

40:550-41.2

**LEGISLATIVE HISTORY CHECKLIST**

**NJSA:** 40:55C-41.2 (Property tax exemptions--certain--  
15 year extension)

**LAWS OF:** 1986

**CHAPTER 86**

**BILL NO:** A1898

**Sponsor(s):** Brown

**Date Introduced:** February 3, 1986

**Committee: Assembly:** Municipal Government; Appropriation

**Senate:** County and Municipal Government

**Amended during passage:** Yes Amendments during passage denoted by asterisks.

**Date of Passage: Assembly:** May 5, 1986

**Senate:** June 26, 1986

**Date of Approval:** August 14, 1986

**Following statements are attached if available:**

**Sponsor statement:** Yes

**Committee statement: Assembly** Yes 3-6-86 and 3-13-86

**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

Chapter 86 Law of 1986  
Approved 8-14-86

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ASSEMBLY, No. 1898

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 3, 1986

By Assemblyman BROWN

AN ACT to permit the extension of certain exemptions from taxation in certain cases, amending P. L. 1967, c. 114, and amending and supplementing P. L. 1961, c. 40 and P. L. 1965, c. 95.

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

1 1. The Legislature finds and declares that:

2 a. The "Urban Renewal Corporation and Association Law of  
3 1961," P. L. 1961, c. 40 (C. 40:55C-40 et seq.), commonly known  
4 as the Fox-Lance Law and the "Urban Renewal Nonprofit Cor-  
5 poration Law of 1965," P. L. 1965, c. 95 (C. 40:55C-77 et seq.)  
6 have accomplished a great deal in helping municipalities embark  
7 upon rehabilitation and construction projects.

8 b. These projects have encouraged many businesses and in-  
9 dustries to expand their operations in their municipalities with-  
10 out seeking to locate elsewhere.

11 c. The abrupt termination of the benefits under these laws  
12 may cause severe dislocations, may result in the movement of  
13 commercial tenants to the suburbs and to out-of-State locations  
14 and cause a lack of additional capital investment in older urban  
15 cities thereby halting the beneficent effects of urban renewal.

16 d. This termination may make the ownership of real property  
17 less desirable and may result in a substantial reduction of com-  
18 mercial ratables and a deterioration of existing buildings.

19 e. To encourage the further investment of private capital and  
20 participation by private enterprise, it is in the best interests 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 printed in italics *thus* is new matter.**

**Matter enclosed in asterisks or stars has been adopted as follows:**

**\*—Assembly committee amendments adopted March 6, 1986.**

**\*\*—Senate committee amendments adopted May 19, 1986.**

21 the older cities that municipalities be granted the authority neces-  
 22 sary to address this issue now in ways which will prevent its  
 23 recurrence in the future.

1 2. Section 4 of P. L. 1967, c. 114 (C. 40:55C-44.2) is amended  
 2 to read as follows:

3 4. "Urban renewal entity" shall mean any urban renewal cor-  
 4 poration or urban renewal association as defined herein or in the  
 5 act to which this act is a supplement. *The term "entity" when*  
 6 *used in P. L. 1961, c. 40 (C. 40:55C-40 et seq.) shall be understood*  
 7 *to be a contraction of the term "urban renewal entity."*

1 3. Section 26 of P. L. 1961, c. 40 (C. 4:55C-65) is amended  
 2 to read as follows:

3 26. The rehabilitation or improvements made in the develop-  
 4 ment or redevelopment of a blighted area or area adjacent thereto  
 5 or State investment blighted area, pursuant to this act, shall be  
 6 exempt from taxation for a *limited* period [of not more than  
 7 20 years from the date of the execution of a financial agreement  
 8 for the development or redevelopment of the property upon which  
 9 the improvements are to be made pursuant to a financial agree-  
 10 ment entered into with the municipality in which said area is  
 11 situate, provided, in an instance of housing the redevelopment or  
 12 improvements shall be exempt from taxation for a period of 35  
 13 years] *as hereinafter provided*. Any such exemption shall be  
 14 claimed and allowed in the same or a similar manner as in the  
 15 case of other real property exemptions and no such claim shall  
 16 be allowed unless the municipality wherein said property is  
 17 situated shall certify that a financial agreement with an urban  
 18 renewal corporation or association for the development or the  
 19 redevelopment of the property has been entered into and is  
 20 in effect as required by the provisions of this act. In *the* event  
 21 that an exemption status changes during a tax year, the procedure  
 22 for the apportionment of the taxes for said year shall be the same  
 23 as in the case of other changes in tax exemption status during  
 24 the tax year.

25 *a. The duration of the exemption shall be as follows: (1) For*  
 26 *housing or residential condominium projects, a term of 35 years*  
 27 *from the date of the execution of the financial agreement; or*  
 28 *(2) for all other projects, a term of 20 years from the date of*  
 29 *the execution of the financial agreement; except that all projects*  
 30 *of any type, for which an executed financial agreement, autho-*  
 31 *rized by the provisions of P. L. 1961, c. 40 (C. 40:55C-40 et seq.)*  
 32 *is in force and effect on the date of the enactment of this amen-*

33 *datory and supplementary act, shall be eligible for an additional*  
 34 *term of 15 years from the date of the termination of that existing*  
 35 *financial agreement.*

36 *b. During the term of any exemption, in lieu of any taxes to*  
 37 *be paid on the improvements of the project, the entity shall make*  
 38 *payment to the municipality of an annual service charge as here-*  
 39 *inafter provided.*

40 *c. The annual service charge to be paid by the entity for any*  
 41 *period of exemption, other than a period of exemption which has*  
 42 *been extended pursuant to the provisions of this amendatory and*  
 43 *supplementary act, shall be determined as follows:*

44 (1) With respect to any projects or portions of any projects  
 45 which are not housing projects devoted to condominium owner-  
 46 ship pursuant to P. L. 1969, c. 257 (C. 46:8B-1 et seq.), the urban  
 47 renewal corporation or association shall make payment to the  
 48 municipality of an annual service charge for municipal services  
 49 supplied to said project, in an annual amount equal to 15% of  
 50 the annual gross revenue from each unit of the project, if the  
 51 project is undertaken in units, or from the total project, if the  
 52 project is not undertaken in units, for each of the years of opera-  
 53 tion commencing with the date of the completion of such unit or  
 54 of the project, as the case may be.

55 (2) Where all or part of a housing project is devoted to con-  
 56 dominium ownership by the recording of a master deed pursuant  
 57 to P. L. 1969, c. 257 (C. 46:8B-1 et seq.), the project or portions  
 58 thereof so utilized shall be liable for, and the urban renewal cor-  
 59 poration or association, or a condominium owner, as the case  
 60 may be, shall pay to the municipality, an amount equal to 15%  
 61 of the annual gross revenue from each condominium unit in the  
 62 project, or the condominium unit owned, as the case may be, for  
 63 each of the first 10 years of operation commencing upon the  
 64 date of the completion of the project, or each condominium unit,  
 65 if the project is undertaken in units, as the case may be. For  
 66 the remainder of the period of the exemption, the annual service  
 67 charge shall be determined in the same manner as provided in  
 68 this paragraph, subject to the following modifications:

69 **[a.]** (a) For the eleventh year and for each succeeding year  
 70 thereafter through the fifteenth year, an amount equal to either  
 71 15% of the annual gross revenue, or 20% of the amount of taxes  
 72 otherwise due on the value of the land and improvements, which-  
 73 ever shall be greater;

74 **[b.]** (b) For the sixteenth year and for each succeeding year

75 thereafter through the twentieth year, an amount equal to either  
 76 15% of the annual gross revenue, or 40% of the amount of taxes  
 77 otherwise due on the value of the land and improvements, which-  
 78 ever shall be greater;

79 **【c.】** (c) For the twenty-first year and for each succeeding year  
 80 thereafter through the twenty-fifth year, an amount equal to either  
 81 15% of the annual gross revenue, or 60% of the amount of taxes  
 82 otherwise due on the value of the land and improvements, which-  
 83 ever shall be greater; and

84 **【d.】** (d) For the twenty-sixth year and for each succeeding year  
 85 thereafter through the thirtieth year, an amount equal to either  
 86 15% of the annual gross revenue, or 80% of the amount of taxes  
 87 otherwise due on the value of the land and improvements, which-  
 88 ever shall be greater.

89 At the option of the municipality, or where because of the  
 90 nature of the development, ownership, use or occupancy of the  
 91 project or any unit thereof, if the project is to be undertaken in  
 92 units, the total annual gross rental cannot be reasonably ascer-  
 93 tained under the provisions of section 12 of this act (C. 40:55C-51),  
 94 or the annual gross revenue cannot be reasonably ascertained un-  
 95 der the provisions of section 1 of P. L. 1978, c. 93 (C. 40:55C-58.1)  
 96 the governing body shall provide in the financial agreement that  
 97 the annual service charge shall be a sum equal to 2% of the total  
 98 project cost or total project unit cost determined pursuant to sec-  
 99 tion 8 of this act (C. 40:55C-47), calculated from the first day of  
 100 the month following the substantial completion of the project or  
 101 any unit thereof, if the project is undertaken in units**【**; provided,  
 102 however, that in no event shall such payment together with the  
 103 taxes on the land, in any year after first occupancy of the project  
 104 be less than the total taxes assessed on all real property in the  
 105 area covered by the project in the calendar year immediately pre-  
 106 ceding the acquisition of the said area by the municipality or its  
 107 agency, or by the private or public owner from whom the urban  
 108 renewal corporation acquired the land.

109 The aforesaid payment shall be made annually within 30 days  
 110 after the close of each calendar year**】**.

111 Against such annual charge the corporation or association, or,  
 112 in the case of a condominium unit, the unit owner, shall be en-  
 113 titled to credit for the amount, without interest, of the real estate  
 114 taxes on land paid by it in the last four preceding quarterly  
 115 installments.

116 **【**At the end of 20 years from the date of the execution of said

117 financial agreement or earlier, at the end of 15 years of operation  
118 of any unit, if the project is undertaken in units, or the entire  
119 project, if it is not undertaken in units, whichever occurs first, the  
120 tax exemption upon said unit, if the project is undertaken in units,  
121 or upon the entire project, if the project is not undertaken in units,  
122 shall cease and the improvements and any other property of the  
123 corporation or association as well as the land shall be assessed  
124 and taxed, according to general law, like other property in the  
125 municipality. In an instance of housing, the exemptions shall cease  
126 as provided above at the end of 35 years from the date of execution  
127 of the financial agreement or earlier, at the end of 30 years of the  
128 operation of any unit, if the project is undertaken in units, or of  
129 the entire project, if it is not undertaken in units, whichever first  
130 occurs, or if the project is devoted to condominium ownership at  
131 the end of 30 years after the recording of the master deed.】

132 *In all cases, the amount of the annual service charge to be*  
133 *paid by an entity shall be the greater of the following: either*  
134 *the amount of the annual service charge determined pursuant to*  
135 *subsection c. of this section or the amount of the minimum annual*  
136 *service charge as determined pursuant to section 10 of this amen-*  
137 *datory and supplementary act.*

138 *d. The annual service charge to be paid by the entity for a*  
139 *period of exemption which has been extended pursuant to the*  
140 *provisions of this amendatory and supplementary act shall be*  
141 *determined as follows:*

142 *(1) For projects for which the annual service charge in the*  
143 *initial financial agreement was determined as a percentage of*  
144 *annual gross revenue, the annual service charge in the period of*  
145 *extension shall be as follows: (a) For each of the first five years*  
146 *of the extension period, an amount equal to 16% of the annual*  
147 *gross revenue; (b) for each of the second five years of the ex-*  
148 *tension period, an amount equal to 17% of the annual gross*  
149 *revenue; and (c) for each of the final five years of the extension*  
150 *period, an amount equal to 18% of the annual gross revenue.*

151 *(2) For projects for which the annual service charge in the*  
152 *initial financial agreement was determined as a percentage of*  
153 *total project cost, the annual service charge in the period of*  
154 *extension shall be determined as follows: (a) For each of the*  
155 *first five years of the extension period, an amount equal to 4%*  
156 *of the total project cost; (b) for each of the second five years of*  
157 *the extension period, an amount equal to 5% of the total project*  
158 *cost; and (c) for each of the final five years of the extension*  
159 *period, an amount equal to 6% of the total project cost.*

160     *The annual service charge for these projects shall be further*  
 161 *increased in each year of the extended period by an amount as*  
 162 *hereinafter determined: For each year following the first year*  
 163 *of the extended period, there shall be added to the annual service*  
 164 *charge the amount produced by multiplying the annual service*  
 165 *charge for the project in the previous year by the percentage*  
 166 *that the total tax levy of the municipality for the current tax*  
 167 *year has increased over the total tax levy of the municipality for*  
 168 *the immediately preceding tax year. For the purposes of this*  
 169 *section, "total tax levy" means the total amount the municipality*  
 170 *is required to raise by property taxation for municipal, school and*  
 171 *county purposes, as shown in the Table of Aggregates prepared*  
 172 *pursuant to R. S. 54:4-52 and set forth in Column 12D of the*  
 173 *Abstract of Ratables for the county. In any year in which there*  
 174 *is no increase \*or a reduction\* in the total tax levy of the munici-*  
 175 *pality, the amount to be added pursuant to this paragraph shall be*  
 175A *zero.*

176     *In addition, the annual service charge for these projects shall*  
 177 *be further increased by the capital improvements required to*  
 178 *be made to those projects pursuant to the provisions of section 8*  
 179 *of this amendatory and supplementary act or by any other capital*  
 180 *improvement made thereto. The amount of the increase to be*  
 181 *added in each year of the extended period pursuant to this para-*  
 182 *graph shall be determined by multiplying the cost of the capital*  
 183 *improvement to the project by the applicable percentage rate as*  
 184 *provided in \***[paragraph d. of this section]**\* \*this subsection*  
 185 *\*\***[d.]**\*\*.* *The amount to be annually added to the annual service*  
 186 *charge under the provisions of this paragraph shall first be added*  
 187 *in the year in which the affected capital improvement is deemed com-*  
 188 *pleted by the municipality pursuant to section 8 of this amendatory*  
 189 *and supplementary act.*

190     (3) *In the event that the project is divided into units, the an-*  
 191 *nuual service charge for the extension period shall be calculated*  
 192 *as set forth in paragraph (1) and (2) above, and distributed*  
 193 *pro-rata to each unit on the basis of the relationship that the*  
 194 *floor area of the unit bears to the total floor area of all units*  
 195 *over which the charge is to be distributed.*

196     e. *All exemptions granted pursuant to P. L. 1961, c. 40*  
 197 *(C. 40:55C-40 et seq.) or extended pursuant to the provisions*  
 198 *of this amendatory and supplementary act shall terminate at*  
 199 *the time prescribed herein. In the instance of housing, the exemp-*  
 200 *tion shall terminate at the end of 25 years from the date of execu-*  
 201 *tion of the financial agreement or earlier, at the end of 30 years*

202 of the operation of any unit, if the project is undertaken in units,  
 203 whichever first occurs, or if the project is devoted to condominium  
 204 ownership at the end of 30 years after the recording of the master  
 205 deed. For all other projects, the exemption shall cease at the  
 206 earlier of 20 years from the date of the execution of the financial  
 207 agreement or 15 years from the date of the completion of the  
 208 project; except that for all projects of any type, for which an  
 209 executed financial agreement, authorized by the provisions of  
 210 P. L. 1961, c. 40 (40:55C-40 et seq.), is in force and effect on the  
 211 date of the enactment of this amendatory and supplementary act  
 212 and for which an extension of the period of exemption has been  
 213 granted by the municipality pursuant to the provisions of sec-  
 214 tion 11 of this amendatory and supplementary act, the exemption  
 215 shall terminate 15 years from the date of the termination of the  
 216 financial agreement in force and effect on the date of the enact-  
 217 ment of this amendatory and supplementary act.

218 Upon the termination of any exemption granted pursuant to  
 219 P. L. 1961, c. 40 (C. 40:55C-40 et seq.) or any exemption extended  
 220 pursuant to the provisions of this amendatory and supplementary  
 221 act, the project, all affected parcels, and all improvements made  
 222 thereto shall be assessed and subject to taxation as are other  
 223 taxable properties in the municipality.

224 **【At the same date】** After the date of termination, all restric-  
 225 tions and limitations upon the **【corporation or association】** entity  
 226 shall terminate and be at an end upon the **【corporation's or asso-  
 227 ciation's】** entity's rendering its final account to and with the  
 228 municipality.

1 4. Section 28 of P. L. 1961, c. 40 (C. 40:55C-67) is amended  
 2 to read as follows:

3 28. **【The】** Except as otherwise provided in section 11 \*and section  
 4 18\* of this amendatory and supplementary act, tax exemption pro-  
 5 vided herein shall apply only so long as the urban renewal corpora-  
 6 tion or association and its project remain subject to the provisions  
 7 of this act but in no event longer than 20 years from the date  
 8 of the execution of the financial agreement, except in the instance  
 9 of housing the tax exemption to the extent of such use shall apply  
 10 for 35 years from said date. Any corporation or association  
 11 organized hereunder may, at any time after the expiration of  
 12 one year from the completion date of the project, notify the gov-  
 13 erning body of the municipality with which it has entered into  
 14 a financial agreement that, as of a certain date designated in  
 15 the notice, it relinquishes its status hereunder. As of the date so



16 set, the tax exemption, the service charges and the profit and  
 17 dividend restriction shall terminate. Upon any termination of such  
 18 tax exemption, obligations and restrictions, whether by affirmative  
 19 action of the corporation or association as above provided or by  
 20 the provisions of this act or pursuant to the financial agreement  
 21 made hereunder the date of such termination shall be deemed to  
 22 be the end of the fiscal year of said corporation or association.  
 23 Within 90 days after the date of such termination, the corporation  
 24 or association shall pay to the municipality a sum equal to the  
 25 amount of the reserve, if any, maintained pursuant to section 27  
 26 of this act (C. 40:55C-66), as well as the excess profit, if any,  
 27 payable pursuant to said section 27 by reason of the treatment of  
 28 such date as the end of a fiscal year.

1 5. Section 21 of P. L. 1965, c. 95 (C. 40:55C-97) is amended  
 2 to read as follows:

3 21. The improvements made in the development or redevelop-  
 4 ment of a blighted area, pursuant to this act, shall be exempt from  
 5 taxation for a *limited* period [of not more than 25 years from the  
 6 date of the execution of a financial agreement for the develop-  
 7 ment or redevelopment of the property upon which the improve-  
 8 ments are to be made pursuant to a financial agreement entered  
 9 into with the municipality in which said area is situate] *as here-*  
 10 *inafter provided*. Any such exemption shall be claimed and allowed  
 11 in the same or a similar manner as in the case of other real  
 12 property exemptions and no such claim shall be allowed unless  
 13 the municipality wherein said property is situated shall certify  
 14 that a financial agreement with an urban renewal nonprofit cor-  
 15 poration for the development or the redevelopment of the prop-  
 16 erty has been entered into and is in effect as required by the  
 17 provisions of this act. In the event that an exemption status  
 18 changes during a tax year, the procedure for the apportionment  
 19 of the taxes for said year shall be the same as in the case of  
 20 other changes in tax exemption status during the tax year.

21 *a. The duration of the exemption shall be as follows: for all*  
 22 *projects, a term of not more than 25 years from the date of the*  
 23 *execution of the financial agreement; except that all projects of*  
 24 *any type, for which an executed financial agreement, authorized*  
 25 *by the provisions of P. L. 1965 c. 95 (C. 40:55C-77 et seq.), is*  
 26 *in force and effect on the date of enactment of this amendatory*  
 27 *and supplementary act, shall be eligible for an additional term*  
 28 *of 15 years from the date of the termination of that existing*  
 29 *financial agreement.*

30 *b. During the term of any exemption, in lieu of any taxes to be*  
 31 *paid on the improvements of the project, the entity shall make*  
 32 *payment to the municipality of an annual service charge as here-*  
 33 *inafter provided.*

34 *c. The annual service charge to be paid by the entity for any*  
 35 *period of exemption, other than a period of exemption which has*  
 36 *been extended pursuant to the provisions of this amendatory and*  
 37 *supplementary act, shall be determined as follows:*

38 **【The】** (1) *With respect to any projects or portions of any proj-*  
 39 *ects, the urban renewal nonprofit corporation shall make payment*  
 40 *to the municipality of an annual service charge for municipal ser-*  
 41 *vices applied to said project, in an annual amount equal to 15% of*  
 42 *the annual gross revenue from each unit of the project, if the*  
 43 *project is undertaken in units, or from the total project, if the*  
 44 *project is not to be undertaken in units, for each of the years of*  
 45 *operation commencing with the date of the completion of such*  
 46 *unit or of the project, as the case may be. (2) Where because*  
 47 *of the nature of the development, ownership, use or occupancy*  
 48 *of the project or any unit thereof, if the project is to be under-*  
 49 *taken in units, the total annual gross rental cannot be reasonably*  
 50 *ascertained under the provisions of section 9 of this act, the*  
 51 *governing body shall provide in the financial agreement that the*  
 52 *annual service charge shall be a sum equal to 2% of the total*  
 53 *project cost or total project unit cost determined pursuant to*  
 54 *section 8 of this act, calculated from first day of the month fol-*  
 55 *lowing the substantial completion of the project or any unit*  
 56 *thereof, if the project is to be undertaken in units【; provided,*  
 57 *however, that in no event shall such payment together with the*  
 58 *taxes on the land, in any year after first occupancy of the project*  
 59 *be less than the total taxes assessed on all real property in the*  
 60 *area covered by the project in the calendar year immediately*  
 61 *preceding the acquisition of the said area by the municipality or*  
 62 *its agency, or by the private owner from whom the urban renewal*  
 63 *corporation acquired the land.*

64 *The aforesaid payment shall be made annually within 30 days*  
 65 *after the close of each such calendar year【】.*

66 *Against such annual charge the corporation shall be entitled to*  
 67 *credit for the amount, without interest, of the real estate taxes*  
 68 *on land paid by it in the last 4 preceding quarterly installments.*

69 **【At the end of 25 years from the date of the execution of said**  
 70 *financial agreement or earlier, at the end of 20 years of operation*  
 71 *of any unit, if the project is undertaken in units, or of the entire*

72 project, if it is not undertaken in units, whichever occurs first,  
73 the tax exemption upon said unit, if the project is undertaken in  
74 units, or upon the entire project, if the project is not undertaken  
75 in units, shall cease and the improvements and any other property  
76 of the corporation as well as the land shall be assessed and taxed,  
77 according to general law, like other property in the municipality.】

78 *In all cases, the amount of the annual service charge to be*  
79 *paid by an entity shall be the greater of the following: either*  
80 *the amount of the annual service charge determined pursuant to*  
81 *subsection c. of this section or the amount of the minimum annual*  
82 *service charge as determined pursuant to section 16 of this amen-*  
83 *datory and supplementary act.*

84 *d. The annual service charge to be paid by the entity for a*  
85 *period of exemption which has been extended pursuant to the*  
86 *provisions of this amendatory and supplementary act shall be*  
87 *determined as follows:*

88 *(1) For projects for which the annual service charge in the*  
89 *initial financial agreement was determined as a percentage of*  
90 *annual gross revenue, the annual service charge in the period of*  
91 *extension shall be as follows: (a) For each of the first five years*  
92 *of the extension period, an amount equal to 16% of the annual*  
93 *gross revenue; (b) for each of the second five years of the ex-*  
94 *tension period, an amount equal to 17% of the annual gross rev-*  
95 *enue; and (c) for each of the final five years of the extension*  
96 *period, an amount equal to 18% of the annual gross revenue.*

97 *(2) For projects for which the annual service charge in the*  
98 *initial financial agreement was determined as a percentage of*  
99 *total project cost, the annual service charge in the period of*  
100 *extension shall be determined as follows: (a) For each of the*  
101 *first five years of the extension period, an amount equal to 4%*  
102 *of the total project cost; (b) for each of the second five years of*  
103 *the extension period, an amount equal to 5% of the total project*  
104 *cost; and (c) for each of the final five years of the extension*  
105 *period, an amount equal to 6% of the total project cost.*

106 *The annual service charge for these projects shall be further*  
107 *increased in each year of the extended period by an amount as*  
108 *hereinafter determined: For each year following the first year*  
109 *of the extended period, there shall be added to the annual service*  
110 *charge the amount produced by multiplying the annual service*  
111 *charge for the project in the previous year by the percentage that*  
112 *the total tax levy of the municipality for the current tax year has*  
113 *increased over the total tax levy of the municipality for the im-*

114 *mediately preceding tax year. For the purposes of this section,*  
 115 *“total tax levy” means the total amount the municipality is re-*  
 116 *quired to raise by property taxation for municipal, school and*  
 117 *county purposes, as shown in the Table of Aggregates prepared*  
 118 *pursuant to R. S. 54:4-52 and set forth in Column 12D of the*  
 119 *Abstract of Ratables for the county. In any year in which there*  
 120 *is no increase \*or a reduction\* in the total tax levy of the munici-*  
 121 *pality, the amount to be added pursuant to this paragraph shall be*  
 121A *zero.*

122 *In addition, the annual service charge for these projects shall*  
 123 *be further increased by the capital improvements required to*  
 124 *be made to those projects pursuant to the provisions of section*  
 125 *14 of this amendatory and supplementary act or by another capital*  
 126 *improvement made thereto. The amount of the increase to be added*  
 127 *in each year of the extended period pursuant to this paragraph*  
 128 *shall be determined by multiplying the cost of the capital improve-*  
 129 *ment to the project by the applicable percentage rate as provided*  
 130 *in \***[paragraph d. of this section]**\* \*this subsection \*\***[d.]**\*\* \*. The*  
 131 *amount to be annually added to the annual service charge under the*  
 132 *provisions of this paragraph shall first be added in the year in*  
 133 *which the affected capital improvement is deemed completed by the*  
 134 *municipality pursuant to section 14 of this amendatory and supple-*  
 134A *mentary act.*

135 *(3) In the event that the project is divided into units, the*  
 136 *annual service charge for the extension period shall be calculated*  
 137 *as set forth in paragraph (1) and (2) above, and distributed pro-*  
 138 *rata to each unit on the basis of the relationship that the floor*  
 139 *area of the unit bears to the total floor area of all units over which*  
 140 *the change is to be distributed.*

141 *e. All exemptions granted pursuant to P. L. 1965, c. 95,*  
 142 *(C. 40:55C-77 et seq.) or extended pursuant to the provisions*  
 143 *of this amendatory and supplementary act shall terminate at the*  
 144 *time prescribed herein. For all projects, the exemption shall*  
 145 *terminate at the earlier of 25 years from the date of the execu-*  
 146 *tion of the financial agreement or 20 years from the date of the*  
 147 *completion for the project; except that for all projects for which*  
 148 *an executed financial agreement, authorized by the provisions of*  
 149 *P. L. 1965, c. 95 (C. 40:55C-77 et seq.), is in force and effect on*  
 150 *the date of the enactment of this amendatory and supplementary*  
 151 *act and for which an extension of the period of exemption has*  
 152 *been granted by the municipality pursuant to the provisions of*  
 153 *section 17 of this amendatory and supplementary act, the exemp-*

154 tion shall terminate 15 years from the date of the termination  
 155 of the financial agreement in force and effect on the date of the  
 156 enactment of this amendatory and supplementary act.

157 Upon the termination of any exemption granted pursuant to  
 158 P. L. 1965, c. 95 (C. 40:55C-77 et seq.), or any exemption extended  
 159 pursuant to the provisions of this amendatory and supplementary  
 160 act, the project, all affected parcels, and all improvements made  
 161 thereto shall be assessed and subject to taxation as are other  
 162 other properties in the municipality.

163 **【At the same date】** After the date of termination, all restric-  
 164 tions and limitations upon the **【corporation】** entity in regard to  
 165 the project covered by the agreement shall terminate and be at  
 166 an end upon the **【corporation's】** entity's rendering its final ac-  
 167 count **【on that project】** to and with the municipality.

1 6. Section 23 of P. L. 1965, c. 95 (C. 40:55C-99) is amended to  
 2 read as follows:

3 23. Duration of Tax Exemption, Service Charges and Payments  
 4 to Municipality. **【The】** *Except as otherwise provided in section*  
 5 *17 of this amendatory and supplementary act, the tax exemption*  
 6 *provided herein shall apply only so long as the urban renewal*  
 7 *nonprofit corporation and its projects remain subject to the pro-*  
 8 *visions of this act but in no event longer than 25 years from the*  
 9 *date of the execution of the financial agreement applicable to*  
 10 *any project. Any corporation organized hereunder may, at any*  
 11 *time after the expiration of one year from the completion date of*  
 12 *the project, notify the governing body of the municipality with*  
 13 *which it has entered into a financial agreement that, as of a cer-*  
 14 *tain date designated in the notice, it relinquishes its status with*  
 15 *regard to the project covered by the financial agreement here-*  
 16 *under. As of the date so set, the tax exemption, the service charges*  
 17 *and the profit restrictions shall terminate. Upon any termination*  
 18 *of such tax exemption, obligations and restrictions, upon a project,*  
 19 *whether by affirmative action of the corporation as above pro-*  
 20 *vided or by the provisions of this act or pursuant to the financial*  
 21 *agreement made hereunder the date of such termination shall be*  
 22 *\*deemed to be the end of the fiscal year of the project covered by*  
 23 *the financial agreement. Within 90 days after the date of such*  
 24 *termination, the corporation shall pay to the municipality the sum*  
 25 *equal to the amount of the reserve, if any, maintained pursuant to*  
 26 *section 22 of this act, as well as the excess profit, if any, applicable*  
 27 *to that project, payable pursuant to said section by reason of the*  
 28 *treatment of such date as the end of a fiscal year.\**

1 7. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is  
2 supplemented as follows:

3 Every urban renewal entity which is a party to a financial  
4 agreement entered into pursuant to the provisions of P. L. 1961,  
5 c. 40 (C. 40:55C-40 et seq.) which is in force and effect on the  
6 date of the enactment of this amendatory and supplementary act  
7 shall have the right to apply in writing to the municipality to  
8 request a new financial agreement which would extend the term  
9 of the existing tax exemption for that project for a period of  
10 15 years. The application shall be in the form prescribed by the  
11 municipality and shall include those certified facts and data the  
12 municipality may require, including, but not limited to:

13 a. A description of the project, including the land area and  
14 improvements thereon which are to be subject to the new finan-  
15 cial agreement.

16 b. A detailed explanation as to the need for the extension of  
17 the period of exemption, including the financial impact of the  
18 extension.

19 c. A fiscal plan outlining the expected financial performance  
20 of the project for the period of the extension, including projections  
21 of annual gross revenue, estimated expenses for operations and  
22 maintenance, estimated amounts of capital investment, payments  
23 for interest and principal on outstanding debt and estimated pay-  
24 ments of annual service charges and land taxes to the municipality.

25 d. A detailed statement of the charges imposed upon and pay-  
26 ments made by the project, for annual services charges, land  
27 taxes and any penalties and interest imposed thereon, and any  
28 other taxes levied by the municipality, for the entire term of the  
29 initial financial agreement, showing the exact amount of any  
30 arrears owed to the municipality by the project, with a schedule  
31 as to when such arrears are to be paid.

32 e. A general description of the capital improvements to be  
33 made pursuant to section 8 of this amendatory and supplementary  
34 act, their estimated cost and the projected dates when the entity  
35 intends to make the required investments in those capital im-  
36 provements to the project.

37 An application for an extension shall be submitted to the mu-  
38 nicipality not more than one year before the date on which the  
39 financial agreement that is in force and effect on the date of the  
40 enactment of this amendatory and supplementary act terminates  
41 nor shall it be submitted to the municipality less than six months  
42 before the date of the termination of that financial agreement;

43 except that any entity which is a party to a financial agreement  
44 that is scheduled to terminate on or before January 1, 1987 may  
45 submit an application for an extension at any time prior to the  
46 date on which that financial agreement terminates.

47 The application, together with a copy of the proposed new  
48 financial agreement, shall be addressed and submitted to the  
49 mayor of the municipality. Within 30 days of the receipt of the  
50 application and the copy of the proposed new financial agree-  
51 ment, which has been deemed to be complete and proper as to  
52 form by the chief legal officer of the municipality, the mayor  
53 shall submit it to the governing body along with his recommenda-  
54 tions. The governing body shall, by resolution, approve or dis-  
55 approve the application. In the event of disapproval, the govern-  
56 ing body may suggest any changes it may deem necessary in  
57 order to secure its approval. An application may be revised and  
58 resubmitted. No application may be considered or approved for  
59 any project, however, if the tax collector of the municipality shall  
60 determine that there exists any financial arrears or outstanding  
61 financial obligations owed to the municipality for that project  
62 under the terms of the financial agreement in force and effect  
63 on the date of the enactment of this amendatory and supple-  
64 mentary act.

1 8. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is  
2 supplemented as follows:

3 No application for an extension shall be approved unless the  
4 application shall provide that the entity shall, during the extended  
5 period, invest in capital improvements to the project in an amount  
6 equal to not less than 5% of total project cost during each five  
7 year segment of the extended period, except that the investment  
8 for the third five year segment of the extended period shall be  
9 made no later than the twelfth year of the extended period.

10 Every capital improvement undertaken pursuant to the pro-  
11 visions of this section shall be reported to the municipality, along  
12 with a certified financial statement as to its cost, no later than  
13 90 days after its completion. As used in this section, the term  
14 "completion of a capital improvement" means the date on which  
15 the enforcing agency pursuant to P. L. 1975, c. 217 (C. 52:27D-119  
16 et seq.) determines the capital improvements to have been com-  
17 pleted. The term "cost of capital improvement," as used in this  
18 section, means the aggregate total of the following items: a. All  
19 fees paid or due to architects, engineers and attorneys by the  
20 entity for any work in connection with the capital improvement;

21 b. All surveying and testing charges associated with the capital  
 22 improvement; c. All actual costs of the construction of the capital  
 23 improvement, as certified to by the architect responsible for su-  
 24 pervising the construction, including but not limited to all aspects  
 25 of site preparation as well as all aspects of the construction of  
 26 the actual capital improvement; d. All costs of insurance, financ-  
 27 ing and interest incurred in relation to the capital improvement;  
 28 and e. The developer's overhead calculated at the rate of 5%  
 29 of the aggregate total of the amounts reported and certified  
 30 pursuant to subsections a. through d. of this section. The cost  
 31 of the capital improvement shall be certified to the municipality  
 32 by a certified public accountant on behalf of the entity not more  
 33 than 90 days following the date of completion of the capital im-  
 34 provement. No capital improvement shall be deemed to have been  
 35 made during the extended period if the permit for that improve-  
 36 ment was issued by the enforcing agency pursuant to P. L. 1975,  
 37 c. 217 (C. 52:27D-119 et seq.) prior to the date on which the  
 38 extension, granted by the municipality pursuant to section 11 of  
 39 this amendatory and supplementary act, shall commence.

1 9. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is sup-  
 2 plemented as follows:

3 Every extension granted by a municipality pursuant to the  
 4 provisions of section 11 of this amendatory and supplementary  
 5 act shall be evidenced by a new financial agreement between the  
 6 municipality and the entity. The agreement shall be prepared  
 7 as to form by the entity, subject to the approval of the munici-  
 8 pality, and submitted as part of the entity's application for that  
 9 extension pursuant to section 7 of this amendatory and supple-  
 10 mentary act.

11 The new financial agreement shall be in the form of a contract  
 12 requiring full performance and shall have a term of 15 years,  
 13 commencing on the day following the day on which the financial  
 14 agreement in force and effect on the date of enactment of this  
 15 amendatory and supplementary act terminates.

16 The new financial agreement shall include, but not be limited  
 17 to, the following provisions:

18 a. That the profits of and dividends payable by the entity shall  
 19 be limited as provided by P. L. 1961, c. 40 (C. 40:55C-40 et seq.);

20 b. That the improvements to the project which were exempt  
 21 from taxation under the terms of the financial agreement in  
 22 force and effect on the date of the enactment of this amendatory  
 23 and supplementary act shall continue to be exempt during the  
 24 period of extension;



25 c. That the entity shall make timely payments of both the  
26 annual service charge and land taxes as are provided for by  
27 P. L. 1961, c. 40 (C. 40:55C-40 et seq.) or this amendatory and  
28 supplementary act;

29 d. That the entity shall submit annually within 90 days after  
30 the close of its fiscal year, a certified audit report of its financial  
31 condition to the mayor and governing body of the municipality;

32 e. That the entity shall, upon request, permit inspection of  
33 property, equipment, buildings and other facilities of the entity  
34 and also permit examination and audit of its books, contracts,  
35 records, documents and papers by authorized representatives of  
36 the municipality;

37 f. That in the event of any dispute between the parties, the  
38 matters in controversy shall be resolved by arbitration in the  
39 manner provided therein;

40 g. That operation under the financial agreement shall be ter-  
41 minable by the entity in the manner provided by section 28 of  
42 P. L. 1961, c. 40 (C. 40:55C-67);

43 h. That the entity shall at all times prior to the termination  
44 of the agreement remain bound by the provisions of P. L. 1961,  
45 c. 40 (C. 40:55C-40 et seq.) and the provisions of this amendatory  
46 and supplementary act;

47 i. That the provisions of Sections 21, 22 and 23 of P. L. 1961,  
48 c. 40 (C. 40:55C-60 through 62, inclusive), as are applicable to  
49 the period of extension, shall remain in force and effect;

50 j. That the entity shall make the capital investments and im-  
51 provements to the project during the term of the agreement as  
52 are required by the provisions of section 8 of this amendatory  
53 and supplementary act and set forth in the application for the  
54 extension pursuant to section 7 of this amendatory and supple-  
55 mentary act;

56 k. That the entity shall in an accurate and timely manner report  
57 to the municipality on all capital improvements completed during  
58 the extended period, including certified statements of cost;

59 l. That all annual service charges shall be paid quarterly on  
60 the same due dates as required by general law for the payment  
61 of real property taxes, and that in the event of any delinquency  
62 in any payment due to the municipality, the municipality shall  
63 impose penalties and interest charges on the delinquent amounts  
64 at the same rates as are then in force and effect for penalties  
65 and interest for delinquent real property taxes; and

66 m. That for all obligations to the municipality arising out of

67 the project, including the annual service charge, any taxes  
68 assessed against any property or land, and any interest and  
69 penalties pursuant thereto, the municipality shall have the same  
70 rights, priorities, duties and powers of enforcement and collection  
71 as may be provided in general law for the collection and enforce-  
72 ment of real property taxes.

1 10. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is  
2 supplemented as follows:

3 Any other provisions of P. L. 1961, c. 40 (C. 40:55C-40 et seq.)  
4 to the contrary notwithstanding, whenever the minimum amount  
5 of the annual service charge for the project, as determined pur-  
6 suant to this section, shall exceed the amount which otherwise  
7 would be due as the annual service charge, the amount deter-  
8 mined pursuant to this section shall be deemed to be the amount  
9 of the annual service charge.

10 For any project, the minimum annual service charge shall be  
11 the amount of the total taxes assessed against all real property  
12 in the area covered by the project in the calendar year immediately  
13 preceding the year in which that area was acquired by the mu-  
14 nicipality or its agency, or by the private or public owner from  
15 whom the urban renewal entity acquired the land.

1 11. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is  
2 supplemented as follows:

3 Any other provisions of P. L. 1961, c. 40 (C. 40:55C-40 et seq.)  
4 to the contrary notwithstanding, a municipality may grant an  
5 extension of the period of exemption for any project for which  
6 an executed financial agreement, authorized pursuant to the pro-  
7 visions of P. L. 1961, c. 40 (C. 40:55C-40 et seq.), is in force and  
8 effect on the date of the enactment of this amendatory and sup-  
9 plementary act. Such extension shall be for a period of 15 years,  
10 commencing on the day following the termination of the financial  
11 agreement in force and effect on the date of the enactment of this  
12 amendatory and supplementary act. At the conclusion of that  
13 period of extension, no further extension shall be permitted.

14 Any such extension shall be granted at the sole discretion of  
15 the municipality and shall be subject to the provisions of P. L.  
16 1961, c. 40 (C. 40:55C-40 et seq.) and the provisions of this  
17 amendatory and supplementary act. No extension shall be granted  
18 to any project for which an executed financial agreement, autho-  
19 rized pursuant to the provisions of P. L. 1961, c. 40 (C. 40:55C-40  
20 et seq.), is not in force and effect on the date of the enactment  
21 of this amendatory and supplementary act.

1 12. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented as follows:

3 "Urban renewal entity" means any urban renewal nonprofit  
4 corporation as defined herein or in this amendatory and supple-  
5 mentary act. The term "entity" when used in P. L. 1965, c. 95  
6 (C. 40:55C-77 et seq.) or in this amendatory and supplementary  
7 act shall be understood to be a contraction of the term "urban  
8 renewal entity."

1 13. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented as follows:

3 Every urban renewal entity which is a party to a financial  
4 agreement entered into pursuant to the provisions of P. L. 1965,  
5 c. 95 (C. 40:55C-77 et seq.) which is in force and effect on the  
6 date of the enactment of this amendatory and supplementary act  
7 shall have the right to apply in writing to the municipality to  
8 request a new financial agreement which would extend the term  
9 of the existing tax exemption for that project for a period of  
10 15 years. The application shall be in the form prescribed by the  
11 municipality and shall include those certified facts and data the  
12 municipality may require, including, but not limited to:

13 a. A description of the project, including the land area and  
14 improvements thereon which are to be subject to the new financial  
15 agreement.

16 b. A detailed explanation as to the need for the extension of  
17 the period of exemption, including the financial impact of the  
18 extension.

19 c. A fiscal plan outlining the expected financial performance  
20 of the project for the period of the extension, including projections  
21 of annual gross revenue, estimated expenses for operations and  
22 maintenance, estimated amounts of capital investment, payments  
23 for interest and principal on outstanding debt and estimated pay-  
24 ments of annual service charges and land taxes to the municipality.

25 d. A detailed statement of the charges imposed upon and pay-  
26 ments made by the project, for annual services charges, land taxes  
27 and any penalties and interest imposed thereon, and any other  
28 taxes levied by the municipality, for the entire term of the initial  
29 financial agreement, showing the exact amount of any arrears  
30 owed to the municipality by the project, with a schedule as to  
31 when such arrears are to be paid.

32 e. A general description of the capital improvements to be  
33 made pursuant to section 14 of this amendatory and supple-  
34 mentary act, their estimated cost and the projected dates when

35 the entity intends to make the required investments in those  
36 capital improvements to the project.

37 An application for an extension shall be submitted to the mu-  
38 nicipality not more than one year before the date on which the  
39 financial agreement that is in force and effect on the date of the  
40 enactment of this amendatory and supplementary act terminates  
41 nor shall it be submitted to the municipality less than six months  
42 before the date of the termination of that financial agreement;  
43 except that any entity which is a party to a financial agreement  
44 that is scheduled to terminate on or before January 1, 1987 may  
45 submit an application for an extension at any time prior to the  
46 date on which that financial agreement terminates.

47 The application, together with a copy of the proposed new  
48 financial agreement, shall be addressed and submitted to the  
49 mayor of the municipality. Within 30 days of the receipt of the  
50 application and the copy of the proposed new financial agree-  
51 ment, which has been deemed to be complete and proper as to  
52 form by the chief legal officer of the municipality, the mayor  
53 shall submit it to the governing body along with his recommenda-  
54 tions. The governing body shall, by resolution, approve or dis-  
55 approve the application. In the event of disapproval, the gov-  
56 erning body may suggest any changes it may deem necessary in  
57 order to secure its approval. An application may be revised and  
58 resubmitted. No application may be considered or approved for  
59 any project, however, if the tax collector of the municipality  
60 shall determine that there exists any financial arrears or out-  
61 standing financial obligations owed to the municipality for that  
62 project under the terms of the financial agreement in force and  
63 effect on the date of the enactment of this amendatory and sup-  
64 plementary act.

1 14. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented to read as follows:

3 No application for an extension shall be approved unless the  
4 application shall provide that the entity shall, during the ex-  
5 tended period, invest in capital improvements to the project in  
6 an amount equal to not less than 5% of total project cost during  
7 each five year segment of the extended period, except that the  
8 investment for the third five year segment of the extended period  
9 shall be made no later than the twelfth year of the extended  
10 period.

11 Every capital improvement undertaken pursuant to the pro-  
12 visions of this section shall be reported to the municipalty, along

13 with a certified financial statement as to its cost, no later than  
14 90 days after its completion. As used in this section, the term  
15 "completion of a capital improvement" means the date on which  
16 the enforcing agency pursuant to P. L. 1975, c. 217 (C. 52:27D-119  
17 et seq.) determines the capital improvements to have been com-  
18 pleted. The term "cost of capital improvement," as used in this  
19 section, means the aggregate total of the following items: a. All  
20 fees paid or due to architects, engineers and attorneys by the  
21 entity for any work in connection with the capital improvement;  
22 b. All surveying and testing charges associated with the capital  
23 improvement; c. All actual costs of the construction of the capital  
24 improvement, as certified to by the architect responsible for super-  
25 vising the construction, including but not limited to all aspects  
26 of site preparation as well as all aspects of the construction of  
27 the actual capital improvement; d. All costs of insurance, financ-  
28 ing and interest incurred in relation to the capital improvement;  
29 and e. The developer's overhead calculated at the rate of 5%  
30 of the aggregate total of the amounts reported and certified pur-  
31 suant to subsections a. through d. of this section. The cost of  
32 the capital improvement shall be certified to the municipality  
33 by a certified public accountant on behalf of the entity not more  
34 than 90 days following the date of completion of the capital  
35 improvement. No capital improvement shall be deemed to have  
36 been made during the extended period if the permit for that  
37 improvement was issued by the enforcing agency pursuant to  
38 P. L. 1975, c. 217 (C. 52:27D-119 et seq.) prior to the date on  
39 which the extension, granted by the municipality pursuant to  
40 section 17 of this amendatory and supplementary act, shall  
41 commence.

1 15. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented as follows:

3 Every extension granted by a municipality pursuant to the  
4 provisions of section 17 of this amendatory and supplementary  
5 act shall be evidenced by a new financial agreement between the  
6 municipality and the entity. The agreement shall be prepared  
7 as to form by the entity, subject to the approval of the munic-  
8 ipality, and submitted as part of the entity's application for that  
9 extension pursuant to section 13 of this amendatory and sup-  
10 plementary act.

11 The new financial agreement shall be in the form of a contract  
12 requiring full performance and shall have a term of 15 years,  
13 commencing on the day following the day on which the financial

14 agreement in force and effect on the date of enactment of this  
15 amendatory and supplementary act terminates.

16 The new financial agreement shall include, but not be limited  
17 to, the following provisions:

18 a. That the profits of and dividends payable by the entity shall  
19 be limited as provided by P. L. 1965, c. 95 (C. 40:55C-77 et seq.);

20 b. That the improvements to the project which were exempt  
21 from taxation under the terms of the financial agreement in force  
22 and effect on the date of the enactment of this amendatory and  
23 supplementary act shall continue to be exempt during the period  
24 of extension;

25 c. That the entity shall make timely payments of both the  
26 annual service charge and land taxes as are provided for by  
27 P. L. 1965, c. **[96]** **\*\*95\*\*** (C. 40:55C-77 et seq.) or this amenda-  
28 tory and supplementary act;

29 d. That the entity shall submit annually within 90 days after  
30 the close of its fiscal year, a certified audit report of its financial  
31 condition to the mayor and governing body of the municipality;

32 e. That the entity shall, upon request, permit inspection of  
33 property, equipment, buildings and other facilities of the entity  
34 and also permit examination and audit of its books, contracts,  
35 records, documents and papers by authorized representatives of  
36 the municipality;

37 f. That in the event of any dispute between the parties, the  
38 matters in controversy shall be resolved by arbitration in the  
39 manner provided therein;

40 g. That operation under the financial agreement shall be  
41 terminable by the entity in the manner provided by section 23  
42 of P. L. 1965, c. 95 (C. 40:55C-99);

43 h. That the entity shall at all times prior to the termination  
44 of the agreement remain bound by the provisions of P. L. 1965,  
45 c. 95 (C. 40:55C-77 et seq.) and the provisions of this amen-  
46 datory and supplementary act;

47 i. That the provisions of Sections 17, 18 and 19 of P. L. 1965,  
48 c. 95 (C. 40:55C-93 through 95, inclusive) as are applicable to  
49 the period of extension, shall remain in force and effect;

50 j. That the entity shall make the capital investments and im-  
51 provements to the project during the term of the agreement as  
52 are required by the provisions of section 14 of this amendatory  
53 and supplementary act and set forth in the application for the  
54 extension pursuant to section 13 of this amendatory and sup-  
55 plementary act;

56 k. That the entity shall in an accurate and timely manner re-

57 port to the municipality on all capital improvements completed  
58 during the extended period, including certified statements of cost;

59 l. That all annual service charges shall be paid quarterly on  
60 the same due dates as required by general law for the payment  
61 of real property taxes, and that in the event of any delinquency  
62 in any payment due to the municipality, the municipality shall  
63 impose penalties and interest charges on the delinquent amounts  
64 at the same rates as are then in force and effect for penalties  
65 and interest for delinquent real property taxes; and

66 m. That for all obligations to the municipality arising out of  
67 the project, including the annual service charge, any taxes assessed  
68 against any property or land, and any interest and penalties  
69 pursuant thereto, the municipality shall have the same rights,  
70 priorities, duties and powers of enforcement and collection as  
71 may be provided in general law for the collection and enforce-  
72 ment of real property taxes.

1 16. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented as follows:

3 Any other provisions of P. L. 1965, c. 95 (C. 40:55C-77 et seq.)  
4 to the contrary notwithstanding, whenever the minimum amount  
5 of the annual service charge for the project, as determined pur-  
6 suant to this section, shall exceed the amount which otherwise  
7 would be due as the annual service charge, the amount deter-  
8 mined pursuant to this section shall be deemed to be the amount  
9 of the annual service charge.

10 For any project, the minimum annual service charge shall be  
11 the amount of the total taxes assessed against all real property  
12 in the area covered by the project in the calendar year immediately  
13 preceding the year in which that area was acquired by the mu-  
14 nicipality or its agency, or by the private or public owner from  
15 whom the urban renewal entity acquired the land.

1 17. (New section) P. L. 1965, c. 95 (C. 40:55C-77 et seq.) is  
2 supplemented as follows:

3 Any other provisions of P. L. 1965, c. 95 (C. 40:55C-77 et seq.)  
4 to the contrary notwithstanding, a municipality may grant an  
5 extension of the period of exemption for any project for which  
6 an executed financial agreement, authorized pursuant to the pro-  
7 visions of P. L. 1965, c. 95 (C. 40:55C-77 et seq.), is in force and  
8 effect on the date of the enactment of this amendatory and sup-  
9 plementary act. Such extension shall be for a period of 15 years,  
10 commencing on the day following the termination of the financial  
11 agreement in force and effect on the date of the enactment of

12 this amendatory and supplementary act. At the conclusion of  
13 that period of extension, no further extension shall be permitted.

14 Any such extension shall be granted at the sole discretion of  
15 the municipality and shall be subject to the provisions of P. L.  
16 1965, c. 95 (C. 40:55C-77 et seq.) and the provisions of this  
17 amendatory and supplementary act. No extension shall be granted  
18 to any project for which an executed financial agreement, autho-  
19 rized pursuant to the provisions of P. L. 1965, c. 95 (C. 40:55C-77  
20 et seq.), is not in force and effect on the date of the enactment  
21 of this amendatory and supplementary act.

1 \*18. (New section) P. L. 1961, c. 40 (C. 40:55C-40 et seq.) is  
2 supplemented as follows:

3 Any other provisions of P. L. 1961, c. 40 (C. 40:55C-40 et seq.)  
4 to the contrary notwithstanding, a municipality may grant an addi-  
5 tional period of exemption of 15 years for any project which meets  
6 the requirements of this section. In order to qualify for considera-  
7 tion for approval by the municipality pursuant to this section, the  
8 project must meet all of the following:

9 a. The project must be the subject of an executed financial agree-  
10 ment authorized pursuant to the provisions of P. L. 1961, c. 40 (C.  
11 40:55C-40 et seq.), the termination date of which occurs after  
12 December 31, 1985 and before January 1, 1987.

13 b. Prior to December 31, 1986, the project must make written ap-  
14 plication to the municipality for the additional period of exemption.  
15 The application must be in the same form and subject to the same  
16 requirements as set forth in section 7 of this amendatory and sup-  
17 plementary act, except for the time for submission of the applica-  
18 tion.

19 Any project qualified for consideration pursuant to this section  
20 for which an application is approved by the municipality in accor-  
21 dance with this amendatory and supplementary act shall be evi-  
22 denced by a new financial agreement between the municipality and  
23 the entity. That agreement shall be in the same form and subject  
24 to the same conditions as set forth in section 9 of this amendatory  
25 and supplementary act, except that the term of the new agreement  
26 shall be for 15 years, beginning on the day following the approval  
27 by the municipality.

28 Any project for which an additional period of exemption is  
29 granted pursuant to this section shall also be subject to the same  
30 requirements for any project for which an extended period of ex-  
31 emption is approved as are set forth in sections 3, 8 and 10 of  
32 this amendatory and supplementary act.\*

1 \***[18.]**\* \*19.\* This act shall take effect immediately.



TAXATION—PROPERTY

Permits municipalities to grant 15 year extensions of certain existing property tax exemptions.

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A 1265  
L. 1966 C. 86

STATEMENT

This bill permits municipalities to extend the term of certain tax exemptions which were originally granted under the provisions of the "Urban Renewal Corporation and Association Law of 1961," P. L. 1961, c. 40 (C. 40:55C-40 et seq.) and under the provisions of the "Urban Renewal Nonprofit Corporation Law of 1964," P. L. 1965, c. 95 (C. 40:55C-77 et seq.).

Under the provisions of the bill, urban renewal entities seeking an extension of an existing tax exemption must apply in writing to the municipality. If the application is approved by the municipality, the existing tax exemption may be extended for a term of 15 years. The bill also requires that any extension granted by a municipality must be evidenced by a new financial agreement between the municipality and the urban renewal entity. Among the provisions which must be included as part of that new financial agreement are requirements that the urban renewal entity must make additional capital improvements to the project accorded the extended tax exemption period and that the urban renewal entity must pay higher annual service charges to the municipality.

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TAXATION—PROPERTY

Permits municipalities to grant 15 year extensions of certain existing property tax exemptions.

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ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1898**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 6, 1986

The Assembly Municipal Government Committee favorably reports Assembly Bill No. 1898 Aca.

This bill amends and supplements the "Urban Renewal Corporation and Association Law of 1961," P. L. 1961, c. 40 (C. 40:55C-40 et seq.), popularly known as the Fox/Lance act, and the "Urban Renewal Non-profit Corporation Law of 1964," P. L. 1965, c. 95 (C. 40:55C-77 et seq.) so as to allow municipalities to extend the terms of certain tax exemptions granted to urban renewal entities.

The duration of the extension permitted by this bill is 15 years from the date of the termination of the financial agreement in existence on the effective date of this bill, except for financial agreements terminating in 1986. If the financial agreement terminates in 1986, the extension shall be for 15 years beginning on the day following the municipality's approval of the extension.

As a condition of the extension, a new financial agreement shall be made between the municipality and the urban renewal entity. The bill provides that the new financial agreement shall provide for an increase of the current 15% service charge payable to the municipality to 16% of the project's annual gross revenue for the first five years, 17% for the next five years and 18% for the final five years of the extension. However, if the service charge is calculated on a percentage of the total project cost, it shall be increased from the current 2% of the total project cost to 4% for the first five years, 5% for the next five years and 6% for the final five years.

In addition, the annual service charge shall be increased after the first year of the extension by the percentage that the total tax levy increases over the preceding year's total tax levy.

The bill also requires the urban renewal entity to make capital improvements of not less than 5% of the total project cost during each five year segment of the extension.

At the conclusion of the 15 year period of extension permitted by this bill, no further extensions shall be permitted.

The committee amended section 6 of the bill so as to restore language of the original law which was inadvertently omitted in the original draft. Section 5 was amended to clarify the sponsor's intent that a reduction of the municipal tax levy in any year would not result in a reduction of the annual service charge. The committee also added a new section 18 which would allow an urban renewal entity whose financial agreement expired in 1986, before enactment of the bill, to apply for and receive an extension of their exemption despite the fact that section 7 of the bill requires an existing financial agreement as a condition of eligibility for application for an extension of a tax abatement.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1898**

[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

DATED: MARCH 13, 1986

The committee favorably reported this bill.

Assembly Bill No. 1898 (OCR) amends and supplements the "Urban Renewal Corporation and Association Law of 1961" popularly known as the Fox/Lance Act, and the "Urban Renewal Nonprofit Corporation Law of 1964," to allow municipalities to extend for 15 years the terms of certain property tax exemptions granted to urban renewal entities.

As a condition of the extension, the urban renewal entity shall pay increased annual service charges in lieu of property taxes to the municipality. Charges based on the gross revenues of rental property shall increase from the current 15% to 16% for the first five years, 17% for the next five years and 18% for the final five years of the extension. Charges based on total project cost (the method of calculation for nonrental property) shall be increased from the current 2% to 4% for the first five years, 5% for the next five years and 6% for the final five years.

In addition, the annual service charge shall be increased after the first year of the extension by the percentage that the total tax levy increases over the preceeding year's total tax levy. The bill also requires the urban renewal entity to make capital improvements of not less than 5% of the total project cost during each five year segment of the extension.

**FISCAL IMPACT:**

There would be no direct fiscal impact to State government. At the local level, this would help prevent business and industry from leaving the urban area after a tax abatement has ended.

SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1898**

[OFFICIAL COPY REPRINT]  
with Senate committee amendments

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**STATE OF NEW JERSEY**

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DATED: MAY 19, 1986

The Senate County and Municipal Government Committee reports favorably and with committee amendments Assembly Bill No. 1898 OCR.

Assembly Bill No. 1898 OCR Sca amends and supplements the "Urban Renewal Corporation and Association Law of 1961," P. L. 1961, c. 40 (C. 40:55C-40 et seq.), popularly known as the Fox-Lance Act, and the "Urban Renewal Nonprofit Corporation Law of 1964," P. L. 1965, c. 95 (C. 40:55C-77 et seq.) to allow municipalities to extend the terms of certain tax exemptions granted to urban renewal entities.

The duration of the extension permitted by this bill is 15 years from the date of the termination of the financial agreement in existence on the effective date of this bill, except for financial agreements terminating in 1986. If the financial agreement terminates in 1986, the extension shall be for 15 years beginning on the day following the municipality's approval of the extension.

As a condition of the extension, a new financial agreement shall be made between the municipality and the urban renewal entity. The bill provides that the new financial agreement shall provide for an increase of the current 15% service charge payable to the municipality to 16% of the project's annual gross revenue for the first five years, 17% for the next five years and 18% for the final five years of the extension. However, if the service charge is calculated on a percentage of the total project costs, it shall be increased from the current 2% of the total project cost to 4% for the first five years, 5% for the next five years and 6% for the final five years.

In addition, the annual service charge shall be increased after the first year of the extension by the percentage that the total tax levy increases over the preceding year's total tax levy.

The bill also requires the urban renewal entity to make capital improvements of not less than 5% of the total project cost during each five year segment of the extension.

At the conclusion of the 15 year period of extension permitted by this bill, no further extensions shall be permitted.

The committee amendments corrected legal cites within the bill in order to make the bill identical to Senate Bill No. 1867 Sca.

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