

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2546

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 15, 2021

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 2546.

As amended, this bill would require the production of cost-benefit analyses for long term tax exemptions and require the Department of Community Affairs (DCA) to create a database of these exemptions. The bill also would require a new distribution of annual service charges for long term tax exemptions among local governments. The bill also would require that five-year tax exemption and abatement agreements be filed with certain county officials.

This bill requires an application for a long term property tax exemption to include a cost-benefit analysis and for the mayor or other chief executive officer of the municipality to produce an independent cost-benefit analysis to be submitted along with the application to the municipal governing body before it can decide on the exemption. The bill also requires a municipal governing body to include specific findings in its resolution approving or disapproving of a project for which a long term tax exemption is sought. Those specific findings have to address the net impact of the project on the finances of the affected local governments, including the municipality, county, and school district.

This bill requires municipalities to consider and evaluate whether an investment in a redevelopment project through the grant of a long term property tax exemption will generate satisfactory revenue returns to the municipality, as well as the financial impacts to counties, school districts, and other local governments. Under the bill, the cost-benefit analyses and financial impact findings required for grants of long term property tax exemptions would have to be posted on the Internet website of the granting municipality, excluding project specific information deemed to be proprietary by the parties involved. If the municipality does not have a website, this information would have to be provided for public inspection on the Internet website of DCA. This bill would also require the cost-benefit analyses and findings to be part of the public record.

The bill requires municipalities that grant new long term property tax exemptions to provide pertinent information about each approved project to DCA. The bill directs DCA to post that information, along

with existing long term property tax exemption information retrieved from plain language budget summaries submitted to DCA, in a database, sorted by municipality, on its Internet website.

The bill requires municipalities to file a copy of the five-year property tax exemption and abatement agreement with certain county officials.

COMMITTEE AMENDMENTS:

The committee amendments remove the provision from the bill that would have required each municipality which entered into a financial agreement on or after the effective date of the bill to remit a portion of the annual service charge collected by the municipality to the county, school district, and any other taxing district, within which a redevelopment project is located, in direct proportion to the distribution of the amount raised by taxation in the municipality in the prior tax year on behalf of the applicable county, school district, or other taxing district, as displayed on the property tax bill for that year. The amendments also remove the provision that provided that the service charge portion would have been required to be remitted to the county, school district, or other taxing district in the same manner as property taxes. The amendments would require a municipality to exclude project specific information deemed to be proprietary by the parties involved when the municipality posts the cost-benefit analysis on its Internet website.