

ASSEMBLY, No. 601

STATE OF NEW JERSEY

213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

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District 23 (Warren and Hunterdon)

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District 24 (Sussex, Hunterdon and Morris)

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SYNOPSIS

Provides for direct property tax relief from Highlands Property Tax Stabilization Fund.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 6/5/2009)

A601 KARROW, MCHOSE

2

1 AN ACT concerning the Highlands Municipal Property Tax
2 Stabilization program, and amending P.L.2004, c.120.

3

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

6

7 1. Section 21 of P.L.2004, c.120 (C.13:20-19) is amended to
8 read as follows:

9 21. a. There is created in the Department of the Treasury a
10 special non-lapsing fund to be known as the "Highlands Protection
11 Fund." The monies in the fund are dedicated and shall be used only
12 to carry out the purposes enumerated in subsection b. of this
13 section. The fund shall be credited with all revenues collected and
14 deposited in the fund pursuant to section 4 of P.L.1968, c.49
15 (C.46:15-8), all interest and other income received from the
16 investment of monies in the fund, and any monies which, from time
17 to time, may otherwise become available for the purposes of the
18 fund. Pending the use thereof pursuant to the provisions of
19 subsection b. of this section, the monies deposited in the fund shall
20 be held in interest-bearing accounts in public depositories, as
21 defined pursuant to section 1 of P.L.1970, c.236 (C.17:9-41), and
22 may be invested or reinvested in such securities as are approved by
23 the State Treasurer. Interest or other income earned on monies
24 deposited into the fund shall be credited to the fund for use as set
25 forth in subsection b. of this section for other monies in the fund.

26 b. Monies deposited in the "Highlands Protection Fund" shall be
27 used only for:

28 (1) payments to the "Highlands **[Municipal]** Property Tax
29 Stabilization Fund" established pursuant to subsection b. of section
30 **[19 of this act] 30 of P.L.2004, c.120 (C.13:20-28)** in such amounts
31 as are necessary to provide property tax stabilization aid pursuant to
32 that section;

33 (2) payments of watershed moratorium offset aid pursuant to
34 section 1 of P.L.1999, c. 225 (C.58:29-8);

35 (3) the making of grants by the Highlands Water Protection and
36 Planning Council pursuant to **[sections 13 and 18 of this act]**
37 section 8 of P.L.2004, c.120 (C.13:20-8) and section 25 of
38 P.L.2004, c.120 (C.13:20-23) ; and

39 (4) allocations to the Pinelands Property Tax Assistance Fund
40 established pursuant to section **[20 of this act] 33 of P.L.2004,**
41 c.120 (C.13:20-31) .

42 (cf: P.L.2004, c.120, s.21)

43

44 2. Section 19 of P.L.2004, c.120 (C.54:1-85) is amended to read
45 as follows:

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 19. a. (1) There is established in the Department of the Treasury
2 the "Highlands **【Municipal】** Property Tax Stabilization Board,"
3 which shall consist of three members to be appointed by the
4 Governor, who shall be recognized experts in the field of taxation.
5 Members of the board may also be members of the Highlands Water
6 Protection and Planning Council established pursuant to section 4 of
7 P.L.2004, c.120 (C.13:20-4).

8 (2) Within 120 days after the date of enactment of P.L.2004,
9 c.120 (C.13:20-1 et al.), the board, in consultation with the
10 Highlands Water Protection and Planning Council, shall establish
11 procedures for determining the valuation base of a qualified
12 municipality, whether fiscal stress has been caused by the
13 implementation of the "Highlands Water Protection and Planning
14 Act," P.L.2004, c.120 (C.13:20-1 et al.) in a qualified municipality,
15 and the amount due a qualified municipality to compensate for a
16 decline in the aggregate true value of vacant land directly
17 attributable to the implementation of the "Highlands Water
18 Protection and Planning Act."

19 b. The "Highlands **【Municipal】** Property Tax Stabilization
20 Fund" is established in the General Fund as a special nonlapsing
21 fund for the purpose of providing State aid to property taxpayers in
22 qualified municipalities pursuant to this section. There shall be
23 credited each State fiscal year from the "Highlands Protection
24 Fund" created pursuant to section 21 of P.L.2004, c.120 (C.13:20-
25 19) to the Highlands **【Municipal】** Property Tax Stabilization Fund
26 such sums as shall be necessary to provide State aid to reduce
27 property taxes to residents in qualified municipalities pursuant to
28 this section. Every qualified municipality shall be eligible for a
29 distribution from the fund pursuant to the provisions of this section.

30 c. The assessor of every qualified municipality shall certify to
31 the county tax board on a form to be prescribed by the Director of
32 the Division of Taxation in the Department of the Treasury, and on
33 or before December 1 annually, a report of the assessed value of
34 each parcel of vacant land in the base year and the change in the
35 assessed value of each such parcel in the current tax year
36 attributable to successful appeals of assessed values of vacant land
37 to the county tax board pursuant to R.S.54:3-21 et seq. or
38 attributable to a revaluation approved by the director and
39 implemented or a reassessment approved by the county tax board
40 **【of taxation】**. If a judgment or an appeal is overturned or modified,
41 upon a final judgment an appropriate adjustment shall be made by
42 the director in the payment of the entitlement due next following
43 the judgment.

44 d. (1) Upon receipt of reports filed pursuant to subsection c. of
45 this section and using procedures developed by the board pursuant
46 to subsection a. of this section, the county tax board shall compute
47 and certify to the director on or before December 20 of each year, in

1 such manner as to identify for each qualified municipality the
2 aggregate decline, if any, in the true value of vacant land,
3 comparing the current tax year to the base year. The aggregate
4 changes so identified for each qualified municipality shall constitute
5 its valuation base for purposes of this section.

6 (2) The Director of the Division of Taxation shall, on or before
7 January 10 of each year, provide the board with all relevant
8 information collected pursuant to the provisions of this section and
9 any other information deemed necessary by the board to determine
10 the valuation base.

11 (3) Upon receipt of the information, the board shall make a final
12 determination on the valuation base of each qualified municipality;
13 calculate the amount due to compensate property taxpayers in a
14 qualified municipality, in accordance with the procedures developed
15 pursuant to subsection a. of this section, **[to compensate]** for a
16 decline, if any, by multiplying its valuation base by its tax rate; and
17 certify to the director and the State Treasurer, on or before February
18 1 of each year, that amount to which each qualified municipality is
19 entitled.

20 e. Upon receipt of the certification by the board, the State
21 Treasurer shall certify to each qualified municipality, on or before
22 February 15, its property tax stabilization amount for the purposes
23 of subsection f. of this section . A copy of the certified amounts
24 shall be forwarded to the Director of the Division of Local
25 Government Services in the Department of Community Affairs.

26 f. (1) **[The State Treasurer, upon warrant of the Director of the**
27 **Division of Budget and Accounting in the Department of the**
28 **Treasury, shall pay to each qualified municipality its entitlement as**
29 **State aid from the sums available in the "Highlands Municipal**
30 **Property Tax Stabilization Fund" in two equal installments pursuant**
31 **to a schedule prescribed by the Division of Local Government**
32 **Services.] A Highlands Property Tax Stabilization Credit, paid**
33 **from the sums available in the "Highlands Property Tax**
34 **Stabilization Fund," shall be applied to each real property line item**
35 **each year as follows:**

36 (a) The Director of the Division of Taxation and the State
37 Treasurer shall certify to each county tax board, the Director of the
38 Division of Budget and Accounting, the Legislative Budget and
39 Finance Officer, and the Senate President and the Speaker of the
40 General Assembly, by May 1 of each year, the amount of Highlands
41 Property Tax Stabilization Aid due to each county and taxing
42 district for that tax year.

43 (b) When the table of aggregates prepared pursuant to R.S.54:4-
44 52 for each municipality is prepared, a tax credit rate shall be
45 calculated using the calculation of total Highlands Property Tax
46 Stabilization Aid divided by the total taxable value of all property.

- 1 (c) The tax credit rate shall be multiplied by the taxable value for
2 each taxable line item, the product of which shall be deducted from
3 the total taxes due, before deductions, on each line item for the tax
4 year. The tax credit rate and amount of the Highlands Property Tax
5 Stabilization Credit shall be displayed on the tax bill.
- 6 (d) In the event that the tax credit rate is less than \$0.005 per
7 \$100 of taxable value, the municipal chief financial officer shall
8 reserve the funds until such time as the addition of subsequent tax
9 credits exceed that threshold.
- 10 (e) The State Treasurer also shall reimburse each qualified
11 municipality and county tax board from the sums available in the
12 "Highlands Property Tax Stabilization Fund" for any costs,
13 including but not limited to attorney fees and personnel costs,
14 incurred in conducting reassessments and revaluations, and in
15 processing, administering, and defending successful and
16 unsuccessful appeals of assessed values for vacant land in
17 accordance with this section.
- 18 (2) If the amount available in the "Highlands **[Municipal]**
19 Property Tax Stabilization Fund" in any year is insufficient to pay
20 the full amount **[to which each qualified municipality is entitled]**
21 due pursuant to this **[section]** subsection , the payments shall be
22 made on a pro rata basis.
- 23 (3) **[Notwithstanding any provisions of this section to the**
24 **contrary, in the sixth, seventh, eighth, ninth, and tenth years of the**
25 **State aid program created by this section, a qualified municipality**
26 **shall be entitled to receive, respectively, 90%, 70%, 50%, 30%, and**
27 **10% of the sum it otherwise would have been paid pursuant to this**
28 **subsection, and thereafter the program shall expire.]** (Deleted by
29 amendment, P.L. , c.) (pending before the Legislature as this
30 bill)
- 31 g. Any municipality receiving a certification from the State
32 Treasurer pursuant to subsection e. of this section shall anticipate
33 such sums in its annual budget or any amendments or supplements
34 thereto as a direct offset to the amount to be raised by taxation.
- 35 h. The Director of the Division of Taxation in reviewing the
36 reports filed pursuant to subsection c. of this section may make such
37 changes therein as the director deems necessary to ensure that the
38 reports accurately reflect the change in the assessed value of vacant
39 land.
- 40 i. The Director of the Division of Local Government Services
41 shall make such changes in the budget of any qualified municipality
42 to ensure that all sums received pursuant to this section are utilized
43 as a direct offset to the amount to be raised by taxation and shall
44 make such changes therein as the director deems necessary to
45 ensure that the offset occurs.

1 j. Any sum received by a qualified municipality pursuant to this
2 section shall not be considered as an exception or exemption under
3 P.L.1976, c.68 (C.40A:4-45.1 et seq.).

4 k. Notwithstanding the provisions of the "Local Budget Law"
5 (N.J.S.40A:4-1 et seq.), a qualified municipality which is due a
6 property tax stabilization payment pursuant to this section may
7 anticipate the amount of the entitlement in its annual budget for the
8 year in which the payment is made.

9 l. The State Treasurer may deduct from the State aid a
10 municipality would otherwise receive pursuant to this section an
11 amount equivalent to that portion of any sums received by a
12 municipality pursuant to section 1 of P.L.1999, c.225 (C.58:29-8)
13 that the State Treasurer, in consultation with the Director of the
14 Division of Local Government Services, determines to be
15 duplicative of any State aid received pursuant to this section.

16 m. The Director of the Division of Taxation and the Director of
17 the Division of Local Government Services shall each adopt,
18 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
19 (C.52:14B-1 et seq.), such rules and regulations as may be
20 necessary to implement the provisions of this section.

21 n. As used in this section:

22 "Base year" means the calendar year 2003;

23 "Board" means the Highlands **[Municipal]** Property Tax
24 Stabilization Board established pursuant to subsection a. of this
25 section;

26 "County tax board" means a county board of taxation;

27 "Current tax year" means the most recent year for which a report
28 is filed pursuant to subsection c. of this section;

29 "Highlands preservation area" means the preservation area of the
30 Highlands Region designated by subsection b. of section 7 of
31 P.L.2004, c.120 (C.13:20-7);

32 "Qualified municipality" means any municipality located wholly
33 or partially in the Highlands preservation area **[**, provided however,
34 that after the adoption of the Highlands regional master plan by the
35 Highlands Water Protection and Planning Council pursuant to
36 section 8 of P.L.2004, c.120 (C.13:20-8), qualified municipality
37 shall mean only a municipality that has conformed its municipal
38 master plan and development regulations to the Highlands regional
39 master plan pursuant to section 14 of P.L.2004, c.120 (C.13:20-
40 14)**]**;

41 "Tax rate" means that portion of the effective property tax rate
42 for the current tax year which reflects local taxes to be raised for
43 district school purposes and local municipal purposes, calculated by
44 dividing the total of column 12, section C by net valuation on which
45 county taxes are apportioned in column 11, both as reflected in the
46 Abstract of Ratables for the current tax year, and expressed as a rate
47 per \$100 of true value;

1 "True value of vacant land" or "true value" means the aggregate
2 assessed value of vacant land divided by the average ratio of
3 assessed-to-true value of real property (commonly known as the
4 equalization rate) promulgated by the Director of the Division of
5 Taxation in the Department of the Treasury and published in the
6 table of equalized valuation; and

7 "Valuation base" means the change in the aggregate true value of
8 vacant land directly attributable to the implementation of the
9 "Highlands Water Protection and Planning Act," P.L.2004, c.120
10 (C.13:20-1 et al.) in a qualified municipality when comparing the
11 current tax year to the base year.

12 o. **【This section shall expire July 1 next following one year after**
13 **the date the last State aid payment is made to a qualified**
14 **municipality in the tenth year as provided pursuant to paragraph (3)**
15 **of subsection f. of this section.】** (Deleted by amendment, P.L. ____,
16 c. __) (pending before the Legislature as this bill)
17 (cf: P.L.2004, c.120, s.19)

18

19 3. This act shall take effect immediately.

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STATEMENT

23

24 This bill would revise the Highlands Property Tax Stabilization
25 Program to require that the distribution of the stabilization aid
26 reflect all elements of the property tax bill. The bill would provide
27 that the tax credit rate shall be multiplied by the taxable value for
28 each taxable line item, the product of which shall be deducted from
29 the total taxes due, before deductions, on each line item for the tax
30 year. The tax credit rate and amount of the Highlands Property Tax
31 Stabilization Credit would be displayed on the tax bill.