

LEGISLATIVE HISTORY OF R. S. 32:1-44

(Port of New York Authority - Payments in Lieu of Taxes)

*For materials
see copy 2*

The problem of taxation of the Port Authority by municipalities came up in the early 1920's. See:

974.71 Bird, Frederick L.
B61 Study of the Port of New York Authority.
See p. 39.

(enclosed)

In 1925, the State of New York (Ch. 1, L. 1925) and the State of New Jersey (J.R. 1 and J.R. 5, 1925) created a commission to study the problem. Its reports were

974.90 New York Commission on Taxation of the
T235 Property of the Port of New York Authority.
1926 Preliminary report, 1926

(enclosed)

Final report.
New York Legislative Document 53, 1927

(enclosed)

A.J.R. 2 of 1926 (which was filed, J.R. 14 of 1926) created a commission to investigate taxation of public property. Its report is:

974.90 New Jersey Legislature.
T235 Report of the Commission ... to Investigate
1927 the Subject of Taxation of Publicly Owned
Property. 1927.

(enclosed)

As a result of the two 1926 reports, a bill was introduced in the New Jersey Legislature to permit taxation of the Port of New York Authority by local units:

Senate Bill 15 of 1927 (photostat of bill with statement enclosed)

This bill died in committee.

We found no further bills introduced until the 1931 bill which passed:

Laws 1931, Chapter 69, sec. 1 - S-320 - Introduced March 23, 1931 by Sen. Pierson.

Not amended during passage. No statement on the bill.

March 30 - Passed Senate
April 7 - Passed Assembly
April 7 - Approved

For background material on taxation of authorities, see:

353.9 U. S. Comm. on Intergovernmental Relations.
U.S. Payments in Lieu of Taxes and Shared Revenues. 1955

(enclosed)

974.90 Port of New York Authority.
H255 A Selected Bibliography, 1921-1960.
1960a

(enclosed)

TB36 Friedmann, Wolfgang.
P8 The Public Corporation. 1954.
F911

(enclosed)

RS/jmg

COPY

SENATE, No. 15

STATE OF NEW JERSEY

INTRODUCED JANUARY 17, 1927.

By Mr. MACKAY.

Referred to Committee on Taxation.

AN ACT by which the State of New Jersey determines, conditioned upon concurrence therewith by the State of New York, a policy applicable to the Port of New York authority in relation to the payment by the Port Authority of sums for the support of government and authorizing, consenting to and directing the Port Authority to pay such sums out of its revenues.

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

1 1. Declaration of Policy. It being declared to be in the public interest that the
2 corporate municipal instrumentality of the States of New Jersey and New York
3 known as the Port of New York Authority, hereinafter referred to as the Port
4 Authority, shall be permitted as rapidly as practicable to perform the duties imposed
5 upon it without at the same time imposing undue or unequal burdens as between
6 the two States, or upon any of the municipalities contained within the Port of New
7 York District, the State of New York concurring by complementary legislation, the
8 Port Authority is hereby directed to make payments in accordance herewith, to be
9 received by the taxing authorities to compensate for the taxes which a private per-
10 son or corporation would be obligated to pay. The provisions of this act shall
11 not be construed as in any way changing the nature of the Port Authority or the
12 nature of its powers and duties as a governmental agency of the two States.

1 2. Definitions. The following terms, when used in this Act, shall have the mean-
2 ing prescribed in this section.

3 "Real property" and "personal property" shall have the meaning ordinarily
3½ given to those terms, except as herein otherwise provided.

4 "Land" shall mean only the land itself and shall not include any improvements.

5 "Improvement" shall mean any building or other structure or article erected or
6 placed on the land or in connection therewith and shall include fixtures.

1 3. Payments in Case of Railroad Property Acquired by the Port Au-
2 thority. The Port Authority shall pay a sum equal to the taxes which a railroad
3 corporation would pay upon all real property, including special franchises, and all
4 tangible personal property, except floating equipment, acquired from a railroad cor-
5 poration and used by the Port Authority for railroad purposes, as long as used for
6 railroad purposes, and all replacements of such property, as long as so used, pro-
7 vided that the assessed value of such replacements shall never exceed the value at
8 the time of replacement of the property which is replaced.

1 4. Payments in Case of Land and Certain Improvements. Except as provided
2 in section 3 and section 5, the Port Authority shall pay a sum equal to that which
3 a private owner would pay as county taxes and taxes for local purposes.

4 (a) On land owned by it at its bare land value without regard to improvements.

5 (b) On any improvement on land owned by it, existing at the time of acquisi-
6 tion of such land, so long as such improvement exists, provided that the assessed
7 valuation of such improvement shall never exceed its fair assessed valuation at the
8 time of acquisition of the land.

9 (c) On any improvement made by the Port Authority in replacement in whole
10 or in part of such improvement, provided that the assessed valuation of such replace-
11 ment shall not exceed the assessed valuation of the improvement which it replaces.

12 (d) Whenever the assessed valuation of the land on which such improvement
13 or replacement is situated is increased over its assessed valuation at the time of ac-
14 quisition, then the assessed valuation of such improvement or replacement shall be
15 reduced by the amount of the increase in the assessed valuation of the land.

1 5. Improvements Leased for Other Than Authorized Purposes of the Port
2 Authority. The Port Authority shall pay a sum equivalent to the taxes which a
3 private owner would pay, on any improvement or any portion thereof leased to any
4 private person or corporation and not used for the authorized purposes of the Port
5 Authority.

1 6. Interstate Bridges and Tunnels. No sum shall be paid by the Port Authority
2 upon any property acquired or used by it, for the construction, operation or mainte-
3 nance of interstate bridges or tunnels, including their approaches and abutments
4 and land used therefor.

1 7. Registration and License Fees—Exemptions. No fee shall be charged for the
2 registration of motor vehicles or motorcycles owned by the Port Authority provided
3 such vehicles are **not** used for pleasure or hire, but all such vehicles shall be regis-
4 tered and shall display number plates as is provided for in the Motor Vehicle laws of
5 the State of New Jersey, known as chapter two hundred and eight of the Public
6 Laws of one thousand nine hundred and twenty-one, the amendments thereof and
7 supplements thereto; but in all other respects the provisions of said Motor Vehicle
8 law shall apply to motor vehicles and motorcycles owned by the Port Authority in
9 the same way as to those owned by the State.

10 Such motor vehicles and motorcycles shall be plainly marked, "Port of New
11 York Authority."

1 8. Assessments for Benefits. The Authority shall not be under obligation to
2 pay any assessment for benefits or levies equivalent thereto, except for improvements
3 made exclusively for its benefit and for which it has petitioned either separately or
4 with others, in which case it shall pay the same amounts and have the same rights
5 as though it were a private owner; *provided, however*, that the Port Authority may
6 in its sole discretion make such payments as it may deem just and proper, in other
7 cases where a private owner would be assessed for benefits.

1 9. Determination of Values. The value of property in relation to which pay-
2 ments are to be made by the Port Authority under this act, shall be determined or
3 assessed in the same manner as that of privately owned property similarly situated.
4 If such value is determined or assessed by some officer or body other than the State
5 Board of Taxes and Assessments, then such determination or assessment shall be
6 certified by such officer or body to the State Board of Taxes and Assessments. The
7 State Board of Taxes and Assessments shall give notice thereof to the Port Author-
8 ity and if the Port Authority shall within thirty days thereafter give notice to the
9 State Board of Taxes and Assessments that it is dissatisfied with said determination

10 or assessment, then the said State Board of Taxes and Assessments shall give rea-
11 sonable notice to the Port Authority and to such officer or body of the time and
12 place of a hearing to determine the correctness of such determination or assessment.
13 The parties shall have the right to appear by counsel, to give evidence and to present
14 argument. The State Board of Taxes and Assessments shall hear the entire con-
15 troversy on its merits and shall make findings either confirming, modifying or dis-
16 allowing such determination or assessment and shall certify the same to the parties.
17 Unless within thirty days thereafter the Port Authority or the officer or body op-
18 posing it shall appeal from such findings as provided in the next section, the parties
19 shall be bound by the said findings and if the amount payable as a result thereof
20 is then due, the Port Authority shall make such payment forthwith.

1 10. Review of Findings. By appropriate action instituted within thirty days
2 after determination or assessment made by the State Board of Taxes and Assess-
3 ments itself in a proper instance, or after the certification of the findings of the State
4 Board of Taxes and Assessments, as provided in the last preceding section, the Port
5 Authority or the officer or body interested may cause such determination or assess-
6 ment or findings to be reviewed both upon the law and the facts upon certiorari by
7 the Supreme Court in the name and on behalf of the people of the State. For the
8 purpose of such review, the State Board of Taxes and Assessments shall return on
9 such certiorari the entire record before it. At least eight days' notice shall be given
10 to the commission and to the opposing party of the application for such writ. If the
11 assessment or determination or findings shall be found erroneous or illegal, either in
12 point of law or of fact, by the Supreme Court, upon any such review, they shall
13 then be corrected and restated, and from any determination of the Supreme Court
14 upon any such review, an appeal to the Court of Errors and Appeals may be taken
15 by any party. If upon final determination of the proceeding the amount payable as
16 a result thereof is then due, the Port Authority shall make such payment forth-
17 with, together with interest thereon from the due date.

1 11. Time of Payments. Except as payment may be postponed by virtue of sec-
2 tion nine and section ten, the Port Authority shall pay the sums payable by it under
3 this act at the same times, in the same manner and to the same authorities as an

4 individual or private corporation would have paid had the property been privately
5 owned and the sums shall be used for the same purpose as if they had been paid as
6 taxes by private owners.

1 12. Act to Take Effect. This Act is passed in consideration of the passage of
2 complementary legislation by the State of New York and shall take effect only when
3 such legislation has been passed by the State of New York. The passage by the
4 State of New York of complementary legislation shall be determined by a proclama-
5 tion by the Governor of the State of New Jersey.

STATEMENT.

This is the result of the majority report of the joint commission appointed by the
Legislatures of the States of New York and New Jersey to investigate the taxation of
the property of the Port of New York Authority.

SENATE, No. 320 .

STATE OF NEW JERSEY

INTRODUCED MARCH 23, 1931

By Mr. PIERSON

Referred to Committee on Federal Relations

AN ACT authorizing and empowering The Port of New York Authority to make payments to municipalities in the Port of New York District.

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

1 1. To the end that counties, cities, boroughs, villages, towns, townships and other
2 municipalities in the Port of New York District, may not suffer undue loss of taxes
3 and assessments by reason of the acquisition and ownership of property therein by
4 The Port of New York Authority (hereinafter called the Port Authority), the Port
5 Authority is hereby authorized and empowered, in its discretion, to enter into a vol-
6 untary agreement or agreements with any county, city, borough, village, town, town-
7 ship or other municipality in said Port District, whereby it will undertake to pay a
8 fair and reasonable sum or sums annually in connection with any marine or inland
9 terminal property owned by it, not in excess of the sum last paid as taxes upon such
10 property prior to the time of its acquisition by the Port Authority. Such payment
11 or payments which the Port Authority is hereby authorized and empowered to make,
12 shall be in such amount or amounts and shall be payable at such time or times and
13 under such terms and conditions as shall be agreed upon by and between the Port
14 Authority and such county, city, village, borough, town, township or other municipal-
15 ity concerned.

1 2. Every county, city, village, borough, town, township or other municipality in
2 the Port of New York District aforesaid is hereby authorized and empowered to
3 enter into such agreement or agreements with the Port Authority to accept the pay-
4 ment or payments which the Port Authority is hereby authorized and empowered to

5 make. The sums so received by any county, city, village, borough, town, township or
6 other municipality shall be devoted to purposes to which taxes may be applied, unless
7 and until otherwise directed by the law of the State in which such municipality is
8 located.

1 3. This act shall take effect upon the enactment into law by the State of New
2 York of legislation having an identical effect with this act, but if the State of New
3 York has already enacted such legislation this act shall take effect immediately.