

54:4-3.72 et seq

LEGISLATIVE HISTORY CHECKLIST

(Home Improvement Tax  
Cut Act--allows municipalities  
to abate taxes for home improvements)

RISA 54:4-3.72 et seq

LAWS 1981

CHAPTER 544

Bill No. A3392

Sponsor(s) Schwartz and others

Date Introduced May 14, 1981

Committee: Assembly

Senate County & Municipal Government

Amended during passage

~~Yes~~

No

Date of Passage: Assembly June 8, 1981

Senate Nov. 16, 1981

Date of approval Jan. 12, 1982

Following statements are attached if available:

Sponsor statement	Yes	<del>xxx</del>
Committee Statement: Assembly	<del>xxx</del>	No
Senate	Yes	<del>xxx</del>
Fiscal Note	Yes	<del>xxx</del>
Veto Message	<del>xxx</del>	No
Message on signing	<del>xxx</del>	No

Following were printed:

Reports:	<del>xxx</del>	No
Hearings	<del>xxx</del>	No

ASSEMBLY, No. 3392

STATE OF NEW JERSEY

INTRODUCED MAY 14, 1981

By Assemblymen SCHWARTZ, BAER, KARCHER, BORNHEIMER, PATERO, DEVERIN, PATERNITI, JACKMAN, KAVANAUGH, OTLOWSKI, HOLLENBECK, Assemblywoman McCONNELL, Assemblymen GIRGENTI, PELLECCIA, BATE, THOMPSON, ZANGARI, McENROE, RILEY, DALTON, VAN WAGNER, FORTUNATO, Assemblywoman GARVIN, Assemblymen CODEY, MATTHEWS, DOYLE, MAYS, DORIA, T. GALLO, VISOTCKY, McMANIMON, STOCKMAN, HERMAN, STEWART, D. GALLO, EDWARDS and KERN

(Without Reference)

AN ACT to amend the title of "An act to provide for exemption from taxation in certain cases, and supplementing chapter 4 of Title 54 of the Revised Statutes," approved May 29, 1975, (P. L. 1975, c. 104), so that the same shall read "An act to provide for exemption or abatement from taxation in certain cases, and supplementing chapter 4 of Title 54 of the Revised Statutes," to amend and supplement the body of that act, and to amend P. L. 1977, c. 284.

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

1 1. The title of P. L. 1975, c. 104 is amended to read as follows:  
2 An act to provide for exemption *or abatement* from taxation in  
3 certain cases, and supplementing chapter 4 of Title 54 of the  
4 Revised Statutes.

1 2. (New section) This amendatory and supplementary act shall  
2 be known and may be cited as the "Home Improvement Tax Cut  
3 Act."

1 3. Section 1 of P. L. 1975, c. 104 (C. 54:4-3.72) is amended to  
2 read as follows:

3 1. The Legislature finds:

4 a. Efforts are being made by many of our municipalities as well  
5 as by the State and Federal Government to encourage owners,  
6 particularly, of residential properties to rehabilitate their prop-

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

7 erties and thereby curb the deterioration of residential neighbor-  
8 hoods.

9 b. As a result of the decline of such neighborhoods, many of our  
10 municipalities have and are presently engaged in extensive urban  
11 renewal and urban redevelopment projects involving vast expendi-  
12 tures of public funds.

13 c. The deterioration of neighborhoods making such renewal  
14 and redevelopment projects necessary is the result in some measure  
15 of the unwillingness of the owners and investors of residential  
16 properties to properly maintain and improve their properties out  
17 of fear of the resulting increase in property taxes.

18 d. By exempting for a limited period certain home improvements  
19 from taxation, *and providing for the abatement of some portion*  
20 *of the assessed valuation of the residential properties before im-*  
21 *provement*, much of this unwillingness and fear would not only  
22 be dissipated but such owners and investors would be encouraged  
23 to rehabilitate and improvement their properties and, incidentally,  
24 their respective neighborhoods and municipalities.

1 4. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
5 other official or body of a taxing district charged with the duty of  
6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for which  
8 it was intended.

9 c. "Dwelling" means any building or part of a building used,  
10 to be used or held for use as a home or residence, including acces-  
11 sory buildings located on the same premises, together with the land  
12 upon which such building or buildings are erected and which may  
13 be necessary for the fair enjoyment thereof, but shall not mean any  
14 building or part of a building, defined as a "multiple dwelling"  
15 pursuant to the "Hotel and Multiple Dwelling Law," P. L. 1967,  
16 c. 76 (C. 55:13A-1 et seq.). A dwelling shall include individual  
17 residences within a horizontal property regime or a condominium,  
18 but shall not include "general common elements" or "common  
19 elements" of such horizontal property regime or condominium as  
20 defined pursuant to the "Horizontal Property Act," P. L. 1963,  
21 c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act," P. L. 1969,  
22 c. 257 (C. 46:8B-1 et seq.).

23 d. "Home Improvement" means the improvement of a dwelling  
24 which does not change its permitted use, and shall include the

25 modernization, rehabilitation, renovation, alteration or repair of  
26 a dwelling:

27 e. "Qualified municipality" means any municipality in which  
28 residential neighborhoods have been declared by the county plan-  
29 ning board or the Commissioner of the Department of Community  
30 Affairs to be in need of rehabilitation, pursuant to section 3 of  
31 this act.

32 f. "Abatement" means that portion of the assessed value of a  
33 property as it existed prior to an improvement which is exempted  
34 from taxation pursuant to subsection b. of section 4 (C. 54:4-3.75b.).

35 g. "Exemption" means any portion of the assessor's full and true  
36 value of any improvement not regarded as increasing the taxable  
37 value of a property pursuant to subsection a. of section 4 (C.  
38 54:4-3.75 a.).

1 5. Section 4 of P. L. 1975, c. 104 (C. 54:4-3.75) is amended to  
2 read as follows:

3 4. a. In determining the value of real property for the purposes  
4 of taxation, qualified municipalities, after passage by the municipal  
5 governing body of a general ordinance providing for such exemp-  
6 tions either throughout the municipality or in designated residen-  
7 tial neighborhoods to be specified in such ordinance, may regard  
8 the first \$4,000.00 or \$10,000.00 or \$15,000.00, as may be specified  
9 by general ordinance, in assessor's full and true value of home  
10 improvements for each dwelling unit primarily and directly affected  
11 by a home improvement in any dwelling more than 20 years old,  
12 as not increasing the value of such property for a period of 5 years,  
13 notwithstanding that the value of the dwelling to which such im-  
14 provements are made is increased thereby, provided, however, that  
15 during said period, the assessment on such dwelling shall in no  
16 case, except that of an abatement as provided in subsection b. of  
17 this section, or damage through action of the elements sufficient  
18 to warrant a reduction, be less than the assessment thereon existing  
19 immediately prior to such home improvements.

20 b. Any ordinance providing for exemptions may also provide for  
21 the abatement of some portion of the assessed value of property  
22 receiving such an exemption as it existed immediately prior to the  
23 improvement. Any abatement for any single property may be  
24 granted with respect to that property for a total of up to 5 years,  
25 but the annual amount of the abatement granted to any single  
26 property shall not exceed 30% of the annual amount of the exemp-  
27 tion granted under the ordinance. The abatement period and the  
28 annual percentage of the abatement to be granted shall be set forth

29 *in the adopting ordinance, which may include a schedule providing*  
 30 *for a different percentage of abatement, up to 30%, for each or*  
 31 *any year of the abatement period.*

1 6. Section 5 of P. L. 1975, c. 104 (C. 54:4-3.76) is amended to  
 2 read as follows:

3 5. [Such amounts may be deducted from the amount determined  
 4 by the assessor.] *The assessor shall determine, on October 1 of any*  
 5 *year following the date of the completion of the improvement [to*  
 6 *be], the true taxable value of the improvement[, and]. The amount*  
 7 *of tax to be paid for the first year following the completion of the*  
 8 *improvement shall be based on the assessed valuation of the prop-*  
 9 *erty for the previous year, plus any portion of the assessed valua-*  
 10 *tion of the improvement not allowed an exemption pursuant to sub-*  
 11 *section a. of section 4 (C. 54:4-3.75a.), minus the amount of the*  
 12 *abatement, if any, allowed pursuant to subsection b. of section 4*  
 13 *(C. 54:4-3.75b.). Subject to the provisions of the adopting ordi-*  
 14 *nance, the property shall continue to be so treated for each of the*  
 15 *5 tax years subsequent to the original determination by the assessor.*

1 7. Section 6 of P. L. 1975, c. 104 (C. 54:4-3.77) is amended to  
 2 read as follows:

3 6. Additional improvements, completed during a period in which  
 4 the improved property is subject to previously granted exemption  
 5 privileges, *or exemption and abatement privileges*, in an amount  
 6 less than the maximum deductions permissible hereunder shall be  
 7 qualified for additional deduction privileges, *or additional exemp-*  
 8 *tion and abatement privileges*, under the terms and conditions  
 9 herein specified; provided, however, that in no tax year shall the  
 10 total deduction *or annual abatement* for any single property exceed  
 11 the maximum amount specified in section 4 hereinabove.

1 8. Section 7 of P. L. 1975, c. 104 (C. 54:4-3.78) is amended to  
 2 read as follows:

3 7. No exemption, *or exemption and abatement*, authorized pur-  
 4 suant to the provisions of this act, shall be granted or allowed  
 5 except upon written application therefor filed with and approved  
 6 by the assessor of the taxing district wherein the home improve-  
 7 ment is made. Every such application shall be on a form prescribed  
 8 by the Director of the Division of Taxation, Department of the  
 9 Treasury, and provided for the use of claimants by the governing  
 10 body of the municipality constituting the taxing district, and shall  
 11 be filed with the assessor within 30 days, including Saturdays and  
 12 Sundays, following the completion of the improvement. Every  
 13 application for exemption, *or exemption and abatement*, of one or

14 more improvements which qualify as improvements, within a mu-  
 15 nicipality adopting the provisions of this act, as defined by this  
 16 act, and which is filed within the time specified, shall be approved  
 17 and allowed by the assessor. The granting of any such exemption,  
 18 *or exemption and abatement*, shall be recorded and made a perma-  
 19 nent part of the official tax records of the taxing district which  
 20 record shall contain a notice of the termination date [of the ex-  
 21 emption and the consequences of transfer of title].

1 9. Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a) is amended to  
 2 read as follows:

3 7. The Department of Community Affairs shall prepare, in  
 4 sufficient quantity for distribution to residential property owners  
 5 in municipalities electing to offer exemptions, *or exemptions and*  
 6 *abatements*, pursuant to this act, a notice for taxpayers describing  
 7 the exemption program *or exemption and abatement program* and  
 8 the application procedure [therefore] *therefor*. Any qualified  
 9 municipality which has adopted a general ordinance providing for  
 10 exemptions, *or exemptions and abatements*, pursuant to this act  
 11 shall include said notice in the mailing of annual property tax bills  
 12 to each owner of [residential property, including multi-family  
 13 housing, in the municipality] *a dwelling located in an area in which*  
 14 *exemptions, or exemptions and abatements, may be allowed pursu-*  
 15 *ant to the ordinance* during the first year following adoption of  
 16 said ordinance [or, for municipalities which adopted such an  
 17 ordinance prior to the effective date of this amendatory and sup-  
 18 plementary act, during the first year following the effective date  
 19 of said act].

1 10. Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b) is amended  
 2 to read as follows:

3 8. Any municipality which has adopted an ordinance pursuant  
 4 to this act declaring neighborhoods "endangered by blight" may  
 5 proceed, on the initiative of the governing body, to amend such  
 6 ordinance declaring neighborhoods to be "in need of rehabilita-  
 7 tion," provided, however, that any exemption granted and in force  
 8 shall not be discontinued by virtue of such amended ordinance.

9 *Any municipality which has adopted an ordinance pursuant to*  
 10 *P. L. 1975, c. 104 (C. 54:4-3.72 et seq.) may amend that ordinance*  
 11 *to adopt the exemption and abatement provisions of this amenda-*  
 12 *tory and supplementary act, but any exemption previously granted*  
 13 *and in force shall not be discontinued by virtue of the amendment.*  
 14 *The amendment may provide that the abatement provisions of this*  
 15 *amendatory and supplementary act shall apply to properties for*

16 *which exemptions are currently granted and in force on the date*  
 17 *of the amended ordinance, but only for each full year remaining*  
 18 *of the exemption period previously granted. This shall not prevent*  
 19 *a municipality from granting exemptions, or exemptions and abate-*  
 20 *ments, under the amended ordinance for subsequent improvements*  
 21 *to such a property.*

1 11. This act shall take effect immediattely.

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#### STATEMENT

This bill, the "Home Improvement Tax Cut Act," extends to P. L. 1975, c. 104 (homeowner's improvements) the optional tax abatement device currently available to municipalities under P. L. 1979, c. 233 (multiple dwelling improvements) and P. L. 1977, c. 12 (commercial and industrial improvements). The bill would permit municipalities to abate some portion of a homeowner's tax assessment when the owner improves his dwelling, in addition to exempting up to \$15,000.00 of the value of the improvement. The annual amount of the abatement could not exceed 30% of the annual amount of the improvement exemption granted. An adopting municipality could set up its own schedule providing for a different percentage of abatement, up to 30%, for each or any year of the 5 year abatement period.

A municipality adopting the abatement provisions of this act could, if it wished, grant abatements for home improvements for which exemptions have been previously granted, but only for any portion of the 5 year exemption period remaining.

The bill would provide an additional tool which municipalities could use to stimulate rehabilitation efforts in residential neighborhoods. The tax cut permitted here for homeowners who make improvements, while not as deep as those permitted for multiple dwellings or industrial and commercial structures, should cover the interest charges for a home improvement loan, and remove the disincentive the current high interest rates create for homeowners who wish to borrow money for improvements. As a result the building and other enterprises in the area would be stimulated, increasing employment and economic activity.

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 17 *of the amended ordinance, but only for each full year remaining*  
 18 *of the exemption period previously granted. This shall not prevent*  
 19 *a municipality from granting exemptions, or exemptions and abate-*  
 20 *ments, under the amended ordinance for subsequent improvements*  
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A 3392 (1981)



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SENATE COUNTY AND MUNICIPAL  
GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3392

STATE OF NEW JERSEY

DATED: JUNE 29, 1981

Assembly Bill No. 3392, the "Home Improvement Tax Cut Act," extends to P. L. 1975, c. 104 (homeowner's improvements) the optional abatement device currently available to municipalities under P. L. 1979, c. 233 (multiple dwelling improvements) and P. L. 1977, c. 12 (commercial and industrial improvements). The bill would permit municipalities to abate some portion of a homeowner's tax assessment when the owner improves his dwelling, in addition to exempting up to \$15,000.00 of the value of the improvement. The annual amount of the abatement could not exceed 30% of the annual amount of the improvement exemption granted. An adopting municipality could set up its own schedule providing for a different percentage of abatement, up to 30%, for each or any year of the 5 year abatement period.

A municipality adopting the abatement provisions of this act could, if it wished, grant abatements for home improvements for which exemptions have been previously granted, but only for any portion of the 5 year exemption period remaining.

According to the sponsor, the bill would provide an additional tool which municipalities could use to stimulate rehabilitation efforts in residential neighborhoods. The tax cut permitted here for homeowners who make improvements, while not as deep as those permitted for multiple dwellings or industrial and commercial structures, should cover the interest charges for a home improvement loan, and remove the disincentive the current high interest rates create for homeowners who wish to borrow money for improvements. As a result the building and other enterprises in the area would be stimulated, increasing employment and economic activity.

FISCAL NOTE TO  
ASSEMBLY, No. 3392

STATE OF NEW JERSEY

DATED: AUGUST 6, 1981

Assembly Bill No. 3392 of 1980 permits municipalities to abate some portion of a homeowners tax assessment when the owner improves his dwelling.

The Department of Treasury estimates enactment of this legislation would have no effect on State funds.

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