

SENATE, No. 2506

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED JUNE 28, 2001

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

SYNOPSIS

Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.

CURRENT VERSION OF TEXT

As introduced.



S2506 KYRILLOS

2

1 AN ACT clarifying the taxation of steel outdoor advertising signs
2 under the real property tax, amending R.S.54:4-1.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. R.S.54:4-1 is amended to read as follows:

8 54:4-1. All property real and personal within the jurisdiction of this
9 State not expressly exempted from taxation or expressly excluded
10 from the operation of this chapter shall be subject to taxation annually
11 under this chapter. Such property shall be valued and assessed at the
12 taxable value prescribed by law. Land in agricultural or horticultural
13 use which is being taxed under the "Farmland Assessment Act of
14 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and
15 assessed as provided by that act. An executory contract for the sale
16 of land, under which the vendee is entitled to or does take possession
17 thereof, shall be deemed, for the purpose of this act, a mortgage of
18 said land for the unpaid balance of purchase price. Personal property
19 taxable under this chapter shall include, however, only the machinery,
20 apparatus or equipment of a petroleum refinery that is directly used to
21 manufacture petroleum products from crude oil in any of the series of
22 petroleum refining processes commencing with the introduction of
23 crude oil and ending with refined petroleum products, but shall
24 exclude items of machinery, apparatus or equipment which are located
25 on the grounds of a petroleum refinery but which are not directly used
26 to refine crude oil into petroleum products and the tangible goods and
27 chattels, exclusive of inventories, used in business of local exchange
28 telephone, telegraph and messenger systems, companies, corporations
29 or associations that were subject to tax as of April 1, 1997 under
30 P.L.1940, c.4 (C.54:30A-16 et seq.) as amended, and shall not include
31 any intangible personal property whatsoever whether or not such
32 personalty is evidenced by a tangible or intangible chose in action
33 except as otherwise provided by R.S.54:4-20. As used in this section,
34 "local exchange telephone company" means a telecommunications
35 carrier providing dial tone and access to 51% of a local telephone
36 exchange. Property omitted from any assessment may be assessed by
37 the county board of taxation, or otherwise, within such time and in
38 such manner as shall be provided by law. Real property taxable under
39 this chapter means all land and improvements thereon and includes
40 personal property affixed to the real property or an appurtenance
41 thereto, unless:

42 a. (1) The personal property so affixed can be removed or severed
43 without material injury to the real property;

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.

S2506 KYRILLOS

1 (2) The personal property so affixed can be removed or severed
2 without material injury to the personal property itself; and

3 (3) The personal property so affixed is not ordinarily intended to be
4 affixed permanently to real property; or

5 b. The personal property so affixed is machinery, apparatus, or
6 equipment used or held for use in business and is neither a structure
7 nor machinery, apparatus or equipment the primary purpose of which
8 is to enable a structure to support, shelter, contain, enclose or house
9 persons or property. For purposes of this subsection, real property
10 shall include pipe racks, and piping and electrical wiring up to the
11 point of connections with the machinery, apparatus, or equipment of
12 a production process as defined in this section.

13 c. Outdoor advertising signs of steel construction and their
14 supporting steel structures, the primary purpose of which is to support
15 an outdoor advertising sign, are considered to meet the requirements
16 of subsection a. of this section and do not constitute real property.
17 Provided however, that the cement foundation to which the supporting
18 structure is attached, and all underground piping and electrical wiring,
19 up to the point of connections with the supporting structure, shall be
20 considered real property.

21 Real property, as defined herein, shall not be construed to affect
22 any transaction or security interest provided for under the provisions
23 of chapter 9 of Title 12A of the New Jersey Statutes (N.J.S.12A:9-101
24 et seq.). The provisions of this section shall not be construed to repeal
25 or in any way alter any exemption from, or any exception to, real
26 property taxation or any definition of personal property otherwise
27 provided by statutory law.

28 The Director of the Division of Taxation in the Department of the
29 Treasury may adopt rules and regulations pursuant to the provisions
30 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
31 et seq.) as may be deemed necessary to implement and administer the
32 provisions of this act.

33 (cf: P.L.1997, c.162, s.60)

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35 2. This act shall take effect immediately and apply to assessments
36 made after enactment.

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39 STATEMENT

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41 In the case of *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547
42 (N.J.1996), the New Jersey Supreme Court held that wooden
43 billboards were removable personal property and therefore exempt
44 from taxation as real property. However, the court did not have
45 occasion to rule on steel billboards, as the facts of that case were
46 limited to wooden billboards. This bill will clarify the law on real

S2506 KYRILLOS

1 property taxation of all billboards by declaring that billboards of steel
2 construction are also exempt, while the billboard cement foundation
3 footings and underground service connections are taxable real
4 property.

5 Billboards and their supporting steel structures are readily
6 removable from the parcel of land on which they display their
7 messages. Once removed, their parts are salvaged and reused at
8 installations on other sites. This bill codifies the *R. C. Maxwell*
9 decision and clarifies that all steel billboards are nontaxable personal
10 property and that their foundations and underground service
11 connections are taxable real property. The bill will prevent future
12 lawsuits, avoiding an unnecessary drain on public resources.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2506

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2506.

In the case of *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (N.J.1996), the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. This bill will clarify the law on real property taxation of all billboards by declaring that billboards of steel construction are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.

Billboards and their supporting steel structures are readily removable from the parcel of land on which they display their messages. Once removed, their parts are salvaged and reused at installations on other sites. This bill codifies the *R. C. Maxwell* decision and clarifies that all steel billboards are nontaxable personal property and that their foundations and underground service connections are taxable real property.

COMMITTEE AMENDMENTS

Committee amendments to the bill extend the scope of the exemption of steel billboards from taxation as real property to a billboard's constituent parts.

FISCAL IMPACT

The committee does not have any data on current assessments of outdoor advertising signs of steel construction and their supporting steel structures.

[First Reprint]

SENATE, No. 2506

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED JUNE 28, 2001

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Co-Sponsored by:

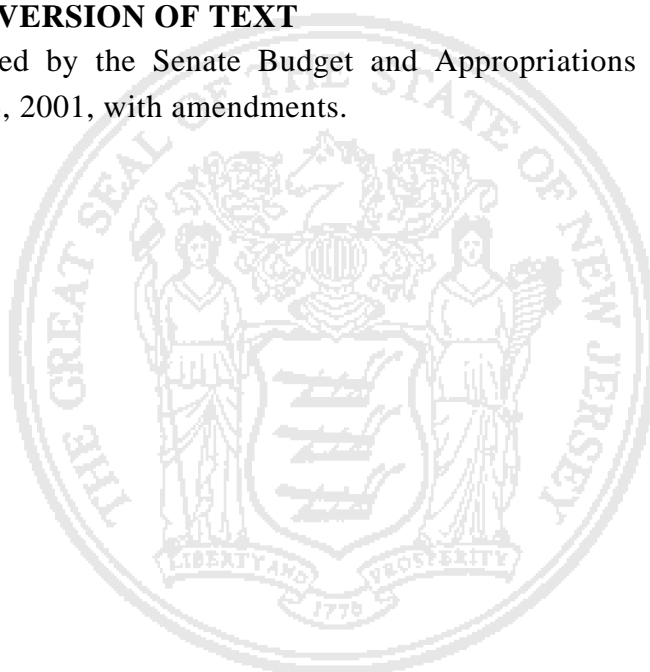
Assemblymen DeCroce and Pennacchio

SYNOPSIS

Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 13, 2001, with amendments.



(Sponsorship Updated As Of: 1/8/2002)

1 AN ACT clarifying the taxation of steel outdoor advertising signs
2 under the real property tax, amending R.S.54:4-1.

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

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7 1. R.S.54:4-1 is amended to read as follows:

8 54:4-1. All property real and personal within the jurisdiction of this
9 State not expressly exempted from taxation or expressly excluded
10 from the operation of this chapter shall be subject to taxation annually
11 under this chapter. Such property shall be valued and assessed at the
12 taxable value prescribed by law. Land in agricultural or horticultural
13 use which is being taxed under the "Farmland Assessment Act of
14 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and
15 assessed as provided by that act. An executory contract for the sale
16 of land, under which the vendee is entitled to or does take possession
17 thereof, shall be deemed, for the purpose of this act, a mortgage of
18 said land for the unpaid balance of purchase price. Personal property
19 taxable under this chapter shall include, however, only the machinery,
20 apparatus or equipment of a petroleum refinery that is directly used to
21 manufacture petroleum products from crude oil in any of the series of
22 petroleum refining processes commencing with the introduction of
23 crude oil and ending with refined petroleum products, but shall
24 exclude items of machinery, apparatus or equipment which are located
25 on the grounds of a petroleum refinery but which are not directly used
26 to refine crude oil into petroleum products and the tangible goods and
27 chattels, exclusive of inventories, used in business of local exchange
28 telephone, telegraph and messenger systems, companies, corporations
29 or associations that were subject to tax as of April 1, 1997 under
30 P.L.1940, c.4 (C.54:30A-16 et seq.) as amended, and shall not include
31 any intangible personal property whatsoever whether or not such
32 personalty is evidenced by a tangible or intangible chose in action
33 except as otherwise provided by R.S.54:4-20. As used in this section,
34 "local exchange telephone company" means a telecommunications
35 carrier providing dial tone and access to 51% of a local telephone
36 exchange. Property omitted from any assessment may be assessed by
37 the county board of taxation, or otherwise, within such time and in
38 such manner as shall be provided by law. Real property taxable under
39 this chapter means all land and improvements thereon and includes
40 personal property affixed to the real property or an appurtenance
41 thereto, unless:

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 SBA committee amendments adopted December 13, 2001.

1 a. (1) The personal property so affixed can be removed or severed
2 without material injury to the real property;

3 (2) The personal property so affixed can be removed or severed
4 without material injury to the personal property itself; and

5 (3) The personal property so affixed is not ordinarily intended to be
6 affixed permanently to real property; or

7 b. The personal property so affixed is machinery, apparatus, or
8 equipment used or held for use in business and is neither a structure
9 nor machinery, apparatus or equipment the primary purpose of which
10 is to enable a structure to support, shelter, contain, enclose or house
11 persons or property. For purposes of this subsection, real property
12 shall include pipe racks, and piping and electrical wiring up to the
13 point of connections with the machinery, apparatus, or equipment of
14 a production process as defined in this section.

15 c. Outdoor advertising signs of steel construction¹ [and],¹ their
16 supporting steel structures, the primary purpose of which is to support
17 an outdoor advertising sign,¹ and other constituent parts¹ are
18 considered to meet the requirements of subsection a. of this section
19 and do not constitute real property. Provided however, that the
20 cement foundation to which the supporting structure is attached, and
21 all underground piping and electrical wiring, up to the point of
22 connections with the supporting structure, shall be considered real
23 property.

24 Real property, as defined herein, shall not be construed to affect
25 any transaction or security interest provided for under the provisions
26 of chapter 9 of Title 12A of the New Jersey Statutes (N.J.S.12A:9-101
27 et seq.). The provisions of this section shall not be construed to repeal
28 or in any way alter any exemption from, or any exception to, real
29 property taxation or any definition of personal property otherwise
30 provided by statutory law.

31 The Director of the Division of Taxation in the Department of the
32 Treasury may adopt rules and regulations pursuant to the provisions
33 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
34 et seq.) as may be deemed necessary to implement and administer the
35 provisions of this act.

36 (cf: P.L.1997, c.162, s.60)

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38 2. This act shall take effect immediately and apply to assessments
39 made after enactment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2506

STATE OF NEW JERSEY

DATED: JANUARY 3, 2002

The Assembly Appropriations Committee reports favorably Senate Bill No. 2506 (1R).

Senate Bill No. 2506 (1R) clarifies the law on real property taxation of billboards.

In the case of *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (N.J.1996), the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. This bill will clarify the law on real property taxation of all billboards by declaring that billboards of steel construction are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.

Billboards and their supporting steel structures are readily removable from the parcel of land on which they display their messages. Once removed, their parts are salvaged and reused at installations on other sites.

As reported by the committee, this bill is identical to Assembly Bill No. 3761 (1R), as also reported by the committee.

FISCAL IMPACT

This bill has no impact on State revenue or expenditures. Changes to defined taxable real property impact local property tax bases. No data is available concerning current classification or assessments of outdoor advertising signs of steel construction and their supporting steel structures.

ASSEMBLY, No. 3761

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Assemblyman ALEX DECROCE

District 26 (Essex, Morris and Passaic)

Assemblyman JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.

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As introduced.



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14 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and
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16 of land, under which the vendee is entitled to or does take possession
17 thereof, shall be deemed, for the purpose of this act, a mortgage of
18 said land for the unpaid balance of purchase price. Personal property
19 taxable under this chapter shall include, however, only the machinery,
20 apparatus or equipment of a petroleum refinery that is directly used to
21 manufacture petroleum products from crude oil in any of the series of
22 petroleum refining processes commencing with the introduction of
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42 a. (1) The personal property so affixed can be removed or severed
43 without material injury to the real property;

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Matter underlined thus is new matter.

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4 affixed permanently to real property; or

5 b. The personal property so affixed is machinery, apparatus, or
6 equipment used or held for use in business and is neither a structure
7 nor machinery, apparatus or equipment the primary purpose of which
8 is to enable a structure to support, shelter, contain, enclose or house
9 persons or property. For purposes of this subsection, real property
10 shall include pipe racks, and piping and electrical wiring up to the
11 point of connections with the machinery, apparatus, or equipment of
12 a production process as defined in this section.

13 c. Outdoor advertising signs of steel construction and their
14 supporting steel structures, the primary purpose of which is to support
15 an outdoor advertising sign, are considered to meet the requirements
16 of subsection a. of this section and do not constitute real property.
17 Provided however, that the cement foundation to which the supporting
18 structure is attached, and all underground piping and electrical wiring,
19 up to the point of connections with the supporting structure, shall be
20 considered real property.

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A3761 DECROCE, PENNACCHIO

4

1 billboards by declaring that billboards of steel construction are also
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4 Billboards and their supporting steel structures are readily
5 removable from the parcel of land on which they display their
6 messages. Once removed, their parts are salvaged and reused at
7 installations on other sites. This bill codifies the *R. C. Maxwell*
8 decision and clarifies that all steel billboards are nontaxable personal
9 property and that their foundations and underground service
10 connections are taxable real property. The bill will prevent future
11 lawsuits, avoiding an unnecessary drain on public resources.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3761

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Assembly Local Government Committee reports favorably and with committee amendments Assembly Bill No. 3761.

This bill, as amended by the committee, is intended to codify and extend the holding in *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (1996). In that case, the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. This bill, as amended, clarifies the law on real property taxation of all billboards by declaring that billboards of steel construction, and their constituent parts, are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.

Billboards and their supporting steel structures are readily removable from the parcel of land on which they display their messages. Once removed, their parts are salvaged and reused at installations on other sites. The committee amended the bill to clarify that the "constituent parts" of a steel billboard are exempt from taxation as real property.

These committee amendments make this bill identical to Senate, No. 2506 (1R) of 2000-01.

[First Reprint]

ASSEMBLY, No. 3761

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Assemblyman ALEX DECROCE

District 26 (Essex, Morris and Passaic)

Assemblyman JOSEPH PENNACCHIO

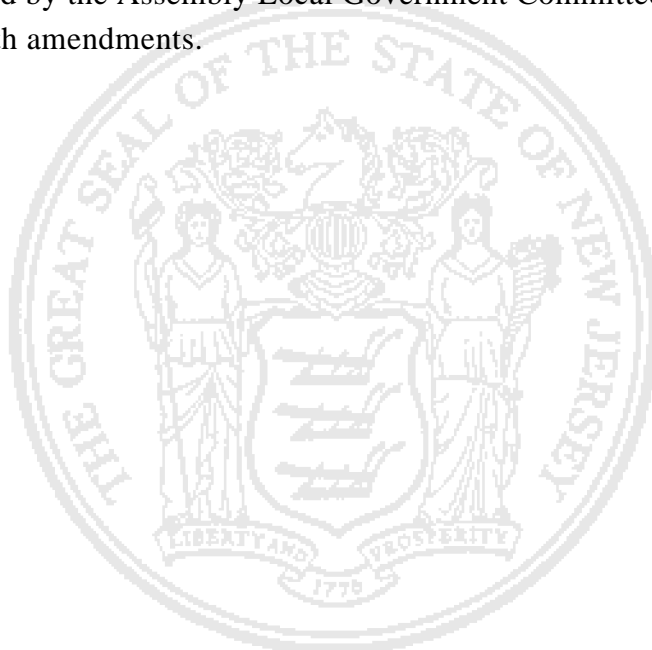
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.

CURRENT VERSION OF TEXT

As reported by the Assembly Local Government Committee on December 13, 2001, with amendments.



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¹ Assembly ALG committee amendments adopted December 13, 2001.

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15 supporting steel structures, the primary purpose of which is to support
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17 considered to meet the requirements of subsection a. of this section
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19 cement foundation to which the supporting structure is attached, and
20 all underground piping and electrical wiring, up to the point of
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22 property.

23 Real property, as defined herein, shall not be construed to affect
24 any transaction or security interest provided for under the provisions
25 of chapter 9 of Title 12A of the New Jersey Statutes (N.J.S.12A:9-101
26 et seq.). The provisions of this section shall not be construed to repeal
27 or in any way alter any exemption from, or any exception to, real
28 property taxation or any definition of personal property otherwise
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30 The Director of the Division of Taxation in the Department of the
31 Treasury may adopt rules and regulations pursuant to the provisions
32 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
33 et seq.) as may be deemed necessary to implement and administer the
34 provisions of this act.

35 (cf: P.L.1997, c.162, s.60)

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3761

STATE OF NEW JERSEY

DATED: JANUARY 3, 2002

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3761 (1R).

Assembly Bill No. 3761 (1R) clarifies the law on real property taxation of billboards.

In the case of *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (N.J.1996), the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. This bill will clarify the law on real property taxation of all billboards by declaring that billboards of steel construction are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.

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As reported by the committee, this bill is identical to Senate Bill No. 2506 (1R), as also reported by the committee.

FISCAL IMPACT

This bill has no impact on State revenue or expenditures. Changes to defined taxable real property impact local property tax bases. No data is available concerning current classification or assessments of outdoor advertising signs of steel construction and their supporting steel structures.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3761

STATE OF NEW JERSEY

209th LEGISLATURE

DATED: JANUARY 10, 2002

SUMMARY

Synopsis: Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.

Type of Impact: Revenue loss from local property tax collections. No State impact.

Agencies Affected: Municipalities.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|----------------------|----------------------|----------------------|----------------------|
| Local Cost | Indeterminate | Indeterminate | Indeterminate |

- ! In the case of *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (1996), the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. Assembly Bill No. 3761 (1R) proposes to clarify the law on real property taxation of all billboards by declaring that billboards of steel construction are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.
- ! The Office of Legislative Services has determined that there will be a cost to municipalities in removing these billboards from the property tax revenue stream, but it is unable to determine the cost to municipalities of this bill because of a lack of information as to the number of steel billboards located in municipalities in the State and the assessed value of these billboards in each municipality.

BILL DESCRIPTION

Assembly Bill No. 3761 (1R) of 2001 codifies the New Jersey Supreme Court decision in *R. C. Maxwell Co. v. Galloway Twp.*, 145 N.J. 547 (1996), and clarifies that all steel billboards are nontaxable personal property and that their foundations and underground service connections are taxable real property. In that decision, the New Jersey Supreme Court held that wooden billboards were removable personal property and therefore exempt from taxation as real

property. However, the court did not have occasion to rule on steel billboards, as the facts of that case were limited to wooden billboards. This bill will clarify the law on real property taxation of all billboards by declaring that billboards of steel construction are also exempt, while the billboard cement foundation footings and underground service connections are taxable real property.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services has determined that there will be a cost to municipalities in removing these billboards from the property tax revenue stream, but it is unable to determine the cost to municipalities of this bill because of a lack of information as to the number of steel billboards located in municipalities in the State and the assessed value of these billboards in each municipality. Property taxes are determined by the assessed value of real property and the local property tax rate. The classification of steel billboards as personal property (because they can be removed from their foundations and relocated elsewhere) instead of real property, will have an impact on the total amount of real property taxes that can be assessed and levied on local property owners. However, the OLS cannot determine a precise cost to local governments because of insufficient data on the location and assessed value of steel billboards in the State's municipalities.

Section: *Local Government*

Analyst: *Cindy Lombardi Hesper*
Senior Research Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

P.L. 2001, CHAPTER 438, *approved January 10, 2002*
Senate, No. 2506 (*First Reprint*)

1 **AN ACT** clarifying the taxation of steel outdoor advertising signs
2 under the real property tax, amending R.S.54:4-1.

3

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

6

7 1. R.S.54:4-1 is amended to read as follows:

8 54:4-1. All property real and personal within the jurisdiction of this
9 State not expressly exempted from taxation or expressly excluded
10 from the operation of this chapter shall be subject to taxation annually
11 under this chapter. Such property shall be valued and assessed at the
12 taxable value prescribed by law. Land in agricultural or horticultural
13 use which is being taxed under the "Farmland Assessment Act of
14 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and
15 assessed as provided by that act. An executory contract for the sale
16 of land, under which the vendee is entitled to or does take possession
17 thereof, shall be deemed, for the purpose of this act, a mortgage of
18 said land for the unpaid balance of purchase price. Personal property
19 taxable under this chapter shall include, however, only the machinery,
20 apparatus or equipment of a petroleum refinery that is directly used to
21 manufacture petroleum products from crude oil in any of the series of
22 petroleum refining processes commencing with the introduction of
23 crude oil and ending with refined petroleum products, but shall
24 exclude items of machinery, apparatus or equipment which are located
25 on the grounds of a petroleum refinery but which are not directly used
26 to refine crude oil into petroleum products and the tangible goods and
27 chattels, exclusive of inventories, used in business of local exchange
28 telephone, telegraph and messenger systems, companies, corporations
29 or associations that were subject to tax as of April 1, 1997 under
30 P.L.1940, c.4 (C.54:30A-16 et seq.) as amended, and shall not include
31 any intangible personal property whatsoever whether or not such
32 personalty is evidenced by a tangible or intangible chose in action
33 except as otherwise provided by R.S.54:4-20. As used in this section,
34 "local exchange telephone company" means a telecommunications
35 carrier providing dial tone and access to 51% of a local telephone
36 exchange. Property omitted from any assessment may be assessed by
37 the county board of taxation, or otherwise, within such time and in
38 such manner as shall be provided by law. Real property taxable under
39 this chapter means all land and improvements thereon and includes
40 personal property affixed to the real property or an appurtenance

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 SBA committee amendments adopted December 13, 2001.

1 thereto, unless:

2 a. (1) The personal property so affixed can be removed or severed
3 without material injury to the real property;

4 (2) The personal property so affixed can be removed or severed
5 without material injury to the personal property itself; and

6 (3) The personal property so affixed is not ordinarily intended to be
7 affixed permanently to real property; or

8 b. The personal property so affixed is machinery, apparatus, or
9 equipment used or held for use in business and is neither a structure
10 nor machinery, apparatus or equipment the primary purpose of which
11 is to enable a structure to support, shelter, contain, enclose or house
12 persons or property. For purposes of this subsection, real property
13 shall include pipe racks, and piping and electrical wiring up to the
14 point of connections with the machinery, apparatus, or equipment of
15 a production process as defined in this section.

16 c. Outdoor advertising signs of steel construction¹ [and],¹ their
17 supporting steel structures, the primary purpose of which is to support
18 an outdoor advertising sign,¹ and other constituent parts¹ are
19 considered to meet the requirements of subsection a. of this section
20 and do not constitute real property. Provided however, that the
21 cement foundation to which the supporting structure is attached, and
22 all underground piping and electrical wiring, up to the point of
23 connections with the supporting structure, shall be considered real
24 property.

25 Real property, as defined herein, shall not be construed to affect
26 any transaction or security interest provided for under the provisions
27 of chapter 9 of Title 12A of the New Jersey Statutes (N.J.S.12A:9-101
28 et seq.). The provisions of this section shall not be construed to repeal
29 or in any way alter any exemption from, or any exception to, real
30 property taxation or any definition of personal property otherwise
31 provided by statutory law.

32 The Director of the Division of Taxation in the Department of the
33 Treasury may adopt rules and regulations pursuant to the provisions
34 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
35 et seq.) as may be deemed necessary to implement and administer the
36 provisions of this act.

37 (cf: P.L.1997, c.162, s.60)

38

39 2. This act shall take effect immediately and apply to assessments
40 made after enactment.

41

42

43

44 Clarifies that steel outdoor advertising signs and their steel supporting
45 structures are not real property for local property tax purposes.

CHAPTER 438

AN ACT clarifying the taxation of steel outdoor advertising signs under the real property tax, amending R.S.54:4-1.

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

1. R.S.54:4-1 is amended to read as follows:

Property subject to taxation.

54:4-1. All property real and personal within the jurisdiction of this State not expressly exempted from taxation or expressly excluded from the operation of this chapter shall be subject to taxation annually under this chapter. Such property shall be valued and assessed at the taxable value prescribed by law. Land in agricultural or horticultural use which is being taxed under the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and assessed as provided by that act. An executory contract for the sale of land, under which the vendee is entitled to or does take possession thereof, shall be deemed, for the purpose of this act, a mortgage of said land for the unpaid balance of purchase price. Personal property taxable under this chapter shall include, however, only the machinery, apparatus or equipment of a petroleum refinery that is directly used to manufacture petroleum products from crude oil in any of the series of petroleum refining processes commencing with the introduction of crude oil and ending with refined petroleum products, but shall exclude items of machinery, apparatus or equipment which are located on the grounds of a petroleum refinery but which are not directly used to refine crude oil into petroleum products and the tangible goods and chattels, exclusive of inventories, used in business of local exchange telephone, telegraph and messenger systems, companies, corporations or associations that were subject to tax as of April 1, 1997 under P.L.1940, c.4 (C.54:30A-16 et seq.) as amended, and shall not include any intangible personal property whatsoever whether or not such personalty is evidenced by a tangible or intangible chose in action except as otherwise provided by R.S.54:4-20. As used in this section, "local exchange telephone company" means a telecommunications carrier providing dial tone and access to 51% of a local telephone exchange. Property omitted from any assessment may be assessed by the county board of taxation, or otherwise, within such time and in such manner as shall be provided by law. Real property taxable under this chapter means all land and improvements thereon and includes personal property affixed to the real property or an appurtenance thereto, unless:

a. (1) The personal property so affixed can be removed or severed without material injury to the real property;

(2) The personal property so affixed can be removed or severed without material injury to the personal property itself; and

(3) The personal property so affixed is not ordinarily intended to be affixed permanently to real property; or

b. The personal property so affixed is machinery, apparatus, or equipment used or held for use in business and is neither a structure nor machinery, apparatus or equipment the primary purpose of which is to enable a structure to support, shelter, contain, enclose or house persons or property. For purposes of this subsection, real property shall include pipe racks, and piping and electrical wiring up to the point of connections with the machinery, apparatus, or equipment of a production process as defined in this section.

c. Outdoor advertising signs of steel construction, their supporting steel structures, the primary purpose of which is to support an outdoor advertising sign, and other constituent parts are considered to meet the requirements of subsection a. of this section and do not constitute real property. Provided however, that the cement foundation to which the supporting structure is attached, and all underground piping and electrical wiring, up to the point of connections with the supporting structure, shall be considered real property.

Real property, as defined herein, shall not be construed to affect any transaction or security interest provided for under the provisions of chapter 9 of Title 12A of the New Jersey Statutes (N.J.S.12A:9-101 et seq.). The provisions of this section shall not be construed to repeal or in any way alter any exemption from, or any exception to, real property taxation or any definition of personal property otherwise provided by statutory law.

The Director of the Division of Taxation in the Department of the Treasury may adopt rules

and regulations pursuant to the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) as may be deemed necessary to implement and administer the provisions of this act.

2. This act shall take effect immediately and apply to assessments made after enactment.

Approved January 10, 2002.