

54:4-3.3g et. al.
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2013 **CHAPTER:** 261

NJSA: 54:4-3.3g et. al. (Exempts certain properties acquired by municipalities from county, school, and fire district taxes immediately upon acquisition)

BILL NO: A3362 (Substituted for S2256)

SPONSOR(S) Schepisi and others

DATE INTRODUCED: October 11, 2012

COMMITTEE: **ASSEMBLY:** Housing and Local Government

SENATE: Community and Urban Affairs
 Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 13, 2014

SENATE: January 13, 2014

DATE OF APPROVAL: January 17, 2014

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second reprint enacted) Yes

A3362

SPONSOR'S STATEMENT: (Begins on page 6 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes Community
 Budget

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes 1-30-13
 1-7-14

S2256

SPONSOR'S STATEMENT: (Begins on page 6 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes Community
 Budget

FLOOR AMENDMENT STATEMENT: No

(continued)

LEGISLATIVE FISCAL ESTIMATE:

Yes 1-3-13
1-7-14

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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No

LAW/KR

P.L.2013, CHAPTER 261, *approved January 17, 2014*

Assembly, No. 3362 (*Second Reprint*)

1 AN ACT exempting certain properties acquired by municipalities
2 from taxation, amending various sections of statutory law, and
3 supplementing chapter 4 of Title 54 of the Revised Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. a. (New section) As used in P.L. , c. (C.) (pending
9 before the Legislature as this bill), “blue acres property tax
10 exemption” means the property tax exemption established in
11 subsection b. of this section.

12 b. A parcel of real property acquired by a municipality using
13 funds made available under a federal, county, municipal, or State
14 program for the acquisition of parcels of real property situated in
15 flood-prone areas of the municipality shall become tax exempt on
16 the date of its acquisition by the municipality. For the purposes of
17 this section, the grant of the right of possession, or vesting of title,
18 whichever shall first occur, to the municipality, shall be deemed to
19 be the acquisition with respect to such parcel of real property.

20 c. A municipality shall provide written notice of its intention to
21 acquire a parcel or parcels of real property situated in a flood-prone
22 area of the municipality to the county, the school board, and any
23 board of fire commissioners in the municipality, not less than 15
24 calendar days prior to the adoption of their respective budgets. If
25 federal, county, municipal, or State funds are not made available to
26 a municipality for the purpose of acquiring flood-prone properties
27 before the adoption of the county, school, and fire district budgets,
28 the municipality shall provide the written notice of its intention to
29 acquire the real property as soon as it is practicable, but not later
30 than 15 calendar days after the receipt of such funds.

31 d. (1) If, at the time of any acquisition pursuant to subsection b.
32 of this section, the property owner has paid the taxes ²[for the
33 current tax year in full, or]² for a period beyond the date of the
34 acquisition by the municipality, the municipality shall reimburse to
35 the property owner the amount of the property taxes paid by the
36 property owner for the ²[remaining portion of the tax year] period²
37 beyond the date of acquisition. Such reimbursement shall be made
38 to that property owner not later than 15 calendar days ¹after the next
39 regular meeting of the governing body of the municipality¹

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 underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHO committee amendments adopted December 6, 2012.

²Senate SCU committee amendments adopted March 4, 2013.

1 following the acquisition of the parcel of real property by the
2 municipality.

3 (2) In the event of any dispute between the property owner and
4 the municipality with respect to the amount of a reimbursement of
5 the property taxes paid by the property owner for the remaining
6 portion of the tax year beyond the date of acquisition, the Tax Court
7 shall have jurisdiction to determine the amount of the
8 reimbursement in a summary manner on the application of the
9 property owner, and shall make any order as may be required and
10 appropriate to carry out the court's determination.

11 ²e. If, at the time of any acquisition pursuant to subsection b. of
12 this section, the municipality has paid any tax due to a county,
13 school district, or fire district for a period beyond the date of the
14 acquisition by the municipality, the municipality shall be entitled to
15 credit against the next installment of tax due to be to paid to a
16 county, school district, or fire district the amount of the property
17 taxes paid by the municipality for the period beyond the date of
18 acquisition.²

19

20 2. N.J.S.40A:14-79 is amended to read as follows:

21 40A:14-79. Upon proper certification pursuant to section 9 of
22 P.L.1979, c.453 (C.40A:14-78.5), the assessor of the municipality
23 in which the fire district is situate shall assess the amount to be
24 raised by taxation to support the district budget against the taxable
25 property therein, in the same manner as municipal taxes are
26 assessed and the said amount shall be assessed, levied and collected
27 at the same time and in the same manner as other municipal taxes.

28 For the purposes of this section:

29 "District tax due" or "tax due" means the amount so assessed less
30 the district's proportionate share of the property taxes no longer
31 owed by the municipality pursuant to the blue acres property tax
32 exemption established by subsection b. of section 1 of
33 P.L. , c. (C.) (pending before the Legislature as this bill)
34 ²and less any applicable credit established by subsection e. of
35 section 1 of P.L. , c. (C.) (pending before the Legislature
36 as this bill).²

37 The collector or treasurer of the municipality in which said
38 district is situate shall pay over all **【moneys so assessed】** district tax
39 due to the treasurer or custodian of funds of said fire district as
40 follows: on or before April 1, an amount equaling 21.25% of all
41 **【moneys so assessed】** tax due; on or before July 1, an amount
42 equaling 22.5% of all **【moneys so assessed】** tax due; on or before
43 October 1, an amount equaling 25% of all **【moneys so assessed】** tax
44 due; and on or before December 31, an amount equaling the
45 difference between the total of all **【moneys so assessed】** tax due,
46 and the total **【amount】** of the quarterly amounts of such moneys
47 previously paid over**【,】** to the fire district. These moneys are to be

1 held and expended for the purpose of providing and maintaining
2 means for extinguishing fires in such district.

3 Notwithstanding anything herein to the contrary, the municipal
4 governing body may authorize, in the cash management plan
5 adopted by it pursuant to N.J.S.40A:5-14, a schedule of payments
6 of fire district **【moneys】 tax due** by which an amount greater than
7 required on any of the first three payment dates cited herein may be
8 paid over. The municipal governing body and board of fire
9 commissioners may, by concurrent resolution, adopt a schedule of
10 payments of fire district **【moneys】 tax due** by which an amount less
11 than required on any of the first three payment dates cited herein
12 may be paid over. Such resolution shall be included in the cash
13 management plan adopted by the municipal governing body
14 pursuant to N.J.S.40A:5-14.

15 The commissioners may also pay back, or cause to be paid back
16 to such municipality, any funds or any part thereof paid to the
17 treasurer or custodian of funds of such fire district by the collector
18 or treasurer of the municipality, representing taxes levied for fire
19 district purposes but not actually collected in cash by said collector
20 or treasurer.

21 (cf: P.L.1985, c.288, s.4)

22

23 3. R.S.54:4-74 is amended to read as follows:

24 54:4-74. For the purpose of this section:

25 "County tax due" or "tax due" means the amount so assessed less
26 the county's proportionate share of the property taxes no longer
27 owed by the municipality pursuant to the blue acres property tax
28 exemption established by subsection b. of section 1 of
29 P.L. , c. (C.) (pending before the Legislature as this bill)
30 ²and less any applicable credit established by subsection e. of
31 section 1 of P.L. , c. (C.) (pending before the Legislature
32 as this bill)².

33 The governing body of each municipality shall cause to be paid
34 to the treasurer of the county, in four installments, the amount of
35 county tax due, and the other county taxes required to be assessed
36 and raised in such municipality, on the fifteenth day of the month in
37 which each installment of taxes shall become payable, except, that
38 in those years when the third installment has been determined by
39 the tax collector to be due after August 10, the installment shall be
40 due no later than five days after the twenty-fifth day from when the
41 tax bill was mailed or otherwise delivered pursuant to subsection a.
42 of R.S.54:4-64, but no later than September 15. The amount to be
43 payable as each of the first two installments shall be one-quarter of
44 the total **【tax】** county tax due and one-quarter of the other total
45 county taxes finally levied against the municipality for the
46 preceding year, and the amount to be payable for the third and
47 fourth installments shall be the county tax due, and for the other
48 county taxes the full tax as levied, for the current year, less the

1 amount charged as the first and second installments. The total
2 amount thus found to be payable as the last two installments shall
3 be divided equally for and as each installment. The governing body
4 of each municipality shall cause to be paid to the county treasurer
5 on December fifteenth of each year all of the taxes required to be
6 assessed and raised by taxation in such taxing district for state
7 school and other state purposes.

8 (cf: P.L.2007, c.62, s.36)

9

10 4. R.S.54:4-75 is amended to read as follows:

11 54:4-75. For the purpose of this section:

12 "School tax due" or "tax due" means the amount so assessed less
13 the school district's proportionate share of the property taxes no
14 longer owed by the municipality pursuant to the blue acres property
15 tax exemption established by subsection b. of section 1 of
16 P.L. , c. (C.) (pending before the Legislature as this bill)
17 ²and less any applicable credit established by subsection e. of
18 section 1 of P.L. , c. (C.) (pending before the Legislature
19 as this bill)².

20 The governing body of each municipality shall pay over to the
21 board secretary or treasurer of school moneys, as appropriate, in the
22 case of school districts in which appropriations for school purposes
23 are made by the inhabitants of the school district, within forty days
24 after the beginning of the school year, twenty per centum (20%) of
25 the **[appropriation for local school purposes]** moneys from school
26 tax due, and thereafter, but prior to the last day of the school year,
27 the balance of the moneys **[raised in the municipality]** from school
28 tax due for school purposes in such amounts as may be requested
29 from time to time **[be requested]** by the Board of Education, within
30 thirty days after each request. The Board of Education shall not
31 request any more money at any one time than shall be required for
32 its expenditures for a period of eight weeks in advance; provided,
33 however, that the Board of Education may at any time, but not
34 earlier than fifteen days prior to the beginning of the school year,
35 request sufficient moneys to meet all interest and debt redemption
36 charges maturing during the first forty days of the school year. The
37 governing body may make payments of such moneys in advance of
38 the time and in excess of the amounts required by this section.
39 Notwithstanding provisions of this section to the contrary, in those
40 years when the third installment of property taxes has been
41 determined by the tax collector to be due after August 10, the
42 installment shall be due no later than five days after the twenty-fifth
43 day from when the tax bill was mailed or otherwise delivered
44 pursuant to subsection a. of R.S.54:4-64, but no later than
45 September 1.

46 (cf: P.L.2010, c.39, s.36)

47

48 5. R.S.54:4-76 is amended to read as follows:

1 54:4-76. The governing body of the municipality or the county
2 shall cause the county tax due, as calculated pursuant to
3 R.S.54:4-74, and other county taxes levied, [local] school tax due,
4 as calculated pursuant to R.S.54:4-75, taxes due to other taxing
5 districts, and State taxes to be paid as and when due for payment. If
6 there shall not be sufficient funds in the treasury available for such
7 payments, the governing body shall immediately borrow sufficient
8 money and pay such taxes due. The board of chosen freeholders of
9 each county may by resolution fix the rate of discount to be allowed
10 for the payment to the county treasurer of county taxes previous to
11 the date on which they will become due for payment. The rate so
12 fixed shall not exceed six per centum per annum, and shall be
13 allowed only in case of payment on or before the thirtieth day
14 previous to the date on which said taxes will become due for
15 payment to the county treasurer. On any part of the taxes payable
16 to the county treasurer and on any part of the taxes payable to the
17 State by the county treasurer, which shall remain unpaid after the
18 time within which they are required to be paid by this chapter, the
19 taxing district or county in arrears shall pay to the county or State,
20 as the case may be, interest at the rate of six per centum per annum
21 upon the delayed payment.

22 (cf: P.L.1940, c.21, s.1)

23

24 6. This act shall take effect immediately ²and shall be
25 retroactive to October 29, 2012².

26

27

28

29

30 Exempts certain properties acquired by municipalities from
31 county, school, and fire district taxes immediately upon acquisition.

ASSEMBLY, No. 3362

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED OCTOBER 11, 2012

Sponsored by:

Assemblywoman HOLLY SCHEPISI

District 39 (Bergen and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman TIMOTHY J. EUSTACE

District 38 (Bergen and Passaic)

Assemblyman JACK M. CIATTARELLI

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:

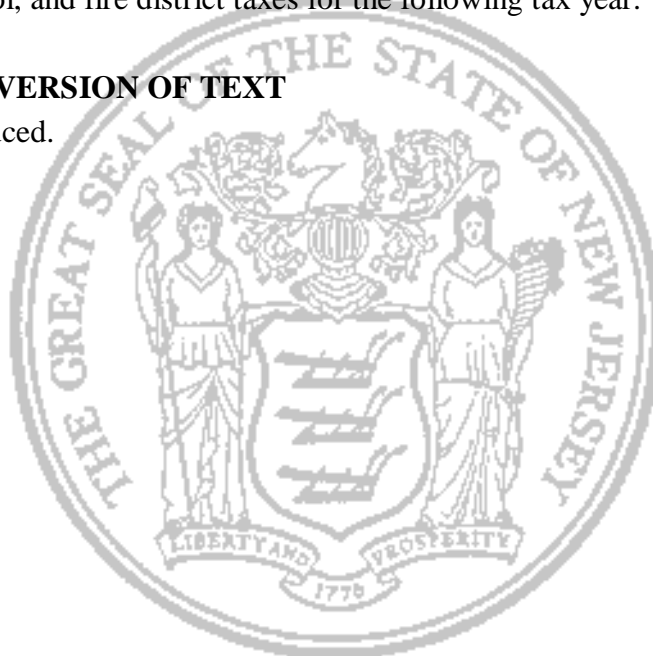
**Assemblywoman Angelini, Assemblymen Rudder, P.Barnes, III,
Assemblywoman Spencer, Assemblymen Rumana and Webber**

SYNOPSIS

Exempts certain properties acquired by municipalities after October 1 from county, school, and fire district taxes for the following tax year.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/19/2012)

A3362 SCHEPISI, VAINIERI HUTTLE

2

1 AN ACT exempting certain properties acquired by municipalities
2 from taxation, amending various sections of statutory law, and
3 supplementing chapter 4 of Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. (New section) As used in P.L. , c. (C.) (pending
9 before the Legislature as this bill), “blue acres property tax
10 exemption” means the property tax exemption established in
11 subsection b. of this section.

12 b. A parcel of real property acquired by a municipality using
13 funds made available under a federal, county, municipal, or State
14 program for the acquisition of parcels of real property situated in
15 flood-prone areas of the municipality shall become tax exempt on
16 the date of its acquisition by the municipality. For the purposes of
17 this section, the grant of the right of possession, or vesting of title,
18 whichever shall first occur, to the municipality, shall be deemed to
19 be the acquisition with respect to such parcel of real property.

20 c. A municipality shall provide written notice of its intention to
21 acquire a parcel or parcels of real property situated in a flood-prone
22 area of the municipality to the county, the school board, and any
23 board of fire commissioners in the municipality, not less than 15
24 calendar days prior to the adoption of their respective budgets. If
25 federal, county, municipal, or State funds are not made available to
26 a municipality for the purpose of acquiring flood-prone properties
27 before the adoption of the county, school, and fire district budgets,
28 the municipality shall provide the written notice of its intention to
29 acquire the real property as soon as it is practicable, but not later
30 than 15 calendar days after the receipt of such funds.

31 d. (1) If, at the time of any acquisition pursuant to subsection b.
32 of this section, the property owner has paid the taxes for the current
33 tax year in full, or for a period beyond the date of the acquisition by
34 the municipality, the municipality shall reimburse to the property
35 owner the amount of the property taxes paid by the property owner
36 for the remaining portion of the tax year beyond the date of
37 acquisition. Such reimbursement shall be made to that property
38 owner not later than 15 calendar days following the acquisition of
39 the parcel of real property by the municipality.

40 (2) In the event of any dispute between the property owner and
41 the municipality with respect to the amount of a reimbursement of
42 the property taxes paid by the property owner for the remaining
43 portion of the tax year beyond the date of acquisition, the Tax Court
44 shall have jurisdiction to determine the amount of the
45 reimbursement in a summary manner on the application of the

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 underlined thus is new matter.

1 property owner, and shall make any order as may be required and
2 appropriate to carry out the court's determination.

3

4 2. N.J.S.40A:14-79 is amended to read as follows:

5 40A:14-79. Upon proper certification pursuant to section 9 of
6 P.L.1979, c.453 (C.40A:14-78.5), the assessor of the municipality
7 in which the fire district is situate shall assess the amount to be
8 raised by taxation to support the district budget against the taxable
9 property therein, in the same manner as municipal taxes are
10 assessed and the said amount shall be assessed, levied and collected
11 at the same time and in the same manner as other municipal taxes.

12 For the purposes of this section:

13 "District tax due" or "tax due" means the amount so assessed less
14 the district's proportionate share of the property taxes no longer
15 owed by the municipality pursuant to the blue acres property tax
16 exemption established by subsection b. of section 1 of P.L. _____,
17 c. (C. _____) (pending before the Legislature as this bill).

18 The collector or treasurer of the municipality in which said
19 district is situate shall pay over all **【moneys so assessed】** district
20 tax due to the treasurer or custodian of funds of said fire district as
21 follows: on or before April 1, an amount equaling 21.25% of all
22 **【moneys so assessed】** tax due; on or before July 1, an amount
23 equaling 22.5% of all **【moneys so assessed】** tax due; on or before
24 October 1, an amount equaling 25% of all **【moneys so assessed】** tax
25 due; and on or before December 31, an amount equaling the
26 difference between the total of all **【moneys so assessed】** tax due,
27 and the total **【amount】** of the quarterly amounts of such moneys
28 previously paid over**【,】** to the fire district. These moneys are to be
29 held and expended for the purpose of providing and maintaining
30 means for extinguishing fires in such district.

31 Notwithstanding anything herein to the contrary, the municipal
32 governing body may authorize, in the cash management plan
33 adopted by it pursuant to N.J.S.40A:5-14, a schedule of payments
34 of fire district **【moneys】** tax due by which an amount greater than
35 required on any of the first three payment dates cited herein may be
36 paid over. The municipal governing body and board of fire
37 commissioners may, by concurrent resolution, adopt a schedule of
38 payments of fire district **【moneys】** tax due by which an amount less
39 than required on any of the first three payment dates cited herein
40 may be paid over. Such resolution shall be included in the cash
41 management plan adopted by the municipal governing body
42 pursuant to N.J.S.40A:5-14.

43 The commissioners may also pay back, or cause to be paid back
44 to such municipality, any funds or any part thereof paid to the
45 treasurer or custodian of funds of such fire district by the collector
46 or treasurer of the municipality, representing taxes levied for fire

1 district purposes but not actually collected in cash by said collector
2 or treasurer.

3 (cf: P.L.1985, c.288, s.4)

4

5 3. R.S.54:4-74 is amended to read as follows:

6 54:4-74. For the purpose of this section:

7 "County tax due" or "tax due" means the amount so assessed less
8 the county's proportionate share of the property taxes no longer
9 owed by the municipality pursuant to the blue acres property tax
10 exemption established by subsection b. of section 1 of P.L. _____,
11 c. (C. _____) (pending before the Legislature as this bill).

12 The governing body of each municipality shall cause to be paid
13 to the treasurer of the county, in four installments, the amount of
14 county tax due, and the other county taxes required to be assessed
15 and raised in such municipality, on the fifteenth day of the month in
16 which each installment of taxes shall become payable, except, that
17 in those years when the third installment has been determined by
18 the tax collector to be due after August 10, the installment shall be
19 due no later than five days after the twenty-fifth day from when the
20 tax bill was mailed or otherwise delivered pursuant to subsection a.
21 of R.S.54:4-64, but no later than September 15. The amount to be
22 payable as each of the first two installments shall be one-quarter of
23 the total **[tax]** county tax due and one-quarter of the other total
24 county taxes finally levied against the municipality for the
25 preceding year, and the amount to be payable for the third and
26 fourth installments shall be the county tax due, and for the other
27 county taxes the full tax as levied, for the current year, less the
28 amount charged as the first and second installments. The total
29 amount thus found to be payable as the last two installments shall
30 be divided equally for and as each installment. The governing body
31 of each municipality shall cause to be paid to the county treasurer
32 on December fifteenth of each year all of the taxes required to be
33 assessed and raised by taxation in such taxing district for state
34 school and other state purposes.

35 (cf: P.L.2007, c.62, s.36)

36

37 4. R.S.54:4-75 is amended to read as follows:

38 54:4-75. For the purpose of this section:

39 "School tax due" or "tax due" means the amount so assessed less
40 the school district's proportionate share of the property taxes no
41 longer owed by the municipality pursuant to the blue acres property
42 tax exemption established by subsection b. of section 1 of P.L. _____,
43 c. (C. _____) (pending before the Legislature as this bill).

44 The governing body of each municipality shall pay over to the
45 board secretary or treasurer of school moneys, as appropriate, in the
46 case of school districts in which appropriations for school purposes
47 are made by the inhabitants of the school district, within forty days
48 after the beginning of the school year, twenty per centum (20%) of

1 the **【appropriation for local school purposes】** moneys from school
2 tax due, and thereafter, but prior to the last day of the school year,
3 the balance of the moneys **【raised in the municipality】** from school
4 tax due for school purposes in such amounts as may be requested
5 from time to time **【be requested】** by the Board of Education, within
6 thirty days after each request. The Board of Education shall not
7 request any more money at any one time than shall be required for
8 its expenditures for a period of eight weeks in advance; provided,
9 however, that the Board of Education may at any time, but not
10 earlier than fifteen days prior to the beginning of the school year,
11 request sufficient moneys to meet all interest and debt redemption
12 charges maturing during the first forty days of the school year. The
13 governing body may make payments of such moneys in advance of
14 the time and in excess of the amounts required by this section.
15 Notwithstanding provisions of this section to the contrary, in those
16 years when the third installment of property taxes has been
17 determined by the tax collector to be due after August 10, the
18 installment shall be due no later than five days after the twenty-fifth
19 day from when the tax bill was mailed or otherwise delivered
20 pursuant to subsection a. of R.S.54:4-64, but no later than
21 September 1.

22 (cf: P.L.2010, c.39, s.36)

23

24 5. R.S.54:4-76 is amended to read as follows:

25 54:4-76. The governing body of the municipality or the county
26 shall cause the county tax due, as calculated pursuant to
27 R.S.54:4-74, and other county taxes levied, **【local】** school tax due,
28 as calculated pursuant to R.S.54:4-75, taxes due to other taxing
29 districts, and State taxes to be paid as and when due for payment. If
30 there shall not be sufficient funds in the treasury available for such
31 payments, the governing body shall immediately borrow sufficient
32 money and pay such taxes due. The board of chosen freeholders of
33 each county may by resolution fix the rate of discount to be allowed
34 for the payment to the county treasurer of county taxes previous to
35 the date on which they will become due for payment. The rate so
36 fixed shall not exceed six per centum per annum, and shall be
37 allowed only in case of payment on or before the thirtieth day
38 previous to the date on which said taxes will become due for
39 payment to the county treasurer. On any part of the taxes payable
40 to the county treasurer and on any part of the taxes payable to the
41 State by the county treasurer, which shall remain unpaid after the
42 time within which they are required to be paid by this chapter, the
43 taxing district or county in arrears shall pay to the county or State,
44 as the case may be, interest at the rate of six per centum per annum
45 upon the delayed payment.

46 (cf: P.L.1940, c.21, s.1)

47

48 6. This act shall take effect immediately.

STATEMENT

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This bill would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes for the following tax year. Currently, if a municipality acquires such property after October 1, it must pay the county, school, and fire district taxes owed for all or the remainder of the following tax year out of its own tax dollars since that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3362

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2012

The Assembly Housing and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 3362.

This bill would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes for the following tax year. Currently, if a municipality acquires such property after October 1, it must pay the county, school, and fire district taxes owed for all or the remainder of the following tax year out of its own tax dollars since that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

COMMITTEE AMENDMENT:

The committee amendment requires the municipality to reimburse the property owner, not later 15 days after the next regular meeting of the governing body of the municipality following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner beyond the date of acquisition, for the current tax year either in full, or for a period beyond the date of acquisition of the property by the municipality.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3362

STATE OF NEW JERSEY 215th LEGISLATURE

DATED: JANUARY 30, 2013

SUMMARY

- Synopsis:** Exempts certain properties acquired by municipalities after October 1 from county, school, and fire district taxes for the following year.
- Type of Impact:** Indeterminate decrease in municipal expenditures.
Indeterminate loss of revenues to counties, fire districts, and school districts.
- Agencies Affected:** Counties, fire districts, municipalities and school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Decrease in Municipal Expenditures – See comments below		
Local Revenue	Indeterminate Decrease in County, Fire District, and School District Revenues – See comments below		

- The Office of Legislative Services has determined that the enactment of Assembly Bill No. 3362 (1R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collection on behalf of counties, fire districts, and school districts.
- Municipalities would experience a reduction in expenditures because they would no longer be required to pay counties, fire districts, and school districts their respective share of the property taxes that would have been generated by a flood-prone property if that property is granted a blue acres property tax exemption.
- Counties, fire districts, and school districts would incur a short-term loss of property tax revenues that would have been paid to those entities by the municipality, even after the flood-prone property was no longer assessed for property tax purposes. The duration of the short-term loss period would depend on whether the property was purchased and exempted by the October 1 valuation date or after that date.

BILL DESCRIPTION

Assembly Bill No. 3362 (1R) of 2012 would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes for the following tax year. Currently, if a municipality acquires such property after October 1, it must pay the county, school, and fire district taxes owed for all or the remainder of the following tax year out of its own tax dollars since that property is no longer on the tax rolls and generating property tax revenues. The municipality must reimburse the property owner, not later than 15 days after the next regular meeting of the governing body of the municipality, following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner beyond the date of acquisition, for the current tax year either in full, or for a period beyond the date of acquisition of the property by the municipality.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services has determined that the enactment of Assembly Bill No. 3362 (1R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures otherwise required to be made because it would no longer be required to pay, from its own funds, the other taxing districts proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid in full for the current tax year or for a period beyond the date of acquisition by the municipality. Counties, fire districts, and school districts would lose property tax revenues that would have been generated by the flood-prone property had it remained on the tax rolls or that are currently paid by the municipality.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing district would lose only those property tax revenues that would have been collected during the remainder of that tax year. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year plus those generated in the following tax year. There are two reasons why the lost revenue period is slightly longer if the flood-prone property is acquired in the fourth-quarter. First, as required by the bill, the flood-prone property would be exempted from property taxation from the time it is acquired by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and tax levy for each of the other taxing districts. Since the flood-prone property will become exempt from taxation upon acquisition,

and the municipality will not be required to pay the assessed taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property tax revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax revenues that would have been generated by the flood-prone property, had the municipality remained liable for the assessed taxes.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3362

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 2013

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Assembly Bill No. 3362 (1R).

As amended, this bill would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes immediately upon acquisition. Currently, if a municipality acquires such property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year and for all of the following tax year. A municipality must make these payments out of its own tax dollars because that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

The committee amended the bill to make it retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres municipal acquisitions qualify for the immediate property tax exemption provided in the bill. The committee also amended the bill to provide that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property before the enactment of the bill, but after its retroactive date, against the next installment of taxes due to the county, school district, or fire district. The committee also amended the bill to further clarify that real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes is exempt from property taxation immediately upon acquisition by the municipality.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- Make it retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres real property acquisitions by municipalities qualify for the immediate property tax exemption provided in the bill.
- Provide that municipalities may credit any taxes already paid to a county, school district, or fire district, which are retroactively subject to the property tax exemption upon the bill's enactment, against the next payment of taxes due to the county, school district, or fire district.
- Further clarify that real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes is exempt from property taxation immediately upon acquisition by the municipality.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 3362

STATE OF NEW JERSEY

DATED: JANUARY 6, 2014

The Senate Budget and Appropriations committee reports favorably Assembly Bill No. 3362 (2R).

The bill would exempt from school, county and fire district real property taxes real property acquired by municipalities as part of a flood-prone property acquisition program, immediately upon acquisition by the municipality of the real property.

Currently, if a municipality acquires such property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year and for all of the following tax year. A municipality must make these payments out of its own tax dollars because that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

The bill is retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres municipal acquisitions qualify for the immediate property tax exemption. The bill provides that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property before the enactment of the bill, but after October 29, 2012, against the next installment of taxes due to the county, school district, or fire district. The bill requires a municipality to reimburse a property owner, not later than 15 days after the next regular meeting of the governing body of the municipality following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner for the period beyond the date of acquisition.

As reported, this bill is identical to Senate Bill No. 2256 (1R), as also reported by the committee.

FISCAL IMPACT:

The granting of blue acres property tax exemptions authorized by this bill would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures otherwise required to be made, because it would no longer be required to pay, from its own funds, the other taxing districts' proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid for a period beyond the date of acquisition by the municipality. If the municipality has already made a property tax payment to the other taxing districts, it is permitted to credit that amount against the next installment.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing districts would lose only those property tax revenues that would have been collected during the remainder of that tax year. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year plus those generated in the following year. There are two reasons why the lost revenue period is slightly longer if the flood-prone property is acquired in the fourth quarter. First, as required by the bill, the flood-prone property would be exempted from taxation from the time it is acquired by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and the tax levy for each of the other taxing districts. Since, under the bill, the flood-prone property will become exempt from taxation upon acquisition, and the municipality will not be required to pay the assessed taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property taxes revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax

revenues that would have been generated by the flood-prone property, had the municipality remained liable for the assessed taxes.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 3362

STATE OF NEW JERSEY 215th LEGISLATURE

DATED: JANUARY 7, 2014

SUMMARY

- Synopsis:** Exempts certain properties acquired by municipalities from county, school, and fire district taxes immediately upon acquisition.
- Type of Impact:** Indeterminate decrease in municipal expenditures.
Indeterminate loss of revenue to counties, fire districts, and school districts.
- Agencies Affected:** Counties, fire districts, municipalities, and school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Decrease in Municipal Expenditures – See comments below		
Local Revenue	Indeterminate Decrease in County, Fire District, and School District Revenues – See comments below		

- The Office Legislative Services has determined that the enactment of Assembly Bill No. 3362 (2R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected on behalf of counties, fire districts, and school districts.
- Municipalities would experience a reduction in expenditures because they would no longer be required to pay counties, fire districts, and school districts their respective share of the property taxes for the remainder of the year when a flood-prone property is granted a blue acres property tax exemption.
- Counties, fire districts, and school districts would incur a short-term loss of property tax revenues that would have been paid to those entities for the remainder of the year by the municipality, even after the flood-property is granted a blue acres property tax exemption. The duration of the short-term loss period would depend on whether the property was purchased and exempted by the October 1 valuation, or after that date.

BILL DESCRIPTION

Assembly Bill No. 3362 (2R) of 2012 exempts real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes immediately upon acquisition. Currently, if a municipality acquires a flood-prone property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and the following tax year even though the property is no longer generating property tax revenues. Under the bill, the municipality must reimburse the property owner, not later than 15 days after the next regular meeting of the governing body of the municipality, following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner beyond the date of acquisition, for the current tax year, or for a period beyond the date of acquisition of the property by the municipality. The bill also provides that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property, before the enactment of the bill, but after its retroactive date, against the next installment of taxes due. Assembly Bill No. 3362 (2R) would take effect immediately and would be retroactive October 29, 2012.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services has determined that the granting of blue acres property tax exemptions authorized by Assembly Bill No. 3362 (2R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures otherwise required to be made, because it would no longer be required to pay, from its own funds, the other taxing districts' proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid for a period beyond the date of acquisition by the municipality. If the municipality has already made a property tax payment to the other taxing districts, it is permitted to credit that amount against the next installment.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing districts would lose only those property tax revenues that would have been collected during the remainder of that tax year. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year plus those generated in the following year. There are two reasons why the lost revenue period is slightly longer if the flood-prone property is acquired in the fourth quarter. First, as required by the bill, the flood-prone property would be exempted from taxation from the time it is acquired

by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and the tax levy for each of the other taxing districts. Since, under the bill, the flood-prone property will become exempt from taxation upon acquisition, and the municipality will not be required to pay the assessed taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property taxes revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax revenues that would have been generated by the flood-prone property, had the municipality remained liable for the assessed taxes.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 2256

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED OCTOBER 15, 2012

Sponsored by:

Senator ROBERT M. GORDON

District 38 (Bergen and Passaic)

Senator GERALD CARDINALE

District 39 (Bergen and Passaic)

SYNOPSIS

Exempts certain properties acquired by municipalities after October 1 from county, school, and fire district taxes for the following tax year.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT exempting certain properties acquired by municipalities
2 from taxation, amending various sections of statutory law, and
3 supplementing chapter 4 of Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. (New section) As used in P.L. , c. (C.) (pending
9 before the Legislature as this bill), “blue acres property tax
10 exemption” means the property tax exemption established in
11 subsection b. of this section.

12 b. A parcel of real property acquired by a municipality using
13 funds made available under a federal, county, municipal, or State
14 program for the acquisition of parcels of real property situated in
15 flood-prone areas of the municipality shall become tax exempt on
16 the date of its acquisition by the municipality. For the purposes of
17 this section, the grant of the right of possession, or vesting of title,
18 whichever shall first occur, to the municipality, shall be deemed to
19 be the acquisition with respect to such parcel of real property.

20 c. A municipality shall provide written notice of its intention to
21 acquire a parcel or parcels of real property situated in a flood-prone
22 area of the municipality to the county, the school board, and any
23 board of fire commissioners in the municipality, not less than 15
24 calendar days prior to the adoption of their respective budgets. If
25 federal, county, municipal, or State funds are not made available to
26 a municipality for the purpose of acquiring flood-prone properties
27 before the adoption of the county, school, and fire district budgets,
28 the municipality shall provide the written notice of its intention to
29 acquire the real property as soon as it is practicable, but not later
30 than 15 calendar days after the receipt of such funds.

31 d. (1) If, at the time of any acquisition pursuant to subsection b.
32 of this section, the property owner has paid the taxes for the current
33 tax year in full, or for a period beyond the date of the acquisition by
34 the municipality, the municipality shall reimburse to the property
35 owner the amount of the property taxes paid by the property owner
36 for the remaining portion of the tax year beyond the date of
37 acquisition. Such reimbursement shall be made to that property
38 owner not later than 15 calendar days following the acquisition of
39 the parcel of real property by the municipality.

40 (2) In the event of any dispute between the property owner and
41 the municipality with respect to the amount of a reimbursement of
42 the property taxes paid by the property owner for the remaining
43 portion of the tax year beyond the date of acquisition, the Tax Court
44 shall have jurisdiction to determine the amount of the
45 reimbursement in a summary manner on the application of the

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 underlined thus is new matter.

1 property owner, and shall make any order as may be required and
2 appropriate to carry out the court's determination.

3

4 2. N.J.S.40A:14-79 is amended to read as follows:

5 40A:14-79. Upon proper certification pursuant to section 9 of
6 P.L.1979, c.453 (C.40A:14-78.5), the assessor of the municipality
7 in which the fire district is situate shall assess the amount to be
8 raised by taxation to support the district budget against the taxable
9 property therein, in the same manner as municipal taxes are
10 assessed and the said amount shall be assessed, levied and collected
11 at the same time and in the same manner as other municipal taxes.

12 For the purposes of this section:

13 "District tax due" or "tax due" means the amount so assessed less
14 the district's proportionate share of the property taxes no longer
15 owed by the municipality pursuant to the blue acres property tax
16 exemption established by subsection b. of section 1 of
17 P.L. , c. (C.) (pending before the Legislature as this bill).

18 The collector or treasurer of the municipality in which said
19 district is situate shall pay over all **【moneys so assessed】** district
20 tax due to the treasurer or custodian of funds of said fire district as
21 follows: on or before April 1, an amount equaling 21.25% of all
22 **【moneys so assessed】** tax due; on or before July 1, an amount
23 equaling 22.5% of all **【moneys so assessed】** tax due; on or before
24 October 1, an amount equaling 25% of all **【moneys so assessed】** tax
25 due; and on or before December 31, an amount equaling the
26 difference between the total of all **【moneys so assessed】** tax due,
27 and the total **【amount】** of the quarterly amounts of such moneys
28 previously paid over**【,】** to the fire district. These moneys are to be
29 held and expended for the purpose of providing and maintaining
30 means for extinguishing fires in such district.

31 Notwithstanding anything herein to the contrary, the municipal
32 governing body may authorize, in the cash management plan
33 adopted by it pursuant to N.J.S.40A:5-14, a schedule of payments
34 of fire district **【moneys】** tax due by which an amount greater than
35 required on any of the first three payment dates cited herein may be
36 paid over. The municipal governing body and board of fire
37 commissioners may, by concurrent resolution, adopt a schedule of
38 payments of fire district **【moneys】** tax due by which an amount less
39 than required on any of the first three payment dates cited herein
40 may be paid over. Such resolution shall be included in the cash
41 management plan adopted by the municipal governing body
42 pursuant to N.J.S.40A:5-14.

43 The commissioners may also pay back, or cause to be paid back
44 to such municipality, any funds or any part thereof paid to the
45 treasurer or custodian of funds of such fire district by the collector
46 or treasurer of the municipality, representing taxes levied for fire

1 district purposes but not actually collected in cash by said collector
2 or treasurer.

3 (cf: P.L.1985, c.288, s.4)

4

5 3. R.S.54:4-74 is amended to read as follows:

6 54:4-74. For the purpose of this section:

7 "County tax due" or "tax due" means the amount so assessed less
8 the county's proportionate share of the property taxes no longer
9 owed by the municipality pursuant to the blue acres property tax
10 exemption established by subsection b. of section 1 of
11 P.L. , c. (C.) (pending before the Legislature as this bill).

12 The governing body of each municipality shall cause to be paid
13 to the treasurer of the county, in four installments, the amount of
14 county tax due, and the other county taxes required to be assessed
15 and raised in such municipality, on the fifteenth day of the month in
16 which each installment of taxes shall become payable, except, that
17 in those years when the third installment has been determined by
18 the tax collector to be due after August 10, the installment shall be
19 due no later than five days after the twenty-fifth day from when the
20 tax bill was mailed or otherwise delivered pursuant to subsection a.
21 of R.S.54:4-64, but no later than September 15. The amount to be
22 payable as each of the first two installments shall be one-quarter of
23 the total **[tax]** county tax due and one-quarter of the other total
24 county taxes finally levied against the municipality for the
25 preceding year, and the amount to be payable for the third and
26 fourth installments shall be the county tax due, and for the other
27 county taxes the full tax as levied, for the current year, less the
28 amount charged as the first and second installments. The total
29 amount thus found to be payable as the last two installments shall
30 be divided equally for and as each installment. The governing body
31 of each municipality shall cause to be paid to the county treasurer
32 on December fifteenth of each year all of the taxes required to be
33 assessed and raised by taxation in such taxing district for state
34 school and other state purposes.

35 (cf: P.L.2007, c.62, s.36)

36

37 4. R.S.54:4-75 is amended to read as follows:

38 54:4-75. For the purpose of this section:

39 "School tax due" or "tax due" means the amount so assessed less
40 the school district's proportionate share of the property taxes no
41 longer owed by the municipality pursuant to the blue acres property
42 tax exemption established by subsection b. of section 1 of
43 P.L. , c. (C.) (pending before the Legislature as this bill).

44 The governing body of each municipality shall pay over to the
45 board secretary or treasurer of school moneys, as appropriate, in the
46 case of school districts in which appropriations for school purposes
47 are made by the inhabitants of the school district, within forty days
48 after the beginning of the school year, twenty per centum (20%) of

1 the **【appropriation for local school purposes】** moneys from school
2 tax due, and thereafter, but prior to the last day of the school year,
3 the balance of the moneys **【raised in the municipality】** from school
4 tax due for school purposes in such amounts as may be requested
5 from time to time **【be requested】** by the Board of Education, within
6 thirty days after each request. The Board of Education shall not
7 request any more money at any one time than shall be required for
8 its expenditures for a period of eight weeks in advance; provided,
9 however, that the Board of Education may at any time, but not
10 earlier than fifteen days prior to the beginning of the school year,
11 request sufficient moneys to meet all interest and debt redemption
12 charges maturing during the first forty days of the school year. The
13 governing body may make payments of such moneys in advance of
14 the time and in excess of the amounts required by this section.
15 Notwithstanding provisions of this section to the contrary, in those
16 years when the third installment of property taxes has been
17 determined by the tax collector to be due after August 10, the
18 installment shall be due no later than five days after the twenty-fifth
19 day from when the tax bill was mailed or otherwise delivered
20 pursuant to subsection a. of R.S.54:4-64, but no later than
21 September 1.

22 (cf: P.L.2010, c.39, s.36)

23

24 5. R.S.54:4-76 is amended to read as follows:

25 54:4-76. The governing body of the municipality or the county
26 shall cause the county tax due, as calculated pursuant to
27 R.S.54:4-74, and other county taxes levied, 【local】 school tax due,
28 as calculated pursuant to R.S.54:4-75, taxes due to other taxing
29 districts, and State taxes to be paid as and when due for payment. If
30 there shall not be sufficient funds in the treasury available for such
31 payments, the governing body shall immediately borrow sufficient
32 money and pay such taxes due. The board of chosen freeholders of
33 each county may by resolution fix the rate of discount to be allowed
34 for the payment to the county treasurer of county taxes previous to
35 the date on which they will become due for payment. The rate so
36 fixed shall not exceed six per centum per annum, and shall be
37 allowed only in case of payment on or before the thirtieth day
38 previous to the date on which said taxes will become due for
39 payment to the county treasurer. On any part of the taxes payable
40 to the county treasurer and on any part of the taxes payable to the
41 State by the county treasurer, which shall remain unpaid after the
42 time within which they are required to be paid by this chapter, the
43 taxing district or county in arrears shall pay to the county or State,
44 as the case may be, interest at the rate of six per centum per annum
45 upon the delayed payment.

46 (cf: P.L.1940, c.21, s.1)

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48 6. This act shall take effect immediately.

STATEMENT

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This bill would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes for the following tax year. Currently, if a municipality acquires such property after October 1, it must pay the county, school, and fire district taxes owed for all or the remainder of the following tax year out of its own tax dollars since that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2256
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: JANUARY 4, 2013

SUMMARY

Synopsis: Exempts certain properties acquired by municipalities after October 1 from county, school, and fire district taxes for the following year.

Type of Impact: Indeterminate decrease in municipal expenditures.
 Indeterminate loss of revenue to counties, fire districts, and school districts.

Agencies Affected: Counties, fire districts, municipalities, and school districts

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Decrease in Municipal Expenditures – See comments below		
Local Revenue	Indeterminate Decrease in County, Fire District, and School District Revenues – See comments below		

- The Office of Legislative Services has determined that the enactment of Senate Bill No. 2256 would result in an indeterminate reduction in municipal expenditures and indeterminate, short-term loss of revenues collected on behalf of counties, fire districts, and school districts.
- Municipalities would experience a reduction in expenditures because they would no longer be required to pay counties, fire districts, and school districts their respective share of the property taxes that would have been generated by a flood-prone property if that property is granted a blue acres property tax exemption.
- Counties, fire districts, and school districts would incur a short-term loss of property tax revenues that would have been paid to those entities by the municipality even though the flood-prone property was longer assessed for property tax purposes.

BILL DESCRIPTION

Senate Bill No. 2256 of 2012 would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes for the following year. Currently, if a municipality acquires such property after October 1, it must pay the county, school, and fire district taxes owed for the remainder of the tax year and all of the following tax year out of its own tax dollars since that property is no on the tax rolls longer generating property tax revenues.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services has determined that the enactment of Senate Bill No. 2256 would result in an indeterminate reduction in municipal expenditures and indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures because it would longer be required to pay, from its own funds, the other taxing districts proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid in full for the current tax year or for a period beyond the date of acquisition by the municipality. Counties, fire districts, and school districts lose would property tax revenues that would have been generated by the flood-prone property had it remained on the tax rolls.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing districts would lose only those property tax revenues that would have collected during the remainder of that period. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year and in the following tax year. There are two reasons why the period during which there is lost revenue is slightly longer if the flood-prone property is acquired in the fourth-quarter. First, as required by the bill, the flood-prone property would be exempt from property taxation from the time it is acquired by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and tax levy for each of other taxing districts. Since the flood-prone property will become exempt from taxation upon acquisition and the municipality will not be required to pay taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property tax revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under

the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax revenues that would have been generated by the flood-prone property had it remained taxable.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-6 et seq.).

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2256

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 2013

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 2256.

As amended by the committee, this bill would exempt real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes immediately upon acquisition. Currently, if a municipality acquires such property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year and for all of the following tax year. A municipality must make these payments out of its own tax dollars because that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

The committee amended the bill to make it retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres municipal acquisitions qualify for the immediate property tax exemption provided in the bill. The committee also amended the bill to provide that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property before the enactment of the bill, but after its retroactive date, against the next installment of taxes due to the county, school district, or fire district. The committee also amended the bill to further clarify that real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes is exempt from property taxation immediately upon acquisition by the municipality. The committee also amended the bill to require a municipality to reimburse a property owner, not later than 15 days after the next regular meeting of the governing body of the municipality following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner for the period beyond the date of acquisition.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- Make it retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres real property acquisitions by municipalities qualify for the immediate property tax exemption provided in the bill.
- Provide that municipalities may credit any taxes already paid to a county, school district, or fire district, which are retroactively subject to the property tax exemption upon the bill's enactment, against the next payment of taxes due to the county, school district, or fire district.
- Further clarify that real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes is exempt from property taxation immediately upon acquisition by the municipality.
- Require a municipality to reimburse a property owner, not later than 15 days after the next regular meeting of the governing body of the municipality following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner for the period beyond the date of acquisition.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2256

STATE OF NEW JERSEY

DATED: JANUARY 6, 2014

The Senate Budget and Appropriations committee reports favorably Senate Bill No. 2256 (1R).

The bill would exempt from school, county and fire district real property taxes real property acquired by municipalities as part of a flood-prone property acquisition program, immediately upon acquisition by the municipality of the real property.

Currently, if a municipality acquires such property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year and for all of the following tax year. A municipality must make these payments out of its own tax dollars because that property is no longer generating property tax revenues on the tax rolls. Eliminating this municipal tax responsibility would help make sure that municipalities, which already face substantial budget constraints, do not feel forced to forego grants for the acquisition of properties in flood-prone areas out of concern for its own tax payment liabilities.

The bill is retroactive to October 29, 2012, the date on which Superstorm Sandy made landfall in New Jersey, so that post-Sandy blue acres municipal acquisitions qualify for the immediate property tax exemption. The bill provides that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property before the enactment of the bill, but after October 29, 2012, against the next installment of taxes due to the county, school district, or fire district. The bill requires a municipality to reimburse a property owner, not later than 15 days after the next regular meeting of the governing body of the municipality following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner for the period beyond the date of acquisition.

As reported, this bill is identical to Assembly Bill No. 3362 (2R), as also reported by the committee.

FISCAL IMPACT:

The granting of blue acres property tax exemptions authorized by this bill would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures otherwise required to be made, because it would no longer be required to pay, from its own funds, the other taxing districts' proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid for a period beyond the date of acquisition by the municipality. If the municipality has already made a property tax payment to the other taxing districts, it is permitted to credit that amount against the next installment.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing districts would lose only those property tax revenues that would have been collected during the remainder of that tax year. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year plus those generated in the following year. There are two reasons why the lost revenue period is slightly longer if the flood-prone property is acquired in the fourth quarter. First, as required by the bill, the flood-prone property would be exempted from taxation from the time it is acquired by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and the tax levy for each of the other taxing districts. Since, under the bill, the flood-prone property will become exempt from taxation upon acquisition, and the municipality will not be required to pay the assessed taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property taxes revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax

revenues that would have been generated by the flood-prone property, had the municipality remained liable for the assessed taxes.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2256 STATE OF NEW JERSEY 215th LEGISLATURE

DATED: JANUARY 7, 2014

SUMMARY

- Synopsis:** Exempts certain properties acquired by municipalities from county, school, and fire district taxes immediately upon acquisition.
- Type of Impact:** Indeterminate decrease in municipal expenditures.
Indeterminate loss of revenues to counties, fire districts, and school districts.
- Agencies Affected:** Counties, fire districts, municipalities, and school districts

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Decrease in Municipal Expenditures – See comments below		
Local Revenue	Indeterminate Decrease in County, Fire District, and School District Revenues – See comments below		

- The Office Legislative Services has determined that the enactment of Senate Bill No. 2256 (1R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected on behalf of counties, fire districts, and school districts.
- Municipalities would experience a reduction in expenditures because they would no longer be required to pay counties, fire districts, and school districts their respective share of the property taxes for the remainder of the year when a flood-prone property is granted a blue acres property tax exemption.
- Counties, fire districts, and school districts would incur a short-term loss of property tax revenues that would have been paid to those entities for the remainder of the year by the municipality, even after the flood-property is granted a blue acres property tax exemption. The duration of the short-term loss period would depend on whether the property was purchased and exempted by the October 1 valuation, or after that date.

BILL DESCRIPTION

Senate Bill No. 2256 (1R) of 2012 exempts real property acquired by municipalities as part of a flood-prone property acquisition program from county, school, and fire district taxes immediately upon acquisition. Currently, if a municipality acquires a flood-prone property prior to October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year, and if the property is acquired after October 1, it must pay the county, school, and fire district taxes owed for the remainder of that tax year and the following tax year because the property is no longer generating property tax revenues. Under the bill, the municipality must reimburse the property owner, not later than 15 days after the next regular meeting of the governing body of the municipality, following acquisition of the parcel of real property by the municipality, for any taxes paid by the property owner beyond the date of acquisition, for the current tax year, or for a period beyond the date of acquisition of the property by the municipality. The bill also provides that a municipality may credit any property taxes already paid to a county, school district, or fire district on qualified real property, before the enactment of the bill but after its retroactive date, against the next installment of taxes due. Senate Bill No. 2256 (1R) would take effect immediately and would be retroactive October 29, 2012.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services has determined that the granting of blue acres property tax exemptions authorized by Senate Bill No. 2256 (1R) would result in an indeterminate reduction in municipal expenditures and an indeterminate, short-term loss of revenues collected by counties, fire districts, and school districts. A municipality that purchases a flood-prone property will experience a decrease in expenditures otherwise required to be made, because it would no longer be required to pay, from its own funds, the other taxing districts' proportionate share of property taxes that would have been generated by the flood-prone property had it remained on the tax rolls. These savings would be partially offset by any refund that a municipality must pay to the property owner for any property taxes paid for a period beyond the date of acquisition by the municipality. If the municipality has already made a property tax payment to the other taxing districts, it is permitted to credit that amount against the next installment.

The amount of the revenue loss incurred by an affected county, school district, or fire district depends on the date on which the property is acquired. If the property is acquired by the municipality prior to October 1, the other taxing districts would lose only those property tax revenues that would have been collected during the remainder of that tax year. If the property is acquired by the municipality after October 1, the other taxing districts would lose those tax revenues generated by the flood-prone property in the fourth quarter of the current tax year plus those generated in the following year. There are two reasons why the lost revenue period is slightly longer if the flood-prone property is acquired in the fourth quarter. First, as required by the bill, the flood-prone property would be exempted from taxation from the time it is acquired by the municipality. Second, current law requires the municipal assessor to determine the taxable value of all property as of October 1 of the pretax year. If the flood-prone property is

acquired after October 1, the municipal assessor is not permitted to adjust the data used by the county board of taxation to determine the tax rate and the tax levy for each of the other taxing districts. Since, under the bill, the flood-prone property will become exempt from taxation upon acquisition, and the municipality will not be required to pay the assessed taxes to each of the other taxing districts, there will be a gap between what the other taxing districts expect to collect in property taxes revenues and what they are actually paid by the municipality in the following tax year.

Any revenue losses incurred by counties, fire districts, and school districts would be short-term because the property tax burden would be redistributed amongst all other property taxpayers in order to generate each taxing district's portion of the total levy. For example, under the scenario described above in which a property is acquired after October 1, the other taxing districts would lose 15 months of property tax revenues that would have been generated by the flood-prone property, had the municipality remained liable for the assessed taxes.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).