

27:25-16

LEGISLATIVE HISTORY CHECKLIST

NJSA 27:25-16 (Transit Corp.--increase in lieu of tax payments to municipalities)

LAWS 1981 CHAPTER 40

Bill No. S1044

Sponsor(s) Musto

Date Introduced Feb. 21, 1980

Committee: Assembly Transportation and Communications

Senate Transportation and Communications

Amended during passage Yes according to Governor's recommendations ~~No~~ Amendments denoted by asterisks

Date of Passage: Assembly Nov. 24, 1980

Re-enacted 2-9-81

Senate Sept. 29, 1980

Re-enacted 2-9-81

Date of approval Feb. 18, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~ Also attached Senate amendments, adopted 9-29-80 (with statement)

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

DO NOT REMOVE FROM LIBRARY

6/22/81

181

[THIRD OFFICIAL COPY REPRINT]

SENATE, No. 1044

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Senator MUSTO

Referred to Committee on Transportation and Communications

AN ACT to amend the "New Jersey Public Transportation Act of 1979," approved July 17, 1979 (P. L. 1979, c. 150).

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

1 1. Section 16 of P. L. 1979, c. 150 (C. 27:25-16) is amended to
2 read as follows:

3 16. The exercise of the powers granted by this act shall be in all
4 respects for the benefit of the people of the State, and since the
5 improvement, operation, and maintenance of public transportation
6 services by the corporation constitute the performance of essential
7 governmental functions, neither the corporation nor any wholly
8 owned business corporation or other entity shall be required to pay
9 ***[taxes or assessments]*** *****[*any sales, corporate franchise, or**
10 **income taxes*]***** *****taxes or assessments***** upon any public
11 transportation project or any property acquired or used under the
12 provisions of this act***, *including but not limited to, sales taxes,*
13 *real property taxes or assessments, corporate franchise taxes or*
14 *income taxes.**** ***[**including, but not limited to, sales taxes, real
15 property taxes or assessments, corporate franchise taxes or income
16 taxes*] *****[**provided, however, that such corporation or any**
17 **wholly owned business corporation or other entity shall be required**
18 **to pay real property taxes and assessments as if such property was**
19 **privately owned**.]***** ****However, any property owned by the*
20 *corporation or any wholly owned business corporation or other*
21 *entity shall be considered "State" property as defined in P. L. 1977,*
22 *c. 272 (C. 54:4-2.2a), and shall be subject to the in lieu tax pay-*
23 *ments provided in that act. In order that municipalities not suffer*
24 *the loss of taxes by reason of the acquisition of property during*
25 *1980 by the corporation or any wholly owned business corporation*
26 *or other entity under the provisions of this act, the corporation*
27 *shall pay annually in two installments, May 1 and November 1, to*

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

28 to each municipality, beginning in tax year 1981, a sum equal to
29 the taxable value of the property, as determined for the tax year
30 1981, multiplied by the 1981 general tax rate for the municipality
31 where the property is located.*** ****[However,]**** **[any property**
32 owned by the corporation or any wholly owned business corporation
33 or other entity shall be considered "State" property as defined in
34 P. L. 1977, c. 272 (C. 54:4-2.2a), and shall be subject to the in lieu
35 tax payments provided in that act] ****[to the end that no taxing**
36 jurisdiction shall suffer undue loss of taxes and assessments by
37 reason of acquisition and ownership of any property by the cor-
38 poration or any wholly owned business corporation or other entity
39 for the purposes of this act, *or by the leasing of property by the
40 corporation, a wholly owned business corporation, or other wholly
41 owned entity, if such property is leased pursuant to P. L. 1979, c. 33,
42 from a public entity not otherwise required to pay taxes thereon
43 or make payments in lieu thereof,* the corporation is directed to
44 enter into an agreement with any county or municipality whereby
45 the corporation will pay in lieu of taxes a sum annually in connec-
46 tion with any real property acquired and owned *or leased* by
47 the corporation or any wholly owned business corporation or other
48 entity for any of the purposes of this act. The sum in connection
49 with any real property acquired and owned *or leased* by the
50 corporation or any wholly owned business corporation or other
51 entity for any of the purposes of this act shall not be less than
52 the full property tax or assessment due if the property was not
53 exempt from taxation.]**

1 2. This act shall take effect immediately.

SENATE, No. 1044

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Senator MUSTO

Referred to Committee on Transportation and Communications

AN ACT to amend the "New Jersey Public Transportation Act of 1979," approved July 17, 1979 (P. L. 1979, c. 150).

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

1 1. Section 16 of P. L. 1979, c. 150 (C. 27:25-16) is amended to
2 read as follows:

3 16. The exercise of the powers granted by this act shall be in all
4 respects for the benefit of the people of the State, and since the
5 improvement, operation, and maintenance of public transportation
6 services by the corporation constitute the performance of essential
7 governmental functions, neither the corporation nor any wholly
8 owned business corporation or other entity shall be required to pay
9 taxes or assessments upon any public transportation project or any
10 property acquired or used under the provisions of this act, includ-
11 ing, but not limited to, sales taxes, real property taxes or assess-
12 ments, corporate franchise taxes or income taxes. However, [any
13 property owned by the corporation or any wholly owned business
14 corporation or other entity shall be considered "State" property
15 as defined in P. L. 1977, c. 272 (C. 54:4-2.2a), and shall be subject
16 to the in lieu tax payments provided in that act] *to the end that no*
17 *taxing jurisdiction shall suffer undue loss of taxes and assessments*
18 *by reason of acquisition and ownership of any property by the*
19 *corporation or any wholly owned business corporation or other*
20 *entity for the purposes of this act, the corporation is directed to*
21 *enter into an agreement with any county or municipality whereby*
22 *the corporation will pay in lieu of taxes a sum annually in connec-*
23 *tion with any real property acquired and owned by the corporation*
24 *or any wholly owned business corporation or other entity for any*
25 *of the purposes of this act. The sum in connection with any real*
26 *property acquired and owned by the corporation or any wholly*

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

27 *owned business corporation or other entity for any of the purposes*
28 *of this act shall not be less than the full property tax or assessment*
29 *due if the property was not exempt from taxation.*

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to amend the "New Jersey Public Transportation Act of 1979" (P. L. 1979, c. 150) in order to increase the amount of in lieu of tax payments a tax jurisdiction shall receive for property acquired or owned by the New Jersey Transit Corporation.

Under the present law, the maximum amount a tax jurisdiction may receive in in lieu of tax payments is 25% of the local purpose tax levy. This policy creates great hardship both for the affected tax jurisdiction (because it reduces tax revenues) and for individual property owners within the jurisdiction (because it increases the individual tax burden).

This bill would require the New Jersey Transit Corporation to make annual in lieu of tax payments which are equal to the amount a tax jurisdiction would receive in yearly property taxes for the property if it were not owned by the corporation.

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Senator MUSTO

Referred to Committee on Transportation and Communications

AN ACT to amend the "New Jersey Public Transportation Act of 1979," approved July 17, 1979 (P. L. 1979, c. 150).

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

1 1. Section 16 of P. L. 1979, c. 150 (C. 27:25-16) is amended to
2 read as follows:

3 16. The exercise of the powers granted by this act shall be in all
4 respects for the benefit of the people of the State, and since the
5 improvement, operation, and maintenance of public transportation
6 services by the corporation constitute the performance of essential
7 governmental functions, neither the corporation nor any wholly
8 owned business corporation or other entity shall be required to pay
9 ***[taxes or assessments]*** **any sales, corporate franchise, or in-*
10 *come taxes** upon any public transportation project or any prop-
10A erty acquired or used under the provisions of this act***[, includ-**
11 **ing, but not limited to, sales taxes, real property taxes or assess-**
12 **ments, corporate franchise taxes or income taxes]***. However, **[any**
13 **property owned by the corporation or any wholly owned business**
14 **corporation or other entity shall be considered "State" property**
15 **as defined in P. L. 1977, c. 272 (C. 54:4-2.2a), and shall be subject**
16 **to the in lieu tax payments provided in that act]** *to the end that no*
17 *taxing jurisdiction shall suffer undue loss of taxes and assessments*
18 *by reason of acquisition and ownership of any property by the*
19 *corporation or any wholly owned business corporation or other*
20 *entity for the purposes of this act, *or by the leasing of property*
21 *by the corporation, a wholly owned business corporation, or other*
22 *wholly owned entity, if such property is leased pursuant to P. L.*
23 *1979, c. 33, from a public entity not otherwise required to pay taxes*
24 *thereon or make payments in lieu thereof,* the corporation is di-*
25 *rected to enter into an agreement with any county or municipality*

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

26 *whereby the corporation will pay in lieu of taxes a sum annually*
27 *in connection with any real property acquired and owned *or*
28 *leased* by the corporation or any wholly owned business corpora-*
29 *tion or other entity for any of the purposes of this act. The sum*
30 *in connection with any real property acquired and owned *or*
31 *leased* by the corporation or any wholly owned business corpora-*
32 *tion or other entity for any of the purposes of this act shall not be*
33 *less than the full property tax or assessment due if the property*
34 *was not exempt from taxation.*

1 2. This act shall take effect immediately.

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 1044

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Senator MUSTO

Referred to Committee on Transportation and Communications

AN ACT to amend the "New Jersey Public Transportation Act of 1979," approved July 17, 1979 (P. L. 1979, c. 150).

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

1 1. Section 16 of P. L. 1979, c. 150 (C. 27:25-16) is amended to
2 read as follows:

3 16. The exercise of the powers granted by this act shall be in all
4 respects for the benefit of the people of the State, and since the
5 improvement, operation, and maintenance of public transportation
6 services by the corporation constitute the performance of essential
7 governmental functions, neither the corporation nor any wholly
8 owned business corporation or other entity shall be required to pay
9 ***[taxes or assessments]*** **any sales, corporate franchise, or in-*
10 *come taxes** upon any public transportation project or any prop-
10A erty acquired or used under the provisions of this act***[, includ-**
11 *ing, but not limited to, sales taxes, real property taxes or assess-*
12 *ments, corporate franchise taxes or income taxes]* ***provided,*
13 *however, that such corporation or any wholly owned business cor-*
14 *poration or other entity shall be required to pay real property taxes*
15 *and assessments as if such property was privately owned**.*
16 ****[However,]**** **[any property owned by the corporation or any**
17 **wholly owned business corporation or other entity shall be con-**
18 **sidered "State" property as defined in P. L. 1977, c. 272**
19 **(C. 54:4-2.2a), and shall be subject to the in lieu tax payments**
20 **provided in that act]** ****[to the end that no taxing jurisdiction shall**
21 **suffer undue loss of taxes and assessments by reason of acquisition**
22 **and ownership of any property by the corporation or any wholly**
23 **owned business corporation or other entity for the purposes of this**
24 **act, *or by the leasing of property by the corporation, a wholly**
25 **owned business corporation, or other wholly owned entity, if such***

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

26 *property is leased pursuant to P. L. 1979, c. 33, from a public entity*
27 *not otherwise required to pay taxes thereon or make payments in*
28 *lieu thereof,* the corporation is directed to enter into an agree-*
29 *ment with any county or municipality whereby the corporation will*
30 *pay in lieu of taxes a sum annually in connection with any real*
31 *property acquired and owned *or leased* by the corporation or any*
32 *wholly owned business corporation or other entity for any of the*
33 *purposes of this act. The sum in connection with any real property*
34 *acquired and owned *or leased* by the corporation or any wholly*
35 *owned business corporation or other entity for any of the purposes*
36 *of this act shall not be less than the full property tax or assessment*
37 *due if the property was not exempt from taxation.】***

1 2. This act shall take effect immediately.

ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1044

[SECOND OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: NOVEMBER 10, 1980

P. L. 1979, c. 150, the act that established the New Jersey Transit Corporation, provides that any property owned by the corporation or any wholly owned business corporation or other entity shall be considered "State" property and subject to annual in lieu of tax payments.

This bill amends P. L. 1979, c. 150, so that the New Jersey Transit Corporation or any wholly owned business corporation or other entity shall pay real property taxes and assessments as if such property was privately owned.

SENATE TRANSPORTATION AND COMMUNICATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 1044
with Senate committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 1980

This legislation concerns property tax payments by the New Jersey Transit Corporation.

Debate has arisen over this issue. Municipalities have complained that they will be losing substantial tax revenues, even under an in-lieu tax program, when Transport of New Jersey is no longer privately owned.

The issue has been further complicated by the fact that the Port Authority, not New Jersey Transit, would own the former TNJ facilities. New Jersey Transit would lease the company from the Port Authority. There is no requirement for the Port Authority to pay any taxes.

This legislation requires New Jersey Transit to make annual in-lieu of tax payments at least equal to the amount a tax jurisdiction would receive in yearly property taxes for the property if it were not owned or leased by the corporation.

SENATE AMENDMENTS TO
SENATE, No. 1044
[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED SEPTEMBER 29, 1980

Amend page 1, section 1, line 12, after "taxes]"*, insert: "provided, however, that such corporation or any wholly owned business corporation or other entity shall be required to pay real property taxes and assessments as if such property was privately owned"; delete "However,".

Amend page 1, section 1, line 16, delete "to the end that no".

Amend pages 1-2, section 1, lines 17-34, delete.

STATEMENT

This amendment makes it clear that the Transit Corporation and its subsidiaries are subject to real estate taxes and assessments, as if they were private entities.

SENATE COMMITTEE AMENDMENTS TO
SENATE, No. 1044

STATE OF NEW JERSEY

ADOPTED SEPTEMBER 22, 1980

Amend page 1, section 1, line 9, omit "taxes or assessments", insert "any sales, corporate franchise, or income taxes".

Amend page 1, section 1, line 10, omit ", includ-".

Amend page 1, section 1, line 11, omit in its entirety.

Amend page 1, section 1, line 12, omit "ments, corporate franchise taxes or income taxes".

Amend page 1, section 1, line 20, after "act," insert "or by the leasing of property by the corporation, a wholly owned business corporation, or other wholly owned entity, if such property is leased pursuant to P. L. 1979, c. 33, from a public entity not otherwise required to pay taxes thereon or make payments in lieu thereof,".

Amend page 1, section 1, line 23, after "owned", insert "or leased".

Amend page 1, section 1, line 26, after "owned", insert "or leased".

January 22, 1981

SENATE BILL NO. 1044 (2 OCR)

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14(b) of the Constitution, I am returning Senate Bill No. 1044 (2 OCR), with my objections, for reconsideration.

Senate Bill No. 1044 (2 OCR) would amend the "New Jersey Public Transportation Act of 1979" to subject the New Jersey Transit Corporation and its subsidiaries to local property taxes and assessments. The Transit Corporation is currently liable for taxes pursuant to the State "in lieu" tax payment program, P.L. 1977, c. 272. The "in lieu" tax payment program provides a uniform basis for payments to municipalities for all types of State facilities, including hospitals, colleges, office buildings, motor vehicle stations and transportation maintenance and garage facilities.

This bill would establish substantially different tax treatment for property owned by the New Jersey Transit Corporation than is provided for property owned by all other State entities. Yet there is no rational basis for differentiating between property owned by New Jersey Transit and property owned by other public transportation authorities, which are subject to "in lieu" tax treatment.

Recognizing, however, that it may be difficult for the affected municipalities to accommodate the tax loss resulting from the acquisition of Transport of New Jersey and Maplewood Equipment Company by the New Jersey Transit Corporation, I am recommending that New Jersey Transit continue to make tax payments to these municipalities at the current general municipal tax rate.

I accordingly recommend the following amendments for concurrence by the Legislature:

Page 1, Section 1, Lines 9-10: Delete "any sales, corporate franchise or income taxes"; Insert "taxes or assessments"

Page 1, Section 1, Line 10A: After "act" Insert ", including, but not limited to, sales taxes, real property taxes or assessments, corporate franchise taxes or income taxes."

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

Page 2

Page 1, Section 1, Lines 13-15: Delete entirely; Insert
"However, any property owned by the corporation or any wholly owned business corporation or other entity shall be considered "State" property as defined in P.L. 1977, c. 272 (C. 54:4-2.2a), and shall be subject to the in lieu tax payments provided in that act. In order that municipalities not suffer the loss of taxes by reason of the acquisition of property during 1980 by the corporation or any wholly owned business corporation or other entity under the provisions of this act, the corporation shall pay annually in two installments, May 1 and November 1, to each municipality, beginning in tax year 1981, a sum equal to the taxable value of the property, as determined for the tax year 1981, multiplied by the 1981 general tax rate for the municipality where the property is located.

Respectfully,

/s/ Brendan Byrne

GOVERNOR

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, SECRETARY

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

FEBRUARY 18, 1981

PATRICK SWEENEY

Governor Brendan Byrne today signed S-1044, sponsored by Senator William Vincent Musto (D-Hudson), which will require New Jersey Transit Corporation to pay full taxes to those municipalities affected by the October 1980 acquisition of Transport of New Jersey. The bill, however, caps the taxes to be paid by New Jersey Transit at the 1981 tax level.

The bill requires New Jersey Transit to pay approximately \$920,000 a year, rather than \$330,000 under "in lieu," to the affected municipalities.

The municipalities affected by this bill are: Fairview, North Arlington, Oradell, Maple Shade, Riverside, Camden, Wildwood, Belleville, Maplewood, Newark, Nutley, Orange, West Orange, Washington, Hoboken, Jersey City, Union City, New Brunswick, Paterson, and Elizabeth.

#####