

40:55C-65

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40:55C-65, 40:55C-97

(Urban renewal Corporations and nonprofit corp. - annual service charge for municipal services - not to be capitalized for county tax purposes)

LAWS OF: 1983

CHAPTER: 258

Bill No: S1561

Sponsor(s): Lynch

Date Introduced: June 21, 1982

Committee: Assembly: Housing and Urban Policy

Senate: County and Municipal Government

Amended during passage: No ///

Date of Passage: Assembly: May 26, 1983

Date of Approval: July 7, 1983 Senate: November 29, 1982

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: Yes ~~No~~

Following were printed:

Reports: No

Hearings: No

Not Removed from Library  
S1561  
SPY

40:55C-65

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40:55C-65, 40:55C-97

(Urban renewal  
Corporations and  
nonprofit corp. -  
annual service charge  
for municipal services -  
not to be capitalized for  
county tax purposes)

LAWS OF: 1983

CHAPTER: 258

Bill No: S1561

Sponsor(s): Lynch

Date Introduced: June 21, 1982

Committee: Assembly: Housing and Urban Policy

Senate: County and Municipal Government

Amended during passage: No ///

Date of Passage: Assembly: May 26, 1983

Senate: November 29, 1982

Date of Approval: July 7, 1983

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: NO

Following were printed:

Reports: No

Hearings: No

DO NOT REMOVE FROM LIBRARY COPY

SENATE, No. 1561

STATE OF NEW JERSEY

INTRODUCED JUNE 21, 1982

By Senator LYNCH

Referred to Committee on County and Municipal Government

AN ACT concerning annual service charges for municipal services paid by urban renewal corporations or associations or urban renewal nonprofit corporations in certain cases, and amending P. L. 1961, c. 40 and P. L. 1965, c. 95.

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

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

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

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

21 as in the case of other changes in tax exemptions status during  
22 the tax year.

23 With respect to any projects or portions of any projects not  
24 devoted to condominium ownership pursuant to P. L. 1969, c. 257  
25 (C. 46:8B-1 et seq.), the urban renewal corporation or association  
26 shall make payment to the municipality of an annual service charge  
27 for municipal services supplied to said project, in an annual  
28 amount equal to 15% of the annual gross revenues from each unit  
29 of the project, if the project is undertaken in units, or from the  
30 total project if the project is not undertaken in units, for each of  
31 the years of operation commencing with the date of the completion  
32 of such unit or of the project, as the case may be.

33 Where all or part of a project is devoted to condominium  
34 ownership by the recording of a master deed pursuant to P. L. 1969,  
35 c. 257 (C. 46:8B-1 et seq.), the project or portions thereof so  
36 utilized shall be liable for, and the urban renewal corporation or  
37 association, or a condominium owner, as the case may be, shall pay  
38 to the municipality, an amount equal to 15% of the annual gross  
39 revenue from each condominium unit in the project, or the condo-  
40 minium unit owner, as the case may be, for each of the first 10  
41 years of operation commencing upon the date of the completion of  
42 the project, or each condominium unit, if the project is under-  
43 taken in units, as the case may be. For the remainder of the period  
44 of the exemption, the annual service charge shall be determined  
45 in the same manner as provided in this paragraph, subject to the  
46 following modifications:

47 a. For the eleventh year and for each succeeding year thereafter  
48 through the fifteenth year, an amount equal to either 15% of the  
49 annual gross revenue, or 20% of the amount of taxes otherwise due  
50 on the value of the land and improvements, whichever shall be  
51 greater;

52 b. For the sixteenth year and for each succeeding year there-  
53 after through the twentieth year, an amount equal to either 15%  
54 of the annual gross revenue, or 40% of the amount of taxes other-  
55 wise due on the value of the land and improvements, whichever  
56 shall be greater;

57 c. For the twenty-first year and for each succeeding year there-  
58 after through the twenty-fifth year, an amount equal to either 15%  
59 of the annual gross revenue, or 60% of the amount of taxes other-  
60 wise due on the value of the land and improvements, whichever  
61 shall be greater; and,

62 d. For the twenty-sixth year and for each succeeding year there-  
63 after through the thirtieth year, an amount equal to either 15%

64 of the annual gross revenue, or 80% of the amount of taxes other-  
65 wise due on the value of the land and improvements, whichever  
66 shall be greater.

67 Where because of the nature of the development, ownership,  
68 use or occupancy of the project or any unit thereof if the project  
69 is to be undertaken in units, the total annual gross rental cannot  
70 be reasonably ascertained under the provisions of section 12 of  
71 this act (C. 40:55C-51), the governing body shall provide in the  
72 financial agreement that the annual service charge shall be a sum  
73 equal to 2% of the total project cost or total project unit cost  
74 determined pursuant to section 8 of this act (C. 40:55C-47),  
75 calculated from first day of the month following the substantial  
76 completion of the project or any unit thereof if the project is under-  
77 taken in units; provided, however, that in no event shall such  
78 payment together with the taxes on the land, in any year after  
79 first occupancy of the project be less than the total taxes assessed  
80 on all real property in the area covered by the project in the  
81 calendar year immediately preceding the acquisition of the said  
82 area by the municipality or its agency, or by the private or public  
83 owner from whom the urban renewal corporation acquired the land.

84 The aforesaid payment shall be made annually within 30 days  
85 after the close of each calendar year.

86 Against such annual charge the corporation or association, or,  
87 in the case of a condominium unit, the unit owner, shall be entitled  
88-89 to credit for the amount, without interest, of the real estate taxes  
90 on land paid by it in the last four preceding quarterly installments.  
91 [On or before January 15 in each year each taxing district shall  
92 report to the county board of taxation, in such form as shall be  
93 approved by the Director of the Division of Taxation, the amount  
94 of the service charge in excess of the taxes on the land chargeable  
95 for the preceding calendar year for each project or unit thereof  
96 subject to the provisions of this act. The county tax board shall  
97 capitalize the amount so reported by each taxing district by  
98 dividing the same by the tax rate per \$100.00 of valuation for the  
99 taxing district for the preceding year and multiplying the resultant  
100 quotient by 100. The result of such capitalization shall be included  
101 in the ensuing table of aggregates in a separate column as locally  
102 assessed real estate and shall be equalized in the same manner  
103 as other real estate for the purposes of apportionment of county  
104 taxes.]

105 At the end of 20 years from the date of the execution of said  
106 financial agreement or earlier at the end of 15 years of operation  
107 of any unit, if the project is undertaken in units, or the entire

108 project, if it is not undertaken in units, whichever occurs first, the  
109 tax exemption upon said unit, if the project is undertaken in units,  
110 or upon the entire project, if the project is not undertaken in units,  
111 shall cease and the improvements and any other property of the  
112 corporation or association as well as the land shall be assessed  
113 and taxed, according to general law, like other property in the  
114 municipality. In an instance of housing, the exemptions shall cease  
115 as provided above at the end of 35 years from the date of execution  
116 of the financial agreement or earlier at the end of 30 years of the  
117 operation of any unit, if the project is undertaken in units, or of  
118 the entire project if it is not undertaken in units, whichever first  
119 occurs, or if the project is devoted to condominium ownership at  
120 the end of 30 years after the recording of the master deed.

121 At the same date all restrictions and limitations upon the corpo-  
122 ration or association shall terminate and be at an end upon the  
123 corporation's or association's rendering its final account with the  
124 municipality.

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

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

20 The urban renewal nonprofit corporations shall make payment to  
21 the municipality of an annual service charge for municipal services  
22 applied to said project, in an annual amount equal to 15% of the  
23 annual gross revenues from each unit of the project, if the project  
24 is undertaken in units, or from the total project if the project is  
25 not to be undertaken in units, for each of the years of operation  
26 commencing with the date of the completion of such unit or of the

27 project, as the case may be. Where because of the nature of the  
28 development, ownership, use or occupancy of the project or any  
29 unit thereof if the project is to be undertaken in units, the total  
30 annual gross rental cannot be reasonably ascertained under the  
31 provisions of section 9 of this act, the governing body shall provide  
32 in the financial agreement that the annual service charge shall be  
33 a sum equal to 2% of the total project cost or total project unit  
34 cost determined pursuant to section 8 of this act, calculated from  
35 first day of the month following the substantial completion of the  
36 project or any unit thereof if the project is to be undertaken in  
37 units; provided, however, that in no event shall such payment  
38 together with the taxes on the land, in any year after first occu-  
39 pancy of the project be less than the total taxes assessed on all real  
40 property in the area covered by the project in the calendar year  
41 immediately preceding the acquisition of the said area by the  
42 municipality or its agency, or by the private owner from whom the  
43 urban renewal corporation acquired the land.

44 The aforesaid payment shall be made annually within 30 days  
45 after the close of each such calendar year.

46 Against such annual charge the corporation shall be entitled to  
47 credit for the amount, without interest, of the real estate taxes on  
48 land paid by it in the last 4 preceding quarterly installments. **[On**  
49 **or before January 15 in each year each taxing district shall report**  
50 **to the county board of taxation, in such form as shall be approved**  
51 **by the Director of the Division of Taxation, the amount of the**  
52 **service charge in excess of the taxes on the land chargeable for**  
53 **the preceding calendar year for each project or unit thereof sub-**  
54 **ject to the provisions of this act. The county tax board shall**  
55 **capitalize the amount so reported by each taxing district by divid-**  
56 **ing the same by the tax rate per hundred dollars of valuation for**  
57 **the taxing district for the preceding year and multiplying the**  
58 **resultant quotient by 100. The result of such capitalization shall**  
59 **be included in the ensuing table of aggregates in a separate column**  
60 **as locally assessed real estate and shall be equalized in the same**  
61 **manner as other real estate for the purposes of apportionment of**  
62 **county taxes and the distribution of State school aid.]**

63 At the end of 25 years from the date of the execution of said  
64 financial agreement or earlier at the end of 20 years of operation  
65 of any unit, if the project is undertaken in units, or of the entire  
66 project, if it is not undertaken in units, whichever occurs first,  
67 the tax exemption upon said unit, if the project is undertaken in  
68 units, or upon the entire project, if the project is not undertaken  
69 in units, shall cease and the improvements and any other property

70 of the corporation as well as the land shall be assessed and taxed,  
71 according to general law, like other property in the municipality.

72 At the same date all restrictions and limitations upon the corpo-  
73 ration in regard to the project covered by the agreement shall  
74 terminate and be at an end upon the corporation's rendering its  
75 final account on that project with the municipality.

1 3. This act shall take effect immediately.

---

#### STATEMENT

This bill amends the pertinent provisions of the "Urban Re-  
newal Corporation and Association Law of 1961" and the "Urban  
Renewal Nonprofit Corporation Law of 1965" (popularly known as  
the Fox-Lance Laws), to remove the requirement that the annual  
service charges for municipal services paid by urban renewal  
corporations and associations and urban renewal nonprofit corpo-  
rations be capitalized for county tax purposes.

---



70 of the corporation as well as the land shall be assessed and taxed,  
71 according to general law, like other property in the municipality.

72 At the same date all restrictions and limitations upon the corpo-  
73 ration in regard to the project covered by the agreement shall  
74 terminate and be at an end upon the corporation's rendering its  
75 final account on that project with the municipality.

1 3. This act shall take effect immediately.

---

#### STATEMENT

This bill amends the pertinent provisions of the "Urban Renewal Corporation and Association Law of 1961" and the "Urban Renewal Nonprofit Corporation Law of 1965" (popularly known as the Fox-Lance Laws), to remove the requirement that the annual service charges for municipal services paid by urban renewal corporations and associations and urban renewal nonprofit corporations be capitalized for county tax purposes.

S1561(1982)

ASSEMBLY HOUSING AND URBAN POLICY  
COMMITTEE

STATEMENT TO

**SENATE, No. 1561**

**STATE OF NEW JERSEY**

DATED: JANUARY 31, 1983

Senate Bill No. 1561 amends the pertinent provisions of the "Urban Renewal Corporation and Association Law of 1961" and the "Urban Renewal Nonprofit Corporation Law of 1965" (popularly known as the Fox-Lance Laws), to remove the requirement that the annual service charges for municipal services paid by urban renewal corporations and associations and urban renewal nonprofit corporations be capitalized for county tax purposes. This bill passed the Senate, 30-4 on November 29, 1982.

The Senate committee noted that the annual service charges are specifically designated in the existing statute as being in return for "municipal services supplied to said project" (in the bill: page 2, section 1, line 27; and page 4, section 2, line 21). The municipality grants tax abatements for improvements made by the corporation in the blighted area and agrees to provide certain municipal services or to undertake certain work in order to assist in completion of the project, and receives in return an annual service charge payment. Tax abatements granted under the agreement are only upon project improvements, and do not diminish the amount of taxes received by the county from that received prior to the improvement.

SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**SENATE, No. 1561**

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 16, 1982

Senate Bill No. 1561 amends the pertinent provisions of the "Urban Renewal Corporation and Association Law of 1961" and the "Urban Renewal Nonprofit Corporation Law of 1965" (popularly known as the Fox-Lance Laws), to remove the requirement that the annual service charges for municipal services paid by urban renewal corporations and associations and urban renewal nonprofit corporations be capitalized for county tax purposes.

The Senate committee notes that the annual service charges are specifically designated in the existing statute as being in return for "municipal services supplied to said project" (in the bill: page 2, section 1, line 27; and page 4, section 2, line 21). It is the municipality which enters into the financial agreement with the urban renewal corporation, under which the municipality agrees to grant tax abatements for improvements made by the corporation to properties in the blighted area, agrees to provide certain municipal services or to undertake certain work in order to assist in completion of the project, and receives in return an annual service charge payment. Tax abatements granted under the agreement are only upon project improvements, and do not diminish the amount of taxes received by the county from that received prior to the improvement.

---

**CORRECTED COPY**  
FISCAL ESTIMATE TO  
**SENATE, No. 1561**

**STATE OF NEW JERSEY**

DATED: NOVEMBER 12, 1982

Senate Bill No. 1561, of 1982, would amend pertinent provisions of the "Urban Renewal Corporation and Association Law of 1961" and the "Urban Renewal Nonprofit Corporation Law of 1965" (popularly known as Fox-Lance Laws), to remove the requirement that the annual service charges for municipal services paid by urban renewal corporations and associations and urban renewal nonprofit corporations be capitalized for county tax purposes.

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

The enactment of this bill would have no direct fiscal impact on the State or its municipalities. It would, however, shift the tax burden among residents of counties in which Fox-Lance projects are located. The taxes of residents of municipalities with Fox-Lance projects would be reduced, with the reduction being made up by other county residents.

The 1981 Abstract of Ratables (published by the Division of Taxation) shows significant Fox-Lance activities in two cities: Newark (Essex) and Jersey City (Hudson). It is estimated that in 1981, enactment of this bill would have shifted approximately \$600,000.00 in taxes from the taxpayers of Newark to taxpayers in the rest of Essex county, and approximately \$100,000.00 in taxes from the taxpayers of Jersey City to those in the rest of Hudson county. These amounts would change in future years with the addition or elimination of Fox-Lance projects and with changes in the service charges paid by these projects.

---

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

BILLS SIGNED

PAGE FOUR

JANUARY 5, 1984

S-969, sponsored by State Senator Matthew Feldman, which transfers adjudicative authority for decisions in "Second Injury Fund" cases from the Commissioner of Labor to individual Workers Compensation judges.

S-1003, sponsored by State Senator Laurence S. Weiss, D-Middlesex, which provides for tax abatement for New Jersey banks that create an international banking facility.

S-1466, sponsored by State Senator Edward T. O'Connor, Jr., D-Hudson, which establishes a Supervised Visitation Program to be administered by the Administrative Office of the Courts. The program would promote court-ordered supervised visitation between children and divorced parents in facilities provided by approved community organizations.

S-1562, also sponsored by State Senator O'Connor, which authorizes the appointment of two additional municipal court judges in Jersey City and Newark under certain circumstances. If the city has a municipal court judge sitting, full time, on the housing court or the central processing court, new judgeships could be created to replace those judges.

S-1622, sponsored by State Senator C. Louis Bassano, R-Union, which permits local government food service contracts for periods up to three years. Currently local government contracts are generally limited by law to one year.