.233 (C.54:4-3.121 et al.).

c. (1) A municipality may adopt an ordinance declaring a renovation housing project to be an area in need of rehabilitation for the purposes of Article VIII, Section I, paragraph 6 of the New Jersey Constitution if the need for renovation resulted from conflagration.

(2) For the purposes of this subsection, "renovation housing project" means any work or undertaking to provide a decent, safe, and sanitary dwelling, to exclusively benefit a specific household, by the renovation, reconstruction, or replacement of the household's home on the same lot by either a charitable entity organized to perform home renovations or by a for-profit builder using 75% or more volunteer labor-hours to accomplish the construction for the project. The undertaking may include any buildings; demolition, clearance, or removal of buildings from land; equipment; facilities; or other personal properties or interests therein which are necessary, convenient, or desirable appurtenances of the undertaking.

d. (1) A municipality may adopt an ordinance declaring a renovation housing project to be an area in need of rehabilitation for the purposes of Article VIII, Section I, paragraph 6 of the New Jersey Constitution if at least half of the number of people occupying the dwelling as their primary residence qualify for a federal income tax credit pursuant to 26 U.S.C. s.22 as a result of being permanently and totally disabled and the improvements to be made to the dwelling are made substantially to accommodate those disabilities.

(2) For the purposes of this subsection, "renovation housing project" means any work or undertaking to provide a decent, safe, and sanitary single-family dwelling, to exclusively benefit at least half of the number of people occupying a dwelling as their primary residence, by the renovation, reconstruction, or replacement of that dwelling on the same lot by either a charitable entity organized to perform home renovations or by a for-profit builder using 75% or more volunteer labor-hours to accomplish the construction for the project. The undertaking may include any buildings; demolition, clearance, or removal of buildings from land; equipment; facilities; or other personal properties or interests therein which are necessary, convenient, or desirable appurtenances of the undertaking.

<u>e. A municipality may adopt an ordinance declaring an area to be in need of rehabilitation for the purposes of Article VIII, Section I, paragraph 6 of the New Jersey Constitution if dwellings within the area were damaged by a natural disaster for which a state of emergency has been declared by the President of the United States or the Governor.</u>

(cf: P.L.2013, c.159, s.4)

2. (New section) An ordinance adopted by a municipality pursuant to subsection e. of section 14 of P.L.1992, c.79 (C.40A:12A-14) shall require that, in determining the value of an exemption, the assessor shall consider the additional value to those dwellings that is directly attributable to the additional space under those dwellings created by the elevation of those dwellings as not increasing the taxable value of those properties for a period of five years, notwithstanding that the market value of the real property to which the improvements are made is increased thereby. The ordinance may provide for a reduction of the exemption for each year of the exemption period.

During the exemption period, increases in value to dwellings that are not directly attributable to the additional space under dwellings created by the elevation of those dwellings, and which increase the value of those dwellings, shall be reflected in the assessed value of those dwellings.

3. R.S.54:4-38 is amended to read as follows:

54:4-38. Except as provided in subsection b. of this section, every assessor, at least ten days before filing the complete assessment list and duplicate with the county board of taxation, and before annexing thereto his affidavit as required in **[**section 54:4-36 of this title**]** R.S.54:4-36, shall notify each taxpayer of the current assessment and preceding year's taxes and give public notice by advertisement in at least one newspaper circulating within his taxing district of a time and place when and where the assessment list may be inspected by any taxpayer for the purpose of enabling the taxpayer to ascertain what assessments have been made against him or his property and to confer informally with the assessor as to the correctness of the assessments, so that any errors may be corrected before the filing of the assessment list and duplicate. Thereafter, the assessor shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment. Any notice issued by the assessor shall contain information instructing taxpayers on how to appeal their assessment along with the deadline to file an appeal, printed in boldface type.

b. In the case of a municipality located in a county where the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), in the case of a county operating under the "Property Tax Assessment Reform Act," P.L.2009, c.118 (C.54:1-86 et seq.), and in the case of a municipality located in a county that has adopted, by resolution, the provisions of section 1 of P.L.2018, c.94 (C.54:1-105), every assessor, before filing the preliminary assessment list with the county board of taxation pursuant to subsection b. of R.S.54:4-35, shall notify each taxpayer of the preliminary assessment and preceding year's taxes and give public notice by advertisement in at

least one newspaper circulating within his taxing district of a time and place when and where the assessment list may be inspected by any taxpayer for the purpose of enabling the taxpayer to ascertain what assessments have been made against the taxpayer or the taxpayer's property. Thereafter, the assessor shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment. Any notice issued by the assessor shall contain information instructing taxpayers on how to appeal their assessment along with the deadline to file an appeal, printed in boldface type.

c. The notification required by this section shall also include the value of an exemption attributable to the elevation of a dwelling pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

(cf: P.L.2018, c.94, s.8)

4. Section 32 of P.L.1991, c.75 (C.54:4-38.1) is amended to read as follows:

32. a. Except as provided in subsection b. of this section, every assessor, prior to February 1, shall notify by mail each taxpayer of the current assessment and preceding year's taxes. Thereafter, the assessor or county board of taxation shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment. The director shall establish the form of notice of assessment and change of assessment. Any notice issued by the assessor or county board of taxation shall contain information instructing taxpayers on how to appeal their assessment along with the deadline to file an appeal, printed in boldface type.

b. In the case of a municipality located in a county where the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), in the case of a county operating under the "Property Tax Assessment Reform Act," P.L.2009, c.118 (C.54:1-86 et seq.) and in the case of a municipality located in a county that has adopted, by resolution, the provisions of section 1 of P.L.2018, c.94 (C.54:1-105), every assessor, on or before November 15 of the pretax year, shall notify by mail each taxpayer of the preliminary assessment and preceding year's taxes. Thereafter, the assessor or county board of taxation shall notify each taxpayer by mail within 30 days of any change to the assessment which has occurred as the result of a municipal-wide revaluation or reassessment of real property within the municipality. This notification of change of assessment shall contain the prior assessment and the current assessment. The director shall establish the form of notice of assessment and change of assessment. Any notice issued by the assessor or county board of

taxation shall contain information instructing taxpayers on how to appeal their assessment along with the deadline to file an appeal, printed in boldface type.

c. The county board of taxation of the demonstration county shall make the preliminary data electronically accessible to the public by posting the data in searchable form on the county's website not later than 15 business days after the submission of the preliminary data.

d. The notification required by this section shall also include the value of an exemption attributable to the elevation of a dwelling pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

(cf: P.L.2018, c.94, s.9.

5. This act shall take effect immediately.

STATEMENT

This bill would permit a municipality to adopt an ordinance declaring an area to be in need of rehabilitation if dwellings within the area were damaged by a natural disaster for which a state of emergency has been declared by the President of the United States or the Governor. Under current law, municipalities may provide property taxpayers a short-term property tax exemption or abatement on dwellings in areas in need of rehabilitation for a period of five years.

An ordinance adopted under the bill would have to require that, in determining the value of an exemption, the assessor consider the additional value to those dwellings that is directly attributable to the additional space under those dwellings created by the elevation of those dwellings as not increasing the taxable value of those properties for a period of five years, notwithstanding that the market value of the real property to which the improvements are made is increased thereby. The ordinance may provide for a reduction of the exemption for each year of the exemption period.

The bill also clarifies that during the exemption period, increases in value to dwellings that are not directly attributable to the additional space under dwellings created by the elevation of those dwellings, and which increase the value of those dwellings, must be reflected in the assessed value of those dwellings.

The bill also requires that certain property tax notices include the value of an exemption granted under an ordinance adopted pursuant to the bill.