

54: 4-3.96

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:4-3.96, 54:4-3.112

(Property tax abatement--
program--increase number
of eligible municipalities)

LAWS OF: 1983

CHAPTER: 118

Bill No: A329

Sponsor(s): Schwartz and others

Date Introduced: Pre-filed

Committee: Assembly: Housing and Urban Policy

Senate: County and Municipal Government

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

Date of Passage: Assembly: March 15, 1983

Senate: January 24, 1983

Date of Approval: March 31, 1983

Following statements are attached if available:

Sponsor statement: Yes Attached: Senate
amendments, adopted
1-24-83 (with statement)

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

See newspaper clipping (attached):
"Suburbs granted tax lure," 4-5-83 Star Ledger.

(OVER)

Report mentioned in sponsors' statement:

974.901 New Jersey. Division of Local Government Services.
L852.1 Annual report: statements of financial condition
of counties and municipalities. Trenton, 1978.

CHAPTER 118 LAWS OF 1983
APPROVED 3/22/83

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 329

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1982 SESSION

By Assemblymen SCHWARTZ, VAN WAGNER, FLYNN, JANISZEWSKI, MATTHEWS, LESNIAK, DEVERIN, THOMPSON, KAVANAUGH, PATERO and BAER

AN ACT to amend "An act to provide for exemptions and abatements on commercial and industrial structures in areas in need of rehabilitation in certain cases, and supplementing chapter 4 of Title 54 of the Revised Statutes," approved February 10, 1977 (P. L. 1977, c. 12).

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

1 1. Section 2 of P. L. 1977, c. 12 (C. 54:4-3.96) is amended to read
2 as follows:

3 2. As used in this act:

4 a. "Area in need of rehabilitation" means an area which, in the
5 determination of the Commissioner of the Department of Com-
6 munity Affairs, upon application of the governing body of the
7 affected municipality, is zoned for industrial, commercial or resi-
8 dential uses, or any mix thereof, and is certified by the commis-
9 sioner to be endangered by blight and in need of rehabilitation as
10 measured by: the physical deterioration of building maintenance
11 in the area, age of building stock and other structures, and
12 arrearage in real property taxes due on buildings, structures or
13 lands in the area. Any area which conforms to the conditions of a
14 blighted area, as defined in P. L. 1949, c. 187, s. 1 (C. 40:55-21.1),
15 shall also be deemed an area in need of rehabilitation if included
16 by the governing body in its application to the commissioner.

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

Matter printed in italics *thus* is new matter.

- Matter enclosed in asterisks or stars has been adopted as follows:**
*—Assembly committee amendments adopted March 8, 1982.
**—Senate committee amendments adopted October 25, 1982.
***—Senate amendment adopted January 24, 1983.

17 Where these indices show widespread deterioration, the commis-
 18 sioner may if so requested by the governing body of the affected
 19 municipality designate the entire municipality an "area in need
 20 of rehabilitation" for purposes of this act.

21 b. "Assessor" means the assessor**[, board of assessors]** or
 22 **[any]** other official or body of a taxing district charged with
 23 the duty of assessing real property for the purpose of general
 23A taxation.

24 c. "Commerical or industrial structure" means any structure or
 25 part thereof used for manufacturing, processing, assembling, re-
 26 search, office, industrial, commercial, retail, recreational, hotel or
 27 warehousing purposes.

28 d. "Improvement" means the modernization, rehabilitation,
 29 renovation, alteration or repair of a commercial or industrial
 30 structure that does not increase the volume of the structure by
 31 more than 30%.

32 e. "Project" means the construction of a new facility or facilities
 33 to be used or occupied by any person for the manufacturing,
 34 processing, or assembly of material or manufactured products or
 35 for research, office, industrial, commercial, retail, recreational, or
 36 hotel or motel facilities or warehousing, or for any combination
 37 thereof, and which the governing body determines will tend to
 38 maintain or provide gainful employment within the municipality,
 39 assist in the economic development of the municipality, maintain
 40 or increase the tax base of the municipality and maintain or
 41 diversify and expand commerce within the municipality. "Project"
 42 shall also mean an enlargement of the volume of an existing struc-
 43 ture by more than 30%. *"Project" shall not include any facility*
 44 *or facilities which are the result of a removal of a facility from any*
 44A *other qualifying municipality.*

45 f. "Qualified municipality" means any municipality which has
 46 qualified for State aid under *[P. L. 1971, c. 64, as supplemented]*
 47 *P. L. 1978, c. 14 (C. 52:27D-178 et seq.)*, or a municipality certified
 48 by the Commissioner of Community Affairs to qualify under such
 49 law in every respect except ***for one or more of the following:***
 50 *population, the number of ADC children, **[and]** the existence*
 51 *of publicly financed housing***, or a municipality which has quali-*
 52 *fied for State aid under the "Depressed Rural Centers Aid Act,"*
 53 *P. L. 1977, c. 260 (C. 52:27D-162 et seq.).****

1 2. Section 18 of P. L. 1977, c. 12 (C. 54:4-3.112) is amended to
 2 read as follows:

3 18. The Director of the Division of Local Government Services
 4 shall promulgate and prescribe such forms as may be necessary

5 to carry out the provisions of this act, *shall immediately notify*
6 *those municipalities which at any time become newly eligible to*
7 *institute property tax *exemption and* abatement programs *under*
8 *this act**, and shall annually submit to the Legislature a report
9 *containing all statistical and other information related to the im-*
10 *plementation of the provisions of this act.*

1 3. This act shall take effect immediately.

STATEMENT

This bill increases the number of municipalities eligible to institute property tax abatement programs pursuant to P. L. 1977, c. 12 (C. 54:4-3.95 et seq.) (the legislation creating the municipal property tax abatement programs), by removing from the existing qualification criteria the stipulations that a municipality must have 350 ADC children and publicly financed housing. As P. L. 1977, c. 12 (C. 54:4-3.95 et seq.) currently reads, 39 municipalities are eligible to institute property tax abatement programs. This bill increases the number of eligible municipalities to 112, and affects each of the 21 counties.

This bill also provides that the Director of the Division of Local Government Services in the Department of Community Affairs shall annually submit to the Legislature a report containing all statistical and other information related to the implementation of P. L. 1977, c. 12 (C.54:4-3.95 et seq.), and shall immediately notify those municipalities which at any time become eligible to institute property tax abatement programs.

P. L. 1977, c. 12 (C. 54:4-3.95 et seq.) allows qualified municipalities to initiate programs of property tax abatements in deteriorating and economically distressed urban areas, with the view of encouraging and stimulating an economic revitalization in such areas. Yet the only municipalities allowed to inaugurate such programs are those which qualify for State aid to municipalities under the provisions of P. L. 1971, c. 64 (the so-called "Urban Aid" program), with the exception of the minimum population requirement. Thus, as the law presently reads, in order to institute a property tax abatement program a municipality must have (1) publicly financed housing, (2) 350 ADC children, (3) an equalized tax rate in excess of the State equalized tax rate, and (4) an equalized valuation per capita less than the State equalized valuation per capita.

However, the requirements of a minimum of 350 ADC children and the existence of publicly financed housing, while certainly relevant criteria for the distribution of urban aid, are not equally relevant to a determination of whether or not to allow a municipality to adopt a property tax abatement program. Indeed, there are many New Jersey municipalities which do not have publicly financed housing or the minimum number of ADC children, but which do have distressed and deteriorated areas in need of the investment and economic revitalization which the municipal property tax abatement program is designed to encourage. This bill addresses the problems of these municipalities.

ASSEMBLY HOUSING AND URBAN POLICY
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 329

STATE OF NEW JERSEY

DATED: MARCH 8, 1982

This bill would increase the number of municipalities eligible to institute property-tax exemption and abatement programs to stimulate industrial and commercial development in "areas in need of rehabilitation," pursuant to P. L. 1977, c. 14.

Eligible municipalities under that act may, after obtaining the approval of the Commissioner of the Department of Community Affairs to designate an "area in need of rehabilitation," by ordinance (1) exempt "improvements" to structures in the area for not more than 5 years, and (2) abate the taxes on any "new project" in the area for 5 years. The exemption may be granted to all improvements, or specified categories of improvements; or may be granted on a case-by-case determination. An abatement may be offset by in-lieu annual payments based on a project's cost or revenue; or it may take the form of a phase-in of property-tax payments, from nothing the first year graduating up to 100% of the regular levy after the fifth.

To become eligible under current law, a municipality must meet all the qualifications of a municipality entitled to "urban aid" under P. L. 1978, c. 14 (except the population requirement): high tax rate, low tax base, more than 350 ADC children, and publicly financed housing within the municipality. This bill would drop the last two qualifications, on the theory that they are irrelevant to the purposes of the tax-abatement program. The committee agrees with the sponsor's contention that there are many municipalities without those particular qualifications that need the incentive to "investment and economic revitalization" provided by the tax abatements and incentives available under P. L. 1977, c. 14.

Accordingly we report Assembly Bill No. 329 favorably, with two minor technical amendments.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 329
with Senate committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 25, 1982

Assembly Bill No. 329 would increase the number of municipalities eligible to institute property-tax exemption and abatement programs to stimulate industrial and commercial development in "areas in need of rehabilitation," pursuant to P. L. 1977, c. 12.

Eligible municipalities under that act may, after obtaining the approval of the Commissioner of the Department of Community Affairs to designate an "area in need of rehabilitation," by ordinance (1) exempt "improvements" to structures in the area for not more than five years and (2) abate the taxes on any "new project" in the area for five years. The exemption may be granted to all improvements, or specified categories of improvements; or may be granted on a case-by-case determination. An abatement may be offset by in-lieu annual payments based on a project's cost or revenue; or it may take the form of a phase-in of property-tax payments, from nothing the first year graduating up to 100% of the regular levy after the fifth.

To become eligible under current law, a municipality must meet all the qualifications of a municipality entitled to "urban aid" under P. L. 1978, c. 14 (except the population requirement): high tax rate, low tax base, more than 350 ADC children, and publicly financed housing within the municipality. This bill would drop the last two qualifications, on the theory that they are irrelevant to the purposes of the tax-abatement program. The sponsor contends that there are many municipalities without those particular qualifications that need the incentive to "investment and economic revitalization" provided by the tax abatements and incentives available under P. L. 1977, c. 12.

The Senate committee amendment addresses a technical problem in the bill as received by the committee. The intent of the sponsor is obviously that a municipality would be eligible for the tax exemption and abatement program of P. L. 1977, c. 12 if it qualifies for urban aid, except for one or more of the following criteria: population, the number of ADC children, publicly financed housing. However, a literal

reading of the current language of subsection f. would disqualify a municipality if it happened to meet any one of these three criteria.

The amendments also would remove from the current law a reference to boards of assessors which were recently abolished pursuant to P. L. 1981, c. 393.

ADOPTED
JAN 24 1983

to (by Senator [Name])

Assembly Bill No. 329 OCR (Senate Reprint)
by Assemblyman Schwartz

Sec.	Line	
1	51	After "housing" insert ", or a municipality which has qualified for State aid under the "Depressed Rural Centers Aid Act," P.L. 1977, c.260 (C.52:27D-162 et seq.)"

STATEMENT

This amendment expands the definition of "qualified municipality" to include municipalities that are eligible for State aid under the "Depressed Rural Centers Aid Act." These municipalities are small municipalities, formerly centers of commerce, trade and cultural life in surrounding rural areas, which have suffered chronic economic decline because of changes in the patterns of transportation, commerce and land development. Many of these municipalities, with near-urban population densities in the midst of rural areas, have experienced and are experiencing declining property values, loss of tax ratables and potential tax ratables, diminishment of local commerce and increased unemployment and underemployment among their populations, so that they have become pockets of economic depression within the areas of which they were formerly centers. This amendment will allow these depressed centers to participate in the programs outlined in A-329.

FISCAL NOTE TO
ASSEMBLY, No. 329

STATE OF NEW JERSEY

DATED: JULY 21, 1982

Assembly Bill No. 329, of 1982, would increase the number of municipalities to institute short term property tax exemption and abatement programs to stimulate industrial and commercial development in "areas in need of rehabilitation" pursuant to P. L. 1977, c. 14. The number of eligible municipalities would increase from approximately 39 to 112, and would affect each of the counties.

The Department of Community Affairs notes that there would be no direct effect on State funds. Eligible municipalities may institute the tax abatement programs, and at the present time, it cannot be determined how many will do so. From a point of evaluation of cost it would be necessary to determine whether any projects would be undertaken without the incentive.

If the response is positive, the municipality has committed itself to provide public services without "fair share" tax payments from the project. If the response is negative, the municipality has lost nothing; it has forgiven for five years what it probably would never have collected.

There are other benefits to the private and public sector stemming from the strengthening and/or expansion of the business community and the nonresidential property tax base. Also, as the property tax is a residual tax, no municipality actually loses money by granting tax exemptions—it merely causes the tax burden to be assumed by other nonexempt property owners.

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.