

54:4-23a

LEGISLATIVE HISTORY CHECKLIST

(Assessment - Taxation of new structure - issuance of certificate of occupancy)

NJSA 54:4-23a

LAWS 1982

CHAPTER 220

Bill No. A855

Sponsor(s) Doyle

Date Introduced Feb. 22, 1982

Committee: Assembly Municipal Government

Senate County & Municipal Government

Amended during passage Yes ~~No~~ Amendments denoted by asteri

according to Governor's recommendations:  
Date of Passage: Assembly March 15, 1982

Re-enacted 12-13-82

Senate Oct. 18, 1982

Re-enacted 12-20-82

Date of approval Dec. 29, 1982

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

Report, referred to in veto message:

974.90 New Jersey. Legislature. General Assembly. Housing Emergency Action  
H842 Team.  
1981b Final report... June, 1981. Trenton, 1981.  
(See pp. 12, 19)

6/22/81

ASSEMBLY, No. 855

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 22, 1982

By Assemblyman DOYLE

Referred to Committee on Municipal Government

AN ACT concerning the assessment of real property and improvements thereto and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. No building or other structure newly constructed on any  
2 parcel of real property and intended for occupancy and use for  
3 residential purposes as a detached single family dwelling shall be  
4 assessed and taxed as real property until a certificate of occupancy  
5 or temporary certificate of occupancy has been issued and unless  
6 the building or other structure is actually occupied and used for  
7 such purposes.

8 Nothing in this act shall be construed as applicable to any addi-  
9 tion to, or improvement or alteration of, any existing buildings or  
10 structure.

1 2. This act shall take effect immediately.

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STATEMENT

Current law provides that any newly erected structure may be assessed and taxed as real property when it is substantially ready for use. This has created a financial hardship for builders and developers who cannot consummate sales of properties upon which they have constructed new dwellings. In order to alleviate much of this financial hardship to an already depressed building industry, this bill would provide that no detached single family dwelling shall be assessed and taxed as real property until a certificate of occupancy has been issued and unless the structure is actually occupied and used for residential purposes.

FISCAL NOTE TO  
**ASSEMBLY, No. 855**  
[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 2, 1982

Assembly Bill No. 855 OCR, of 1982, would prohibit the assessment and taxation of newly-constructed single family dwellings as real property until the structure has received either a certificate of occupancy—or a temporary certificate—and until the structure is actually occupied.

The Department of Community Affairs indicates that implementation of this bill would not result in revenue losses since the property tax is a residual tax. It would likely result in shifting the tax burden onto all other nonexempt property owners. It would also result in delaying the time at which a municipality would be able to use this ratable growth as an “add-on” to its CAP base, i.e. allowable annual appropriations, thus forestalling local increases in expenditures for a maximum of two years (assuming the CAP law is continued beyond 1982).

The Office of Legislative Services concurs.

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In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1980, c. 67.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 855**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 8, 1982

As received by the committee, Assembly Bill No. 855 supplemented chapter 4 of Title 54 of the Revised Statutes to prohibit the assessment and taxation of newly constructed detached single family dwellings as real property until the structure has received either a certificate of occupancy or a temporary certificate of occupancy and until the structure is actually occupied.

The committee, at the sponsor's request, amended the bill to grant the tax exemption to all single family dwellings, not just detached structures. The committee also amended the bill to provide that no such building or structure would be omitted from more than two consecutive assessment lists.

The bill also specifies that the prohibition against assessing and taxing newly constructed dwellings does not apply to any additions, improvements or alterations of existing structures.

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 855

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 22, 1982

By Assemblyman DOYLE

Referred to Committee on Municipal Government

AN ACT concerning the assessment of real property and improvements thereto and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. **\*[No]\*** *\*Any other law to the contrary notwithstanding, no\**  
2 *building or other structure newly constructed on any parcel of real*  
3 *property and intended for occupancy and use for residential pur-*  
4 *poses as a **\*[detached]\*** single family dwelling shall be **\*[assessed***  
5 *and taxed as real property]\** *\*added to the assessment list as real*  
6 *property subject to taxation\** *until a certificate of occupancy or*  
7 *temporary certificate of occupancy has been issued and unless the*  
8 *building or other structure is actually occupied and used for such*  
9 *purposes\*; provided, however, that no such building or structure*  
10 *shall be omitted from more than two consecutive assessment lists\*.*

11 Nothing in this act shall be construed as applicable to any addi-  
12 tion to, or improvement or alteration of, any existing buildings or  
13 structure.

1 2. This act shall take effect immediately.

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 printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted March 8, 1982.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

December 6, 1982

ASSEMBLY BILL NO. 855

To the General Assembly:

Pursuant to Article V, Section 1, paragraph 14 of the Constitution, I hereby return Assembly Bill No. 855 with my objections and recommendations for amendment.

Assembly Bill No. 855 provides that a newly constructed single family dwelling shall not be added to the assessment lists and be subject to taxation until a certificate of occupancy has been issued and the structure is actually occupied and used. However, the omission from the assessment lists can not be for more than two consecutive assessment lists.

I support the purpose of this bill and am returning it for technical corrections.

This bill implements one of the recommendations in the Housing Emergency Action Team report, dated June, 1981, and is designed to reduce the cost to build and hence the cost of housing. Since little burden is placed upon municipal services by new unoccupied residential construction, no unfairness results to municipalities and the other taxpayers by a delay in placing this property on the tax rolls.

The bill is intended to keep the new unoccupied residential construction off the assessment lists for a period of two years. However, the language used "two consecutive assessment lists" would not necessarily achieve this result. Since "added" and "omitted" assessment lists as well as the regular assessment list may be issued in a calendar year, the tax benefit could last considerably less than two years. I recommend that the language in the bill be modified in order to assure that the benefit lasts for a two year period. I have also added language which clarifies that no property should be removed from the assessment lists, even though it would otherwise meet the requirements of this act.

Accordingly, I herewith return Assembly Bill No. 855 and recommend that it be amended as follows:

Page 1, Section 1, Line 9: After "however" delete "that no such building or structure"

Page 1, Section 1, Line 10: Delete entire line and insert "that such building or structure shall be omitted from taxation for a period not to exceed twenty-four months. At the termination

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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of the twenty-four month period or following the granting of a certificate of occupancy or temporary certificate of occupancy and the occupation and use of the building for residential purposes, the building or structure shall be assessed and taxed as of the first day of the month following the date of such use for the proportionate part of said year then remaining.

Page 1, Section 1, Line 13: After "structure." insert "Nothing in this act shall be construed to omit from taxation any building or structure or portion of a building or structure subject to taxation prior to the effective date of this act."

Respectfully,

/s/ Thomas H. Kean

Governor

[seal]

Attest:

/s/ W. Cary Edwards

Chief Counsel to the Governor

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 855

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 22, 1982

By Assemblyman DOYLE

Referred to Committee on Municipal Government

AN ACT concerning the assessment of real property and improvements thereto and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. **\*[No]** *\*Any other law to the contrary notwithstanding, no\**  
2 *building or other structure newly constructed on any parcel of real*  
3 *property and intended for occupancy and use for residential pur-*  
4 *poses as a **[detached]** single family dwelling shall be **[assessed***  
5 *and taxed as real property]* *\*added to the assessment list as real*  
6 *property subject to taxation\** until a certificate of occupancy or  
7 temporary certificate of occupancy has been issued and unless the  
8 building or other structure is actually occupied and used for such  
9 purposes\*; *provided, however, **\*\*[that no such building or struc-***  
10 *ture shall be omitted from more than two consecutive assessment*  
11 *lists] *\*\* that such building or structure shall be omitted from*  
12 *taxation for a period not to exceed 24 months. At the termination*  
13 *of the 24 month period or following the granting of a certificate*  
14 *of occupancy or temporary certificate of occupancy and the occu-*  
15 *pation and use of the building for residential purposes, the building*  
16 *or structure shall be assessed and taxed as of the first day of the*  
17 *month following the date of such use for the proportionate part of*  
18 *said year then remaining\*\*.**

19 Nothing in this act shall be construed as applicable to any addi-

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted March 8, 1982.

\*\*—Assembly amendments adopted in accordance with Governor's recommendations December 6, 1982.



tion to, or improvement or alteration of, any existing buildings or  
structure. *\*\*Nothing in this act shall be construed to omit from  
taxation any building or structure or portion of a building or struc-  
ture subject to taxation prior to the effective date of this act.\*\**

1 2. This act shall take effect immediately.

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DECEMBER 30, 1982

A-855, sponsored by Assemblyman John P. Doyle, D-Ocean, which exempts newly constructed single family homes from property taxes until a certificate of occupancy is issued and the home is actually being occupied. By exempting the price of the structure, but not the land, from property taxes prior to occupancy, costs to the builder which are passed along to the buyer are reduced.

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