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LAW/RWH

ASSEMBLY, No. 3657

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED JANUARY 15, 2009

Sponsored by:

Assemblyman JOHN J. BURZICHELLI
District 3 (Salem, Cumberland and Gloucester)
Assemblyman JERRY GREEN
District 22 (Middlesex, Somerset and Union)

Co-Sponsored by:

Senator Sweeney

SYNOPSIS

Concerns extension of certain local government financial agreements.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/11/2009)

1 AN ACT concerning extension of certain local government financial
2 agreements with urban renewal entities and amending P.L.1991,
3 c.431.

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

7
8 1. Section 20 of P.L.1991, c.431 is amended to read as follows:

- 9 20. a. The following are repealed:
10 P.L.1961, c.40 (C.40:55C-40 et al.)
11 P.L.1983, c.139 (C.40:55C-41.1)
12 P.L.1986, c.86 (C.40:55C-41.2 et al.)
13 P.L.1967, c.114 (C.40:55C-44.1 et al.)
14 P.L.1978, c.93 (C.40:55C-46.1 et al.)
15 P.L.1981, c.506 (C.40:55C-52.1)
16 P.L.1985, c.138 (C.40:55C-58.2)
17 P.L.1965, c.95 (C.40:55C-77 et al.)
18 P.L.1944, c.169 (C.55:14D-1 et al.)
19 P.L.1950, c.107 (C.55:14D-6.1)
20 P.L.1946, c.52 (C.55:14E-1 et al.)
21 P.L.1950, c.111 (C.55:14E-7.1)
22 P.L.1949, c.185 (C.55:14E-20 et al.)
23 P.L.1965, c.92 (C.55:14I-1 et al.)
24 P.L.1949, c.184 (C.55:16-1 et al.)
25 P.L.1950, c.21 (C.55:16-5.1)
26 P.L.1950, c.112 (C.55:16-8.1)
27 P.L.1967, c.112 (C.55:16-9.1 et al.)
28 P.L.1962, c.249 (C.55:16-18.1)
29 P.L.1950, c.69 (C.55:16-22).

30 b. An urban renewal entity organized and operating under a law
31 repealed by P.L.1991, c.431 (C.40A:20-1 et seq.) shall not be
32 affected by that repeal. Any financial agreement entered into and
33 any tax exemption granted or extended, shall remain binding upon
34 the urban renewal entity and the municipality, subject to
35 modification by mutual written consent, as if the law under which it
36 was entered into, or granted or extended, had not been repealed by
37 P.L.1991, c.431 (C.40A:20-1 et seq.). The provisions of section 18
38 of P.L.1991, c.431 (C.40A:20-18) shall apply, however, to the
39 urban renewal entity during the period of the financial agreement,
40 or tax exemption, remaining on and after the effective date of
41 P.L.1991, c.431 (C.40A:20-1 et seq.). Any redevelopment project
42 undertaken by an urban renewal entity, or financial agreement or
43 tax exemption entered into by an urban renewal entity with a
44 municipality, on or after the effective date of P.L.1991, c.431
45 (C.40A:20-1 et seq.) shall be pursuant to P.L.1991, c.431

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 (C.40A:20-1 et seq.); provided, however, that any financial
2 agreement entered into after August 14, 1986 and before April 17,
3 1992 (the effective date of P.L.1991, c.431 (C.40A:20-1 et seq.))
4 remaining in force as of the effective date of P.L. , c. (C.)
5 (pending before the Legislature as this bill) may be extended by the
6 municipality and the urban renewal entity, by mutual written
7 consent, to a term of not more than 30 years from the completion of
8 the entire project, or to a term of not more than 35 years from the
9 initial execution of the financial agreement between the
10 municipality and the urban renewal entity. The extension of the
11 agreement shall be evidenced by a new financial agreement between
12 the municipality and the urban renewal entity which shall be in
13 conformity with P.L.1991, c.431 (C.40A:20-1 et seq.) and shall
14 have a term of not more than 15 years from the date of termination
15 of the initial financial agreement.

16 (cf: P.L.1992, c.79, s.56)

17
18 2. This act shall take effect immediately.

19
20
21 STATEMENT

22
23 This bill seeks to correct and clarify an anomaly regarding the
24 expiration of certain financial agreements between a municipality
25 and an urban renewal entity that were signed after August 14, 1986
26 pursuant to the "Urban Renewal Corporation and Association Law
27 of 1961," P.L.1961, c.40 (C.40:55C-40 et seq.), (hereinafter Urban
28 Renewal Law). Financial agreements entered into under the Urban
29 Renewal Law provided for tax exemptions for urban renewal
30 projects and incorporated a contractual payment arrangement,
31 referred to as a service charge, by the urban renewal entity to the
32 municipality in lieu of taxes.

33 The Urban Renewal Law initially provided that a financial
34 agreement would expire either 15 years following completion of the
35 project or 20 years from the expiration of the agreement. Later, an
36 amendment to the law authorized a party to a financial agreement in
37 effect as of August 14, 1986 to apply for a 15-year extension of the
38 agreement. Pursuant to P.L.1991, c.431, enacted on January 18,
39 1992 and made effective April 17, 1992, the Urban Renewal Law,
40 was repealed and replaced by the enactment of the "Long Term Tax
41 Exemption Law" (hereinafter LTTE). The LTTE was subsequently
42 amended by P.L.1992, c.79 (C.40A:20-1 et seq.)

43 The 1992 LTTE repealer provisions created the anomaly this bill
44 seeks to remedy. The LTTE provided that financial agreements
45 were to be effective for a term of not more than 30 years from
46 completion of the project (N.J.S.A.40A:20-9) or 35 years from the
47 date of execution of the financial agreement. For financial
48 agreements in effect as of August 14, 1986, the LTTE preserved the

1 right under the repealed Urban Renewal Law to extend agreements
2 that were permitted to be extended for up to 15 years.

3 Consequently, financial agreements executed prior to August 14,
4 1986 may be extended an additional 15 years beyond the initial
5 term of the financial agreements for a total of 30 years and financial
6 agreements executed under the LTTE on or after April 17, 1992 are
7 subject to a term of not more than 30 years from completion of the
8 project. Only those financial agreements executed under the Urban
9 Renewal Law after August 14, 1986 and before April 17, 1992 were
10 capped at a maximum 15-year term from project completion and
11 deprived of any right of extension.

12 This bill will eliminate this disparate treatment by permitting
13 parties to financial agreements, which remain in effect and which
14 were executed pursuant to the Urban Renewal Law after August 14,
15 1986 but prior to April 17, 1992, to extend those agreements for an
16 additional 15 years from the initial expiration date of the agreement,
17 thereby providing these financial agreements with equal treatment
18 under the law.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3657

STATE OF NEW JERSEY

DATED: MARCH 9, 2009

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 3657.

This bill seeks to correct and clarify an anomaly regarding the expiration of certain financial agreements between a municipality and an urban renewal entity that were signed after August 14, 1986 pursuant to the “Urban Renewal Corporation and Association Law of 1961,” P.L.1961, c.40 (C.40:55C-40 et seq.), (hereinafter Urban Renewal Law). Financial agreements entered into under the Urban Renewal Law provided for tax exemptions for urban renewal projects and incorporated a contractual payment arrangement, referred to as a service charge, by the urban renewal entity to the municipality in lieu of taxes.

The Urban Renewal Law initially provided that a financial agreement would expire either 15 years following completion of the project or 20 years from the expiration of the agreement. Later, an amendment to the law authorized a party to a financial agreement in effect as of August 14, 1986 to apply for a 15-year extension of the agreement. Pursuant to P.L.1991, c.431, enacted on January 18, 1992 and made effective April 17, 1992, the Urban Renewal Law was repealed and replaced by the enactment of the “Long Term Tax Exemption Law” (hereinafter LTTE). The LTTE was subsequently amended by P.L.1992, c.79.

The 1992 LTTE repealer provisions created the anomaly this bill seeks to remedy. The LTTE provided that financial agreements were to be effective for a term of not more than 30 years from completion of the project (N.J.S.A.40A:20-9) or 35 years from the date of execution of the financial agreement. For financial agreements in effect as of August 14, 1986, the LTTE preserved the right under the repealed Urban Renewal Law to extend agreements that were permitted to be extended for up to 15 years.

Consequently, financial agreements executed prior to August 14, 1986 may be extended an additional 15 years beyond the initial term of the financial agreements for a total of 30 years and financial agreements executed under the LTTE on or after April 17, 1992 are subject to a term of not more than 30 years from completion of the

project. Only those financial agreements executed under the Urban Renewal Law after August 14, 1986 and before April 17, 1992 were capped at a maximum 15-year term from project completion and deprived of any right of extension.

This bill will eliminate this disparate treatment by permitting parties to financial agreements, which remain in effect and which were executed pursuant to the Urban Renewal Law after August 14, 1986 but prior to April 17, 1992, to extend those agreements for an additional 15 years from the initial expiration date of the agreement, thereby providing those financial agreements with equal treatment under the law.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3657

STATE OF NEW JERSEY

DATED: NOVEMBER 23, 2009

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 3657.

This bill seeks to correct an anomaly regarding the expiration of certain financial agreements between a municipality and an urban renewal entity that were signed after August 14, 1986 pursuant to the “Urban Renewal Corporation and Association Law of 1961,” (hereinafter Urban Renewal Law). Financial agreements entered into under the Urban Renewal Law provided for tax exemptions for urban renewal projects and incorporated a contractual payment arrangement, referred to as a service charge, by the urban renewal entity to the municipality in lieu of taxes.

The Urban Renewal Law initially provided that a financial agreement would expire either 15 years following completion of the project or 20 years from the expiration of the agreement. Later, an amendment to the law authorized a party to a financial agreement in effect as of August 14, 1986 to apply for a 15-year extension of the agreement. The Urban Renewal Law was repealed and replaced by the enactment of the “Long Term Tax Exemption Law” (hereinafter LTTE).

The 1992 LTTE repealer provisions created the anomaly this bill seeks to remedy. The LTTE provided that financial agreements were to be effective for a term of not more than 30 years from completion of the project or 35 years from the date of execution of the financial agreement. For financial agreements in effect as of August 14, 1986, the LTTE preserved the right under the repealed Urban Renewal Law to extend agreements that were permitted to be extended for up to 15 years.

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This bill will eliminate this disparate treatment by permitting parties to financial agreements, which remain in effect and which were executed pursuant to the Urban Renewal Law after August 14, 1986 but prior to April 17, 1992, to extend those agreements for an additional 15 years from the initial expiration date of the agreement.

This bill is identical to S-2514.

SENATE, No. 2514

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED JANUARY 26, 2009

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

SYNOPSIS

Concerns extension of certain local government financial agreements.

CURRENT VERSION OF TEXT

As introduced.



S2514 SWEENEY

2

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3 c.431.

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44 municipality, on or after the effective date of P.L.1991, c.431
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S2514 SWEENEY

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15 1986 but prior to April 17, 1992, to extend those agreements for an
16 additional 15 years from the initial expiration date of the agreement,
17 thereby providing these financial agreements with equal treatment
18 under the law.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2514

STATE OF NEW JERSEY

DATED: NOVEMBER 23, 2009

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2514.

This bill seeks to correct and clarify an anomaly regarding the expiration of certain financial agreements between a municipality and an urban renewal entity that were signed after August 14, 1986 pursuant to the “Urban Renewal Corporation and Association Law of 1961,” (hereinafter Urban Renewal Law). Financial agreements entered into under the Urban Renewal Law provided for tax exemptions for urban renewal projects and incorporated a contractual payment arrangement, referred to as a service charge, by the urban renewal entity to the municipality in lieu of taxes.

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This bill will eliminate this disparate treatment by permitting parties to financial agreements, which remain in effect and which were executed pursuant to the Urban Renewal Law after August 14, 1986 but prior to April 17, 1992, to extend those agreements for an additional 15 years from the initial expiration date of the agreement.

This bill is identical to A-3657.