LEGISLATIVE HISTORY CHECKLIST

NJSA:13:17-61 et al

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

LAWS OF: 1989

CHAPTER: 26

Bill No: S2226

Sponsor(s): Ambrosio

Date Introduced: March 21, 1988

Committee: Assembly: Independent Authorities; Appropriations

Senate: Independent Authorities

Amended during passage: Yes

Date of Passage: Assembly: December 19, 1988

Senate: May 16, 1988

Date of Approval: February 15, 1989

Following statements are attached if available:

Sponsor statement: Yes

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

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: Yes

Hearings: Yes

(over)

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

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

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

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

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

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

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

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

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

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
1 Senate SIA committee amendments adopted May 2, 1988.
2 Assembly AIA committee amendments adopted November 28, 1988.
3 Assembly AAP committee amendments adopted December 12, 1988.
4 Senate floor amendments adopted January 12, 1988.
district of residence pays tuition; school district may count in its enrollment any pupil regularly attending on a full-time basis a county vocational school in the same county, for which the school district pays tuition.

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

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

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

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

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

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

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

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

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

3. Section 65 of P.L.1968, c.404 (C.13:17-67) is amended to read as follows:
65. (a) As used in this section, except as otherwise specifically provided:

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

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

and

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

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

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

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

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

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

(b) The amount payable to the intermunicipal account by each constituent municipality in any adjustment year shall be
determined in the following manner: the apportionment rates calculated for the comparison year shall be multiplied by the increase, if any, in aggregate true value of taxable real property for such year; provided, however, that the amount payable to the intermunicipal account shall be limited to 10% of the amount so calculated in the adjustment year 1973 and shall increase 4 percentage points a year until 50% of the amount so calculated is paid into the intermunicipal account in the adjustment year 1983 [and thereafter] through adjustment year 1987. Beginning in adjustment year 1988 the amount payable into the intermunicipal account shall be reduced by 2 percentage points a year until 40% of the amount calculated pursuant to this subsection is paid into the intermunicipal account in the adjustment year 1992 and thereafter.

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

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

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

5. (New Section) A meadowlands adjustment payment made contrary to the provisions of section 4 of this 1988 amendatory and supplementary act shall be returned to the municipality or the intermunicipal account, as the case may be, and
corresponding corrections in the remaining meadowlands adjustment payments shall be completed within 90 days of the effective date of this act.

4[26. (New section) 3a.3 Notwithstanding the provisions of P.L. , c. (C. ) (now before the Legislature as this bill) or any law, rule or regulation to the contrary, any constituent municipality which has land area within the district constituting less than 2.5 percent of the total land area within the district and which has a population density exceeding 6,500 persons per square mile according to the 1986 Department of Labor statistics, shall, for purpose of calculating the amount of the Meadowlands adjustment payments for the calendar year beginning January 1, 1989 and each year thereafter, receive no less than the amount of the total Meadowlands adjustment payment received during the calendar year beginning January 1, 1988 and ending December 31, 1988.2

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

2[6.] 4[7.2] 6.4 This act shall take effect 1[immediately] 4[on] immediately and shall be retroactive to 4 January 1, 1989.4

AUTHORITIES AND REGIONAL COMMISSIONS
Property Taxes

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

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

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

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

The bill amends the apportionment formula used to calculate a meadowlands adjustment payment to exclude payments made or received to the intermunicipal account in a comparison year when calculating property taxes levied in a comparison year. Currently, payments to the intermunicipal account are included in the calculation. The effect of inclusion of the meadowlands adjustment payment in the formula is that a municipality that is
required to pay into the intermunicipal account must include taxes levied in order to make that payment as part of its general property tax revenues in a comparison year. This inflation in the property taxes levied component of the apportionment formula is referred to as the "compounding effect." The exclusion of meadowlands adjustment payments from the apportionment formula will eliminate the compounding effect.

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

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

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

AUTHORITIES AND REGIONAL COMMISSIONS
Property Taxes

Amends certain tax-sharing provisions in the "Hackensack Meadowlands Reclamation and Development Act."
The Assembly Independent Authorities Committee reports favorably Senate Bill No. 2226 [1R] with committee amendments.


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

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

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

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

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

The committee also adopted a technical amendment to insure that the bill as reported is identical to Assembly Bill No. 2755 with committee amendments.
The Assembly Appropriations Committee reports favorably Senate Bill No. 2226 (2R), with committee amendments.

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

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

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

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

The bill also requires each constituent municipality to include the grade and address, as well as the number, of school children in the district in required reports.
Senate Bill No. 2226 (2R), as amended by this committee is identical to Assembly Bill No. 2755 (1R) as amended by this committee.

FISCAL IMPACT

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

COMMITTEE AMENDMENTS

The committee amendments provide that monies required to make a payment to any municipality under the hold harmless provision shall be contributed by all other constituent municipalities, in proportion to each municipality's land area within the district, exclusive of the land area of any municipality receiving a hold harmless payment.
The Senate Independent Authorities Committee reports favorably Senate Bill No. 2226 with committee amendments.

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

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

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

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

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

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

The bill was amended in committee to delay the effective date until January 1, 1989 to effectuate a smooth transition of the law. The timing of the reductions in the percentage paid by municipalities into the intermunicipal account was adjusted accordingly. A technical correction of a punctuation error in the law also was made.
Governor Thomas H. Kean today signed legislation amending the Hackensack Meadowlands Reclamation and Development Act to more equitably distribute the funds granted to municipalities from the Hackensack Meadowlands District tax-sharing formula.

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

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

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

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

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

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