

40A:21-6.2

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 91

NJSA: 40A:21-6.2 (Permits short-term tax exemption or abatement for houses improved to accommodate totally disabled persons when reconstruction or renovation is performed by charitable entity, or for-profit entity using volunteer labor)

BILL NO: A3768 (Substituted for S2419)

SPONSOR(S) Vainieri Huttle and Others

DATE INTRODUCED: December 7, 2006

COMMITTEE: **ASSEMBLY:** State Government

SENATE: Community and Urban Affairs

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** January 29, 2007

SENATE: March 12, 2007

DATE OF APPROVAL: May 6, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

A3768

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: No

S2419

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Extreme tax relief for foster mother," The Star-Ledger, May 7, 2007, p.13

"Tax break answers family's prayer," The Record, May 7, 2007, p.A03

RWH 4/25/08

P.L. 2007, CHAPTER 91, *approved May 6, 2007*
Assembly, No. 3768

1 AN ACT concerning real property tax abatements for certain
2 renovated property, amending P.L.1992, c.79 and supplementing
3 P.L.1991, c.441 (C.40A:21-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 14 of P.L.1992, c.79 (C.40A:12A-14) is amended to
9 read as follows:

10 14. a. A delineated area may be determined to be in need of
11 rehabilitation if the governing body of the municipality determines
12 by resolution that there exist in that area conditions such that (1) a
13 significant portion of structures therein are in a deteriorated or
14 substandard condition and there is a continuing pattern of vacancy,
15 abandonment or underutilization of properties in the area, with a
16 persistent arrearage of property tax payments thereon or (2) more
17 than half of the housing stock in the delineated area is at least 50
18 years old, or a majority of the water and sewer infrastructure in the
19 delineated area is at least 50 years old and is in need of repair or
20 substantial maintenance; and (3) a program of rehabilitation, as
21 defined in section 3 of P.L.1992, c.79 (C.40A:12A-3), may be
22 expected to prevent further deterioration and promote the overall
23 development of the community. Where warranted by consideration
24 of the overall conditions and requirements of the community, a
25 finding of need for rehabilitation may extend to the entire area of a
26 municipality. Prior to adoption of the resolution, the governing
27 body shall submit it to the municipal planning board for its review.
28 Within 45 days of its receipt of the proposed resolution, the
29 municipal planning board shall submit its recommendations
30 regarding the proposed resolution, including any modifications
31 which it may recommend, to the governing body for its
32 consideration. Thereafter, or after the expiration of the 45 days if
33 the municipal planning board does not submit recommendations, the
34 governing body may adopt the resolution, with or without
35 modification. The resolution shall not become effective without the
36 approval of the commissioner pursuant to section 6 of P.L.1992,
37 c.79 (C.40A:12A-6), if otherwise required pursuant to that section.

38 b. A delineated area shall be deemed to have been determined
39 to be an area in need of rehabilitation in accordance with the
40 provisions of this act if it has heretofore been determined to be an
41 area in need of rehabilitation pursuant to P.L.1975, c.104 (C.54:4-
42 3.72 et seq.), P.L.1977, c.12 (C.54:4-3.95 et seq.) or P.L.1979,
43 c.233 (C.54:4-3.121 et seq.).

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. (1) A municipality may adopt an ordinance declaring a
2 renovation housing project to be an area in need of rehabilitation for
3 the purposes of Article VIII, Section I, paragraph 6 of the New
4 Jersey Constitution if at least half of the number of people
5 occupying the dwelling as their primary residence qualify for a
6 federal income tax credit as pursuant to 26 U.S.C. s.22 a result of
7 being permanently and totally disabled and the improvements to be
8 made to the dwelling are made substantially to accommodate those
9 disabilities.

10 (2) For the purposes of this subsection, “renovation housing
11 project” means any work or undertaking to provide a decent, safe,
12 and sanitary single-family dwelling, to exclusively benefit at least
13 half of the number of people occupying a dwelling as their primary
14 residence, by the renovation, reconstruction, or replacement of that
15 dwelling on the same lot by either a charitable entity organized to
16 perform home renovations or by a for-profit builder using 75% or
17 more volunteer labor-hours to accomplish the construction for the
18 project. The undertaking may include any buildings; demolition,
19 clearance, or removal of buildings from land; equipment; facilities;
20 or other personal properties or interests therein which are necessary,
21 convenient, or desirable appurtenances of the undertaking.

22 (cf: P.L.2003, c.125, s.5)

23
24 2. (New section) A municipality may adopt an ordinance
25 granting an abatement or exemption from taxation for
26 improvements to a residential property that is a single family
27 dwelling, resulting from a renovation housing project, as defined
28 under subsection c. of section 14 of P.L.1992, c.79 (C.40A:12A-
29 14). The ordinance shall require that, in determining the value of
30 real property, the municipality shall regard up to and including the
31 assessor's full and true value of the improvements as not increasing
32 the taxable value of the property for a period of five years,
33 notwithstanding that the value of the property to which the
34 improvements are made is increased thereby. During the exemption
35 period, the assessment on the property shall not be less than the
36 assessment thereon immediately prior to the improvements. The
37 ordinance may provide for a reduction of the abatement or
38 exemption for each year of the exemption period.

39
40 3. This act shall take effect immediately.

41 42 43 STATEMENT

44
45 This bill would permit the owner of a single-family dwelling
46 located within an area declared in need of redevelopment, in which
47 at least half of the number of people occupying the dwelling as their
48 primary residence qualify for a federal income tax credit as a result

1 of being permanently and totally disabled and the improvements
2 made to the dwelling are made substantially to accommodate those
3 disabilities. Defined as a “renovation housing project,” the work
4 would be performed by a charitable entity, such as Habitat for
5 Humanity International, Inc., or by a for-profit entity using mainly
6 donated labor, such as the American Broadcasting Corporation’s
7 Extreme Makeover: Home Edition (produced by Endemol USA), to
8 obtain the advantages of a short-term tax exemption for the
9 increased value of the renovated or reconstructed residence.
10 Without a short-term tax exemption for the value of the increased
11 property value, the owners are likely to be priced out of their house
12 because they cannot afford the higher taxes assessed on the now,
13 more valuable property.

14 Requiring these families to move would defeat the purpose of
15 reconstructing or renovating their home. Therefore, the bill provides
16 that in lieu of paying property taxes on the new value of the
17 reconstructed or renovated property, taxes would be assessed on a
18 lesser value, depending on the abatement or exemption amount
19 specified in the municipal ordinance. The taxable value of the
20 property, however, would not be less than the taxable value of the
21 property prior to the renovation or reconstruction.

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25

26 Permits short-term tax exemption or abatement for houses
27 improved to accommodate totally disabled persons when
28 reconstruction or renovation is performed by charitable entity, or
29 for-profit entity using volunteer labor.

ASSEMBLY, No. 3768

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 7, 2006

Sponsored by:

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Co-Sponsored by:

Assemblyman Gusciora, Assemblywoman Greenstein and Senator Weinberg

SYNOPSIS

Permits short-term tax exemption or abatement for houses improved to accommodate totally disabled persons when reconstruction or renovation is performed by charitable entity, or for-profit entity using volunteer labor.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/13/2007)

A3768 VAINIERI HUTTLE, JOHNSON

2

1 AN ACT concerning real property tax abatements for certain
2 renovated property, amending P.L.1992, c.79 and supplementing
3 P.L.1991, c.441 (C.40A:21-1 et seq.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. Section 14 of P.L.1992, c.79 (C.40A:12A-14) is amended to
9 read as follows:

10 14. a. A delineated area may be determined to be in need of
11 rehabilitation if the governing body of the municipality determines
12 by resolution that there exist in that area conditions such that (1) a
13 significant portion of structures therein are in a deteriorated or
14 substandard condition and there is a continuing pattern of vacancy,
15 abandonment or underutilization of properties in the area, with a
16 persistent arrearage of property tax payments thereon or (2) more
17 than half of the housing stock in the delineated area is at least 50
18 years old, or a majority of the water and sewer infrastructure in the
19 delineated area is at least 50 years old and is in need of repair or
20 substantial maintenance; and (3) a program of rehabilitation, as
21 defined in section 3 of P.L.1992, c.79 (C.40A:12A-3), may be
22 expected to prevent further deterioration and promote the overall
23 development of the community. Where warranted by consideration
24 of the overall conditions and requirements of the community, a
25 finding of need for rehabilitation may extend to the entire area of a
26 municipality. Prior to adoption of the resolution, the governing
27 body shall submit it to the municipal planning board for its review.
28 Within 45 days of its receipt of the proposed resolution, the
29 municipal planning board shall submit its recommendations
30 regarding the proposed resolution, including any modifications
31 which it may recommend, to the governing body for its
32 consideration. Thereafter, or after the expiration of the 45 days if
33 the municipal planning board does not submit recommendations, the
34 governing body may adopt the resolution, with or without
35 modification. The resolution shall not become effective without the
36 approval of the commissioner pursuant to section 6 of P.L.1992,
37 c.79 (C.40A:12A-6), if otherwise required pursuant to that section.

38 b. A delineated area shall be deemed to have been determined
39 to be an area in need of rehabilitation in accordance with the
40 provisions of this act if it has heretofore been determined to be an
41 area in need of rehabilitation pursuant to P.L.1975, c.104 (C.54:4-
42 3.72 et seq.), P.L.1977, c.12 (C.54:4-3.95 et seq.) or P.L.1979,
43 c.233 (C.54:4-3.121 et seq.).

44 c. (1) A municipality may adopt an ordinance declaring a
45 renovation housing project to be an area in need of rehabilitation for

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 the purposes of Article VIII, Section I, paragraph 6 of the New
2 Jersey Constitution if at least half of the number of people
3 occupying the dwelling as their primary residence qualify for a
4 federal income tax credit as pursuant to 26 U.S.C. s.22 a result of
5 being permanently and totally disabled and the improvements to be
6 made to the dwelling are made substantially to accommodate those
7 disabilities.

8 (2) For the purposes of this subsection, “renovation housing
9 project” means any work or undertaking to provide a decent, safe,
10 and sanitary single-family dwelling, to exclusively benefit at least
11 half of the number of people occupying a dwelling as their primary
12 residence, by the renovation, reconstruction, or replacement of that
13 dwelling on the same lot by either a charitable entity organized to
14 perform home renovations or by a for-profit builder using 75% or
15 more volunteer labor-hours to accomplish the construction for the
16 project. The undertaking may include any buildings; demolition,
17 clearance, or removal of buildings from land; equipment; facilities;
18 or other personal properties or interests therein which are necessary,
19 convenient, or desirable appurtenances of the undertaking.

20 (cf: P.L.2003, c.125, s.5)

21

22 2. (New section) A municipality may adopt an ordinance
23 granting an abatement or exemption from taxation for
24 improvements to a residential property that is a single family
25 dwelling, resulting from a renovation housing project, as defined
26 under subsection c. of section 14 of P.L.1992, c.79 (C.40A:12A-
27 14). The ordinance shall require that, in determining the value of
28 real property, the municipality shall regard up to and including the
29 assessor's full and true value of the improvements as not increasing
30 the taxable value of the property for a period of five years,
31 notwithstanding that the value of the property to which the
32 improvements are made is increased thereby. During the exemption
33 period, the assessment on the property shall not be less than the
34 assessment thereon immediately prior to the improvements. The
35 ordinance may provide for a reduction of the abatement or
36 exemption for each year of the exemption period.

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38 3. This act shall take effect immediately.

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STATEMENT

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43 This bill would permit the owner of a single-family dwelling
44 located within an area declared in need of redevelopment, in which
45 at least half of the number of people occupying the dwelling as their
46 primary residence qualify for a federal income tax credit as a result
47 of being permanently and totally disabled and the improvements
48 made to the dwelling are made substantially to accommodate those

1 disabilities. Defined as a “renovation housing project,” the work
2 would be performed by a charitable entity, such as Habitat for
3 Humanity International, Inc., or by a for-profit entity using mainly
4 donated labor, such as the American Broadcasting Corporation’s
5 Extreme Makeover: Home Edition (produced by Endemol USA), to
6 obtain the advantages of a short-term tax exemption for the
7 increased value of the renovated or reconstructed residence.
8 Without a short-term tax exemption for the value of the increased
9 property value, the owners are likely to be priced out of their house
10 because they cannot afford the higher taxes assessed on the now,
11 more valuable property.

12 Requiring these families to move would defeat the purpose of
13 reconstructing or renovating their home. Therefore, the bill provides
14 that in lieu of paying property taxes on the new value of the
15 reconstructed or renovated property, taxes would be assessed on a
16 lesser value, depending on the abatement or exemption amount
17 specified in the municipal ordinance. The taxable value of the
18 property, however, would not be less than the taxable value of the
19 property prior to the renovation or reconstruction.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3768

STATE OF NEW JERSEY

DATED: JANUARY 22, 2007

The Assembly State Government Committee reports favorably Assembly Bill No. 3768.

This bill allows a municipality to adopt an ordinance granting a short-term abatement or exemption from taxation for certain improvements to a residential property that is a single-family dwelling which is located within an area declared in need of redevelopment, in which at least half of the number of people occupying the dwelling as their primary residence qualify for a federal income tax credit as a result of being permanently and totally disabled, and on which improvements are made substantially to accommodate those disabilities.

Defined as a "renovation housing project," the improving work would be performed by a charitable entity, such as Habitat for Humanity International, Inc., or by a for-profit entity using mainly donated labor, such as the American Broadcasting Corporation's Extreme Makeover: Home Edition (produced by Endemol USA), to obtain the advantages of a tax exemption for the increased value of the renovated or reconstructed residence for a period of five years. Without a short-term tax exemption for the value of the increased property value, the owners are likely to be priced out of their house because they cannot afford the higher taxes assessed on a now more valuable property.

Requiring these families to move would defeat the purpose of reconstructing or renovating their home. The bill, therefore, provides that in lieu of paying property taxes on the new value of the reconstructed or renovated property, taxes would be assessed on a lesser value, depending on the abatement or exemption amount specified in the municipal ordinance. The taxable value of the property, however, would not be less than the taxable value of the property prior to the renovation or reconstruction.

Assembly Bill No. 3768 is identical to Senate Bill No. 2419 of 2006.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3768

STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2007

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 3768.

This bill allows a municipality to adopt an ordinance declaring a “renovation housing project” to be an area in need of rehabilitation, a designation allowing for the granting of short term tax exemptions or abatements, if at least half of the number of people occupying the dwelling as their primary residence qualify for a federal income tax credit as a result of being permanently and totally disabled, and the improvements being made are substantially to accommodate the disabilities.

To qualify for the declaration as an area in need of rehabilitation under the bill, a “renovation housing project” would have to be performed by a charitable entity, or by a for-profit entity using mainly donated labor.

Once an ordinance is adopted declaring a renovation housing project to be an area in need of rehabilitation, the municipality could adopt an ordinance granting a tax abatement or exemption for improvements resulting from the renovation housing project for a period of five years.

The bill, therefore, provides that in lieu of paying property taxes on the new value of the reconstructed or renovated property, taxes would be assessed on a lesser value, depending on the abatement or exemption amount specified in the municipal ordinance. The taxable value of the property, however, would not be less than the taxable value of the property prior to the renovation or reconstruction.

SENATE, No. 2419

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 14, 2006

Sponsored by:
Senator LORETTA WEINBERG
District 37 (Bergen)

SYNOPSIS

Permits short-term tax exemption or abatement for houses improved to accommodate totally disabled persons when reconstruction or renovation is performed by charitable entity, or for-profit entity using volunteer labor.

CURRENT VERSION OF TEXT

As introduced.



S2419 WEINBERG

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23 2. (New section) A municipality may adopt an ordinance
24 granting an abatement or exemption from taxation for
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STATEMENT

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44 This bill would permit the owner of a single-family dwelling
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16 reconstructed or renovated property, taxes would be assessed on a
17 lesser value, depending on the abatement or exemption amount
18 specified in the municipal ordinance. The taxable value of the
19 property, however, would not be less than the taxable value of the
20 property prior to the renovation or reconstruction.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2419

STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2007

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2419.

This bill allows a municipality to adopt an ordinance declaring a “renovation housing project” to be an area in need of rehabilitation, a designation allowing for the granting of short term tax exemptions or abatements, if at least half of the number of people occupying the dwelling as their primary residence qualify for a federal income tax credit as a result of being permanently and totally disabled, and the improvements being made are substantially to accommodate the disabilities.

To qualify for the declaration as an area in need of rehabilitation under the bill, a “renovation housing project” would have to be performed by a charitable entity, or by a for-profit entity using mainly donated labor.

Once an ordinance is adopted declaring a renovation housing project to be an area in need of rehabilitation, the municipality could adopt an ordinance granting a tax abatement or exemption for improvements resulting from the renovation housing project for a period of five years.

The bill, therefore, provides that in lieu of paying property taxes on the new value of the reconstructed or renovated property, taxes would be assessed on a lesser value, depending on the abatement or exemption amount specified in the municipal ordinance. The taxable value of the property, however, would not be less than the taxable value of the property prior to the renovation or reconstruction.

May-06-07 Acting Governor Signs Legislation Expanding Neighborhood Revitalization Tax Credit Program

FOR IMMEDIATE RELEASE:
May 6, 2007

FOR MORE INFORMATION:
Press Office - 609-777-2600

ACTING GOVERNOR SIGNS LEGISLATION EXPANDING NEIGHBORHOOD REVITALIZATION TAX CREDIT PROGRAM

Also signs bills providing short-term tax exemptions for homes renovated by charitable entities

TRENTON – Acting Governor Richard J. Codey today signed legislation expanding the Neighborhood Revitalization Tax Credit (NRTC) program. He also signed two bills, A-3768/S-2419 and A-3334/S-2131, authorizing short-term tax exemptions for families whose homes are modified by charitable entities.

“Revitalizing our communities needs to be a team effort, and we should be doing everything we can to encourage the private sector to invest in these areas,” Acting Governor Codey said. “This legislation will jumpstart the NRTC program and lead to an influx of much needed private money into neighborhoods that are in need of economic opportunity.”

The NRTC program was designed to provide tax incentives for businesses to invest in revitalization projects in low- and moderate-income neighborhoods. The program currently provides a tax credit to a participating corporation equivalent to 50% of the assistance that corporation provides to a non-profit organization to implement a neighborhood revitalization project; this legislation increases that to 100% of the assistance provided. The legislation also raises the dollar limit of the tax credit from \$500,000 to \$1 million.

“In many of our State’s urban communities, we need to attract private interest to make redevelopment a reality,” said Senator Doria (D-Hudson), a Senate sponsor. “By expanding New Jersey’s ‘Neighborhood Revitalization State Tax Credit,’ we can give our poorer municipalities the tools to develop necessary public-private partnerships. We need to do everything in our power to attract private investment in our State’s urban redevelopment projects.”

S-2095/A3789 was sponsored in the Assembly by Assemblymembers Watson Coleman (D-Mercer) and Vainieri Huttle (D-Bergen).

A-3768/S-2419 and A-3334/S-2131 permit municipalities to create tax exemptions for up to five years for houses that have been renovated or reconstructed by charitable entities or by for-profit entities using exclusively volunteer labor. Both bills allow municipalities to assess taxes on the value of the property before the reconstruction or renovation, not the increased value resulting from the reconstruction or renovation.

A-3768/S-2419 permits exemptions for renovations and improvements carried out to accommodate totally disabled persons, and A-3334/S-2131 permits exemptions for houses which are re-built or renovated after being destroyed by fire.

"Families that have been blessed by the good works of friends and neighbors should not see those blessings turned into a burden," Acting Governor Codey said. "Whether a family is rebuilding after a fire or accommodating the needs of a disabled loved one, this bill will ensure they can receive assistance without having to worry about receiving an unaffordable tax bill the next day."

"Whenever a charity steps in to help a family that's lost it all due to fire, government should do everything it can to help," said Senator Rice, (D-Essex), who sponsored A-3334/S-2131 in the Senate. "However, in many instances, government officials' hands are tied, and major charitable renovations often come with unforeseen tax hikes. This new law ensures that the spirit of charity is not lost when these sort of projects take place."

"When groups like the television show "Extreme Makeover: Home Edition" come in and make millions of dollars of renovations, homeowners receive wonderful home improvements, as well as a sky-high property tax bill," said Senator Weinberg, (D-Bergen), who sponsored A-3768/S-2419 in the Senate. "This legislation will allow them to live in and enjoy their newly renovated home, without the undue burden of not being able to cover the cost of increased property taxes."

"This legislation will allow a family faced with unfortunate circumstances to remain comfortably in their home, which is a cornerstone of the American dream," said Assemblyman Gordon M. Johnson (D-Bergen), an Assembly sponsor of A-3768/S-2419. "It would be unfair for them to be made to pay taxes at a higher rate at this time because of the generosity of Extreme Home Makeover. I appreciate the Acting Governor signing this bill, which will improve the quality of life for this family, for the city of Bergenfield and for the state."

"When volunteer and non-profit organizations help needy owners renovate a home so they can enjoy a productive lifestyle, their good work should be promoted and praised, not taxed," said Assemblywoman Valerie Vainieri Huttle (D-Bergen), an Assembly sponsor of A-3768/S-2419.

"Today, we are encouraging continued public and private investment in New Jersey communities by removing roadblocks from the path of organizations looking to help rebuild our neighborhoods," said Assemblyman Craig A. Stanley (D-Essex), who sponsored A-3334/S-2131. "And we are ensuring beneficiaries of charitable home improvement aid are able to reap the benefits without having to worry about the financial repercussions."

"This measure goes a long way toward protecting owners of renovated homes, like Beverly Turner, who may otherwise be forced to move due to a significantly higher property tax bill," said Assemblywoman Oadline D. Truitt (D-Essex), who also sponsored A-3334/S-2131. "It is a common-sense solution that helps the incredible families who make our communities better places to live."