

13:17-61 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA:13:17-61 et al

("Hackensack  
Meadowlands  
Reclamation &  
Development  
Act"--amend tax  
sharing  
provisions)

LAWS OF: 1989

CHAPTER: 26

Bill No: S2226

Sponsor(s): Ambrosio

Date Introduced: March 21, 1988

Committee: **Assembly:** Independent Authorities; Appropriations

**Senate:** Independent Authorities

Amended during passage: Yes Amendments during passage denoted asterisks.

Date of Passage: **Assembly:** December 19, 1988

**Senate:** May 16, 1988

Date of Approval: February 15, 1989

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: **Assembly:** Yes 11-28-88 & 12-12-88

**Senate:** Yes

Fiscal Note: No

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: Yes

Hearings: Yes

(over)

974.90  
R299  
1988

New Jersey. Legislature.  
State Government, Federal & Interstate Relations and  
Veterans Affairs.

Public hearing on S.R. 103, establishes a Senate Task  
Force to study the Hackensack Meadowlands Development  
Commission, held 7-28-87. Lynhurst, 1987.

974.90  
R288  
1988

New Jersey. Hackensack Meadowlands Development Task Force.

Public hearing on an overview of the Legislative  
mandate..., enabling legislation... held 1-22-88, Lyndhurst, 1988.

974.90  
R299  
1988a

New Jersey. Hackensack Meadowlands Development Task Force.

Public hearing, held 3-3-88.  
Rutherford, N.J. 1988.

[FOURTH REPRINT]

SENATE, No. 2226

STATE OF NEW JERSEY

INTRODUCED MARCH 21, 1988

By Senator AMBROSIO

1 AN ACT concerning the Hackensack Meadowlands Development  
Commission and amending and supplementing P.L.1968, c.404.

3

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

7 1. Section 59.1 of P.L.1968, c.404 (C.13:17-61) is amended to  
read as follows:

9 59.1. As used in this article, unless the context indicates  
another meaning or intent:

11 (a) "Adjustment year" means the year in which the respective  
obligations of the intermunicipal account and the constituent  
municipalities of the district are due and payable.

13 (b) "Intermunicipal account" means the administrative device  
established and administered by the commission to record all the  
15 transactions made pursuant to this article for the purpose of  
calculating the meadowlands adjustment payment for each  
17 constituent municipality, and to act as the clearinghouse for the  
transfer of the meadowlands adjustment payments among the  
19 constituent municipalities as required by this article.

21 (c) "Meadowlands adjustment payment" means the amount  
that is payable by each constituent municipality to the  
intermunicipal account, or the amount that is payable by the  
23 intermunicipal account to each municipality, as the commission  
shall determine the case to be, pursuant to the provisions of this  
25 article.

27 (d) "Resident enrollment" means the number of full-time  
pupils who are residents of the school district and who are  
enrolled in day schools on the last day of September during the  
29 school year in which calculation of aid is made and are attending  
the public schools of the school district or a school district or  
31 State teachers' college demonstration school in which the school

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.

Matter enclosed in superscript numerals has been adopted as follows:

1 Senate SIA committee amendments adopted May 2, 1988.

2 Assembly AIA committee amendments adopted November 28, 1988.

3 Assembly AAP committee amendments adopted December 12, 1988.

4 Senate floor amendments adopted January 12, 1988.

1 district of residence pays tuition; school district may count in its  
enrollment any pupil regularly attending on a full-time basis a  
3 county vocational school in the same county, for which the school  
district pays tuition.

5 (e) "Base year" means the calendar year 1970.

(f) "Comparison year" means the second calendar year  
7 preceding the adjustment year.

(g) "Apportionment rate" means a rate determined as follows:

9 (1) The total property taxes levied for local, school, and  
veteran and senior <sup>1</sup>[citizens,] citizens'<sup>1</sup> purposes, as certified  
11 pursuant to R.S.54:4-52, of the municipality in the comparison  
year after the meadowlands adjustment payment made in that  
13 comparison year has been subtracted or added, as the case may  
be, divided by

15 (2) The aggregate true value of all taxable real property,  
exclusive of Class II railroad property, located in the  
17 municipality, both within and without the district, in the  
comparison year, as determined by the Director of the Division of  
19 Taxation on October 1 of the comparison year, pursuant to P.L.  
1954, c. 86, as amended, as the same may have been modified by  
21 the tax court. If a tax appeal is decided after calculations are  
made for an adjustment year, the next year's calculations must  
23 show a retroactive correction for the applicable preceding two  
years.

25 (cf: P.L.1983, c.36, s.2)

2. Section 63 of P.L.1968, c.404 (C.13:17-65) is amended to  
27 read as follows:

63. On or before November 15, 1969, and on or before  
29 November 15 of each year thereafter, the secretary,  
superintendent or a person designated by the school board of each  
31 school district of each constituent municipality shall certify to  
the commission the resident enrollment as of September 30 of  
33 that year. The certification shall show the number, address and  
grade enrolled of [such] pupils who reside within the district and  
35 the number who reside outside, in a manner to be prescribed by  
the Commissioner of the Department of Education.

37 (cf: P.L.1968, c.404, s.63)

3. Section 65 of P.L.1968, c.404 (C.13:17-67) is amended to  
39 read as follows:

1       65. (a) As used in this section, except as otherwise  
specifically provided:

3       (1) The increase or decrease in aggregate true value of taxable  
real property for any adjustment year shall be the difference  
5       between:

7           (i) The aggregate true value of that portion of taxable real  
property, exclusive of Class II railroad property, in the  
municipality located within the district in the comparison year,  
9       and

          (ii) The aggregate true value of said property in the base year.

11       (2) Aggregate true value of all taxable real property shall be  
determined by aggregating the assessed value of all real property  
13       within the district boundaries in each constituent municipality,  
and dividing said total by the average assessment ratio as  
15       promulgated by the Director of the Division of Taxation in the  
Department of the Treasury for State school aid purposes on  
17       October 1 of the respective years for which aggregate true value  
is to be determined, pursuant to P.L.1954, c.86, as amended, as  
19       the same may have been modified by the tax court.

          (3) For the purpose of calculating aggregate true value, the  
21       assessed value of taxable real property for any given year shall  
comprise:

23           (i) The assessed value shown on the assessment duplicate for  
such year, as certified by the county board of taxation and  
25       reflected in the county table of aggregates prepared pursuant to  
R.S.54:4-52, as the same may be modified by the county board of  
27       taxation upon appeal, plus

          (ii) The prorated assessed values pertaining to such year, as  
29       certified by the county board of taxation on or before October  
10, with respect to the assessor's added assessment list for such  
31       year, as the same may be modified by the county board of  
taxation upon appeal, plus

33           (iii) The assessed values pertaining to such year, as certified  
by the county board of taxation on or about October 10, with  
35       respect to the assessor's omitted property assessment list for  
such year, as the same may be modified by the county board of  
37       taxation upon appeal.

          (b) The amount payable to the intermunicipal account by each  
39       constituent municipality in any adjustment year shall be

1 determined in the following manner: the apportionment rates  
2 calculated for the comparison year shall be multiplied by the  
3 increase, if any, in aggregate true value of taxable real property  
4 for such year; provided, however, that the amount payable to the  
5 intermunicipal account shall be limited to 10% of the amount so  
6 calculated in the adjustment year 1973 and shall increase 4  
7 percentage points a year until 50% of the amount so calculated is  
8 paid into the intermunicipal account in the adjustment year 1983  
9 [and thereafter] through adjustment year <sup>1</sup>[1987] 1988<sup>1</sup>.  
10 Beginning in adjustment year <sup>1</sup>[1988] 1989<sup>1</sup> the amount payable  
11 into the intermunicipal account shall be reduced by 2 percentage  
12 points a year until 40% of the amount calculated pursuant to this  
13 subsection is paid into the intermunicipal account in the  
14 adjustment year <sup>1</sup>[1992] 1993<sup>1</sup> and thereafter.

15 (c) If, during any comparison year, a constituent municipality  
16 has received a payment in lieu of real estate taxes on property  
17 located within the district, then, for the purpose of calculating  
18 the increase or decrease in the municipality's aggregate true  
19 value under subsection (a)(1) of this section, there shall be added  
20 to the aggregate true value otherwise determined for such  
21 comparison year an amount determined by dividing the amount of  
22 said in lieu payment by the municipal tax rate for the comparison  
23 year and dividing the result by the average assessment ratio for  
24 school aid purposes as promulgated by the Director of the  
25 Division of Taxation, as same may have been modified by the tax  
26 court.

27 (cf: P.L.1983, c.36, s.3)

28 4. (New Section) Notwithstanding the provision of any law,  
29 rule or regulation to the contrary, no constituent municipality  
30 shall pay out or receive a meadowlands adjustment payment for  
31 any adjustment year in which its municipal equalized valuation  
32 per capita, as defined in section 1 of P.L.1978, c.14  
33 (C.52:27D-178) and as certified by the Director of the Division of  
34 Local Government Services in the Department of Community  
35 Affairs exceeds \$1,000,000.00.

36 5. (New Section) A meadowlands adjustment payment made  
37 contrary to the provisions of section 4 of this 1988 amendatory  
38 and supplementary act shall be returned to the municipality or  
39 the intermunicipal account, as the case may be, and

1 corresponding corrections in the remaining meadowlands  
adjustment payments shall be completed within 90 days of the  
3 effective date of this act.

4<sup>2</sup>6. (New section) 3<sup>a</sup>.<sup>3</sup> Notwithstanding the provisions of  
5 P.L. , c. (C. ) (now before the Legislature as this bill) or any  
7 law, rule or regulation to the contrary, any constituent  
9 municipality which has land area within the district constituting  
11 less than 2.5 percent of the total land area within the district and  
13 which has a population density exceeding 6,500 persons per square  
15 mile according to the 1986 Department of Labor statistics, shall,  
for purpose of calculating the amount of the Meadowlands  
adjustment payments for the calendar year beginning January 1,  
1989 and each year thereafter, receive no less than the amount of  
the total Meadowlands adjustment payment received during the  
calendar year beginning January 1, 1988 and ending December 31,  
1988.<sup>2</sup>

17 3<sup>b</sup>. In any year in which additional monies are required to  
19 make a payment to any municipality pursuant to subsection a. of  
21 this section, such monies shall be contributed by all other  
constituent municipalities, in proportion to each municipality's  
land area within the district, exclusive of the land area of any  
municipality described in subsection a. of this section.<sup>3</sup><sup>4</sup>

23 2<sup>[6.]</sup> 4<sup>[7.2]</sup> 6.<sup>4</sup> This act shall take effect 1<sup>[immediately]</sup>  
25 4<sup>[on]</sup> immediately and shall be retroactive to<sup>4</sup> January 1, 1989<sup>1</sup>.

27 AUTHORITIES AND REGIONAL COMMISSIONS

Property Taxes

29

Amends certain tax-sharing provisions in the "Hackensack  
31 Meadowlands Reclamation and Development Act."

1

## STATEMENT

3 This bill amends certain sections of the "Hackensack  
Meadowlands Reclamation and Development Act," P.L. 1968, c.  
5 404 (C. 13:17-1 et seq.) concerning intermunicipal tax-sharing.

The "Hackensack Meadowlands Reclamation and Development  
7 Act" provides for regional control of development in the  
Hackensack Meadowlands District through planning by the  
9 Hackensack Meadowlands Development Commission (HMDC).  
The district comprises parts of fourteen constituent  
11 municipalities who are represented by the Hackensack  
Meadowlands Municipal Committee (HMMC). Since regional  
13 considerations are determinative of whether that portion of a  
municipality within the district will be developed, the act  
15 provides for intermunicipal tax-sharing to ensure each  
constituent municipality against loss of tax ratables. The act  
17 provides for an intermunicipal account which is a clearing house  
for payments to be received or issued as the case may be. This  
19 bill amends sections of the tax-sharing provisions of the act to  
provide a more equitable calculation of payments required to  
21 made under the act.

The act provides, as a mechanism for changes in the operation  
23 of the intermunicipal account, that the HMDC make  
recommendations to the Legislature. P.L. 1968, c. 404, s. 59 (C.  
25 13:17-60). The changes in the tax-sharing formulation  
incorporated in this bill with the exception of sections 4 and 5  
27 have been suggested and approved by both the HMDC and the  
HMMC. Sections 4 and 5 have been suggested and approved by  
29 the HMMC. While the HMDC supports the changes proposed in  
sections 4 and 5, the commission believes it is not its role to  
31 formally recommend or approve this type of change in the  
formulation.

33 The bill amends the apportionment formula used to calculate a  
meadowlands adjustment payment to exclude payments made or  
35 received to the intermunicipal account in a comparison year when  
calculating property taxes levied in a comparison year.  
37 Currently, payments to the intermunicipal account are included  
in the calculation. The effect of inclusion of the meadowlands  
39 adjustment payment in the formula is that a municipality that is

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1 required to pay into the intermunicipal account must include  
taxes levied in order to make that payment as part of its general  
3 property tax revenues in a comparison year. This inflation in the  
property taxes levied component of the apportionment formula is  
5 referred to as the "compounding effect." The exclusion of  
meadowlands adjustment payments from the apportionment  
7 formula will eliminate the compounding effect.

The bill also amends the apportionment rate formula to allow  
9 for retroactive adjustment to a Meadowlands adjustment payment  
after a tax appeal.

11 The bill decreases the percentage of the amount calculated  
under the act that a municipality is required to pay into the  
13 intermunicipal account from 50 to 40 per cent. This reduction is  
to be phased in at the rate of 2% per year over a period of five  
15 years.

The bill supplements the law to exclude municipalities with a  
17 municipal equalized valuation per capita in excess of  
\$1,000,000.00.

19

21 **AUTHORITIES AND REGIONAL COMMISSIONS**

**Property Taxes**

23

Amends certain tax-sharing provisions in the "Hackensack  
25 Meadowlands Reclamation and Development Act."

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 2226

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: November 28, 1988

The Assembly Independent Authorities Committee reports favorably Senate Bill No. 2226 [1R] with committee amendments.

As amended, this bill amends certain sections of the "Hackensack Meadowlands Reclamation and Development Act," P.L.1968, c.404 (C.13:17-1 et seq.) concerning intermunicipal tax-sharing.

The "Hackensack Meadowlands Reclamation and Development Act" provides for regional control of development in the Hackensack Meadowlands District through planning by the Hackensack Meadowlands Development Commission (HMDC). The district is comprised of portions of the 14 constituent municipalities who are represented by the Hackensack Meadowlands Municipal Committee (HMMC). Since regional considerations are determinative of whether that portion of a municipality within the district is developed, the law provides for intermunicipal tax-sharing to insure each constituent municipality against the loss of tax ratables. The law provides for an intermunicipal account which is a clearinghouse for payments to be received or issued by municipalities, as the case may be. This bill amends sections of the tax-sharing provisions of the law to provide a more equitable calculation of payments required to be made under the law.

The bill amends the apportionment rate formula used to calculate a meadowlands adjustment payment. Currently, as part of the formula, general property taxes levied by a municipality for the purpose of making a meadowlands adjustment payment are included in the calculation of the total property taxes levied by that municipality in the comparison year. As a result, that component of the apportionment formula is compounded, so that an inflation factor is built into the formula. This bill amends paragraph (1) of subsection (g) of section 59.1 of P.L.1968, c.404 (C.13:17-61) to eliminate this compounding effect.

The bill also amends the apportionment rate formula to allow for retroactive adjustment to a meadowlands adjustment payment after a tax appeal.

The bill decreases the percentage of the amount that a municipality is required to pay into the intermunicipal account from 50% to 40%. This reduction is to be phased in at the rate of 2% per year, over a period of five years.

The bill supplements the law to prohibit a municipality from paying or receiving a meadowlands adjustment payment for the adjustment year in which the municipal equalized valuation per capita of that municipality is in excess of \$1,000,000.00.

The committee adopted an amendment providing that any constituent municipality which has land within the district constituting less than 2.5 percent of the total land area within the district and which has a population density exceeding 6,500 persons per square mile according to the 1986 Department of Labor statistics, shall be held harmless from the provisions of this bill and shall receive Meadowlands adjustment payments in 1989 and subsequent years which shall be no less than the Meadowlands adjustment payment received in 1988.

The committee also adopted a technical amendment to insure that the bill as reported is identical to Assembly Bill No. 2755 with committee amendments.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[SECOND REPRINT]

SENATE, No. 2226

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 12, 1988

The Assembly Appropriations Committee reports favorably Senate Bill No. 2226 (2R), with committee amendments.

Senate Bill No. 2226 (2R), as amended, modifies the provisions for intermunicipal tax-sharing in the Hackensack Meadowlands District.

Intermunicipal tax-sharing is provided in the district through an intermunicipal account for adjustment payments to be received or issued by the 14 constituent municipalities, to ensure against the loss of tax ratables. This bill modifies the apportionment rate used to determine the adjustment payment by subtracting adjustment payments made (or adding payments received) from the total amount of property taxes levied by that municipality. The bill further amends the apportionment rate to allow for retroactive adjustment to a meadowlands adjustment payment after a tax appeal.

The bill also phases in over 5 years a reduction in the amount that a municipality is required to pay into the intermunicipal account, from 50% to 40%, and prohibits a municipality from paying or receiving an adjustment payment for any year in which equalized valuation per capita exceeds \$1,000,000.

The bill also provides that any constituent municipality which has land within the district constituting less than 2.5 percent of the total land area within the district and which has a population density exceeding 6,500 persons per square mile according to the 1986 Department of Labor statistics, shall be held harmless from the provisions of this bill and shall receive Meadowlands adjustment payments in 1989 and subsequent years which shall be no less than the Meadowlands adjustment payment received in 1988. Any monies required to make such a hold harmless payment shall be contributed by all other constituent municipalities, in proportion to each municipality's land area within the district, exclusive of the land area of any municipality receiving a hold harmless payment.

The bill also requires each constituent municipality to include the grade and address, as well as the number, of school children in the district in required reports.

Senate Bill No. 2226 (2R), as amended by this committee is identical to Assembly Bill No. 2755 (1R) as amended by this committee.

FISCAL IMPACT

This bill makes no appropriation and will have no impact on State revenues or expenditures.

COMMITTEE AMENDMENTS

The committee amendments provide that monies required to make a payment to any municipality under the hold harmless provision shall be contributed by all other constituent municipalities, in proportion to each municipality's land area within the district, exclusive of the land area of any municipality receiving a hold harmless payment.

SENATE INDEPENDENT AUTHORITIES COMMITTEE

STATEMENT TO

**SENATE, No. 2226**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 2, 1988

The Senate Independent Authorities Committee reports favorably Senate Bill No. 2226 with committee amendments.

This bill amends certain sections of the "Hackensack Meadowlands Reclamation and Development Act," P.L. 1968, c. 404 (C. 13:17-1 et seq.) concerning intermunicipal tax-sharing.

The "Hackensack Meadowlands Reclamation and Development Act" provides for regional control of development in the Hackensack Meadowlands District through planning by the Hackensack Meadowlands Development Commission (HMDC). The district is comprised of portions of the 14 constituent municipalities who are represented by the Hackensack Meadowlands Municipal Committee (HMMC). Since regional considerations are determinative of whether that portion of a municipality within the district is developed, the law provides for intermunicipal tax-sharing to insure each constituent municipality against the loss of tax ratables. The law provides for an intermunicipal account which is a clearinghouse for payments to be received or issued by municipalities, as the case may be. This bill amends sections of the tax-sharing provisions of the law to provide a more equitable calculation of payments required to be made under the law.

The bill amends the apportionment rate formula used to calculate a meadowlands adjustment payment. Currently, as part of the formula, general property taxes levied by a municipality for the purpose of making a meadowlands adjustment payment are included in the calculation of the total property taxes levied by that municipality in the comparison year. As a result, that component of the apportionment formula is compounded, so that an inflation factor is built into the formula. This bill amends paragraph (1) of subsection (g) of section 59.1 of P.L. 1968, c. 404 (C. 13:17-61) to eliminate this compounding effect.

The bill also amends the apportionment rate formula to

allow for retroactive adjustment to a meadowlands adjustment payment after a tax appeal.

The bill decreases the percentage of the amount that a municipality is required to pay into the intermunicipal account from 50% to 40%. This reduction is to be phased in at the rate of 2% per year, over a period of five years.

The bill supplements the law to prohibit a municipality from paying or receiving a meadowlands adjustment payment for the adjustment year in which the municipal equalized valuation per capita of that municipality is in excess of \$1,000,000.00.

The bill was amended in committee to delay the effective date until January 1, 1989 to effectuate a smooth transition of the law. The timing of the reductions in the percentage paid by municipalities into the intermunicipal account was adjusted accordingly. A technical correction of a punctuation error in the law also was made.

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OFFICE OF THE GOVERNOR

**NEWS RELEASE**

Governor Thomas H. Kean  
TRENTON, N.J. 08625  
Release: WED., 2/15/89

CN-001

Contact: JOHN SAMERJAN  
609-292-8956 OR 609-292-6000 EXT. 207

Governor Thomas H. Kean today signed legislation amending the Hackensack Meadowlands Reclamation and Development Act to more equitably distribute the funds granted to municipalities from the Hackensack Meadowlands District tax-sharing formula.

The municipalities in the district are Carlstadt, East Rutherford, Jersey City, Kearny, Little Ferry, Lyndhurst, Moonachie, North Arlington, North Bergen, Ridgefield, Rutherford, Secaucus, South Hackensack and Teterboro. The District, and revenue sharing, was established to offset burdens imposed by the loss of home rule on zoning matters.

Under this legislation, the Borough of Teterboro with only 22 permanent residents would lose its allotment of \$280,286.

The legislation A-2226/A-2755, was sponsored by Senator Gabriel Ambrosio, D-Passaic, Assemblyman Anthony Imprenduto, D-Hudson and Assemblyman Gerald Zecker, R-Passaic. Effective immediately.

Governor Kean also signed legislation increasing the penalties on persons who fail to obtain the approval of the Hackensack Meadowlands Development Commission prior to undertaking development activities.

S-2548/A-2723, sponsored by Senator Gabriel Ambrosio, D-Passaic and Assemblyman William Schuber, R-Bergen, raises the penalty from a fine of up to \$200 to a fine of up to \$5,000. Effective immediately.

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