40A:20-9, 40A:20-12, 54:4-74
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2025 **CHAPTER:** 91

NJSA: 40A:20-9, 40A:20-12, 54:4-74 Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

BILL NO: S3787 (Substituted for A5613 (1R))

SPONSOR(S) Scutari, Nicholas P. and others

DATE INTRODUCED: 10/10/2024

COMMITTEE: **ASSEMBLY:** State & Local Government

SENATE: Community & Urban Affairs

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 05/22/2025

SENATE: 06/02/2025

DATE OF APPROVAL: 7/8/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (S3787 ScaSaSaAca (4R) enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

S3787

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): Yes SCU 12/5/24 1R
Senate 12/19/24 2R
Senate 1/14/25 3R
ASL 5/15/25 4R

TECHNICAL REVIEW OF BILL: No

COMMITTEE STATEMENT: **ASSEMBLY**: Yes

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes Senate 12/1924 1R
Senate 1/14/25 2R

LEGISLATIVE FISCAL ESTIMATE: No

A5613 (1R)

INTRODUCED BILL: (Includes sponsor(s) statement)		Yes	
REPRINT(S):		Yes	ASL 5/15/25 1R
TECHNICAL REVIEW OF BILL:		No	
COMMITTEE STATEMENT:	**ASSEMBLY**:	Yes	
	SENATE:	No	

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No
VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
LEGISLATOR STATEMENT:	No

FOLLOWING WERE PRINTED:

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REPORTS:	No
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NEWSPAPER ARTICLES:	No

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§4
Note

P.L. 2025, CHAPTER 91, ***approved July 8, 2025***
Senate, No. 3787 ***(Fourth Reprint)***

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431 [4]and R.S.54:4-74[4].

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance. Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

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 SCU committee amendments adopted December 5, 2024.
[2]Senate floor amendments adopted December 19, 2024.
[3]Senate floor amendments adopted January 14, 2025.
[4]Assembly ASL committee amendments adopted May 15, 2025.

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of the entity, and also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The

exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15 【%】 <u>percent</u> in the case of a low and moderate income housing project, nor less than 10 【%】 <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than 【2%】 <u>two percent</u> in the case of a low and moderate income housing project, and shall not be less than 【2%】 <u>two percent</u> in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80 ⟦%⟧ percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality [4]⟦directly⟧[4] to the county ⟦in accordance with the provisions of R.S.54:4-74⟧ [4]in accordance with the provisions of R.S.54:4-74[4]. [2]⟦Upon receipt of the annual service charge, the municipal tax collector [1]or financial officer[1] shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector [1]or financial officer[1] shall directly transmit the five percent remittance to the chief financial officer of the county⟧ [4]⟦On [3]⟦a quarterly basis⟧ the dates specified pursuant to R.S.54:4-66 concerning the payment of municipal taxes[3] , the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and [3], pursuant to R.S.54:4-74, on the fifteenth day of the month in which each installment of taxes shall become payable,[3] shall directly transmit the five percent remittance to the chief financial officer of the county.⟧[4] If the five percent remittance due to the county is not paid when due [4]⟦[3]⟦,⟧ :[3]⟧ ,[4] the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction[2] [4][[3]; and the] . A[4] municipal [4][tax collector or][4] finance officer [4][shall] certificate may[4] be subject to revocation or suspension [4][of their certificate][4] pursuant to [4][section 5 of P.L.1979, c.384 (C.40A:9-145.5) or][4] section 7 of P.L.1988, c.110 (C.40A:9-140.12) [4][, respectively[3]] for willful or intentional failure, neglect, or refusal to comply with this section[4]. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

[4]3. R.S.54:4-74 is amended to read as follows:

54:4-74. For the purpose of this section:

"County tax due" or "tax due" means the amount so assessed less the county's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) and less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g), but shall include all amounts collected by the county under agreements entered into by municipalities pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

The governing body of each municipality shall cause to be paid to the treasurer of the county, in four installments, the amount of county tax due, and the other county taxes required to be assessed and raised in such municipality, on the fifteenth day of the month in which each installment of taxes shall become payable, except, that in those years when the third installment has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 15. The amount to be payable as each of the first two installments shall be one-quarter of the total county tax due and one-quarter of the other total county taxes finally levied against the municipality for the preceding year, and the amount to be payable for the third and fourth installments shall be the county tax due, and for the other county taxes the full tax as levied, for the current year, less the amount charged as the first and second installments. The total amount thus found to be payable as the last two installments shall be divided equally for and as each installment. The governing body of each municipality shall cause to be paid to the county treasurer on December fifteenth of each year all of the taxes required to be assessed and raised by taxation in such taxing district for State school and other State purposes.

With each installment required to be paid pursuant to this section, the chief municipal finance officer shall provide the following information for each agreement entered into by the municipality, pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), on after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.):

a. the project name and address;

b. the date on which the municipality entered into the agreement;

c. the expiration date of the agreement;

d. the amount of the annual service charge to be paid to the municipality;

e. the annual amount due to the county;

f. the portion of the quarterly service charge installment due to the county;

g. the quarterly installment amount collected by the municipality; and

h. the amount attributable to the agreement that is included in the installment of county tax due.[4]

(cf: P.L.2015, c.247, s.2)

[4]**[**3.**]** 4.[4] This act shall take effect on the first day of the third month next following the date of enactment, and [4], for a financial agreement subject to the provisions of "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) that was entered into on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.),[4]

shall apply to each annual service charge received [4][by the tax collector][4] beginning on or after [4][that] the first day of the third month next following the[4] date [4]of enactment[4].

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CHAPTER 91

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431 and R.S.54:4-74.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

C.40A:20-9 Financial agreement for approved projects, form and contents of contracts.

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance. Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings, and other facilities of the entity, and also permit examination and audit of its books, contracts, records, documents, and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage, or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

C.40A:20-12 Tax exemption, duration.

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low- and moderate-income housing project has been entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15 percent in the case of a low- and moderate-income housing project, nor less than 10 percent in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use, or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than two percent in the case of a low- and moderate-income housing project and shall not be less than two percent in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20 percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40 percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60 percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80 percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality to the county in accordance with the provisions of R.S.54:4-74. If the five percent remittance due to the county is not paid when due, the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction. A municipal finance officer certificate may be subject to revocation or suspension pursuant to section 7 of P.L.1988, c.110 (C.40A:9-140.12) for willful or intentional failure, neglect, or refusal to comply with this section. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge, the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land, and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

3. R.S.54:4-74 is amended to read as follows:

Payment of State and county taxes by municipality.

54:4-74. For the purpose of this section:

"County tax due" or "tax due" means the amount so assessed less the county's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) and less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g), but shall include all amounts collected by the county under agreements entered into by municipalities pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

The governing body of each municipality shall cause to be paid to the treasurer of the county, in four installments, the amount of county tax due, and the other county taxes required to be assessed and raised in such municipality, on the fifteenth day of the month in which each installment of taxes shall become payable, except, that in those years when the third installment has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 15. The amount to be payable as each of the first two installments shall be one-quarter of the total county tax due and one-quarter of the other total county taxes finally levied against the municipality for the preceding year, and the amount to be payable for the third and fourth installments shall be the county tax due, and for the other county taxes the full tax as levied, for the current year, less the amount charged as the first and second installments. The total amount thus found to be payable as the last two installments shall be divided equally for and as each installment. The governing body of each municipality shall cause to be paid to the county treasurer on December fifteenth of each year all of the taxes required to be assessed and raised by taxation in such taxing district for State school and other State purposes.

With each installment required to be paid pursuant to this section, the chief municipal finance officer shall provide the following information for each agreement entered into by the municipality, pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), on after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.):

a. the project name and address;

b. the date on which the municipality entered into the agreement;

c. the expiration date of the agreement;

d. the amount of the annual service charge to be paid to the municipality;

e. the annual amount due to the county;

f. the portion of the quarterly service charge installment due to the county;

g. the quarterly installment amount collected by the municipality; and

h. the amount attributable to the agreement that is included in the installment of county tax due.

4. This act shall take effect on the first day of the third month next following the date of enactment and, for a financial agreement subject to the provisions of "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) that was entered into on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.), shall apply to each annual service charge received beginning on or after the first day of the third month next following the date of enactment.

Approved July 8, 2025.

SENATE, No. 3787

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 10, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. <u>The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance.</u> Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of the entity, and also permit examination and audit of its books,

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 <u>thus</u> is new matter.

contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement

implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15[%] percent in the case of a low and moderate income housing project, nor less than 10[%] percent in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than [2%] two percent in the case of a low and moderate income housing project, and shall not be less than ⟦2%⟧ <u>two percent</u> in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality directly to the county **[**in accordance with the provisions of R.S.54:4-74**]**. Upon receipt of the annual service charge, the municipal tax collector shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector shall directly transmit the five percent remittance to the chief financial officer of the county. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

3. This act shall take effect on the first day of the third month next following the date of enactment, and shall apply to each annual

service charge received by the tax collector beginning on or after that date.

STATEMENT

This bill amends certain provisions of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) concerning payments in lieu of tax received by a municipality when a long-term tax abatement is granted for the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or for a redevelopment relocation housing project pursuant to that law.

Under current law, a municipality receiving a payment in lieu of tax, referred to in the law as the "annual service charge," is required to remit to the county in which the municipality is located, five percent of the amount of the annual service charge. This bill amends the law to require the municipal tax collector, upon receipt of the annual service charge, to immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Under the bill, within seven days of the notification, the municipal tax collector is required to directly transmit the five percent remittance to the chief financial officer of the county.

The law also requires that every redevelopment project approved by the municipality to be evidenced by a financial agreement between the municipality and the urban renewal entity, and the agreement cannot take effect until approved by ordinance of the municipality. The bill further requires that notice of the time, date, and place of the public hearing required to be held prior to the approval of the ordinance on the financial agreement be provided to the chief financial officer of the county and the clerk to the board of county commissioner of the county within which the municipality is located.

The bill also makes technical changes.

[First Reprint]

SENATE, No. 3787

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 10, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on December 5, 2024, with amendments.

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. <u>The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance.</u> Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of the entity, and also permit examination and audit of its books,

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SCU committee amendments adopted December 5, 2024.

contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been

entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a

duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15**[**%**]** <u>percent</u> in the case of a low and moderate income housing project, nor less than 10**[**%**]** <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or

any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than [2%] two percent in the case of a low and moderate income housing project, and shall not be less than [2%] two percent in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality <u>directly</u> to the county [in accordance with the provisions of R.S.54:4-74]. <u>Upon receipt of the annual service charge, the municipal tax collector</u> [1]<u>or financial officer</u>[1] <u>shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector</u> [1]<u>or financial officer</u>[1] <u>shall directly transmit the five percent remittance to the chief financial officer of the county.</u> If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at

an end upon the entity's rendering its final accounting to and with the municipality.
(cf: P.L.2023, c.311, s.26)

3. This act shall take effect on the first day of the third month next following the date of enactment, and shall apply to each annual service charge received by the tax collector beginning on or after that date.

[Second Reprint]

SENATE, No. 3787

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 10, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As amended by the Senate on December 19, 2024.

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. <u>The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance.</u> Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SCU committee amendments adopted December 5, 2024.
[2]Senate floor amendments adopted December 19, 2024.

the entity, and also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate

income housing project has been entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing

a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15**[**%**]** <u>percent</u> in the case of a low and moderate income housing project, nor less than 10**[**%**]** <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than **[**2%**]** <u>two percent</u> in the case of a low and moderate income housing project, and shall not be less than ⟦2%⟧ two percent in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20⟦%⟧ percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40⟦%⟧ percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60⟦%⟧ percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80⟦%⟧ percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality directly to the county **[**in accordance with the provisions of R.S.54:4-74**]**. [2]**[**Upon receipt of the annual service charge, the municipal tax collector [1]or financial officer[1] shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector [1]or financial officer[1] shall directly transmit the five percent remittance to the chief financial officer of the county**]** On a quarterly basis, the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and shall directly transmit the five percent remittance to the chief financial officer of the county. If the five percent remittance due to the county is not paid when due, the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction[2]. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

3. This act shall take effect on the first day of the third month next following the date of enactment, and shall apply to each annual service charge received by the tax collector beginning on or after that date.

[Third Reprint]

SENATE, No. 3787

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 10, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As amended by the Senate on January 14, 2025.

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. <u>The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance.</u> Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SCU committee amendments adopted December 5, 2024.
[2]Senate floor amendments adopted December 19, 2024.
[3]Senate floor amendments adopted January 14, 2025.

the entity, and also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been

entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a

duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15⟦%⟧ <u>percent</u> in the case of a low and moderate income housing project, nor less than 10⟦%⟧ <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or

any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than [2%] two percent in the case of a low and moderate income housing project, and shall not be less than [2%] two percent in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80[%] percent of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality directly to the county **[**in accordance with the provisions of R.S.54:4-74**]**. [2]**[**Upon receipt of the annual service charge, the municipal tax collector [1]or financial officer[1] shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector [1]or financial officer[1] shall directly transmit the five percent remittance to the chief financial officer of the county**]** On [3]**[**a quarterly basis**]** the dates specified pursuant to R.S.54:4-66 concerning the payment of municipal taxes[3] , the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and [3], pursuant to R.S.54:4-74, on the fifteenth day of the month in which each installment of taxes shall become payable,[3] shall directly transmit the five percent remittance to the chief financial officer of the county. If the five percent remittance due to the county is not paid when due [3]**[**,**]** :[3] the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction[2] [3]; and the municipal tax collector or finance officer shall be subject to revocation or suspension of their certificate pursuant to section 5 of P.L.1979, c.384 (C.40A:9-145.5) or section 7 of P.L.1988, c.110 (C.40A:9-140.12), respectively[3]. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

3. This act shall take effect on the first day of the third month next following the date of enactment, and shall apply to each annual service charge received by the tax collector beginning on or after that date.

[Fourth Reprint]

SENATE, No. 3787

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 10, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex and Hudson)
Assemblywoman CARMEN THERESA MORALES
District 34 (Essex)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As reported by the Assembly State and Local Government Committee on May 15, 2025, with amendments.

(Sponsorship Updated As Of: 5/22/2025)

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431 [4]and R.S.54:4-74[4].

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance. Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of

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 SCU committee amendments adopted December 5, 2024.
[2]Senate floor amendments adopted December 19, 2024.
[3]Senate floor amendments adopted January 14, 2025.
[4]Assembly ASL committee amendments adopted May 15, 2025.

the entity, and also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been

entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a

duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15 ⟦%⟧ <u>percent</u> in the case of a low and moderate income housing project, nor less than 10 ⟦%⟧ <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or

any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than 【2%】 <u>two percent</u> in the case of a low and moderate income housing project, and shall not be less than 【2%】 <u>two percent</u> in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80 【%】 <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality [4]**[**directly**]**[4] to the county **[**in accordance with the provisions of R.S.54:4-74**]** [4]in accordance with the provisions of R.S.54:4-74[4]. [2]**[**Upon receipt of the annual service charge, the municipal tax collector [1]or financial officer[1] shall immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Within seven days of the notification, the municipal tax collector [1]or financial officer[1] shall directly transmit the five percent remittance to the chief financial officer of the county**]** [4]**[**On [3]**[**a quarterly basis**]** the dates specified pursuant to R.S.54:4-66 concerning the payment of municipal taxes[3] , the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and [3], pursuant to R.S.54:4-74, on the fifteenth day of the month in which each installment of taxes shall become payable,[3] shall directly transmit the five percent remittance to the chief financial officer of the county.**]**[4] If the five percent remittance due to the county is not paid when due [4]**[**[3]**[**,**]** :[3]**]** ,[4] the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction[2] [4]**[**[3]; and the**]** . A[4] municipal [4]**[**tax collector or**]**[4] finance officer [4]**[**shall**]** certificate may[4] be subject to revocation or suspension [4]**[**of their certificate**]**[4] pursuant to [4]**[**section 5 of P.L.1979, c.384 (C.40A:9-145.5) or**]**[4] section 7 of P.L.1988, c.110 (C.40A:9-140.12) [4]**[**, respectively[3]**]** for willful or intentional failure, neglect, or refusal to comply with this section[4]. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

[4]3. R.S.54:4-74 is amended to read as follows:

54:4-74. For the purpose of this section:

"County tax due" or "tax due" means the amount so assessed less the county's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) and less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g), but shall include all amounts collected by the county under agreements entered into by municipalities pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

The governing body of each municipality shall cause to be paid to the treasurer of the county, in four installments, the amount of county tax due, and the other county taxes required to be assessed and raised in such municipality, on the fifteenth day of the month in which each installment of taxes shall become payable, except, that in those years when the third installment has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 15. The amount to be payable as each of the first two installments shall be one-quarter of the total county tax due and one-quarter of the other total county taxes finally levied against the municipality for the preceding year, and the amount to be payable for the third and fourth installments shall be the county tax due, and for the other county taxes the full tax as levied, for the current year, less the amount charged as the first and second installments. The total amount thus found to be payable as the last two installments shall be divided equally for and as each installment. The governing body of each municipality shall cause to be paid to the county treasurer on December fifteenth of each year all of the taxes required to be assessed and raised by taxation in such taxing district for State school and other State purposes.

With each installment required to be paid pursuant to this section, the chief municipal finance officer shall provide the following information for each agreement entered into by the municipality, pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), on after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.):

a. the project name and address;

b. the date on which the municipality entered into the agreement;

c. the expiration date of the agreement;

d. the amount of the annual service charge to be paid to the municipality;

e. the annual amount due to the county;

f. the portion of the quarterly service charge installment due to the county;

g. the quarterly installment amount collected by the municipality; and

h. the amount attributable to the agreement that is included in the installment of county tax due.[4]

(cf: P.L.2015, c.247, s.2)

[4]**[**3.**]** 4.[4] This act shall take effect on the first day of the third month next following the date of enactment, and [4], for a financial agreement subject to the provisions of "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) that was entered into on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.),[4] shall apply to each annual service charge received [4]**[**by the tax collector**]**[4] beginning on or after [4]**[**that**]** the first day of the third month next following the[4] date [4]of enactment[4].

ASSEMBLY STATE AND LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

[Third Reprint]

SENATE, No. 3787

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 15, 2025

The Assembly State and Local Government Committee reports favorably and with committee amendments Senate Bill No. 3787 (3R).

As amended, this bill amends certain provisions of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) concerning payments in lieu of tax received by a municipality when a long-term tax abatement is granted for the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or for a redevelopment relocation housing project pursuant to that law.

Under current law, a municipality receiving a payment in lieu of tax, referred to in the law as the "annual service charge," is required to remit to the county in which the municipality is located, five percent of the amount of the annual service charge.

The bill amends the law to provide that, if the five percent remittance due to the county is not paid when due, the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction; and that the municipal finance officer may be subject to revocation or suspension for willful or intentional failure, neglect, or refusal to comply.

The law also requires that every redevelopment project approved by the municipality to be evidenced by a financial agreement between the municipality and the urban renewal entity, and the agreement cannot take effect until approved by ordinance of the municipality. The bill further requires that notice of the time, date, and place of the public hearing required to be held prior to the approval of the ordinance on the financial agreement be provided to the chief financial officer of the county and the clerk to the board of county commissioner of the county within which the municipality is located.

The bill also amends existing law to provide that, with each installment required to be paid, the chief municipal finance officer is required to provide certain information, as specified in the bill, for each agreement entered into by the municipality.

The bill also makes technical changes.

As amended and reported by the committee, Senate Bill No. 3787 (3R) is identical to Assembly Bill No. 5613, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove language providing that, on the dates specified pursuant to law concerning the payment of municipal taxes, the municipal tax collector or finance officer in a municipality that receives an annual service charge was required to notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and, on the fifteenth day of the month in which each installment of taxes shall become payable, to directly transmit the five percent remittance to the chief financial officer of the county;
- provide that a municipal finance officer certificate may be subject to revocation or suspension for willful or intentional failure, neglect, or refusal to comply;
- remove language that specified that a municipal tax collector would be subject to certificate revocation;
- require that, with each required payment installment, the chief municipal finance officer is to provide the following information for each agreement entered into by the municipality: the project name and address; the date on which the municipality entered into the agreement; the expiration date of the agreement; the amount of the annual service charge to be paid to the municipality; the annual amount due to the county; the portion of the quarterly service charge installment due to the county; the quarterly installment amount collected by the municipality; and the amount attributable to the agreement that is included in the installment of county tax due; and
- provide that the bill is to take effect the first day of the third month next following the date of enactment, and, for a financial agreement subject to the provisions of "Long Term Tax Exemption Law" that was entered into on or after the effective date of P.L.2003, c.125, apply to each annual service charge received beginning on or after the first day of the third month next following the date of enactment.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3787

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2024

The Senate Community and Urban Affairs Committee reports favorably, and with committee amendments, Senate Bill No. 3787.

As amended, this bill amends certain provisions of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) concerning payments in lieu of tax received by a municipality when a long-term tax abatement is granted for the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or for a redevelopment relocation housing project pursuant to that law.

Under current law, a municipality receiving a payment in lieu of tax, referred to in the law as the "annual service charge," is required to remit to the county in which the municipality is located, five percent of the amount of the annual service charge. This bill amends the law to require the municipal tax collector or finance officer, upon receipt of the annual service charge, to immediately notify the municipality and the chief financial officer of the county within which the municipality is located. Under the bill, within seven days of the notification, the municipal tax collector or finance officer is required to directly transmit the five percent remittance to the chief financial officer of the county.

The law also requires that every redevelopment project approved by the municipality to be evidenced by a financial agreement between the municipality and the urban renewal entity, and the agreement cannot take effect until approved by ordinance of the municipality. The bill further requires that notice of the time, date, and place of the public hearing required to be held prior to the approval of the ordinance on the financial agreement be provided to the chief financial officer of the county and the clerk to the board of county commissioner of the county within which the municipality is located.

The bill also makes technical changes.

COMMITTEE AMENDMENTS:

The committee amended the bill to expand the municipal designee from tax collector to tax collector or finance officer.

STATEMENT TO

[First Reprint]

SENATE, No. 3787

with Senate Floor Amendments
(Proposed by Senator SCUTARI)

ADOPTED: DECEMBER 19, 2024

These Senate floor amendments require that the municipal tax collector or finance officer in a municipality that receives an annual service charge, as a payment in lieu of taxes under the "Long Term Tax Exemption Law," notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge, and requires that individual to directly transmit the five percent remittance to the chief financial officer of the county. The amendments further provide that if the five percent remittance due the county is not paid when due, the unpaid balance and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction.

STATEMENT TO

[Second Reprint]

SENATE, No. 3787

with Senate Floor Amendments
(Proposed by Senator SCUTARI)

ADOPTED: JANUARY 14, 2025

These Senate floor amendments provide that the municipal tax collector or finance officer in a municipality that receives an annual service charge under the "Long Term Tax Exemption Law" is required to:

- notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge on the dates specified pursuant to R.S.54:4-66, February 1, May 1, August 1, and November 1, concerning the payment of municipal taxes; and
- directly transmit the five percent remittance to the chief financial officer of the county on the fifteenth day of the month in which each installment of taxes are due.

The amendments also provide that, if the five percent remittance due to the county is not paid when due, the municipal tax collector or finance officer may be subject to revocation or suspension of their professional certification.

ASSEMBLY, No. 5613

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 5, 2025

Sponsored by:
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex and Hudson)
Assemblywoman CARMEN THERESA MORALES
District 34 (Essex)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 5/15/2025)

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431.

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. <u>The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance.</u> Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of the entity, and also permit examination and audit of its books,

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 <u>thus</u> is new matter.

contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been

entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a

duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15⟦%⟧ percent in the case of a low and moderate income housing project, nor less than 10⟦%⟧ percent in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or

any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than ⟦2%⟧ <u>two percent</u> in the case of a low and moderate income housing project, and shall not be less than ⟦2%⟧ <u>two percent</u> in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality directly to the county [in accordance with the provisions of R.S.54:4-74]. On the dates specified pursuant to R.S.54:4-66 concerning the payment of municipal taxes, the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and, pursuant to R.S.54:4-74, on the fifteenth day of the month in which each installment of taxes shall become payable, shall directly transmit the five percent remittance to the chief financial officer of the county. If the five percent remittance due to the county is not paid when due: the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction; and the municipal tax collector or finance officer shall be subject to revocation or suspension of their certificate pursuant to section 5 of P.L.1979, c.384 (C.40A:9-145.5) or section 7 of P.L.1988, c.110 (C.40A:9-140.12), respectively. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

3. This act shall take effect on the first day of the third month next following the date of enactment, and shall apply to each annual service charge received by the tax collector beginning on or after that date.

STATEMENT

This bill amends certain provisions of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) concerning payments in lieu of tax received by a municipality when a long-term tax abatement is granted for the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or for a redevelopment relocation housing project pursuant to that law.

Under current law, a municipality receiving a payment in lieu of tax, referred to in the law as the "annual service charge," is required to remit to the county in which the municipality is located, five percent of the amount of the annual service charge. This bill amends the law to provide that the municipal tax collector or finance officer in a municipality that receives an annual service charge under the “Long Term Tax Exemption Law” is required to:

- notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge on the dates specified pursuant to R.S.54:4-66, February 1, May 1, August 1, and November 1, concerning the payment of municipal taxes; and
- directly transmit the five percent remittance to the chief financial officer of the county on the fifteenth day of the month in which each installment of taxes are due.

The bill also provides that, if the five percent remittance due to the county is not paid when due: the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction; and that the municipal tax collector or finance officer may be subject to revocation or suspension of their professional certification.

The law also requires that every redevelopment project approved by the municipality to be evidenced by a financial agreement between the municipality and the urban renewal entity, and the agreement cannot take effect until approved by ordinance of the municipality. The bill further requires that notice of the time, date, and place of the public hearing required to be held prior to the approval of the ordinance on the financial agreement be provided to the chief financial officer of the county and the clerk to the board of county commissioner of the county within which the municipality is located.

The bill also makes technical changes.

[First Reprint]

ASSEMBLY, No. 5613

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 5, 2025

Sponsored by:
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex and Hudson)
Assemblywoman CARMEN THERESA MORALES
District 34 (Essex)

SYNOPSIS

Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county.

CURRENT VERSION OF TEXT

As reported by the Assembly State and Local Government Committee on May 15, 2025, with amendments.

(Sponsorship Updated As Of: 5/15/2025)

AN ACT concerning certain payments in lieu of taxes under the "Long Term Tax Exemption Law" and amending P.L.1991, c.431 [1]and R.S.54:4-74[1].

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

1. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to read as follows:

9. Every approved project shall be evidenced by a financial agreement between the municipality and the urban renewal entity. The agreement shall be prepared by the entity and submitted as a separate part of its application for project approval. The agreement shall not take effect until approved by ordinance of the municipality. The municipality shall notify the chief financial officer of the county and the clerk to the board of county commissioners of the county within which the municipality is located of the date, time, and place of the public hearing required to be held prior to the passage of the ordinance. Any amendments or modifications of the agreement made thereafter shall be by mutual consent of the municipality and the urban renewal entity, and shall be subject to approval by ordinance of the municipal governing body upon recommendation of the mayor or other chief executive officer of the municipality prior to taking effect.

The financial agreement shall be in the form of a contract requiring full performance within 30 years from the date of completion of the project, and shall include the following:

a. That the profits of or dividends payable by the urban renewal entity shall be limited according to terms appropriate for the type of entity in conformance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

b. That all improvements and land, to the extent authorized pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the project to be constructed or acquired by the urban renewal entity shall be exempt from taxation as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

c. That the urban renewal entity shall make payments for municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et seq.).

d. That the urban renewal entity shall submit annually, within 90 days after the close of its fiscal year, its auditor's reports to the mayor and governing body of the municipality.

e. That the urban renewal entity shall, upon request, permit inspection of property, equipment, buildings and other facilities of the entity, and also permit examination and audit of its books,

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]Assembly ASL committee amendments adopted May 15, 2025.

contracts, records, documents and papers by authorized representatives of the municipality or the State.

f. That in the event of any dispute between the parties matters in controversy shall be resolved by arbitration in the manner provided in the financial agreement.

g. That operation under the financial agreement shall be terminable by the urban renewal entity in the manner provided by P.L.1991, c.431 (C.40A:20-1 et seq.).

h. That the urban renewal entity shall at all times prior to the expiration or other termination of the financial agreement remain bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

The financial agreement shall contain detailed representations and covenants by the urban renewal entity as to the manner in which it proposes to use, manage or operate the project. The financial agreement shall further set forth the method for computing gross revenue for the urban renewal entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the project, including the estimated total project cost, the amortization rate on the total project cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the project. Any financial agreement may allow the municipality to levy an annual administrative fee, not to exceed two percent of the annual service charge.

(cf: P.L.2015, c.95, s.28)

2. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been

entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a

duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15 **⟦**%**⟧** <u>percent</u> in the case of a low and moderate income housing project, nor less than 10 **⟦**%**⟧** <u>percent</u> in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or

any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than ⟦2%⟧ <u>two percent</u> in the case of a low and moderate income housing project, and shall not be less than ⟦2%⟧ <u>two percent</u> in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20 ⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40 ⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60 ⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80 ⟦%⟧ <u>percent</u> of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service charge collected by the municipality [1]**[**directly**]**[1] to the county **[**in accordance with the provisions of R.S.54:4-74**]** [1]in accordance with the provisions of R.S.54:4-74[1]. [1]**[**On the dates specified pursuant to R.S.54:4-66 concerning the payment of municipal taxes, the municipal tax collector or finance officer in a municipality that receives an annual service charge shall notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and, pursuant to R.S.54:4-74, on the fifteenth day of the month in which each installment of taxes shall become payable, shall directly transmit the five percent remittance to the chief financial officer of the county.**]**[1] If the five percent remittance due to the county is not paid when due [1]**[**:**]** ,[1] the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction [1]**[**; and the**]** . A[1] municipal [1]**[**tax collector or**]**[1] finance officer [1]**[**shall**]** certificate may[1] be subject to revocation or suspension [1]**[**of their certificate**]**[1] pursuant to [1]**[**section 5 of P.L.1979, c.384 (C.40A:9-145.5) or**]**[1] section 7 of P.L.1988, c.110 (C.40A:9-140.12) [1]**[**, respectively**]** for willful or intentional failure, neglect, or refusal to comply with this section[1]. If the municipality enters into a contract with a board of education pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2023, c.311, s.26)

[1]3. R.S.54:4-74 is amended to read as follows:

54:4-74. For the purpose of this section:

"County tax due" or "tax due" means the amount so assessed less the county's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) and less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g), but shall include all amounts collected by the county under agreements entered into by municipalities pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

The governing body of each municipality shall cause to be paid to the treasurer of the county, in four installments, the amount of county tax due, and the other county taxes required to be assessed and raised in such municipality, on the fifteenth day of the month in which each installment of taxes shall become payable, except, that in those years when the third installment has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 15. The amount to be payable as each of the first two installments shall be one-quarter of the total county tax due and one-quarter of the other total county taxes finally levied against the municipality for the preceding year, and the amount to be payable for the third and fourth installments shall be the county tax due, and for the other county taxes the full tax as levied, for the current year, less the amount charged as the first and second installments. The total amount thus found to be payable as the last two installments shall be divided equally for and as each installment. The governing body of each municipality shall cause to be paid to the county treasurer on December fifteenth of each year all of the taxes required to be assessed and raised by taxation in such taxing district for State school and other State purposes.

With each installment required to be paid pursuant to this section, the chief municipal finance officer shall provide the following information for each agreement entered into by the municipality, pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), on after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.):

a. the project name and address;

b. the date on which the municipality entered into the agreement;

c. the expiration date of the agreement;

d. the amount of the annual service charge to be paid to the municipality;

e. the annual amount due to the county;

f. the portion of the quarterly service charge installment due to the county;

g. the quarterly installment amount collected by the municipality; and

h. the amount attributable to the agreement that is included in the installment of county tax due.[1]

(cf: P.L.2015, c.247, s.2)

[1]**[**3.**]** 4.[1] This act shall take effect on the first day of the third month next following the date of enactment, and [1]for a financial agreement subject to the provisions of "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) that was entered into on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et seq.),[1] shall apply to each annual service charge received [1]**[**by the tax collector**]**[1] beginning on or after [1]**[**that**]** the first day of the third month next following the[1] date [1]of enactment[1].

ASSEMBLY STATE AND LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5613

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 15, 2025

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 5613.

As amended, this bill amends certain provisions of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) concerning payments in lieu of tax received by a municipality when a long-term tax abatement is granted for the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or for a redevelopment relocation housing project pursuant to that law.

Under current law, a municipality receiving a payment in lieu of tax, referred to in the law as the "annual service charge," is required to remit to the county in which the municipality is located, five percent of the amount of the annual service charge.

The bill amends the law to provide that, if the five percent remittance due to the county is not paid when due, the unpaid balance thereof and interest, at the rate of one percent per month accrued thereon, together with attorneys' fees and court costs, may be recovered by the county from the municipality in an action filed in a court of competent jurisdiction; and that the municipal finance officer may be subject to revocation or suspension for willful or intentional failure, neglect, or refusal to comply.

The law also requires that every redevelopment project approved by the municipality to be evidenced by a financial agreement between the municipality and the urban renewal entity, and the agreement cannot take effect until approved by ordinance of the municipality. The bill further requires that notice of the time, date, and place of the public hearing required to be held prior to the approval of the ordinance on the financial agreement be provided to the chief financial officer of the county and the clerk to the board of county commissioner of the county within which the municipality is located.

The bill also amends existing law to provide that, with each installment required to be paid, the chief municipal finance officer is required to provide certain information, as specified in the bill, for each agreement entered into by the municipality.

The bill also makes technical changes.

As amended and reported by the committee, Assembly Bill No. 5613 is identical to Senate Bill No. 3787 (3R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove language requiring the municipal tax collector or financial officer, upon receipt of the annual service charge, to immediately notify the municipality and the chief financial officer of the county within which the municipality is located;
- remove language providing that, on the dates specified pursuant to law concerning the payment of municipal taxes, the municipal tax collector or finance officer in a municipality that receives an annual service charge is required to notify the chief financial officer of the county within which the municipality is located that the municipality received an annual service charge and, on the fifteenth day of the month in which each installment of taxes shall become payable, to directly transmit the five percent remittance to the chief financial officer of the county;
- provide that a municipal finance officer certificate may be subject to revocation or suspension for willful or intentional failure, neglect, or refusal to comply;
- remove language that specified that a municipal tax collector would be subject to certificate revocation;
- require that, with each required payment installment, the chief municipal finance officer is to provide the following information for each agreement entered into by the municipality: the project name and address; the date on which the municipality entered into the agreement; the expiration date of the agreement; the amount of the annual service charge to be paid to the municipality; the annual amount due to the county; the portion of the quarterly service charge installment due to the county; the quarterly installment amount collected by the municipality; and the amount attributable to the agreement that is included in the installment of county tax due; and
- provide that the bill is to take effect the first day of the third month next following the date of enactment, and, for a financial agreement subject to the provisions of "Long Term Tax Exemption Law" that was entered into on or after the effective date of P.L.2003, c.125, apply to each annual service charge received beginning on or after the first day of the third month next following the date of enactment.

Governor Murphy Takes Action on Legislation

Posted on - 07/8/2025

TRENTON – Today, Governor Murphy signed the following bills into law:

S-1400/A-5448 (Singleton, Zwicker/Park, Freiman) - "Uniform Partition of Heirs Property Act"; provides alternative process for handling partition actions filed in court concerning real property with multiple owners, at least one of whom had acquired title from relative

S-1439/A-3856 (Singleton, A.M. Bucco/Sampson, McClellan, Miller) - Requires health benefits coverage for additional orthotic and prosthetic appliances under certain circumstances; requires coverage for orthotic and prosthetic appliances obtained through podiatrists

S-2886/A-4015 (Greenstein, Turner/McCoy) - Requires pharmacies to provide certain information regarding insulin manufacturer assistance programs

S-3787/A-5613 (Scutari, Ruiz/Pintor Marin, Morales) - Requires municipal tax collectors who obtain payments in lieu of taxes under "Long Term Tax Exemption Law" to transmit county portion directly to county

S-3850/A-5356 (Smith, Scutari/Karabinchak, Reynolds-Jackson) - Permits county boards of elections to extend distance within which electioneering is prohibited

S-3928/A-5322 (Ruiz, Scutari/Greenwald, Sampson) - Limits general application of certain consumer contracts

S-3961/A-5263 (Ruiz, Scutari/Haider, Morales, Karabinchak) - Requires public and certain nonpublic schools to offer no-fee option to parents for making school lunch and other payments; requires payment processing platforms used by certain schools to provide users with information on user fees

S-4162/A-5469 (Turner, Ruiz/Reynolds-Jackson, Carter, Morales) - Limits use or disclosure of certain education records

A-4113/S-2155 (Carter, Atkins/Cryan, McKeon) - Prohibits sports wagering partnerships at public institutions of higher education

A-5141/S-3813 (Peterpaul, Calabrese, Donlon/Gopal, O'Scanlon) - Establishes historic distillery license; allows consumption of licensee's products on and off licensed premises under certain circumstances

A-5466/S-4318 (Bailey, Freiman, Reynolds-Jackson/Burzichelli, Greenstein) - Requires BPU to study effects of data centers on electricity costs

A-5736/S-4532 (Bailey, Simmons, Miller/Burzichelli, McKnight) - Updates certain notification requirements in "Energy Bill Watch" program