

54:4-3.72 et al

LEGISLATIVE HISTORY CHECKLIST

MSA 54:4-3.72 et al (Property tax exemption (5yr.)--increases assessed value of home improvement when qualify for)

LAWS OF 1977 CHAPTER 284

Bill No. A2179

Sponsor(s) Adubato, Cali, Van Wagner

Date Introduced July 22, 1976

Committee: Assembly -----

Senate Revenue, Finance & Appropriations

Amended during passage Yes xx Amendments during passage denoted by asterisks
Date of Passage: Assembly January 17, 1977
Senate July 11, 1977
Date of approval November 4, 1977

Following statements are attached if available:

Sponsor statement Yes xx
Committee Statement: Assembly xxx No
Senate Yes xx
Fiscal Note xxx No
Veto Message xxx No
Message on signing Yes xx

Following were printed:

Reports xxx No
Hearings xxx No

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ASSEMBLY, No. 2179

STATE OF NEW JERSEY

INTRODUCED JULY 22, 1976

By Assemblymen ADUBATO, CALI and VAN WAGNER

(Without Reference)

AN ACT to amend *and supplement* "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)*, *amending P. L. 1975, c. 283 and making an appropriation*.*

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

1 *1. 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-
 7 erties and thereby curb the [extension of blight into once-flourish-
 8 ing] *deterioration* of residential neighborhoods.

9 b. As a result of the [incursion of blight into] *decline* of such
 10 neighborhoods, many of our municipalities have and are presently
 11 engaged in extensive urban renewal and urban redevelopment
 12 projects involving vast expenditures of public funds.

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

19 d. By exempting for a limited period certain home improvements
 20 from taxation much of this unwillingness and fear would not only
 21 be dissipated but such owners and investors would be encouraged

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

22 to rehabilitate and improve their properties and, incidentally, their
23 respective neighborhoods and municipalities.

24 **【e. The provisions of Article VIII, Section III, of the State**
25 **Constitution, providing for limited tax abatements in areas subject**
26 **to blight, can be best utilized at the least economic cost preventively**
27 **in areas threatened by physical and social deterioration and blight**
28 **by their application to the improvement, modernization, rehabilita-**
29 **tion and renewal of individual residential properties in such areas.】**

1 2. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to read
2 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
8 which 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
11 accessory buildings located on the same premises, together with the
12 land upon which such building or buildings are erected and which
13 may be necessary for the fair enjoyment thereof.

14 d. "Home Improvement" means the improvement of a dwelling
15 which does not change its permitted use, and shall include the
16 modernization, rehabilitation, renovation, alteration or repair of a
17 dwelling.

18 e. "Qualified municipality" means any municipality in which
19 residential neighborhoods have been declared by the county
20 planning board or the Commissioner of the Department of Com-
21 munity Affairs to be **【endangered by blight】** *in need of rehabilita-*
22 *tion* pursuant to section 3 of this act.

1 3. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended to
2 read as follows:

3 3. The county planning board may determine that a munici-
4 pality's residential neighborhoods are **【endangered by blight】** *in*
5 *need of rehabilitation*. It may make such a determination on its
6 own initiative or in response to a petition by the governing body of
7 the municipality. In the event of the failure of the county planning
8 board to respond favorably to such a petition within 30 days of its
9 receipt, the petitioning municipal governing body may request the
10 Commissioner of the Department of Community Affairs to make
11 such determination instead.

12 In determining that a municipality's residential neighborhoods
13 are **【endangered by blight】** *in need of rehabilitation*, the following

14 may be considered: existence of areas within the municipality that
 15 have previously been declared blighted; deterioration in housing
 16 maintenance; age of housing stock; and arrearage in real property
 17 taxes due on residential properties.*

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

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

1 *5. 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 on October 1 of any year following the date of the
 5 completion of the improvement to be the true taxable value of the
 6 improvement, and **[may]** *shall* continue to be so treated for each
 7 of the 5 tax years subsequent to the original determination by the
 8 assessor.

1 6. Section 3 of P. L. 1975, c. 283 (C. 54:4-3.79) is amended to
 2 read as follows:

3 3. The Commissioner of the Department of Community Affairs is
 4 authorized to *determine standards and guidelines and to promul-*
 5 *gate rules and regulations to effectuate the purposes of this act.*

1 7. (New section) The Department of Community Affairs shall
 2 prepare, in sufficient quantity for distribution to residential prop-
 3 erty owners in municipalities electing to offer abatements pursuant
 4 to this act, a notice for taxpayers describing the abatement pro-
 5 gram and the application procedure therefore. Any qualified

6 municipality which has adopted a general ordinance providing for
 7 abatements pursuant to this act shall include said notice in the
 8 mailing of annual property tax bills to each owner of residential
 9 property, including multi-family housing, in the municipality dur-
 10 ing the first year following adoption of said ordinance or, for
 11 municipalities which adopted such an ordinance prior to the effec-
 12 tive date of this amendatory and supplementary act, during the first
 13 year following the effective date of said act.

1 8. (New section) Any municipality which has adopted an ordi-
 2 nance pursuant to this act declaring neighborhoods “endangered
 3 by blight” may proceed, on the initiative of the governing body, to
 4 amend such ordinance declaring neighborhoods to be “in need of
 5 rehabilitation”, provided, however, that any abatement granted
 6 and in force shall not be discontinued by virtue of such amended
 7 ordinance.

1 9. There is hereby appropriated to the Department of Com-
 2 munity Affairs from the General State Fund the sum of \$7,000.00
 3 for the purposes of section 7 of this act.*

1 ***[2.]*** *10.* This act shall take effect ***[November 1, 1976]***
 2 **immediately**.

ASSEMBLY, No. 2179

STATE OF NEW JERSEY

INTRODUCED JULY 22, 1976

By Assemblymen ADUBATO, CALI and VAN WAGNER

(Without Reference)

AN ACT to amend "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).

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

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

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

1 2. This act shall take effect November 1, 1976.

STATEMENT

This bill increases the assessed value of home improvements which would qualify for a 5-year tax exemption pursuant to P. L.

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

1975, c. 104. It is felt that in today's economy \$4,000.00 is too low a figure and that increasing the exemption to \$10,000.00 would be more effective in encouraging homeowners to improve their property, especially in deteriorating neighborhoods and blighted areas.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2179

STATE OF NEW JERSEY

DATED: APRIL 28, 1977

ORIGINAL PROPOSAL

As introduced and passed by the General Assembly, this bill proposed to increase from \$4,000.00 to \$10,000.00 the value of home improvements which may qualify for a 5-year tax exemption pursuant to P. L. 1975, c. 104. As expressed in the statement to the bill, the purpose of increasing the maximum abatement is to provide a more effective incentive for homeowners to improve their properties.

COMMITTEE FINDINGS

The Senate Revenue, Finance and Appropriations Committee requested the Department of Community Affairs to conduct a survey to determine present levels of participation and to determine required changes in the program to produce more effective utilization. As a result of the survey the committee finds that:

1. Twenty municipalities have formally requested "qualified municipality" status from county planning boards including:

Allentown Borough	New Hanover Twp.
Asbury Park	Newark
Cape May City	Oxford Twp.
Collingswood	Pennsauken
East Orange	Penns Grove
Gibbsboro	Pitman
Glen Gardner	Pleasantville
Hoboken	Trenton
Jersey City	Union City
New Brunswick	Oxford Twp.

2. Of the municipalities requesting "qualified municipality" status, four municipalities including Cape May City, Gibbsboro, New Brunswick, and West New York, have never adopted an ordinance implementing the abatement provisions; and further, one municipality, Pitman, had its petition rejected by county planning board due to "lack of staff" and did not pursue the appeal procedure to the Department of Community Affairs.

3. In every instance the entire municipality was designated as qualified even though the program permits designation of specific neighborhoods.

4. In those fifteen municipalities where the ordinance was adopted very few applications have been filed for the abatement. Those abatements which have been granted in response to applications have been primarily for single family residences. There is no indication, aside from Jersey City, where a multi-family (class 4c) structure has been granted the abatement, that the provisions of the law are yet being used as an investment tool. In six of these municipalities no applications for any abatement at all have been received.

5. Informal inquiries have been made to county planning boards regarding the abatement program from at least twenty additional municipalities, which have not followed up.

6. The reason most frequently given for not adopting ordinances is the stigma of "endangered by blight," with loss of tax revenue next most frequently mentioned. This second point is frequently raised by assessors. Further, concern that "endangered by blight" designation may trigger assessment appeals is frequently expressed.

7. Information regarding value of improvements for which abatement applications have been filed was not developed. Therefore, the proposal to increase the \$4,000.00 maximum abatement cannot be evaluated on the basis of the survey.

COMMITTEE CONCLUSIONS

It is quite evident that the "endangered by blight" designation is a significant factor in accounting for low municipal participation levels. Further, given the extremely low incidence of applications, it is concluded that public awareness of the program is not high. The \$4,000.00 maximum abatement is not a contributing factor in participation rates.

The objective of the program is to encourage homeowners to improve their properties, especially in deteriorating neighborhoods. It appears from the evidence that modification of the act is required, but that simply raising the maximum abatement level is not the indicated action required.

COMMITTEE AMENDMENTS

The original act (P. L. 1975, c. 104) utilized the "endangered by blight" criterion as the primary finding in granting "qualified municipality" status. This was related to the State Constitution, Article VIII, Section III, addressing "blighted areas" and permitting special property tax exemptions for rehabilitation projects in such areas. The amended bill relies on the subsequent amendment to the Constitution in Article VIII, Section I, paragraph 6, which permits enactment of

general laws providing for exemptions or abatements from taxation in areas declared "in need of rehabilitation." This addresses the reason most frequently cited for reluctance to adopt abatement ordinances. All reference to blight is deleted and the "in need of rehabilitation" designation is substituted. This is the same Constitutional provision relied on in the commercial and industrial property tax abatement law (P. L., c.).

To ensure that homeowners are made aware of the program, the bill requires each municipality which has adopted, or that may adopt, an abatement ordinance to include with the property tax bill an information notice, prepared and printed by the Department of Community Affairs, that the program is available and describing the application procedure. An appropriation of \$7,000.00 is made to the department for the printing of those notices. This addresses the committee finding that public awareness of the program is not high, and that public awareness is desirable.

These two basic changes are expected to generate more petitions for "qualified municipality" status and more applications for abatements as a result of public awareness, and the increased rehabilitation activity anticipated given public awareness of the program. It is the increased rehabilitation activity that is the major objective of the legislation.

The \$4,000.00 maximum abatement is retained, there being no indications based on the committee survey, that this level is insufficient to encourage rehabilitation. It is observed that the abatement is available on each unit of a residential property. Thus, in the multi-family structure, the amount of rehabilitation cost that qualifies for abatement is not on the total property but rather on each individual unit, so a ten-unit property could have up to \$40,000.00 in improvements tax-free for 5 years. Committee amendments do permit a municipality to elect a \$4,000.00 or \$10,000.00 maximum ceiling on its own initiative by adoption of a general ordinance. The bill as introduced used the phrase ". . . may establish a level not to exceed the first \$10,000.00."

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

NOVEMBER 4, 1977

ANNE BURNS

Governor Brendan today signed into law A-2179, sponsored by Assemblyman Michael Adubato (D-Essex).

The bill amends the law which allows municipalities to enact ordinances providing for up to \$4,000 in home improvements. The program applied to municipalities designated to "blighted areas."

Prior to adopting this legislation, the Legislature asked the Department of Community Affairs to conduct a survey to determine present levels of participation and what changes would be necessary to increase use of the program.

The survey determined that only 15 towns had adopted ordinances primarily because of the stigma associated with the designation of a "blighted" area. The survey also found that members of the public were unaware of the program. This legislation deletes all reference to blight and substitutes "in need of rehabilitation" as the qualifying designation.

The bill also requires that a municipality which adopts an abatement ordinance include an information notice about the program with the property tax bill. The Department of Community Affairs will prepare and print these notices. An appropriation of \$7,000 is made to DCA to cover the printing costs.

Finally, the bill allows a municipality to choose either a \$4,000 or \$10,000 maximum ceiling for the abatements.

* * * *