

54: 4-3.123 and 54: 4-3.124

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:4-3.123 and 54:4-3.124

(Tax abatement - conversion to multiple dwelling)

LAWS OF: 1983

CHAPTER: 72

Bill No: A672

Sponsor(s): Schwartz

Date Introduced: Feb. 8, 1982

Committee: Assembly: Municipal Govt., Housing & Urban Policy; Revenue, Finance & Appropriations

Senate: Revenue, Finance & Appropriations

Amended during passage: /// No

Date of Passage: Assembly: Oct. 25, 1982

Senate: Jan. 20, 1983

Date of Approval: Feb. 24, 1983

Following statements are attached if available:

Sponsor statement: Yes //

Committee statement: Assembly Yes // 10-18-82 & 2-25-82

Senate Yes //

Fiscal Note: Yes //

Veto Message: /// No

Message on Signing: /// No

Following were printed:

Reports: /// No

Hearings: /// No

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LEGISLATIVE HISTORY

ASSEMBLY, No. 672

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 8, 1982

By Assemblymen SCHWARTZ, CHARLES, WATSON, Assemblywomen BROWN, PERUN, Assemblymen PELLY, PATERNITI, BOCCHINI, Assemblywoman KALIK, Assemblymen MATTHEWS, KAVANAUGH and MEYER

Referred to Committee on Municipal Government

AN ACT concerning exemptions or abatements from taxation for conversions of certain buildings to multiple unit dwellings in certain cases and amending P. L. 1979, c. 233.

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

1 1. Section 3 of P. L. 1979, c. 233 (C. 54:4-3.123) is amended to
2 read as follows:

3 3. The governing body of any municipality may determine that
4 areas within such municipality are in need of rehabilitation, and
5 that one or more multiple dwellings located within such areas are
6 in need of rehabilitation, or that one or more other buildings and
7 structures located within such areas are in need of such rehabili-
8 tation and could advantageously be converted to multiple dwellings,
9 or both. Any such determination shall be made in keeping with
10 regulations which shall be promulgated by the Commissioner of
11 the Department of Community Affairs pursuant to the "Adminis-
12 trative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.),
13 which may take into consideration the following: existence of
14 blighted areas in the municipality; deterioration of housing stock;
15 age of housing stock; supply of and demand for housing in the
16 municipality; and arrearage in real property taxes due on resi-
17 dential properties. The governing body may also permit the con-

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.

18 version of industrial properties, or *unutilized public school build-*
19 *ings*, to residential use to further the purpose of this act.

1 2. Section 4 of P. L. 1979, c. 233 (C. 54:4-3.124) is amended to
2 read as follows:

3 4. a. Any municipality making a determination as set forth in
4 section 3 of this act may enact an ordinance providing for exemp-
5 tions from taxation of improvements to multiple dwellings or for
6 other buildings or structures, *including unutilized public school*
7 *buildings*, converted to multiple dwelling use, or both. In granting
8 such exemptions, the municipality may, in determining the value
9 of real property for the purposes of taxation, regard up to the
10 assessor's full and true value of such improvements or conversion
11 alterations as not increasing the value of such property for a period
12 of 5 years, notwithstanding that the value of the property to which
13 such improvements or conversion alterations are made is increased
14 thereby; provided, however, that during said period, the assess-
15 ment on such property shall in no case, except that of an abatement
16 as provided in subsection b. of this section, or damage through
17 action of the elements sufficient to warrant a reduction, be less
18 than the assessments thereon **[exiting]** *existing* immediately prior
19 to such improvements or conversion alterations.

20 b. Any such ordinance granting such exemptions may also pro-
21 vide for the abatement of some portion of the assessed value of
22 property receiving such an exemption as it existed immediately
23 prior to the improvement or conversion alteration. Any such abate-
24 ment for any single such property may be granted with respect to
25 any such property for a total of up to 5 years, but the total amount
26 of abatements granted to any single such property shall not exceed
27 the total cost of the improvement or conversion alteration. The
28 amount of abatement to be granted in each year of the abatement
29 period shall be specified in the adopting ordinance and shall not
30 exceed the following:

31 (1) For the first year for which an abatement is granted, up to
32 30% of the cost of the improvement or conversion alteration;

33 (2) For the second year for which an abatement is granted, up to
34 25% of the cost of the improvement or conversion alteration;

35 (3) For the third year for which an abatement is granted, up to
36 20% of the cost of the improvement or conversion alteration;

37 (4) For the fourth year for which an abatement is granted, up to
38 15% of the cost of the improvement or conversion alteration; and,

39 (5) For the fifth year for which an abatement is granted, up to
40 10% of the cost of the improvement or conversion alteration.

1 3. This act shall take effect immediately.

STATEMENT

P. L. 1979, c. 233 (C. 54:4-3.121 et seq.) provides that municipalities may offer tax incentives to stimulate conversions of certain unutilized buildings to viable multiple dwelling use. These buildings must be located in areas designated by the municipality. The object of this bill is to make clear that conversions of unused public school buildings are eligible for those incentives.

STATEMENT

P. L. 1979, c. 233 (C. 54:4-3.121 et seq.) provides that municipalities may offer tax incentives to stimulate conversions of certain unutilized buildings to viable multiple dwelling use. These buildings must be located in areas designated by the municipality. The object of this bill is to make clear that conversions of unused public school buildings are eligible for those incentives.

A672 (1982)

ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 672

STATE OF NEW JERSEY

DATED: OCTOBER 18, 1982

This bill expressly includes "unutilized school buildings" among those structures which when converted to multiple-dwelling use are eligible for tax exemption or abatement under P. L. 1979, c. 233.

It is the sponsor's contention that the explicit inclusion of conversions of "industrial properties" in such eligibility by section 3 of the act (amended by this bill) may possibly give rise to an inference that the conversion of other types of nonresidential properties is meant to be excluded.

The committee agrees that any ambiguities or uncertainties in the statutory language that might discourage such conversions ought to be corrected.

ASSEMBLY HOUSING AND URBAN POLICY
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 672

STATE OF NEW JERSEY

DATED: FEBRUARY 25, 1982

This bill clarifies one aspect of P. L. 1979, c. 233, by expressly including "unutilized school buildings" among those structures whose conversion to multiple-dwelling use is eligible for tax exemption or abatement under that act.

It is the sponsor's contention that the explicit inclusion of conversions of "industrial properties" in such eligibility by section 3 of the act (amended by this bill) may possibly give rise to an inference that the conversion of other types of nonresidential properties is meant to be excluded.

The committee agrees that (1) unused school buildings are, in general, well adapted to such conversion, (2) that such conversion of unused and unneeded school buildings may be most advantageous to many municipalities, and (3) that any ambiguities or uncertainties in the statutory language that might discourage such conversions ought to be corrected.

Accordingly, the committee reports this bill favorably, without amendment.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 672

STATE OF NEW JERSEY

DATED: NOVEMBER 29, 1982

Assembly Bill No. 672 amends the law that authorizes municipalities to offer tax abatements as an incentive to convert unutilized buildings to multiple dwelling use. The amendment provides that unutilized public school buildings may be used for the purposes of the act.

FISCAL IMPACT

A fiscal note indicates no impact on State funds.

FISCAL NOTE TO
ASSEMBLY, No. 672

STATE OF NEW JERSEY

DATED: SEPTEMBER 9, 1982

Assembly Bill No. 672, of 1982, would provide that municipalities may offer tax incentives to stimulate conversions of certain unutilized buildings, unutilized school buildings now included along with industrial properties, to viable multiple dwelling use. These buildings must be located in areas designated by the municipality.

The Department of Community Affairs indicates that (a) this bill will have no impact on State funds, and (b) that no fiscal estimate is determinable.

If such a conversion project would have been undertaken due to the incentive of property tax abatement/exemption, the municipality would be sacrificing "fair share" taxation in return for social or community benefits that might have resulted anyway. If no incentive meant no conversion project, there is no true loss, and no promise of future tax base enhancement as well as social and community benefits.

On the basis that the property tax is a residual tax, cost considerations must relate to the resulting distribution of the tax burden and the equity thereof caused by exempting the project from taxation, and how those results compare to social and community benefits derived from the project.

The Treasury's Division of Budget and Accounting notes that there may be some impact on revenues to local governments. Initially, there may be a loss, but continued development in these areas may ultimately create additional property tax revenues.

The Office of Legislative Services concurs.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1980, c. 67.