

52:27D-250 to 52:27D-273

LEGISLATIVE HISTORY CHECKLIST

NJSA: 52:27D-250 - 52:27D-273 ("Tax Increment Financing Act")

LAWS OF: 1984 CHAPTER: 172

Bill No: A295

Sponsor(s): Schwartz and others

Date Introduced: Pre-filed

Committee: Assembly: Housing & Urban Policy

Senate: County and Municipal Government

Amended during passage: Yes Amendments denoted according to Governor's recommendations by asterisks

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Senate: Jun. 28, 1984 Re-enacted 10-22-84

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Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

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LEGISLATIVE HISTORY CHECKLIST
10-22-84

[THIRD OFFICIAL COPY REPRINT]

ASSEMBLY, No. 295

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1984 SESSION

By Assemblyman SCHWARTZ, Assemblywoman PERUN,
Assemblymen WATSON and CHARLES

AN ACT permitting tax increment financing in certain
municipalities

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

1 1. This act shall be known and may be cited as the "Tax Incre-
2 ment Financing Act."

1 2. The Legislature finds and declares that:

2 a. There are areas within certain municipalities in this State
3 that deter private capital investment because of the deteriorating
4 conditions of the land, structures, and buildings within those areas.

5 b. These deteriorating areas also create an economic burden for
6 the municipality due to the limited tax base and underutilization
7 of resources.

8 c. The reduction of federal assistance, previously provided to
9 municipalities for redevelopment, has severely hampered these
10 municipalities' ability to rehabilitate deteriorating areas.

11 d. In order to redevelop these areas in a beneficial manner,
12 municipalities should be provided the means to finance certain
13 costs of redevelopment so as to open new avenues for private
14 investment, stimulate commercial and industrial enterprise, and
15 create favorable conditions for increases in economic activity,
16 property values and employment opportunities.

17 e. It is, therefore, in the public interest to authorize the use of
18 tax increment financing by certain municipalities in order to re-
19 develop areas that would otherwise remain unused.

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 February 23, 1984.

**—Senate committee amendments adopted April 30, 1984.

***—Senate amendments adopted June 18, 1984.

****—Assembly amendments adopted in accordance with Governor's recom-
mendations September 20, 1984.

1 3. As used in this act:

2 a. "Bonds" means the bonds issued to finance projects pursuant
3 to this act**], which shall be qualified under the provisions of sec-
4 tion 11 of this act, or guaranteed or insured under the provisions
5 of section 12 of this act]**;

6 b. "Commissioners" means the Commissioner of the Depart-
7 ment of Community Affairs or his designee, and the State Trea-
8 surer or his designee.

9 c. "Developer" means the legal or beneficial owner or owners
10 of a lot or of any land proposed to be included in a proposed
11 development including the holder of an option or contract to pur-
12 chase, or other person having an enforceable proprietary interest
13 in such land;

14 d. "Development" means the acquisition, construction, improve-
15 ment, expansion, repair or rehabilitation of all or part of a struc-
16 ture, building or property within a district by a developer upon
17 the completion of a project;

18 e. "District" means the area, or any portion thereof, within a
19 qualifying municipality designated as a tax increment district pur-
20 suant to the provisions of this act;

21 ****]f. "Gross receipts tax revenues" means funds collected
22 pursuant to P. L. 1940, c. 4 (C. 54:30A-16 et seq.) and P. L. 1940, c. 5
23 (C. 54:30A-49 et seq.), and apportioned and paid to municipalities
24 pursuant to those acts;

25 g. "Local Finance Board" means the Local Finance Board in
26 the Division of Local Government Services in the Department of
27 Community Affairs;

28 h. "Paying agent" means any bank, trust company or national
29 banking association having the power to accept and administer
30 trusts, named or designated in a qualified bond issued pursuant to
31 this act as the agent for the payment of the principal of an interest
32 thereon and shall include the holder of a sinking fund established
33 for the payment of the bonds;

33A **i. *"Permitted investment obligations" means (1) any obliga-*
33B *tion of the government of the United States of America and (2) to*
33C *the extent from time to time permitted by New Jersey banking law*
33D *bonds, debentures, participation certificates, notes and other like*
33E *obligations issued or guaranteed by any federal agency or corpo-*
33F *ration which are secured by the full faith and credit of the United*
33G *States of America, including, in the case of both (1) and (2) obli-*
33H *gations which are subject to repurchase agreements.**]*******

33I ****]f. *"Permitted investment obligations" means any securities*

33j permitted for purchase by local units of government pursuant to
 33k section 8 of P. L. 1977, c. 396 (40A:5-15.1).****

34 **[i.]** ****[**j.**]** ****g.**** “Plan” means the tax
 35 increment financing plan developed by the district agent and
 36 containing, among other elements, the proposed projects, estimated
 37 costs of the projects, sources of revenue, and the designated
 37A districts;

38 **[j.]** ****[**k.**]** ****h.**** “Project” means the pur-
 39 chasing, leasing, condemning, or otherwise acquiring of land or
 40 other property, or an interest therein, in the tax increment district
 41 or as necessary for a right-of-way or other easement to or from the
 42 tax increment district; the relocating and moving of persons dis-
 43 placed by the acquisition of land or property; the rehabilitation and
 44 redevelopment of land or property, including demolition, clearance,
 45 removal, relocation, renovation, alteration, construction, reconstruc-
 46 tion, installation or repair of a land or a building, street, highway,
 47 alley, utility, service or other structure or improvement; the acqui-
 48 sition, construction, reconstruction, rehabilitation or installation of
 49 public facilities and improvement, except buildings and facilities
 50 for the general conduct of government and schools; and the costs
 51 associated therewith including the costs of an administrative,
 52 appraisal, economic and environmental analyses or engineering,
 53 planning, design, architectural, surveying or other professional
 54 services necessary to effectuate the purposes of this act;

55 **[k.]** ****[**l.**]** ****i.**** “Project costs” means the
 56 cost of **[planning, developing, executing and making operative a
 57 project approved according to the provisions of this act and shall
 58 include the cost of acquisition or construction or reconstruction of
 59 all or part of a project and the cost of equipment and fixtures]**
 60 ***any ****[development,]** **** plan or project in all or any part of
 61 the district, and of all or any property, rights, easements, privileges,
 62 agreements and franchises deemed by the district agent to be neces-
 63 sary or useful and convenient therefor or in connection therewith,
 64 including interest or discount on bonds, cost of insurance of bonds,
 65 engineering and inspection costs and legal expenses, costs of finan-
 66 cial, professional and other estimates and advice, organization, ad-
 67 ministrative, operating and other expenses of the district agent
 68 prior to and during implementation of a development, plan or proj-
 69 ect and the planning of same in operation, and also such provision
 70 or reserves for working capital or for payment or security of prin-
 71 cipal of or interest on bonds during or after the implementation of
 72 any development, plan or project, as the district agent may deter-
 73 mine***;

74 **[l.]** ****[**m.**]**** ****j.**** “Qualifying municipality”
 75 means a municipality which in any year subsequent to the enactment
 76 of P. L. 1978, c. 14 (C. 52:27D-178 et seq.) was eligible to receive
 77 State urban aid pursuant to that act *or any municipality which*
 78 *has (1) a population of 15,000 or less, according to the most recent*
 79 *federal decennial census, (2) a population density of 5,000 or more*
 80 *per square mile*, (3) *100 or more children enrolled in the*
 81 *Aid to Families with Dependent Children Program, according to*
 82 *the data available to and utilized by the Director of the Division of*
 83 *Local Government Services in the Department of Community*
 84 *Affairs to determine eligibility for State aid under the provisions*
 85 *of P. L. 1978, c. 14 (C. 52:27D-178 et seq.), (4) an equalized tax rate*
 86 *which exceeds the State equalized tax rate and (5) an equalized*
 87 *valuation per capita which is less than the State equalized valuation*
 88 *per capita*;

89 **[m.]** ****[**n.**]**** ****k.**** “Tax increment base”
 90 means the aggregate *assessed* value, *as equalized by the*
 91 *county board of taxation,* of all taxable property located within
 92 a district as of *the date* *October 1 of the year pre-*
 93 *ceding the year* *the bonds are first issued* *the district*
 94 *is authorized by the commissioners*;

95 **[n.]** ****[**o.**]**** ****l.**** “Tax increment” means
 96 the amount obtained by multiplying the general tax rate levied each
 97 year by the *equalized* *assessed* value of all taxable
 98 property within a district in that year, and multiplying that product
 99 by a fraction having a numerator equal to the *equalized*
 100 *assessed* value of all the taxable property within the district,
 101 *as determined by the county board of taxation,* minus the
 102 tax increment base, and having a denominator equal to the
 103 *equalized* *assessed* value of all taxable property within
 104 the district; *plus the amount of any payments in lieu of taxes*
 105 *with respect to any development undertaken within a district pur-*
 106 *suant to the provisions of this act.*

107 **[o.]** ****[**p.**]**** ****m.**** “Taxing entity” means
 108 the county, the school district or districts, and the municipality,
 109 that are authorized to levy a tax on the taxable property within a
 110 qualifying municipality; and

111 **[p.]** ****[**q.**]**** ****n.**** “Written agreement”
 112 means the contract or formal written commitment made by a
 113 developer with the district agent for the development or use of the
 114 land improved by a project upon completion of a project. *Any*
 115 *written agreement made pursuant to this act shall include a covenant*
 116 *providing for liquidated damages for the municipality for the*

117 violation by the developer of any of the terms and conditions in the
 118 written agreement or the failure to perform the agreement in
 119 accordance with its terms and conditions.】**

1 4. In addition to the powers and responsibilities provided under
 2 any other law, the commissioners shall have the following powers
 3 and responsibilities:

4 a. To provide technical assistance to municipalities in the de-
 5 velopment of their district plans;

6 b. To evaluate and approve the preliminary plans submitted by
 7 the district agents; and

8 c. To promulgate rules and regulations necessary and related
 9 to the submission and approval of the plans.

1 5. a. The governing body of a qualifying municipality may, by
 2 ordinance, designate an area or areas within the municipality as
 3 a district or districts. A district may consist of contiguous lots.
 4 The total property value in all districts designated shall not exceed
 5 5% of the total property value within the municipality, as deter-
 6 mined by the municipal assessor, except that the governing body
 7 may, in the ordinance designating the districts, determine that up
 8 to 10% of the total property value of a municipality shall be in-
 9 cluded in districts. ****After designating a district and receiving*
 9A *approval from the commissioners, the district boundaries shall not*
 9B *be altered without cause and without the approval of the commis-*
 9C *sioners. Cause shall be judged to be those reasons pertaining to*
 9D *maintaining a tax-increment base sufficient to secure all outstand-*
 9E *ing and anticipated indebtedness of the district agent.*** *****When-*
 9F *ever any district is enlarged as permitted herein, the tax increment*
 9G *base for any area added to a district shall be the aggregate*
 9H *assessed value of all property located within the area as of October*
 9I *1 of the year preceding the year the area is incorporated into the*
 9J *district.******

10 **【b. The governing body may, in the ordinance designating dis-
 11 tricts, delegate the planning and administrative responsibilities
 12 established pursuant to this act to an existing municipal govern-
 13 ment department, departments, agency, or agencies, or to an exist-
 14 ing municipal development agency, corporation, or authority. The
 15 entity, so recognized, shall be hereafter referred to as the district
 16 agent. If no district agent is appointed, the governing body shall
 17 function as the district agent. The responsibilities established in
 18 section 6 of this act shall be the responsibilities of the district
 19 agent. Any actions taken by a district agent shall be subject to the
 20 approval of the governing body.】**

21 ***b.*** *The governing body shall in the ordinance ****[desig-*
 22 *nating]**** ****establishing**** the district or districts ****[dele-*
 23 *gate]**** ****designate**** the bond-issuing authority within the*
 24 *district for those developments and projects undertaken within*
 25 *the district or districts ****[as the district agent]****. The entity*
 26 *granted the power to authorize and issue bonds shall be hereafter*
 27 *referred to as the district agent. A district agent may be ****[a*
 28 *municipal development agency, corporation, or redevelopment au-*
 29 *thority. The municipal governing body may also create an entity*
 30 *specifically empowered to implement the provisions of this act, or*
 31 *the municipal]**** ****a municipal redevelopment agency or a*
 32 *local housing authority with redevelopment powers, or the muni-*
 33 *cipal**** governing body may designate itself as the district agent.*
 34 *The responsibilities established in section 6 of this act shall be re-*
 35 *sponsibilities of the district agent. ****[Any]**** ****Except*
 36 *where the municipal governing body has designated itself as the*
 37 *district agent, any**** action taken by the district agent shall be*
 38 *subject to the veto of the mayor of the qualifying municipality. The*
 39 *veto shall be exercised by the veto of the minutes of the district*
 40 *agent by the mayor. The mayor shall have 10 days, Saturdays,*
 41 *Sundays and holidays excepted, after the receipt of the minutes to*
 42 *exercise the veto power. If a mayoral veto is exercised during the*
 43 *specified time period, the actions of the district agent shall be*
 44 *considered null and void. If no veto is exercised during the*
 45 *specified time period, the action of the district agent shall be*
 46 *considered valid.** ****The mayor, upon receipt of the minutes, may*
 47 *in writing notify the district agent of the approval of the minutes*
 48 *before the expiration of the 10-day period.*** ****Where the*
 49 *municipal governing body has designated itself as the district agent,*
 50 *the mayor shall have only those veto powers as are granted to him*
 51 *by law.*****

1 6. The district agent shall have the following powers and respon-
 2 sibilities:

3 a. To make and enter into all contracts, leases and agreements
 4 necessary or incidental to the performance of its duties and the
 5 exercise of its powers under this act, and consent to the modifica-
 6 tion, amendment or revision of the contracts, leases or agreements
 7 to which the district agent is a party;

8 b. To enter into agreements or other transactions with and ac-
 9 cept grants, appropriations and the cooperation of the United
 10 States or any agency thereof or the State or any State agency in
 11 furtherance of the purposes of this act;

12 c. To acquire, own, hold, construct, improve, rehabilitate, reno-
 13 vate, operate, maintain, sell, assign, exchange, lease, mortgage or
 14 otherwise dispose of real and personal property in a district or
 15 any interest therein, in the exercise of its powers and the perfor-
 16 mance of its duties under this act;

17 d. To prepare and administer a plan according to the provisions
 18 of this act; ****[and]****

19 e. To hire or consult with private consultants when preparing
 20 the plan ****[.]** **;**

21 ****f. To issue bonds for any corporate purpose of the district,*
 22 *or to issue refunding bonds for the purpose of paying or retiring*
 23 *bonds previously issued by it ****and to issue notes in anticipation*
 23A *of the issuance of bonds**** ***[.]**** **;*

24 ****g. To seek and receive funds from local, State, federal and*
 25 *private sources for the purpose of implementing any authorized*
 26 *development or project or project cost.****

1 7. a. The district agent shall develop a preliminary tax incre-
 2 ment financing plan to be submitted to the commissioners. The
 3 plan shall include:

4 (1) A list of the areas designated as districts by the governing
 5 body;

6 (2) A statement of the assessed value of the taxable property
 7 in each district;

8 (3) A description of the proposed projects in each district and,
 9 if more than one district is designated, a statement of the public
 10 planning principles under which projects and future development
 11 are to be allocated among all districts. ****[Each project proposed**
 12 **shall be formulated in coordination with a development to be spon-**
 13 **sored by developers upon completion of the project.]** * [At least**
 14 **25% of the estimated total cost of all projects shall be the costs**
 15 **of projects associated with housing development, and at least 20%**
 16 **of that 25% shall be the costs of projects associated with low to**
 17 **moderate income housing development]**;**

18 (4) A statement that the proposed projects would not be ac-
 19 complished by private enterprise without public planning and as-
 20 sistance in land acquisition, clearance, rehabilitation, construction,
 21 and improvements;

22 (5) A ****preliminary*** statement of the revenue sources to fi-
 23 nance the project costs and an estimate of total project costs;

24 (6) An estimate of the assessed value of the taxable property
 25 within a district upon completion of the projects;

26 (7) A statement of the time necessary to complete each project;

27 (8) A list of developers who seem willing to enter into written
 28 agreements required by this act, and the development they propose
 29 to sponsor**~~],~~ including the development that will meet the housing
 30 requirements established by this act~~]~~**. The list shall include the
 31 estimated value of the property upon completion of the develop-
 32 ment, and ***the estimated cost of*** the related project that shall
 33 be completed prior to development;

34 (9) A statement of the distribution of the tax increments. The
 35 governing body may decide to distribute a portion of the tax in-
 36 crement revenue collected, that is not necessary to repay the bonds
 37 issued or to contribute to a sinking fund established, to the taxing
 38 entities that shall forego property tax revenues pursuant to the
 39 provisions of this act. The tax increment revenue shall be dis-
 40 tributed in proportion to the taxing effort of each taxing entity
 41 in the year of distribution; and

42 (10) A fiscal impact statement for the taxing entities involved.

43 b. The municipal planning board shall be given notice of the
 44 public meetings during which the plan will be developed. The
 45 planning board may make recommendations to the district agent
 46 regarding any element of the plan. If the planning board shall
 47 disagree with an element of the preliminary plan, the disagreement
 48 shall be included as an addendum to the plan.

49 c. The governing body of the county in which the municipality
 50 is located and the board of education of a school district which may
 51 be located, in whole or in part, in a proposed district shall be given
 52 notice of the planning meetings.

1 8. Upon submission of a preliminary plan by a district agent,
 2 the commissioners shall approve the plan if they determine the
 3 plan submitted by the district agent demonstrates that:

4 a. The proposed projects would not be accomplished by private
 5 enterprise without public assistance;

6 ~~*[b. The requirements for projects associated with housing de-~~
 7 ~~velopment, and for the amount of total property value allowable~~
 8 ~~in the districts, are met;]~~*

9 ~~*[c.]* *b.* **[If the designated districts encompass more than~~
 10 ~~5% of the taxable property of the municipality, the]~~** ***The credit*
 11 *of the municipality or its ability to pay punctually the principal*
 12 *of and interest on its debts and to supply other essential public*
 13 *improvements and services shall not be severely impaired;*

14 ~~*[d.]* *c.*~~ The proposed projects will contribute to the tax rev-
 15 enues and the economic development of the municipality;

16 ~~*[e.]* *d.*~~ The proposed projects relate to developments that
 17 developers seem willing to sponsor upon completion of the projects;

18 and

19 *~~[f.]~~* *e.* **~~[~~The value of the developments to be sponsored
 19A will generate sufficient tax increments to cover the projects' costs.

20 In addition, the~~]~~** *The*** commissioners may disapprove of a
 21 plan if they shall determine that the disagreements, if any, ex-
 22 pressed by the planning board of the municipality, raise substantial
 23 questions concerning the effects or the likely success of the plan.
 23A *The commissioners may require the applying municipality to dem-*
 23B *onstrate the insurability of the bonds proposed to be issued for the*
 23C *financing of the projects; and in so doing they shall take into ac-*
 23D *count such surety bonds or other like commitments to be required*
 23E *of prospective developers. Also, the commissioners may make rec-*
 23F *ommendations as to the method of striking property-tax rates in the*
 23G *municipality subsequent to the designation of a district; and they*
 23H *are explicitly authorized to condition their approval of the desig-*
 23I *nation of a district or the issuance of bonds upon municipal accep-*
 23J *tance of such recommendations.**

24 The commissioners shall review, and approve or disapprove, a
 25 plan within 30 days of receipt. If the commissioners shall dis-
 26 approve the plan, they shall set forth their reasons in writing
 27 to the district agent within 30 days of that determination. The
 28 district agent may amend the plan and resubmit the amended plan
 29 to the commissioners subject to the review and approval provisions
 30 of this section.

31 Upon approval of a plan, the commissioners may submit com-
 32 ments and suggestions regarding the plan to the district agent and
 33 may arrange a meeting between the commissioners and the district
 34 agent to discuss those recommendations.

1 9. a. Upon receipt of the approved plan from the commissioners,
 2 the district agent may amend the plan based on the recommenda-
 3 tions of the commissioners. The plan when approved by the com-
 4 missioners, and after any amendments by the district agent, shall
 5 be submitted to the governing body of the qualifying municipality
 6 for approval by ordinance.

7 b. No amendment, change, modification, or supplement to a plan
 8 shall be made after approval of the plan by the governing body,
 9 except by ordinance of the governing body of the qualifying mu-
 10 nicipality, approved by the commissioners.

1 ****~~[~~10. **~~[~~Upon approval of the plan by ordinance:

2 a. The district agent shall enter into written agreements with
 3 developers. The written agreements shall contain:

4 (1) A covenant making the validity of the written agreement
 5 contingent on the qualifying, guaranteeing or insuring of the bonds
 6 pursuant to this act;

7 (2) The year in which the project will be completed;

8 (3) The years in which the developer shall begin and complete
9 the development of the land;

10 (4) A covenant stating the liquidated damages in the case of
11 violation of the written agreement.

12 The district agent shall enter into as many written agreements
13 for developments as is necessary to generate sufficient tax incre-
14 ments to cover the project costs.】**

15 **【b.】** **a.** If general obligation bonds shall be issued to
16 finance the implementation of the plan, the governing body shall
17 authorize the issuance of bonds pursuant to the provisions of P. L.
18 1960, c. 169 (C. 40A:2-1 et seq.), except that the bonds shall not
19 mature at a time or times exceeding 20 years from the date of
20 issuance.

21 **【c.】** **b.** If a **【type of】** bond other than general ob-
22 ligation bonds shall be issued ****by the governing body of a qualify-*
23 *ing municipality**** to finance the implementation of the plan, the
24 procedures to be followed by the governing body authorizing the
25 issuance of the bonds shall be identical to the procedures set forth
26 in sections ***【17, 18, and 19 of P. L. 1960, c. 169 (C. 40A:2-17, 18,
26A 19)】*** **40A:2-17, 40A:2-18, 40A:2-19, 40A:2-24, 40A:2-25,
26B 40A:2-27, 40A:2-28, 40A:2-29, 40A:2-30, 40A:2-31 and 40A:2-32
26C of the New Jersey Statutes***.

27 **c. *If bonds shall be issued by the district agent, the bonds may*
28 *be authorized by resolution of the district agent. The tax incre-*
29 *ment revenues generated within a tax increment district shall be*
30 *irrevocably pledged for the payment of the principal of and in-*
31 *terest on any indebtedness of such district agent.***

32 **d.** The bonds to be issued pursuant to **【this subsection】**
33 *subsections a. and b. of this section*** shall be issued in one or
34 more series and shall bear the date or dates, mature at the time or
35 times not exceeding 20 years from the date thereof, bear interest
36 at a rate or rates, be in the denomination or denominations, be in
37 the form, either coupon or registered, carry the conversion or
38 registration privileges, have the rank or priority, be executed in
39 the manner, be payable from the sources in the medium of payment,
40 at the place or places within or without the State, and be subject
41 to the terms of redemption, with or without premium, all as the
42 governing body may provide in the ordinance. The bonds may be
43 sold by the governing body at public or private sale at the price
44 or prices as the municipality shall determine.

45 **【d. The total amount of the bonds to be issued shall not exceed
46 the estimated total of all the projects' costs.】**

1 **[11. a.]** *e. (i) The governing body of the qualifying mu-*
2 *nicipality may file an application with the Local Finance Board to*
3 *issue qualified bonds for any project purpose (ii)*** After the first
4 reading of the bond ordinance, the governing body of the qualifying
5 municipality ****[shall]**** *may* file an application, a certified
6 copy of the ordinance, as passed on first reading, and certified
7 copies of the written agreements received by the district agent
7A from developers, with the Local Finance Board to qualify the
7B bonds pursuant to the provisions of this section. The Local Finance
7C Board, in reviewing and approving the application, shall fol-
8 low procedures identical to the procedures established in section
9 3 of the "Municipal Qualified Bond Act," P. L. 1976, c. 38 (C.
10 40A :3-4). The Local Finance Board shall review the written agree-
11 ments between the district agent and the developers to determine
12 that the agreements meet with the requirements of this act. In
13 addition to the other conditions for disapproval, the Local Finance
14 Board shall not determine that qualified bonds can be issued unless
15 the written agreements meet with the requirements of subsection a.
16 of section 10 of this act.

17 *****[After receiving approval of the Local Finance Board, if the**
18 governing body of the municipality shall determine by resolution
19 that a maturity schedule for the qualified bonds, other than the
20 maturity schedule approved by the Local Finance Board pursuant
21 to this section, is in the best interest of the municipality, it may
22 make application to the Local Finance Board setting forth the
23 belief and the grounds therefor and requesting approval of a
24 schedule of maturities for the qualified bonds set forth in the
25 application. Within 30 days after submission to the Local Finance
26 Board of the application, the Local Finance Board shall cause its
27 approval to be endorsed thereon if it shall be satisfied, and shall
28 record by resolution its findings, that the belief set forth in the
29 application is well founded and that the issuance of the bonds pur-
30 suant to the revised maturity schedule in the application would not
31 materially impair the credit of the municipality or substantially
32 reduce its ability, during the ensuing 10 years, to pay punctually
33 the principal of and interest on its debts and supply essential public
34 improvements and services. If the Local Finance Board is not so
35 satisfied, it shall cause its disapproval to be endorsed on the copy
36 within the 30 day period.]***

37 ****[b.]**** *(iii)*** All ****[qualified]**** bonds when issued pursu-
38 ant to this section shall contain a recital to the effect that they are
39 issued pursuant to this act and are entitled to the provisions of

40 this act. **["The qualified, guaranteed or insured"]** **All** bonds
41 issued pursuant to this act shall mature without regard to any
42 limitations as to maturities or amounts of annual installments for
43 bonds provided in Title 40 of the Revised Statutes or Title 40A
43A of the New Jersey Statutes.

44 The proceedings of the municipality authorizing the issuance of
45 bonds under this act, may contain covenants and provisions for
46 protecting and enforcing the rights and remedies of the bond-
47 holders as may be reasonable and proper and not in violation of
48 law, including covenants restricting the issuance of additional
49 qualified, guaranteed or insured bonds.

50 **[c.]** **(iv)** The governing body shall name a paying
51 agent to be executor of the bonds and shall certify to the State
52 Treasurer the name and address of the paying agent, the ma-
53 turity schedule, interest rate and dates of payment of debt ser-
54 vice on the qualified bonds within 10 days after the date of issu-
54A ance. On or before **[January]** **July** 1 of each calendar
55 year following the issuance of the qualified bonds under this
56 act, the municipal finance officer shall determine if sufficient
57 tax increments will be collected to meet the bonded obligations of
58 the municipality pursuant to this act during that calendar year.
59 If sufficient tax increments shall not be collected, the municipal
60 finance officer shall notify the State Treasurer, the governing
61 body of the municipality, the paying agent, and the district agent
62 of the anticipated amount of deficiency in the tax increments for
63 that year. After receipt of notification, the State Treasurer shall
64 withhold from the amount of gross receipts tax revenues payable
65 to the municipality an amount of gross receipts tax revenues which
66 shall be sufficient to pay the debt service on the qualified bonds for
67 that year. The State Treasurer shall, on or before each principal
68 and interest payment date during that calendar year, forward the
69 withheld amounts to the paying agent for the qualified bonds for
70 deposit to the account established with the paying agent for the
71 purpose of paying the debt service on the qualified bonds. From
72 the time withheld by the State Treasurer all the gross receipts tax
73 revenues so withheld and paid or to be paid to and held by the
74 paying agent shall be exempt from being levied upon, taken, se-
75 questered or applied toward paying the debts of the municipality
76 other than for payment of debt service on the qualified bonds. From
77 the time withheld by the State Treasurer the gross receipts tax
78 revenues so withheld and paid or to be paid to the paying agent
79 shall be deemed to be held in trust for the sole purpose of paying
80 the debt service on the qualified bonds.

81 If, on or before ****[January]**** ****July**** 1 of each calendar year
 82 following the issuance of the qualified bonds, the municipal finance
 83 officer shall determine that sufficient tax increments shall be col-
 84 lected to meet the bonded obligations of the municipality, the mu-
 85 nicipal finance officer shall notify the State Treasurer, the govern-
 86 ing body of the municipality, the paying agent and the district
 87 agent that sufficient tax increments will be collected during that
 88 year. In a calendar year in which sufficient tax increments will be
 89 collected, the State Treasurer shall not withhold any amount of
 90 the gross receipts tax revenues payable to the municipality unless
 91 required to do so by another law.

92 The State of New Jersey hereby covenants with the purchasers,
 93 holders and owners, from time to time, of qualified bonds issued
 94 pursuant to this act that it will not repeal, revoke, rescind, modify
 95 or amend the provisions of this subsection so as to create a lien
 96 or charge on or pledge, assignment, diversion, withholding pay-
 97 ment or other use of or deduction from the gross receipts tax
 98 revenues to be apportioned and paid to a paying agent of qualified
 99 bonds which is prior in time or superior in right to the payment
 100 required by this subsection; provided, however, that nothing herein
 101 contained shall be deemed or constructed to require the State of New
 102 Jersey to continue to make payments of gross receipts tax revenues
 103 or to limit or prohibit the State from repealing or amending a law
 104 heretofore or hereafter enacted for the payment of apportionment
 105 of those revenues or the manner, time, or amount thereof.

106 The notification to the State Treasurer as to the amount payable
 107 in a year for debt service on the qualified bonds shall be fully con-
 108 clusive as to the qualified bonds from and after the time of issuance
 109 of the qualified bonds, notwithstanding an irregularity, omission
 110 or failure as to compliance with any of the provisions of this act.
 111 All persons shall be forever estopped from denying that the quali-
 112 fied bonds are entitled to the benefits of the provisions of this act.

113 ***f. The total amount of the bonds to be issued shall not exceed
 114 the estimated total of all the projects' costs.*

115 ***g. Qualified and general-obligation bonds, but no other type of
 116 tax-increment bonds, shall be subject to the municipal debt ceiling as
 117 defined in the "Local Bond Law," N. J. S. 40A:2-1 et seq.*******

1 *****10. a. The municipal governing body may issue general obli-
 2 gation bonds to finance all or a portion of any project costs. The
 3 governing body shall authorize the issuance of the bonds pursuant
 4 to the provisions of the "Local Bond Law," N. J. S. 40A:2-1 et seq.,
 5 except that the bonds shall not mature at a time or times exceeding*

6 20 years from the date of issuance. The bonds may be qualified in
7 the manner provided by law.

8 b. The municipal governing body may issue bonds secured by an
9 irrevocable pledge of tax increments, and further secured by the
10 full faith and credit of the municipality, to finance all or a portion
11 of any project costs. The procedures to be followed by the governing
12 body authorizing the issuance of the bonds shall be identical to the
13 procedures set forth in sections 40A:2-17, 40A:2-18, 40A:2-19,
14 40A:2-24, 40A:2-25, and 40A:2-27 to 40A:2-32 inclusive, of the
15 New Jersey Statutes.

16 c. The municipal governing body or the district agent, as the case
17 may be, may issue bonds secured by an irrevocable pledge of tax
18 increments to finance all or a portion of any project costs. A
19 municipal governing body shall issue the bonds in the manner
20 prescribed in subsection b. of this section. The district agent shall
21 authorize the bonds by resolution.

22 d. All bonds authorized pursuant to this section shall be issued in
23 one or more series and shall bear the date or dates, mature at a
24 time or times not exceeding 20 years from the date thereof, bear
25 interest at a rate or rates, be in the denomination or denominations,
26 be in the form, either coupon or registered, carry the conversion or
27 registration privileges, have the rank or priority, be executed in the
28 manner, be payable from the sources in the medium of payment, at
29 the place or places within or without the State, and be subject to the
30 terms of redemption, with or without premium, all as the governing
31 body may provide in the ordinance, or as the district agent may
32 provide in the resolution. The bonds may be sold at public or
33 private sale at the price or prices as shall be determined by the
34 municipality or the district agent, as the case may be.

35 e. All bonds when issued pursuant to this section shall contain a
36 recital to the effect that they are issued pursuant to this act and are
37 entitled to the provisions of this act. All such bonds shall mature
38 without regard to any limitations as to maturities or amounts of
39 annual installments for bonds provided in Title 40 of the Revised
40 Statutes or Title 40A of the New Jersey Statutes.

41 The proceedings of the municipality or the district agent autho-
42 rizing the issuance of bonds under this act, may contain covenants
43 and provisions for protecting and enforcing the rights and remedies
44 of the bondholders as may be reasonable and proper and not in
45 violation of law, including covenants restricting the issuance of
46 additional bonds.

47 f. The total amount of bonds to be issued pursuant to this act
48 shall not exceed the estimated total of all the projects' costs.

49 *g. The provisions of any other law to the contrary notwithstanding,*
50 *only those bonds issued pursuant to subsection a. of this section*
51 *shall be subject to the limitations of N. J. S. 40A:2-6.*

1 *11. a. No bonds shall be issued pursuant to subsection b. of*
2 *section 10. of this act unless the municipal governing body has made*
3 *provision in the ordinance authorizing the issuance of such bonds*
4 *(i) that an appropriation sufficient to pay interest and principal on*
5 *the bonds as these become due will be included in each annual*
6 *budget for the municipality either at the time the budget is adopted*
7 *or by emergency appropriation after adoption of the budget, in the*
8 *manner generally provided by law; or (ii) that there will be esta-*
9 *blished and maintained a tax increment finance fund pursuant to*
10 *section 14 of this act.*

11 *b. No bonds shall be issued by a municipal governing body pur-*
12 *suant to section 10. c. of this act unless the ordinance authorizing*
13 *the issuance of such bonds includes provisions for (i) the insurance*
14 *of such bonds, or (ii) the establishment and maintenance of a tax*
15 *increment finance fund pursuant to section 14 of this act.*

16 *c. No bonds shall be issued by a district agent pursuant to sub-*
17 *section c. of section 10. of this act unless the resolution authorizing*
18 *the issuance of such bonds includes provisions for (i) insurance of*
19 *the bonds; (ii) provisions making issuance of the bonds contingent*
20 *upon the unconditional guarantee of the payment of principal and*
21 *interest due on the bonds by the municipality where authorized by*
22 *law; or (iii) provisions making issuance of the bonds contingent*
23 *upon the establishment and maintenance by the municipality of a*
24 *tax increment finance fund pursuant to section 14 of this act.*

1 *12. The provisions of this act or any other law to the contrary*
2 *notwithstanding, no municipality or district agent shall issue bonds*
3 *pursuant to this act which will reduce or be counted against the*
4 *annual volume limitation on issuance of tax-exempt industrial*
5 *development bonds established by the "Deficit Reduction Act of*
6 *1984" (Public Law 98-369).*

1 *13. a. Upon the striking of the tax rate in each year following the*
2 *issuance of bonds secured by tax increments pursuant to this act,*
3 *the municipal chief financial officer together with the assessor and*
4 *collector, shall calculate the amount of tax increment, if any, for*
5 *each tax increment district, and shall certify to the municipal*
6 *governing body or the district agent, as the case may be, a copy of*
7 *that calculation. The chief financial officer shall thereafter cause*
8 *to be deposited in the tax increment bond fund the amount of tax*
9 *increments so certified, within 10 days after each date fixed by*

10 statute for the payment of property taxes. Each amount so
11 deposited shall equal the portion of the tax increment to be
12 collected at the quarterly payment date, regardless of whether the
13 increment is actually collected in cash from the taxpayers within the
14 district; provided, however, that that portion of the tax increment
15 comprising payments in lieu of taxes shall be deposited in four
16 equal installments regardless of the date or dates fixed for such
17 payments by statute, agreement or otherwise.

18 b. Whenever an added assessment shall occur within a district,
19 the chief financial officer of the municipality shall notify the muni-
20 cipal governing body or the district agent, as the case may be, and
21 thereafter shall cause to be paid to the tax increment bond fund the
22 amount of property taxes billed thereon within 10 days of the date
23 fixed by law for payment thereof, regardless of whether the amount
24 is actually collected in cash provided, however, that this subsection
25 shall not apply to added assessments which are the result of a
26 property exempt from taxation prior to the creation of a district
27 becoming taxable after the creation of that district.

28 c. Whenever an omitted assessment shall occur within a district
29 which should have been included in the computation of the tax
30 increment had not the assessment been omitted, the chief financial
31 officer of the municipality shall notify the municipal governing body
32 or the district agent, as the case may be, and thereafter shall cause
33 to be paid to the tax increment bond fund the amount of property
34 taxes billed thereon within 10 days of the date fixed by law for
35 payment thereof, regardless of whether the amount is actually
36 collected in cash.

37 d. In no event shall any changes in assessed valuation within a
38 district due to appeals or correction of errors with respect to a tax
39 year subsequent to the creation of the district alter the amount of
40 tax increment certified pursuant to this section for that tax year.

41 e. In no event shall any changes in assessed valuation within a
42 district due to appeals or correction of errors alter the tax incre-
43 ment base of the district.

44 f. Whenever a revaluation or reassessment occurs in a munici-
45 pality which has designated one or more tax increment districts, the
46 tax increment base for each district shall be recomputed (i) by
47 multiplying the original tax increment base by the percentage
48 increase in the assessed valuation of the district resulting from
49 implementation of the revaluation or reassessment, or (ii) as
50 having the same proportion of total assessed valuation of the dis-
51 trict as existed in the year next preceding the implementation of
52 the revaluation or reassessment.****

1 ****[11.]**** ****14.**** a. *The municipality may create and*
 2 *establish one or more special funds to be known as tax increment*
 3 *finance fund and shall pay into such tax increment finance funds any*
 4 *moneys appropriated and made available by the municipality for the*
 5 *purposes of such funds, any proceeds of the sale of the bonds to the*
 6 *extent provided in the ordinance of the governing body authorizing*
 7 *the issuance thereof, the moneys directed to be transferred from the*
 8 *Tax Increment Bond Fund to such funds, and any other moneys*
 9 *which may be made available to the municipality for the purposes*
 10 *of such funds from any other source or sources*** ****[*, including
 10A *all moneys derived from payments in lieu of real-property taxes,*
 10B *pursuant to statutory authorization of such in-lieu-of-tax payments,*
 10C *with respect to any property or properties within the dis-*
 11 *trict***]****. The moneys held in or credited to any tax increment*
 12 *finance fund established under this act, except as hereinafter pro-*
 13 *vided, shall be used solely for the payment of the principal of and*
 14 *interest on bonds secured by such tax increment finance fund, as the*
 15 *same mature, required payments to any sinking fund established for*
 16 *the amortization of such bonds (hereinafter referred to as “sinking*
 17 *fund payments”), the purchase or redemption of such bonds or the*
 18 *payment of any redemption premium to be paid when such bonds are*
 19 *redeemed prior to maturity; but moneys in any such fund shall not*
 20 *be withdrawn therefrom at any time in such amount as would reduce*
 21 *the amount of such fund to less than the amount of principal (includ-*
 22 *ing sinking fund payments) and interest maturing and becoming due*
 23 *in the succeeding calendar year on the bonds then outstanding and*
 24 *secured by such tax increment finance fund (such amount being*
 25 *hereafter referred to as the “required minimum capital reserve”),*
 26 *except for the purpose of paying principal and interest on the*
 27 *bonds secured by such tax increment finance fund maturing and*
 28 *becoming due and sinking funds payments for the payment of*
 29 *which other moneys are not available. Any income or interest*
 30 *earned by, or increment to, any such tax increment finance fund*
 31 *due to the investment thereof may be transferred to the Tax In-*
 32 *crement Bond Fund to the extent it does not reduce the amount*
 33 *of such tax increment finance fund below the required minimum*
 34 *capital reserve. In computing the amount of any tax increment*
 35 *finance fund for the purposes of this section, securities in which*
 36 *all or a portion of such tax increment finance fund are invested*
 37 *shall be valued at par if purchased at par or, if purchased at other*
 38 *than par, at amortized cost.*
 39 *b. Bonds secured by a tax increment finance fund shall not be*
 40 *issued at any time if the maximum amount of principal (including*

41 sinking fund payments) and interest maturing and becoming due
 42 in the succeeding calendar year on the bonds outstanding then to
 43 be issued and secured by a tax increment finance fund will exceed
 44 the amount of such tax increment finance fund at the time of issu-
 45 ance, unless at the time of issuance of such bonds there shall be
 46 deposited in such tax increment finance fund from the proceeds of
 47 the bonds or other obligations so to be issued, or otherwise, an
 48 amount which together with the amount then in such tax increment
 49 finance fund, will be not less than the required minimum capital
 50 reserve.

50A ****c. To assure the maintenance of the required minimum capital
 50B reserve in the tax increment finance funds, there shall be appro-
 50C priated and paid for deposit in each of such funds, such sum, if any,
 50D as shall be certified by the municipal chief financial officer to the
 50E governing body as necessary to restore each of such funds to an
 50F amount equal to the required minimum capital reserve. The muni-
 50G cipal chief financial officer shall continuously monitor transactions
 50H regarded each fund, and shall certify to the governing body when-
 50I ever necessary the sum required to restore each fund to the amount
 50J foresaid. In addition, the municipal chief financial officer shall
 50K annually certify to the governing body, not later than December 1,
 50L the amount if any, necessary to maintain or restore each fund as
 50M required herein for the following fiscal year. The sum or sums so
 50N certified shall thereupon be appropriated by the governing body and
 50O paid to the fund or funds in question.****

51 ***[c. To assure the maintenance of the required minimum capital
 52 reserve in the tax increment finance funds, there shall be annually
 53 appropriated and paid for deposit in each of such funds, such sum,
 54 if any, as shall be certified by the municipal financial officer to the
 55 governing body as necessary to restore each of such funds to an
 56 amount equal to the required minimum capital reserve. The mu-
 57 nicipal financial officer shall annually, on or before December 1,
 58 make and deliver to the governing body in care of the municipal
 59 clerk his certificate stating the sum, if any, required to restore each
 60 of such funds to the amount aforesaid, and the sum or sums so
 61 certified shall be appropriated and paid to the fund or funds in
 62 question during the then current municipal fiscal year.**]***

1 ****[12.]**** **15.**** Any provisions of law to the contrary
 2 notwithstanding, a bond issued pursuant to this act shall be fully
 3 negotiable within the meaning and for all purposes of Title 12A of
 4 the New Jersey Statutes, and each holder of the bond, or a coupon
 5 appurtenant thereto, be accepting the bond or coupon shall be con-

6 clusively deemed to have agreed that the bond or coupon is and
7 shall be fully negotiable within the meaning and for the purposes
8 of that title.

1 ****[13.]**** ****16.**** a. The governing body of a qualifying
2 municipality ***or district agent*** which has authorized the issuance
3 of bonds pursuant to the provisions of this act, shall establish and
4 maintain a special fund called the “(Name of municipality ***or dis-*
5 *trict agent***) Tax Increment Bond Fund” ****[into which shall be**
6 deposited all moneys: (1) received by the municipality from the sale
7 of bonds issued pursuant to this act; (2) received by the munic-
8 pality as tax increments; (3) received by the municipality from
9 the sale or lease of property within a district; and (4) any other
10 moneys the municipality shall receive which it determines to de-
10A posit therein]**.

11 b. The fund shall be used by the municipality ***or district agent,*
12 *as the case may be***** for purposes of this act, including but not
12A limited to:

- 13 (1) Paying the project costs;
14 (2) Paying the principal of and interest on bonds issued pur-
15 suant to this act;
15A *** (3) Paying moneys to any tax increment finance fund to main-*
15B *tain its required minimum capital reserve; ***
16 ****[(3)]**** *** (4) *** Prepaying the principal of and interest on
16A the bonds; and
17 ****[(4)]**** *** (5) *** Paying additional tax increment revenue,
17A if any, to taxing entities as provided for in the tax increment fi-
18 nancing plan.

19 c. Moneys in the fund may be invested in the State of New Jersey
20 Cash Management Fund established pursuant to section 1 of P. L.
21 1977, c. 281 (C. 52:18A-90.4) or in ****[any direct obligations of, or**
22 obligations as to which the principal and interest is guaranteed by,
23 the United States of America, or such other obligations as the mu-
24 nicipality may approve]** ***any permitted investment obliga-*
25 *tions**.*

1 ****[14. Upon the determination each year that tax increments
2 will be received pursuant to subsection ****[c.]**** ***d. (iv)*** of
3 section ****[11]**** ***10*** of this act, the municipal finance officer shall
4 deposit, in four installments, the amount of tax increments col-
5 lected in the tax increment bond fund established pursuant to sub-
6 section a. of section ****[14]**** ***13*** of this act.]****

1 ****[15.]**** ****17.**** Subject to the limitations contained in
2 this act, each district shall remain in existence ****[at least as long**
3 as the]** ***until***** bonded obligations for a project in that

4 district ~~***[continue]***~~ ~~***cease***~~ to be outstanding; provided,
 5 however, the district may be terminated if sufficient moneys have
 6 been deposited in the tax increment bond fund for the full payment
 7 of the principal of and interest on the bonds at maturity. ~~***[The~~
 8 ~~pledge of gross receipts tax revenues by the municipality pursuant~~
 9 ~~to *subsection d. of* section ~~**[11]**~~ ~~**10**~~ of this act, shall~~
 10 remain in effect until the principal of and interest on the bonds has
 11 been paid in full.]****

1 ~~****[16.]****~~ ~~****18.****~~ The administrative expenses for a
 2 district to be paid from tax increment revenue shall not exceed 5%
 3 of the total project costs for that district.

1 ~~****[17.]****~~ ~~****19.****~~ Subject to the tax increment financing
 2 plan and the bond developing and approval procedures contained in
 3 this act, a governing body of a qualifying municipality may desig-
 4 nate districts during the twenty years following the effective date
 5 of this act as long as the property value restrictions in subsection a.
 6 of section 5 of this act are met. No designations shall be made more
 7 than 20 years after the effective date of this act.

1 ~~****[18.]****~~ ~~****20.****~~ ~~****[The tax increment bond fund shall~~
 2 ~~be dissolved when the municipality's obligations to the holders of all~~
 3 ~~the bonds issued pursuant to this act are fulfilled.]****~~ ~~***~~ ~~When~~
 4 ~~the bonded obligations of the district have been paid in full, or~~
 5 ~~money sufficient to pay all of the outstanding principal and interest~~
 6 ~~on the bonds at maturity has been deposited in the Tax Increment~~
 7 ~~Bond Fund, the district shall be dissolved. By a new ordinance a~~
 8 ~~municipality may establish a new district that includes any or all~~
 9 ~~previously dissolved districts.***~~

1 ~~****[19.]****~~ ~~****21.****~~ Bonds issued by a municipality pur-
 2 suant to this act are for an essential public and governmental pur-
 3 pose, and the bonds, their transfer and the interest and premium,
 4 if any, thereon and the income therefrom, including any profit made
 5 on the sale thereof, and all assessments, charges, funds, revenues,
 6 income and other moneys pledged or available to pay or secure the
 7 payments of the bonds, or interest thereon, shall be exempt from
 8 taxation of every kind by the State and the municipality, except
 9 transfer, inheritance and estate taxes.

1 ~~**~~ ~~****[20.]****~~ ~~****22.****~~ ~~In calculating the general tax rate~~
 2 ~~levied each year, the aggregate amount of the ratable increments of~~
 3 ~~the tax increment districts shall be deducted from the assessed value~~
 4 ~~of all taxable property within the municipality.~~

5 ~~For purposes of this section, "ratable increment" means the~~
 6 ~~assessed value of all taxable property within a district each year~~
 7 ~~minus the tax increment base.**~~

1 ***23. *The State Treasurer is authorized to promulgate such*
 2 *rules and regulations as he shall deem necessary to facilitate the*
 3 *purposes and provisions of this act.****

1 **[20.]** ***[**21.**]** ***24.*** The Commissioner and
 2 the State Treasurer shall 36 months from the effective date of this
 3 act, and annually thereafter, report to the Legislature on the
 4 effectiveness of the act in achieving the purposes set out in section 2.

1 **[21.]** ***[**22.**]** ***25.*** This act shall take effect
 2 immediately but shall remain inoperative for 30 days following
 3 enactment, except that the commissioners are authorized, imme-
 4 diately upon enactment, to promulgate such rules and regulations,
 5 and to provide such assistance to municipalities, pursuant to section
 6 4, as they may deem necessary to facilitate the purposes and provi-
 7 sions of this act. ***[Section 5 of this act shall expire on the first day
 8 of the 36th calendar month following the effective date of this act,
 9 and a municipality may designate no districts thereafter. *No bonds*
 10 *within the meaning of this act shall be authorized, issued or sold by*
 11 *any municipality **or district agent** after the expiration of six*
 12 *years from the effective date of this act.***]* ***Qualifying munici-
 13 palities may designate districts at any time between the effective
 14 date of this act and the first day of the thirty-sixth calendar month
 15 next following the month in which this act takes effect. Districts
 16 approved by the commissioners before the first day of the thirty-
 17 sixth calendar month next following the month in which this act
 18 takes effect shall continue to retain the right, consistent with the
 19 provisions of this act, to continue any developments, projects or
 20 plans, including the issuance of additional financial obligations. A
 21 development, project or plan need not have begun before the first
 22 day of the thirty-sixth calendar month next following the month
 23 in which this act takes effect in order to be eligible for financing
 24 under the provisions of this act.**

4 during the twenty years following the effective date of this act as
 5 long as the property value restrictions in subsection a. of section 5
 6 of this act are met. No designations shall be made more than 20
 7 years after the effective date of this act.

1 18. The tax increment bond fund shall be dissolved when the
 2 municipality's obligations to the holders of all the bonds issued
 3 pursuant to this act are fulfilled.

1 19. Bonds issued by a municipality pursuant to this act are for
 2 an essential public and governmental purpose, and the bonds, their
 3 transfer and the interest and premium, if any, thereon and the in-
 4 come therefrom, including any profit made on the sale thereof, and
 5 all assessments, charges, funds, revenues, income and other moneys
 6 pledged or available to pay or secure the payments of the bonds, or
 7 interest thereon, shall be exempt from taxation of every kind by
 8 the State and the municipality, except transfer, inheritance and
 9 estate taxes.

1 20. The Commissioner and the State Treasurer shall 36 months
 2 from the effective date of this act, and annually thereafter, report
 3 to the Legislature on the effectiveness of the act in achieving the
 4 purposes set out in section 2.

1 21. This act shall take effect immediately but shall remain in-
 2 operative for 30 days following enactment, except that the commis-
 3 sioners are authorized, immediately upon enactment, to promulgate
 4 such rules and regulations, and to provide such assistance to mu-
 5 nicipalities, pursuant to section 4, as they may deem necessary to
 6 facilitate the purposes and provisions of this act. Section 5 of this
 7 act shall expire on the first day of the 36th calendar month follow-
 8 ing the effective date of this act, and a municipality may designate
 9 no districts thereafter.

STATEMENT

This bill establishes a tax increment financing program for urban-aid municipalities. Basically, this program allows a municipality to issue bonds in order to fund projects in designated areas. The projects are intended to produce improvements in the property, and therefore, to increase the value of the property in the municipality. After the projects are completed, private developers would develop the property which would increase the value of the property further.

The bonds are repaid by "tax increments." Before projects begin, the value of all the land in a district is assessed. The amount of property tax revenues that the county, school boards, and the

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municipality would receive based upon that assessment is then "frozen" for the life of the district. Any increase in the property tax revenues (i.e., tax increments) collected after the projects begin is then used to repay the bonds.

The governing body of an urban-aid municipality designates an area or areas within its borders as a tax increment district or districts. The area within all districts designated cannot exceed 5% of the total property value in a municipality, unless the governing body, by ordinance, increases the total property value allowance to 10%.

District plans are developed which outline the projects to be funded, the sources of revenue, the estimated costs, the developments that private developers have proposed for project sites, etc. At least 25% of the estimated total costs of all projects shall be the costs of projects associated with housing development, and at least 20% of that 25% shall be the costs of projects associated with low to moderate income housing development. The Commissioner of the Department of Community Affairs and the State Treasurer shall review and approve the district plans. Upon approval by the commissioner and the State Treasurer, the governing body shall approve the plans by ordinance.

No bonds may be authorized until sufficient written agreements with developers finalizing commitments for development upon completion of the projects have been entered into insuring the generation of sufficient tax increments to repay the subsequent bonded obligations.

After obtaining the written agreements, the governing body may authorize the issuance of the bonds and apply to the Local Finance Board for qualification of the bonds. Gross receipts tax revenues shall be pledged against the bonded obligations in case sufficient tax increments are not collected in any year to pay the obligations. Bonds may not be issued until they have been qualified, guaranteed or insured.

The district designation shall be terminated when the bonded obligations have been paid. However, the districts may be terminated sooner if sufficient moneys have been deposited in a fund to cover bond payments in the future.

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ASSEMBLY HOUSING AND URBAN POLICY
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 295
with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 16, 1984

Assembly Bill No. 295 is reported favorably, with amendments.

This bill would authorize a "tax-increment financing" (TIF) plan under which certain municipalities (viz., those which have qualified for urban aid under P. L. 1978, c. 14) might finance redevelopment activities in designated districts by, in effect, pledging the anticipated increase of real-property taxes resulting from the development.

A TIF program involves issuance of bonds by a municipality to pay for projects (in an area specifically designated) that are meant to produce improvements that will have the effect of increasing property values generally within the designated area. This is done in coordination with private developers, who, in view of the contribution being thus made by the municipality, contract to further develop the improved property.

Bonds issued by the municipality for this purpose are to be paid off by the "tax increment" resulting from enhanced property values generated by the combination of public and private investment. The amount of the "increment" devoted to this purpose is calculated in the following way:

Before projects begin in the designated TIF district, the value of all the real property in the district is assessed, and the amount of revenue available for local government, school, county and other usual property-tax-funded activities is "frozen" on the basis of that assessment. Any additional revenue resulting from an increase in the actual value of the property (presumably due to the improvements arising out of the TIF program) is set aside for repayment of the bonds issued by the municipality for the initial projects.

To initiate such a program, the governing body of the municipality first designates a TIF district—which is not to include more than 5% of the municipality's total ratables, except that this may be increased to 10% if the governing body so decides by ordinance. Once the district is designated, a plan must be developed outlining the projects to be funded by TIF bonds, the estimated costs and revenues, the prospective private developments and developers that appear ready to build upon

the improvements created by the TIF projects. The bill provides for involvement of the municipal planning board and relevant county and school district officials in the planning process.

The municipal governing body, or an agent specifically designated by it for the purpose, will then enter into formal written agreements with private developers, finalizing commitments for development upon completion of the TIF-funded projects. No TIF bonds may be issued until a sufficient number of such commitments have been secured to generate the necessary "tax increment" covering the municipality's TIF-bond obligations.

Thereafter, the municipality may authorize issuance of the bonds and apply to the Local Finance Board for their "qualification" — i.e., a guarantee that, should other revenues prove insufficient, State gross-receipts tax revenue otherwise payable to the municipality will be drawn upon for satisfaction of the bond obligations.

The governing body of the municipality shall establish a fund into which the bond proceeds and tax-increment revenues shall be paid; and the money in this fund stands committed to the repayment of the TIF bonds. When the bonds are paid off, the special status of the designated district ceases, and whatever "tax increment" has been developed reverts to the general purposes of the local property tax.

Amendments were adopted by the committee, to the following effect:

1) The requirement that a district plan include a minimum proportion (in terms of cost) of housing development is deleted.

2) A requirement is added that the "commissioners" (i.e., the State Treasurer and Commissioner of Community Affairs), may, in determining their approval of a proposed TIF-district plan, require the municipality to demonstrate the insurability of the bonds that are planned to be issued; and in this process, the commissioners are to take into account such commitments as the plan will require from private developers (e.g., posting of surety bonds). They are also authorized to condition their approval upon acceptance by the municipality of their recommendations regarding the method to be used in arriving at local property-tax rates.

3) A "sunset" provision is added: no TIF bonds authorized under the bill could be issued after six years from the effective date of the act. Thus the program could continue beyond that date only by a deliberate reaffirmation through legislative act.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 295

[OFFICIAL COPY REPRINT]
with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 19, 1984

Assembly Bill No. 295 would authorize a "tax-increment financing" (TIF) plan under which certain municipalities (viz., those which have qualified for urban aid under P. L. 1978, c. 14) might finance redevelopment activities in designated districts by, in effect, pledging the anticipated increase of real-property taxes resulting from the development.

A TIF program involves issuance of bonds by a municipality to pay for projects (in an area specifically designated) that are meant to produce improvements that will have the effect of increasing property values generally within the designated area. This is done in coordination with private developers, who, in view of the contribution being thus made by the municipality, contract to further develop the improved property.

Bonds issued by the municipality for this purpose are to be paid off by the "tax increment" resulting from enhanced property values generated by the combination of public and private investment. The amount of the "increment" devoted to this purpose is calculated in the following way:

Before projects begin in the designated TIF district, the value of all the real property in the district is assessed, and the amount of revenue available for local government, school, county and other usual property-tax-funded activities is "frozen" on the basis of that assessment. Any additional revenue resulting from an increase in the actual value of the property (presumably due to the improvements arising out of the TIF program) is set aside for repayment of the bonds issued by the municipality for the initial projects.

To initiate such a program, the governing body of the municipality first designates a TIF district, which may not include more than 5% of the municipality's total ratables, except that this may be increased to 10% if the governing body so decides by ordinance. Once the district is designated, a plan must be developed outlining the projects to be funded by TIF bonds, the estimated costs and revenues, the prospective

private developments and the developers that appear ready to build upon the improvements created by the TIF projects. The bill provides for involvement of the municipal planning board and relevant county and school district officials in the planning process.

The municipal governing body, or an agent specifically designated by it for the purpose, then enters into formal written agreements with private developers, making final the commitments for development upon completion of the TIF-funded projects.

Thereafter, the municipality may authorize issuance of the bonds and apply to the Local Finance Board for their "qualification"—i.e., a guarantee that, should other revenues prove insufficient, State gross-receipts tax revenue otherwise payable to the municipality will be drawn upon for satisfaction of the bond obligations.

The governing body of the municipality must establish a fund into which the bond proceeds and tax-increment revenues must be paid, and the money in this fund stands committed to the repayment of the TIF bonds. When the bonds are paid off, the special status of the designated district ceases, and whatever "tax increment" has been developed reverts to the general purposes of the local property tax.

The bill was passed by the Assembly with committee amendments making the following revisions to the bill as introduced:

(1) The requirement that a district plan include a minimum proportion (in terms of cost) of housing development was deleted.

(2) A requirement was added that the "commissioners," i.e., the State Treasurer and Commissioner of Community Affairs, may, in determining their approval of a proposed TIF-district plan, require the municipality to demonstrate the insurability of the bonds that are planned to be issued. In this process, the commissioners are to take into account such commitments as the plan will require from private developers, e.g., posting of surety bonds. They are also authorized to condition their approval upon acceptance by the municipality of their recommendations regarding the method to be used in arriving at local property-tax rates.

(3) A "sunset" provision is added: no TIF bonds authorized under the bill can be issued after six years from the effective date of the act. Thus the program can continue beyond that date only by a deliberate reaffirmation through legislative act.

The bill as reported by this committee incorporates the following additional changes:

(1) The composition of a "district agent" is changed and the responsibilities are expanded. Under the bill as passed by the General Assembly, the responsibilities of a "district agent" were confined to planning and administration. The Senate committee amendments would empower

such an agent to initiate the issuance of bonds for TIF projects. In keeping with this added responsibility, the type of agency which may be designated a "district agent" would by these amendments be restricted to (1) the municipal governing body itself, acting in that capacity, (2) an entity specially created for the purpose by the governing body or (3) an existing "municipal development agency, corporation or redevelopment authority."

As an additional means of securing adequate local-government control over a "district agent," the amendments would give the mayor of the municipality veto power over the acts of the agent, by means of veto of the agent's minutes. In light of the above changes, the definition of "bonds" would also be changed, along with certain references to the "qualification" of such bonds—a type of guarantee open to the municipality, but not to a "district agent" as such.

(2) A number of provisions originally intended to enhance the salability of TIF bonds, by establishing "guarantees" of adequate future revenues to repay the bonds that are to be issued, would be eliminated. The sponsor was advised by persons knowledgeable in the bond market that such devices weigh little with participants in that market. In their place, these amendments would include an "irrevocable pledge" of tax-increment revenues to secure bonds issued to finance TIF-district projects—without any attempt to covenant or guarantee how much those revenues will be, since the bond market apparently regards such guarantees as illusory.

(3) Municipalities would be empowered to create and establish one or more special funds to be known as "tax increment finance funds." There would be paid into these funds any moneys appropriated and made available by the municipality for the purposes of the funds, any proceeds of the sale of bonds to the extent provided in the bond ordinance, the moneys directed to be transferred from the Tax Increment Bond Fund and any other moneys made available to the municipality for the purposes of the funds. The tax increment finance funds would be used for the payment of principal of, and interest on, bonds secured by the funds, required payments to any sinking fund established for the amortization of these bonds and the purchase or redemption of these bonds or the payment of any redemption premium to be paid when these bonds are redeemed prior to maturity.

(4) The definition of municipalities eligible to participate in the TIF plan would be expanded to cover 18 additional municipalities.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 13, 1984

ASSEMBLY BILL NO. 295 (2nd SR OCR)

REC'D AUG 23 1985

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I am returning Assembly Bill No. 295 (2nd SR OCR) with my objections, for reconsideration.

This bill would permit certain New Jersey municipalities to engage in tax increment financing. Tax increment financing is a program whereby municipalities issue bonds in order to fund projects in designated areas. Bonds are repaid by tax increments. Before the project begins the value of all the land in the district is assessed. The amount of the property tax revenue that the county, school board and the municipality would receive based upon that assessment is then frozen for the life of district. Any increase in property tax revenues that is to say tax increments, collected after the projects begin is then used to repay the bonds.

On September 6, 1983 I vetoed a tax increment financing bill because it contained technical problems too great to be corrected by a conditional veto. I stated at that time, however, that I was not categorically indicating my opposition to tax increment financing. Over the last year, the Legislature and the departments of State government that would be affected by tax increment financing have worked together to develop a good bill. That work has continued over the course of this summer as further amendments have been developed to improve the bill.

A possible area of concern in this bill as it has reached my desk relates to the federal legislation, the Deficit Reduction Act of 1984, that President Reagan signed in July. It limits the annual volume of tax-exempt industrial development bonds that a state or its subdivision may sell. I wish to make clear that tax increment financing bonds shall not be counted against this annual volume limitation, and one of the amendments to this bill I am suggesting achieves that purpose.

I am also suggesting amendments to this bill on the issuance of debt under tax increment financing. These amendments address other concerns that I had expressed in my veto of last year's bill.

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I am recommending that the bond issuing authority, either the municipality or other district agent, should be permitted to issue notes in anticipation of the issuance of bonds, as well as being able to issue bonds.

I am suggesting that a municipal governing body may issue general obligation bonds or bonds secured by an irrevocable pledge of tax increments and the full faith and credit of the municipality to finance all or a portion of any project costs. Also, the district agent or the municipality, as the case may be, may issue bonds secured by an irrevocable pledge of tax increments to finance all or a portion of any project costs.

A municipality may create a tax increment finance fund that would be required to have at least the amount of principal and interest due in the next calendar year on bonds outstanding where the bonds issued by a municipality are secured by tax increments and the municipality's full faith and credit. A municipality would have to have such a fund or insurance for the bonds where they are backed by the tax increments only; bonds issued by a district agent that are backed by the tax increments only would have to be insured, be backed by municipal guarantee or be backed by a tax increment finance fund.

Under my recommendations, the Commissioner of the Department of Community Affairs and the State Treasurer shall report on the effectiveness of the tax increment financing program in three years, and yearly thereafter.

I am also suggesting minor amendments to integrate a tax increment financing mechanism with existing tax assessment procedures and to permit the State Treasurer to promulgate rules and regulations to facilitate this act.

As I stated last summer, tax increment financing is a controversial concept. Proponents of tax increment financing, particularly many economic development experts, view it as a useful economic development tool in depressed urban areas. They maintain that tax increment financing can serve as a catalyst for economic development by providing a formal format to gain the cooperation of developers and municipal officials to develop a particular area in the affected municipality. Others have questioned the efficacy of tax increment

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financing, and I hope that most of their concerns have been addressed by the various amendments to the bill over the course of this year.

In summary, I am willing to permit tax increment financing to be tried in New Jersey based upon the safeguards that exist in the bill as it has reached my desk this year and with the additional suggestions I am now making to it.

Therefore, I herewith return Assembly Bill No. 295 (2nd SR OCR) and recommend that it be amended as follows:

Page 2, Section 3, Lines 21-33H: Omit these lines in entirety; insert "f. Permitted investment obligations" means any securities permitted for purchase by local units of government pursuant to section 8 of P.L. 1977, c. 396 (40A:5-15.1)

Page 2, Section 3, Line 34: Omit "j."; insert "g."

Page 3, Section 3, Line 38: Omit "k."; insert "h."

Page 3, Section 3, Line 55: Omit "l."; insert "i."

Page 3, Section 3, Lines 59-59A: After "any", omit "development,".

Page 3, Section 3, Line 60: Omit "m."; insert "j."

Page 3, Section 3, Line 65: After "more"; insert "per square mile"

Page 4, Section 3, Line 74: Omit "n."; insert "k."

Page 4, Section 3, Lines 76 and 77: Omit "the date"; insert "October 1 of the year preceding the year".

Page 4, Section 3, Line 79: Omit "o."; insert "l."

Page 4, Section 3, Line 87: After "district;", insert "plus the amount of any payments in lieu of taxes with respect to any development undertaken within a district pursuant to the provisions of this act."

Page 4, Section 3, Line 88: Omit "p."; insert "m."

Page 4, Section 3, Line 91: Omit "q."; insert "n."

Page 5, Section 5, Line 9E: After "agent.", insert "Whenever any district is enlarged as permitted herein, the tax increment base for any area added to a district shall be the aggregate assessed value of all property located within the area as of October 1 of the year preceding the year the area is incorporated into the district."

Page 5, Section 5, Line 21: Omit "designating"; insert "establishing".

Page 5, Section 5, Line 22: Omit "delegate"; insert "designate".

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Page 5, Section 5, Line 24: Omit "as the district agent".

Page 5, Section 5, Lines 26-29: After "be", omit remainder of line 26 and lines 27 through 29; insert "a municipal redevelopment agency or a local housing authority with redevelopment powers, or the municipal"

Page 5, Section 5, Line 32: Omit "Any"; insert "Except where the municipal governing body has designated itself as the district agent, any"

Page 6, Section 5, Line 43: After "period", insert "Where the municipal governing body has designated itself as the district agent, the mayor shall have only those veto powers as are granted to him by law."

Page 6, Section 6, Line 23: After "it", insert ", and to issue notes in anticipation of the issuance of bonds"

Pages 9-13, Section 10, Lines 1-117: Omit these lines in entirety; insert new sections 10 through 13 as follows:

"10.a. The municipal governing body may issue general obligation bonds to finance all or a portion of any project costs. The governing body shall authorize the issuance of the bonds pursuant to the provisions of the "Local Bond Law", N.J.S. 40A:2-1 et seq., except that the bonds shall not mature at a time or times exceeding 20 years from the date of issuance. The bonds may be qualified in the manner provided by law.

b. The municipal governing body may issue bonds secured by an irrevocable pledge of tax increments, and further secured by the full faith and credit of the municipality, to finance all or a portion of any project costs. The procedures to be followed by the governing body authorizing the issuance of the bonds shall be identical to the procedures set forth in sections 40A:2-17, 40A:2-18, 40A:2-19, 40A:2-24, 40A:2-25, and 40A:2-27 to 40A:2-32 inclusive, of the New Jersey Statutes.

c. The municipal governing body or the district agent, as the case may be, may issue bonds secured by an irrevocable pledge of tax increments to finance all or a portion of any project costs. A municipal governing body shall issue the bonds in

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the manner prescribed in subsection b. of this section. The district agent shall authorize the bonds by resolution.

d. All bonds authorized pursuant to this section shall be issued in one or more series and shall bear the date or dates, mature at a time or times not exceeding 20 years from the date thereof, bear interest at a rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable from the sources in the medium of payment, at the place or places within or without the State, and be subject to the terms of redemption, with or without premium, all as the governing body may provide in the ordinance, or as the district agent may provide in the resolution. The bonds may be sold at public or private sale at the price or prices as shall be determined by the municipality or the district agent, as the case may be.

e. All bonds when issued pursuant to this section shall contain a recital to the effect that they are issued pursuant to this act and are entitled to the provisions of this act. All such bonds shall mature without regard to any limitations as to maturities or amounts of annual installments for bonds provided in Title 40 of the Revised Statutes or Title 40A of the New Jersey Statutes.

The proceedings of the municipality or the district agent authorizing the issuance of bonds under this act, may contain covenants and provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants restricting the issuance of additional bonds.

f. The total amount of bonds to be issued pursuant to this act shall not exceed the estimated total of all the projects' costs.

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g. The provisions of any other law to the contrary notwithstanding, only those bonds issued pursuant to subsection a. of this section shall be subject to the limitations of N.J.S. 40A:2-6."

"11.a. No bonds shall be issued pursuant to subsection b. of section 10. of this act unless the municipal governing body has made provision in the ordinance authorizing the issuance of such bonds (i) that an appropriation sufficient to pay interest and principal on the bonds as these become due will be included in each annual budget for the municipality either at the time the budget is adopted or by emergency appropriation after adoption of the budget, in the manner generally provided by law; or (ii) that there will be established and maintained a tax increment finance fund pursuant to Section 14 of this act.

b. No bonds shall be issued by a municipal governing body pursuant to section 10.c. of this act unless the ordinance authorizing the issuance of such bonds includes provisions for (i) the insurance of such bonds, or (ii) the establishment and maintenance of a tax increment finance fund pursuant to section 14 of this act.

c. No bonds shall be issued by a district agent pursuant to subsection c. of section 10. of this act unless the resolution authorizing the issuance of such bonds includes provisions for (i) insurance of the bonds; (ii) provisions making issuance of the bonds contingent upon the unconditional guarantee of the payment of principal and interest due on the bonds by the municipality where authorized by law; or (iii) provisions making issuance of the bonds contingent upon the establishment and maintenance by the municipality of a tax increment finance fund pursuant to section 14 of this act."

"12. The provisions of this act or any other law to the contrary notwithstanding, no municipality or district agent shall issue bonds pursuant to this act which will reduce or

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be counted against the annual volume limitation on issuance of tax-exempt industrial development bonds established by the "Deficit Reduction Act of 1984 (Public Law 98-369)."

"13.a. Upon the striking of the tax rate in each year following the issuance of bonds secured by tax increments pursuant to this act, the municipal chief financial officer together with the assessor and collector, shall calculate the amount of tax increment, if any, for each tax increment district, and shall certify to the municipal governing body or the district agent, as the case may be, a copy of that calculation. The chief financial officer shall thereafter cause to be deposited in the tax increment bond fund the amount of tax increments so certified, within 10 days after each date fixed by statute for the payment of property taxes. Each amount so deposited shall equal the portion of the tax increment to be collected at the quarterly payment date, regardless of whether the increment is actually collected in cash from the taxpayers within the district; provided, however, that that portion of the tax increment comprising payments in lieu of taxes shall be deposited in four equal installments regardless of the date or dates fixed for such payments by statute, agreement or otherwise.

b. Whenever an added assessment shall occur within a district, the chief financial officer of the municipality shall notify the municipal governing body or the district agent, as the case may be, and thereafter shall cause to be paid to the tax increment bond fund the amount of property taxes billed thereon within 10 days of the date fixed by law for payment thereof, regardless of whether the amount is actually collected in cash provided, however, that this subsection shall not apply to added assessments which are the result of a property exempt from taxation prior to the creation of a district becoming taxable after the creation of that district.

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c. Whenever an omitted assessment shall occur within a district which should have been included in the computation of the tax increment had not the assessment been omitted, the chief financial officer of the municipality shall notify the municipal governing body or the district agent, as the case may be, and thereafter shall cause to be paid to the tax increment bond fund the amount of property taxes billed thereon within 10 days of the date fixed by law for payment thereof, regardless of whether the amount is actually collected in cash.

d. In no event shall any changes in assessed valuation within a district due to appeals or correction of errors with respect to a tax year subsequent to the creation of the district alter the amount of tax increment certified pursuant to this section for that tax year.

e. In no event shall any changes in assessed valuation within a district due to appeals or correction of errors alter the tax increment base of the district.

f. Whenever a revaluation or reassessment occurs in a municipality which has designated one or more tax increment districts, the tax increment base for each district shall be recomputed (i) by multiplying the original tax increment base by the percentage increase in the assessed valuation of the district resulting from implementation of the revaluation or reassessment, or (ii) as having the same proportion of total assessed valuation of the district as existed in the year next preceding the implementation of the revaluation or reassessment."

Page 13, Section 11, Line 1: Omit "11."; insert "14."

Page 13, Section 11, Lines 10-10C: Omit ", including all" in line 10; omit lines 10A and 10B; omit "with respect to any property or properties within the district" in line 10C.

Page 14, Section 11, After Line 50: Insert subsection c. as follows:

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"c. To assure the maintenance of the required minimum capital reserve in the tax increment finance funds, there shall be appropriated and paid for deposit in each of such funds, such sum, if any, as shall be certified by the municipal chief financial officer to the governing body as necessary to restore each of such funds to an amount equal to the required minimum capital reserve. The municipal chief financial officer shall continuously monitor transactions regarded each fund, and shall certify to the governing body whenever necessary the sum required to restore each fund to the amount foresaid. In addition, the municipal chief financial officer shall annually certify to the governing body, not later than December 1, the amount if any, necessary to maintain or restore each fund as required herein for the following fiscal year. The sum or sums so certified shall thereupon be appropriated by the governing body and paid to the fund or funds in question.

Page 14, Section 12, Line 1: Omit "12."; insert "15."

Page 15, Section 13, Line 1: Omit "13."; insert "16."

Page 15, Section 13, Line 11: After "municipality", insert "or district agent, as the case may be, "

Page 15, Section 14, Lines 1-6: Omit section 14 in entirety.

Page 15, Section 15, Line 1: Omit "15."; insert "17."

Page 16, Section 15, Lines 7-10: After "maturity,", omit the remainder of line 7 and lines 8, 9 and 10 in entirety.

Page 16, Section 16, Line 1: Omit "16."; insert "18."

Page 16, Section 17, Line 1: Omit "17."; insert "19."

Page 16, Section 18, Line 1: Omit "18."; insert "20."

Page 16, Section 19, Line 1: Omit "19."; insert "21."

Page 16, Section 20, Line 1: Omit "20."; insert "22."

Page 16, Section 20, After Line 7: Insert new section 23 as follows:

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"23. The State Treasurer is authorized to promulgate such rules and regulations as he shall deem necessary to facilitate the purposes and provisions of this act."

Page 17, Section 21, Line 1: Omit "21."; insert "24."

Page 17, Section 22, Line 1: Omit "22."; insert "25."

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ W. Cary Edwards

Chief Counsel