

SENATE, No. 3652

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 19, 2021

Sponsored by:

Senator HOLLY T. SCHEPISI

District 39 (Bergen and Passaic)

SYNOPSIS

Extends eligibility for short-term financial assistance under Transitional Aid to Localities program to municipalities that lose a major commercial ratable.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT extending eligibility for Transitional Aid to Localities
2 program to municipalities that lose a major commercial ratable
3 and amending P.L.2011, c.144.

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

7
8 1. Section 1 of P.L.2011, c.144 (C.52:27D-118.42a) is
9 amended to read as follows:

10 1. a. **【The】** Except as provided in subsection c. of this section,
11 the Director of the Division of Local Government Services in the
12 Department of Community Affairs shall determine conditions,
13 requirements, orders, and oversight for the receipt of any amount of
14 grants, loans, or any combination thereof, provided to any
15 municipality through the Transitional Aid to Localities program or
16 any successor discretionary aid programs for municipalities in fiscal
17 distress. Conditions, requirements, or orders deemed necessary by
18 the director may include, but not be limited to, the implementation
19 of government, administrative, and operational efficiency and
20 oversight measures necessary for the fiscal recovery of the
21 municipality, including but not limited to requiring approval by the
22 director of personnel actions, professional services and related
23 contracts, payment in lieu of tax agreements, acceptance of grants
24 from State, federal or other organizations, and the creation of new
25 or expanded public services.

26 b. An additional amount not to exceed one percent of the
27 amount appropriated in any State Fiscal Year beginning on or after
28 July 1, 2012 for the Transitional Aid to Localities program or any
29 successor discretionary aid programs for municipalities in fiscal
30 distress shall be appropriated for administrative costs of that
31 program, and for administrative costs associated with the oversight
32 of any municipalities under State supervision pursuant to Article 4
33 of the "Local Government Supervision Act (1947)," P.L.1947,
34 c.151 (C.52:27BB-54 et seq.), subject to the approval of the
35 Director of the Division of Budget and Accounting in the
36 Department of the Treasury.

37 c. A portion of any aid made available for the Transitional Aid
38 to Localities program, or any successor discretionary aid program
39 for local government units in fiscal distress, may be allocated by the
40 Director of the Division of Local Government Services to provide
41 short-term financial assistance to a local government unit that is
42 determined by the director to be in fiscal distress due to the
43 destruction or loss of a major local business ratable. A local
44 government unit determined to be in fiscal distress because of the
45 loss or destruction of a major local business ratable shall not be

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 required to be subject to any additional conditions, requirements,
2 orders, oversight authorized pursuant to subsection a. of this
3 section, except as determined to be appropriate by the director.
4 Notwithstanding the provisions of any law or regulation to the
5 contrary, the director may direct that part of any allocation of aid
6 pursuant to this subsection be paid to an affected school district or
7 county, or to both, in the same manner as if the award of aid from
8 the Transitional Aid to Localities program was raised as revenue
9 from the municipal tax levy. For purposes of this subsection, a
10 “major local business ratable” means one or more related parcels of
11 property owned by a single business entity, classified as
12 commercial or industrial, which comprised the largest assessed
13 valuation of any one or more line items of taxable property in a
14 municipality; which generated an annual payment in lieu of
15 property tax in excess of 10 percent of the total municipal levy; or
16 which is otherwise determined by the Director to be of such
17 significance to a municipality that its destruction or loss has
18 resulted in financial distress.

19 (cf: P.L.2011, c.144, s.1)

20
21 2. This act shall take effect immediately.

22 23 24 STATEMENT

25
26 This bill would alleviate the property tax impact of the departure
27 of a major business ratable from a municipality. It is intended to
28 protect property taxpayers from property tax increases or significant
29 service disruptions, or both, likely to result from the sudden loss of
30 a major ratable that pays a significant portion of the local property
31 tax levy. This bill would codify into permanent State law a
32 language provision in the State FY 2015 appropriations act that
33 addresses a municipality's loss of a large property tax ratable.

34 Under this bill, a portion of any aid provided through the
35 Transitional Aid to Localities program may be allocated by the
36 Director of the Division of Local Government Services to provide
37 short-term financial assistance to a local government unit that is
38 determined by the director to be experiencing financial distress
39 caused by the destruction or loss of a major local business ratable.
40 “Major local business ratable” is defined in the bill as one or more
41 related parcels of property owned by a single business entity,
42 classified as commercial or industrial, which comprised the largest
43 assessed valuation of any one or more line items of taxable property
44 in a municipality; which generated an annual payment in lieu of
45 property tax in excess of 10% of the total municipal levy; or which
46 is otherwise determined by the director to be of such significance to
47 a municipality that its destruction or loss has resulted in financial
48 distress.

1 The bill provides that the director may direct that part of any
2 allocation of aid under the Transitional Aid to Localities program
3 shall be paid to an affected school district or county, or to both, in
4 the same manner as if the award of this aid was raised as revenue
5 from the municipal tax levy.

6 A local government unit determined to be experiencing financial
7 distress because of the loss or destruction of a major local business
8 ratable would not be required to be subject to any additional
9 conditions, requirements, orders, or other operational efficiency or
10 oversight measures, except as the director deems to be appropriate.

11 The provisions of this bill are intended to provide assistance to
12 municipalities such as Montvale, in Bergen County, where a large
13 property, most recently the headquarters of Barr Laboratories, Inc.,
14 is anticipated to be sold in the near future to Memorial Sloan
15 Kettering Cancer Center, and used as a regional cancer center. This
16 new use of the property will likely render a large portion of it
17 exempt from property taxes, and consequently, there will be a
18 negative impact on Montvale's municipal property tax levy, which
19 is the amount of money raised by property taxation to fund
20 municipal purposes.

21 Under this bill, any affected local unit of government would be
22 able to apply to the Director of the Division of Local Government
23 Services in the Department of Community Affairs for financial
24 assistance under the Transitional Aid to Localities program in order
25 to mitigate the effect of the loss of a major property tax ratable on
26 the local unit's remaining taxpayers.