55:14A-20

February 4, 1963

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LEGISLATIVE HISTORY OF R. S. 55:14A-20

(Local Housing Authorities - Property Exempt from Taxation)

The United States Housing Act of 1937 became law September 1, 1937. On November 15, 1937, Governor Harold G. Hoffman submitted a special message to the Legislature relating to Low Rent Housing Projects. Governor Moore, on January 31, 1938 also submitted a special message urging state enabling legislation to take advantage of the federal funds. Neither message mentioned the tax status of the housing.

The first legislation we have located giving tax exemption to public housing authorities was in New York State (N. Y. Laws 1934, c. 4) It provided: "The property of an authority shall be exempt from all local and municipal taxes".

NOTES ON FEDERAL HOUSING ACT OF 1937

42 U.S.C.A. 1401 et seq. (42 U.S.C.A. 1410 (h)) - Exemption of projects from taxation.

Laws 1937, Chapter 896, 50 Stat. 891

This act did not require complet tax exemption. Section 10 (a) read in part:

> No part of such annual contributions by the Authority shall be made available for any project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash or tax remissions, general or special, or tax exemptions, at least 20 per centum of the annual contributions herein provided.

We checked committee reports on the 1937 Housing bills, but their only mention of local tax exemption was to state the amounts which would be necessary to maintain low rents. The following is from p. 10-11, Creating a United States Housing Authority, Report of the Committee on Education and Labor, to accompany S. [illegible], July 22, 1937:

> (3) Annual contributions. — The actual cost of the program to the Federal Government is involved in the provision for annual contributions (sec. 10), which is the distinctive feature of the bill. These annual contributions will operate as follows:
>
> Whenever a low-rent housing project is planned, the locality operating the project will make a simple computation of all the annual charges which will have to be covered by those paying the rentals. So much must be collected each year for repaying in full the principal and interest on the Federal loan and on other loans. So much must be collected each year for operating expenses, vacancies, maintenance, and repairs, and for taxes. The aggregate of all these charges represent the "economic rental" on the project.

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When this "economic rental" is determined, the Federal Authority will, upon approval, make a contract to pay fixed and uniform annual contributions in the amount necessary to reduce this "economic rental" to the level of very low income groups.

For a detailed history of this act, see:

TB28 M136 McDonnell, T. L. The Wagner Housing Act; a case study of the legislative process. 1957 (copy enclosed)

Laws 1949, Chapter 238 - 63 Stat. 429. Legislative history: 1949 U.S. Code Congressional Service 1550.

The following hearings, which the State Library does not own, may have some discussion of tax exemption of public housing:

Spengler, Edwin H.
Exemption of public and limited dividend housing projects. In Tax exemptions. p. 179-87. Tax Policy League, 309 E. 34th Street, New York. 1939.

U. S. Congress. Slum and low-rent public housing. Hearings before the Committee on Education and Labor, United States Senate, 74th Congress, 1st Session, on S.2392. 226p. June, 1935

Testimony by Douglas L. Elliman, Edward S. Harding, Helen Atwater, Helen Alfred, Catherine Bauer, John W. Edelman, Milton Lowenthal, Frances Perkins, Langdon Post, etc.

U. S. Congress. To create a United States Housing Authority. Hearings before the Committee on Banking and Currency, House of Representatives. 75th Congress, 1st Session, on H.R. 5033. 313p. August, 1937.

Testimony by John L. Lewis, Fiorello H. LaGuardia, Miles Frisbee, Henry Ellenbogen, Harold Ickes, Morton Bodfish, Samuel F. Clabaugh, etc.

U. S. Congress. Congress. To create a United States Housing Authority. Hearings before the Committee on Education and Labor, U. S. Senate, 75th Congress, 1st Session, on S. 1685. 231p. May, 1937

Testimony by Helen Alfred, Catherine Bauer, Howard A. Gray, William Green, Fiorello LaGuardia, Herbert S. Morrison, Warren Vinton, Coleman Woodbury, etc.

U. S. Congress. United States Housing Act of 1936. Hearings before the Committee on Education and Labor, United States Senate, 74th Congress, 2d Session, on

S.4424. 369 p. April, 1936.

Testimony by Committee for Economic Recovery, Ernest J. Bohn, Miles Colean, Horatio Hackett, Peter Grimm, John Grady, Herbert U. Nelson, Rev. John A. Ryan, Walter White, etc.

U. S. Congress. House. Banking and Currency Committee. To create Housing Authority, Hearings, 75th Congress, 1st Session, on H.R. 5033. August 3-6, 1937. 316p.

U. S. Congress. Senate. Education and Labor Committee. To create Housing Authority, Hearings. 75th Congress, 1st Session, on S.1685. April 14-May 11, 1937. 231p.

R. S. 55:14A-20 (Local Housing Authorities - taxes and assessments.)

Laws 1938, Chapter 19 - A-96 - sec. 20 (property exempt from tax levy) Introduced by Mr. Wilensky.

This bill had statement:

> This bill establishes the right of any municipality and county to create housing authorities for the purpose of slum clearance and low-cost housing as separate entities. It complies with the requirements of the United States Housing Act of 1937 and permits federal aid in such venture. Proper restrictions and safeguards are included for an efficient economical administration of the authority.
>
> It is the plan of this act to provide the machinery for local authorities cooperating with the State and Federal Governments in providing adequate, safe and decent housing facilities for low income persons. Allotments will be made available for a period of three years, upon passage of this and other enabling legislation, by the United States Housing Authority.

The bill was amended on January 28th by the Assembly, to add the indicated wording to section 20:

> All such public property devoted to such a public purpose shall be exempt from all taxe s and special assessments of the State or any political subdivision /,/ thereof /,/ as long as such public property remains under exclusive control and jurisdiction of a housing authority or public body which owns or holds such property;

R. S. 55:14A-27. Payments in lieu of taxes.

Laws 1947, Chapter 374, sec. 1 - S-226 - Introduced March 24, 1947 by Mr. Farley. No statement on the bill. Not amended during passage.

55:14A-42. Tax status of property

Laws 1949, Chapter 300, sec. 12 - S-259 - Introduced March 24, 1949 by Mr. Farley.
This bill had statement:

> This bill authorizes local housing authorities to function as public agencies for slum clearance and urban redevelopment. In situations where the rebuilding of the blighted area, in whole or in part, as public housing may not be suitable, the local housing authorities are empowered to resell the cleared sites for other uses. They may cooperate with, and obtain funds from, Federal agencies to accomplish the purposes of this bill.

The bill was amended several times during passage. Section 12 was renumbered and the wording changed to comply with the recommendations in the Governor's conditional veto. The changes are shown here:

> 6. Any property which the authority leases to private individuals or corporations for development under a redevelopment plan shall have the same tax status as /if such leased/ property /were/ owned by /such/ private individuals or corporations.

Laws 1950, Chapter 262, sec. 1 - S-226 - Introduced March 6, 1950 by Mr. Farley.
Not amended during passage. This bill had statement:

> The purpose of this bill is to amend Ch. 300 of the Laws of 1949 to take into account provisions of the United States Housing Act of 1949 for Federal aid to slum clearance and urban redevelopment projects.

RS/jmg