

54:4-3.101

LEGISLATIVE HISTORY CHECKLIST  
Compiled by the NJ State Law Library

(Municipalities--tax  
abatement)

NJSA: 54:4-3.101

LAWS OF: 1992 CHAPTER: 200

BILL NO: S405

SPONSOR(S) Cafiero

DATE INTRODUCED: February 24, 1992

COMMITTEE: ASSEMBLY: Local Government

SENATE: Community Affairs

AMENDED DURING PASSAGE: Yes Amendments during passage  
denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: November 16, 1992

SENATE: June 29, 1992

DATE OF APPROVAL: December 24, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]

SENATE, No. 405

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1992

By Senator CAFIERO

1 AN ACT concerning property tax abatement ordinances and  
2 amending <sup>1</sup>[P.L.1977, c.12] P.L.1991, c.441<sup>1</sup>.

3

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

6 <sup>1</sup>[1. Section 7 of P.L.1977, c.12 (C.54:4-3.101) is amended to  
7 read as follows:

8 7. Upon approval of an ordinance authorizing an agreement or  
9 agreements for tax [abatement] abatements for a particular  
10 project or projects, the governing body may enter into [a] written  
11 [agreement] agreements with the [applicant] applicants for the  
12 abatement of local real property taxes. [The] An agreement shall  
13 provide for the applicant to pay to the municipality in lieu of full  
14 property tax payments an amount annually to be computed by  
15 one, but in no case a combination, of the following formulas:

16 a. Cost basis: the agreement may provide for the applicant to  
17 pay to the municipality in lieu of full property tax payments an  
18 amount annually equal to 2% of the cost of the project. For the  
19 purposes of the agreement, "the cost of the project" means only  
20 the cost or fair market value of direct labor and all materials  
21 used in the construction, expansion, or rehabilitation of all  
22 buildings, structure, and facilities at the project site, including  
23 the costs (if any) of land acquisition and land preparation,  
24 provision of access roads, utilities, drainage facilities, and  
25 parking facilities, together with architectural, engineering, legal,  
26 surveying, testing, and contractors' fees associated with the  
27 project; provided that the applicant shall cause such costs to be  
28 certified and verified to the governing body by an independent  
29 and qualified architect, following the completion of the project.

30 b. Gross revenue basis: the agreement may provide for the  
31 applicant to pay to the municipality in lieu of full property tax  
32 payments an amount annually equal to 15% of the annual gross  
33 revenues from the project. For the purposes of the agreement,  
34 "annual gross revenues" means the total annual gross rental and  
35 other income payable to the owner of the project from the  
36 project. If in any leasing, any real estate taxes or assessments on  
37 property included in the project, any premiums for fire or other  
38 insurance on or concerning property included in the project, or  
39 any operating or maintenance expenses ordinarily paid by  
40 landlord, are to be paid by the tenant, then such payments shall  
41 be computed and deemed to be part of the rent and shall be  
42 included in the annual gross revenue. The tax abatement

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:

<sup>1</sup> Senate floor amendments adopted June 18, 1992.

1 agreement shall establish the method of computing such revenues  
2 and may establish a method of arbitration by which either the  
3 landlord or tenant may dispute the amount of such payments so  
4 included in the annual gross revenue.

5 c. Tax phase-in: the agreement may provide for the applicant  
6 to pay to the municipality in lieu of full property tax payments an  
7 amount equal to a percentage of taxes otherwise due, according  
8 to the following schedule:

9 (1) In the first full calendar year after completion, no payment  
10 in lieu of taxes otherwise due;

11 (2) In the second calendar year, an amount not less than 20%  
12 of taxes otherwise due;

13 (3) In the third calendar year, an amount not less than 40% of  
14 taxes otherwise due;

15 (4) In the fourth calendar year, an amount not less than 60% of  
16 taxes otherwise due;

17 (5) In the fifth calendar year, an amount not less than 80% of  
18 taxes otherwise due.

19 (cf: P.L.1977, c.12, s.7)]<sup>1</sup>

20 <sup>1</sup>1. Section 10 of P.L.1991, c.441 (C.40A:21-10) is amended to  
21 read as follows:

22 10. Upon adoption of an ordinance authorizing a tax agreement  
23 or agreements for a particular project or projects, the governing  
24 body may enter into [a] written [agreement] agreements with the  
25 [applicant] applicants for the exemption and abatement of local  
26 real property taxes. [The] An agreement shall provide for the  
27 applicant to pay to the municipality in lieu of full property tax  
28 payments an amount annually to be computed by one, but in no  
29 case a combination, of the following formulas:

30 a. Cost basis: the agreement may provide for the applicant to  
31 pay to the municipality in lieu of full property tax payments an  
32 amount equal to 2% of the cost of the project. For the purposes  
33 of the agreement, "the cost of the project" means only the cost  
34 or fair market value of direct labor and all materials used in the  
35 construction, expansion, or rehabilitation of all buildings,  
36 structures, and facilities at the project site, including the costs,  
37 if any, of land acquisition and land preparation, provision of  
38 access roads, utilities, drainage facilities, and parking facilities,  
39 together with architectural, engineering, legal, surveying,  
40 testing, and contractors' fees associated with the project; which  
41 the applicant shall cause to be certified and verified to the  
42 governing body by an independent and qualified architect,  
43 following the completion of the project.

44 b. Gross revenue basis: the agreement may provide for the  
45 applicant to pay to the municipality in lieu of full property tax  
46 payments an amount annually equal to 15% of the annual gross  
47 revenues from the project. For the purposes of the agreement,  
48 "annual gross revenues" means the total annual gross rental and  
49 other income payable to the owner of the project from the  
50 project. If in any leasing, any real estate taxes or assessments on  
51 property included in the project, any premiums for fire or other  
52 insurance on or concerning property included in the project, or  
53 any operating or maintenance expenses ordinarily paid by the  
54 landlord, are to be paid by the tenant, then those payments shall

1 be computed and deemed to be part of the rent and shall be  
2 included in the annual gross revenue. The tax agreement shall  
3 establish the method of computing the revenues and may  
4 establish a method of arbitration by which either the landlord or  
5 tenant may dispute the amount of payments so included in the  
6 annual gross revenue.

7 c. Tax phase-in basis: the agreement may provide for the  
8 applicant to pay to the municipality in lieu of full property tax  
9 payments an amount equal to a percentage of taxes otherwise  
10 due, according to the following schedule:

11 (1) In the first full tax year after completion, no payment in  
12 lieu of taxes otherwise due;

13 (2) In the second tax year, an amount not less than 20% of  
14 taxes otherwise due;

15 (3) In the third tax year, an amount not less than 40% of taxes  
16 otherwise due;

17 (4) In the fourth tax year, an amount not less than 60% of  
18 taxes otherwise due;

19 (5) In the fifth tax year, an amount not less than 80% of taxes  
20 otherwise due.<sup>1</sup>

21 (P.L.1991, c.441, s.10)

22 2. This act shall take effect immediately.

23

24

25

26

27 Permits a municipality to include more than one tax abatement  
28 project in an ordinance.

1 agreement shall establish the method of computing such revenues  
2 and may establish a method of arbitration by which either the  
3 landlord or tenant may dispute the amount of such payments so  
4 included in the annual gross revenue.

5 c. Tax phase-in: the agreement may provide for the applicant  
6 to pay to the municipality in lieu of full property tax payments an  
7 amount equal to a percentage of taxes otherwise due, according  
8 to the following schedule:

9 (1) In the first full calendar year after completion, no payment  
10 in lieu of taxes otherwise due;

11 (2) In the second calendar year, an amount not less than 20%  
12 of taxes otherwise due;

13 (3) In the third calendar year, an amount not less than 40% of  
14 taxes otherwise due;

15 (4) In the fourth calendar year, an amount not less than 60% of  
16 taxes otherwise due;

17 (5) In the fifth calendar year, an amount not less than 80% of  
18 taxes otherwise due.

19 (cf: P.L.1977, c.12, s.7)

20 2. This act shall take effect immediately.

21

22

23 STATEMENT

24

25 This bill permits a municipality to include more than one  
26 project in a tax abatement ordinance, thereby enabling the  
27 municipality to enter into written agreements with one or more  
28 project applicants for an abatement of local real property taxes.

29 This cost saving measure is intended to provide financial relief  
30 to municipal governments by not requiring the passage of an  
31 individual ordinance for every project tax abatement agreement.  
32 If a municipality could include more than one project in an  
33 ordinance, certain municipalities would save a considerable  
34 amount in advertising costs, not to mention the time involved in  
35 preparation, processing, and filing of the ordinances.

36

37

38

39

40 \_\_\_\_\_  
41 Permits a municipality to include more than one tax abatement  
project in an ordinance.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 405

STATE OF NEW JERSEY

DATED: October 29, 1992

The Assembly Local Government Committee favorably reports Senate Bill No. 405 [1R].

Senate Bill No. 405 [1R] permits a municipality to include more than one project in a tax abatement ordinance, thereby enabling the municipality to enter into written agreements with one or more project applicants for an abatement of local real property taxes. This measure is intended to provide financial relief to municipal governments by not requiring the passage of an individual ordinance for every project tax abatement agreement. This bill is identical to Assembly Bill No. 1025, as amended by the committee.

SENATE COMMUNITY AFFAIRS COMMITTEE

STATEMENT TO

**SENATE, No. 405**

**STATE OF NEW JERSEY**

DATED: MARCH 26, 1992

The Senate Community Affairs Committee favorably reports Senate Bill No. 405.

Senate Bill No. 405 permits a municipality to include more than one project in a tax abatement ordinance, thereby enabling the municipality to enter into written agreements with one or more project applicants for an abatement of local real property taxes.

According to the sponsor's statement, this measure is intended to provide financial relief to municipal governments by not requiring the passage of an individual ordinance for every project tax abatement agreement.