

# SENATE, No. 2299

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED OCTOBER 20, 2008

**Sponsored by:**

**Senator RAYMOND J. LESNIAK**

**District 20 (Union)**

**SYNOPSIS**

Modifies "Revenue Allocation District Financing Act" and "Local Redevelopment and Housing Law" to increase availability of revenue allocation district financing; modifies "Redevelopment Area Bond Financing Law" and authorizes special assessments for environmental cleanup.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning revenue allocation district financing,  
2 rehabilitation areas, redevelopment area bond financing, and  
3 special assessments, and amending and supplementing P.L.2001,  
4 c.310, amending P.L.1992, c.79, supplementing chapter 56 of  
5 Title 40 of the Revised Statutes, and repealing sections 22  
6 through 24 and 29 of P.L.2001, c.310.

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

10  
11 1. (New section) The Legislature finds and declares:

12 a. It is the policy of the State to encourage development in the  
13 urban core and the older suburban ring, while discouraging growth  
14 in the exurban and rural portions of the State.

15 b. It is very costly and time consuming to engage in  
16 redevelopment and rehabilitation in the urban core and the older  
17 suburban ring because of, among other things, the challenges of  
18 land assemblage, environmental clean up, the cost of structured  
19 parking, lower sales and rental prices, and slower market absorption  
20 of floor area and units.

21 c. There are insufficient funds available for the private  
22 development of affordable housing.

23 d. All of these factors serve to prevent redevelopment and  
24 rehabilitation in the urban core and the older suburban ring without  
25 some form of governmental subsidy.

26 e. In New Jersey the primary form of government assistance to  
27 redevelopment in the urban core and the older suburban ring was  
28 through redevelopment area bond financing. However, the New  
29 Jersey Supreme Court's decision in Gallenthin v. Paulsboro and the  
30 lower court decisions following it have reduced the availability of  
31 redevelopment area bond financing because fewer areas meet the  
32 criteria to be designated as in need of redevelopment, as opposed to  
33 in need of rehabilitation.

34 f. Furthermore, redevelopment area bond financing is  
35 insufficient to provide the necessary incentives because it can only  
36 draw upon service charges generated pursuant to the "Long Term  
37 Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

38 g. Most other states promote redevelopment and rehabilitation  
39 through tax increment financing.

40 h. New Jersey has provided for tax increment financing  
41 through the "Revenue Allocation District Financing Act," P.L.2001,  
42 c.310 (C.52:27D-459 et seq.).

43 i. However, while this law has been in effect since 2002, only  
44 one revenue allocation district has been implemented and tax

**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 increment financing has not played a role in the economic  
2 development of New Jersey.

3 j. Many factors have contributed to this, including the narrow  
4 availability of tax increment financing under current law, the  
5 limited revenue sources available under current law, the complex  
6 and burdensome procedures set forth in the current law and  
7 unfavorable policies in the implementation of the law.

8 k. Moreover, notwithstanding the constitutional limits on the  
9 criteria that qualify an area to be in need of redevelopment, the  
10 current language of the "Local Redevelopment and Housing Law,"  
11 P.L.1992, c.79 (C.40A:12A-1 et seq.) makes redevelopment area  
12 designations broadly available, while making rehabilitation area  
13 designations and thus additional areas eligible for revenue  
14 allocation districts, only narrowly available.

15 l. The Legislature therefore finds that this act is necessary to  
16 promote redevelopment and rehabilitation in the urban core and the  
17 older suburban ring and make New Jersey more economically  
18 competitive with other states.

19

20 2. Section 12 of P.L.2001, c.310 (C.52:27D-460) is amended to  
21 read as follows:

22 12. The Legislature finds and declares that:

23 a. There are areas within certain municipalities in this State  
24 that deter private capital investment because of the deteriorating  
25 condition of the land, buildings and infrastructure within those  
26 areas, or that have not experienced private capital investment due to  
27 inadequate infrastructure or adverse economic conditions.

28 b. These areas also create an economic burden for the  
29 municipality due to the limited tax base and underutilization of  
30 resources.

31 c. The scarcity of resources available to municipalities for  
32 redevelopment and rehabilitation has severely hampered these  
33 municipalities' ability to rehabilitate these areas.

34 d. In order to redevelop and rehabilitate these areas in a  
35 beneficial manner, municipalities should be provided the means to  
36 finance certain costs of redevelopment and rehabilitation so as to  
37 open new avenues for private investment; stimulate commercial,  
38 industrial, recreational, cultural, entertainment, civic and  
39 educational enterprise; and create favorable conditions for increases  
40 in economic activity, property values, employment opportunities  
41 and the provision of affordable housing.

42 e. The use of new redevelopment and rehabilitation tools as a  
43 catalyst for economic revitalization can be maximized if employed  
44 in conjunction with the redevelopment and rehabilitation planning  
45 process established pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.).

46 f. The State should consider, where appropriate, one or more  
47 of the following: whether the redevelopment or rehabilitation  
48 project or plan promotes approaches and concepts to reduce

1 congestion; enhance mobility; assist in the redevelopment and  
2 rehabilitation of our municipalities; and otherwise improve the  
3 quality of life of our citizens.

4 g. It is, therefore, in the public interest to authorize the use of  
5 revenue allocation financing by municipalities and the dedication of  
6 **[payments in lieu of taxes]** multiple revenue sources toward the  
7 retirement of debt incurred in redevelopment or rehabilitation, as set  
8 forth hereunder, to encourage private investment within areas that  
9 are blighted **[or]**, in need of redevelopment, in need of  
10 rehabilitation, or would otherwise remain unused.  
11 (cf: P.L.2001, c.310, s.12)

12

13 3. Section 13 of P.L.2001, c.310 (C.52:27D-461) is amended to  
14 read as follows:

15 13. As used in sections 11 through 41 of P.L.2001, c.310  
16 (C.52:27D-459 et seq.) and sections 10 and 12 of P.L. ,  
17 c. (C. ) (pending before the Legislature as this bill):

18 "Area in need of redevelopment" means a redevelopment area as  
19 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

20 "Area in need of rehabilitation" means a rehabilitation area as  
21 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

22 "Authority" means the New Jersey Economic Development  
23 Authority.

24 "Board" means the Local Finance Board established in the  
25 Division of Local Government Services in the Department of  
26 Community Affairs.

27 "Bonds" means the bonds, notes and bond anticipation notes  
28 issued to finance projects pursuant to the "Revenue Allocation  
29 District Financing Act," sections 11 through 41 of P.L.2001, c.310  
30 (C.52:27D-459 et seq.).

31 "District" means the area or areas within a municipality, located  
32 in an eligible area, designated as a revenue allocation district  
33 pursuant to the provisions of the "Revenue Allocation District  
34 Financing Act," sections 11 through 41 of P.L.2001, c.310  
35 (C.52:27D-459 et seq.).

36 "District agent" means that entity designated by the municipal  
37 governing body pursuant to section 14 of P.L.2001, c.310  
38 (C.52:27D-462) to administer a revenue allocation plan on behalf of  
39 the municipality.

40 "Eligible area" means an area in need of redevelopment or an  
41 area in need of rehabilitation.

42 "Eligible revenue" means the property tax increment and any  
43 other incremental revenues set forth in section 21 of P.L.2001,  
44 c.310 (C.52:27D-469) and section 10 of P.L. , c. (C. )  
45 (pending before the Legislature as this bill).

46 "Municipality" means the municipal governing body or an entity  
47 acting on behalf of the municipality if permitted by the federal  
48 Internal Revenue Code of 1986 or, if a redevelopment agency or  
49 redevelopment entity is established in a municipality pursuant to

1 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
2 provides, the redevelopment agency or entity so established.

3 "Permitted investment obligations" means any securities  
4 permitted for purchase by local units of government pursuant to  
5 section 8 of P.L.1977, c.396 (C.40A:5-15.1).

6 "Plan" means the **[final]** revenue allocation plan developed by a  
7 **[district agent]** municipality pursuant to section **[22]** 15 of  
8 P.L.2001, c.310 **[(C.52:27D-470)]** C.52:27D-463 and containing,  
9 among other elements, the proposed projects, estimated cost of the  
10 projects, and sources of revenue**[**, and the terms of any obligations,  
11 undertakings or commitments to be incurred by the district agent**]**.

12 "Pledged revenues" means those eligible revenues designated in  
13 the plan for payment of project costs.

14 "Project" means the purchasing, leasing, condemning or  
15 otherwise acquiring of land or other property, or an interest therein,  
16 in the district or as necessary or convenient for the acquisition of  
17 any right-of-way or other easement to or from the revenue  
18 allocation district; the moving and relocation of persons or  
19 businesses displaced by the acquisition of land or property; the  
20 acquisition, construction, reconstruction or rehabilitation of land or  
21 property and the improvements thereon, or the financing thereof,  
22 including demolition, clearance, removal, relocation, renovation,  
23 alteration, construction, reconstruction, alteration or repair of any  
24 land, building, street, highway, alley, utility, mass transit facility,  
25 service or other structure, infrastructure or improvement in the  
26 district or necessary to effectuate the plan for the district, including  
27 infrastructure improvements outside the district, but only those  
28 which are integral to the effectuation of the district plan; the  
29 acquisition, construction, reconstruction, rehabilitation or  
30 installation of public facilities and improvements, or the financing  
31 thereof; acquisition, construction, reconstruction or rehabilitation of  
32 residential structures, or the conversion to residential use of  
33 structures previously designed or used for other purposes, or the  
34 financing thereof, nonprofit corporation or other suitable public or  
35 private person, firm, corporation or association, and which, to the  
36 extent economically feasible, shall constitute housing affordable to  
37 persons and families of low and moderate income pursuant to  
38 P.L.1985, c.222 (C.52:27D-301 et al.) or rules and regulations  
39 adopted pursuant thereto; and all costs associated with any of the  
40 foregoing, including the cost of administrative appraisals, legal,  
41 financial, economic and environmental analyses, engineering or  
42 cleanup, planning, design, architectural, surveying or other  
43 professional and technical services and the extraordinary costs of  
44 public services provided within the district, with such extraordinary  
45 costs of public services not to exceed, in any year, the amount of 10  
46 percent of the total amount of pledged revenues collected during  
47 that year, necessary to effectuate the purposes of the "Revenue

1 Allocation District Financing Act," sections 11 through 41 of  
2 P.L.2001, c.310 (C.52:27D-459 et seq.). "Project" also expressly  
3 includes private improvements developed by private parties,  
4 including, but not limited to, office buildings, industrial buildings,  
5 retail buildings, buildings containing residential units, buildings  
6 containing a mix of two or more of the aforesaid uses, and all  
7 infrastructure related to said private projects, including, but not  
8 limited to, private parking structures which are part of and for the  
9 exclusive use of said private projects. "Project" further expressly  
10 includes private or public buildings (and the site improvements and  
11 land costs associated therewith or required thereby) which include  
12 residential units to be occupied exclusively by households whose  
13 incomes do not exceed limitations established pursuant to any State  
14 or federal housing law or regulation. Such a project can also  
15 include residential units which are not to be occupied exclusively  
16 by households whose incomes do not exceed limitations established  
17 pursuant to any State or federal housing law or regulation.

18 "Project cost" means the cost of the plan or project in all or any  
19 part of the district, including, but not limited to, all construction and  
20 development costs of the project and of all and any property, rights,  
21 easements, privileges, agreements and franchises deemed by the  
22 district agent to be necessary or useful and convenient therefor or in  
23 connection therewith, including interest or discount on bonds; cost  
24 of issuance of bonds; engineering and inspection costs; legal  
25 expenses; costs of financial and other professional estimates and  
26 advice; organization, administrative, operating and other expenses  
27 of the district agent prior to and during the planning and  
28 implementation of a development, plan or project, including such  
29 provision as the district agent may determine for the payment, or  
30 security for payment, of principal of or interest on bonds during or  
31 after the implementation of any development, plan or project.

32 "Property tax increment" means the amount obtained by:

33 (1) multiplying the general tax rate levied each year by the  
34 taxable value of all the property assessed within a district in the  
35 same year, excluding any special assessments; and

36 (2) multiplying that product by a fraction having a numerator  
37 equal to the taxable value of all the property assessed within the  
38 district, minus the property tax increment base, and having a  
39 denominator equal to the taxable value of all property assessed  
40 within the district.

41 "Property tax increment base" means the aggregate taxable value  
42 of all property assessed which is located within a district as of  
43 October 1 of the year preceding the year in which the district is  
44 authorized pursuant to the "Revenue Allocation District Financing  
45 Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et  
46 seq.).

47 "Redevelopment plan" means a redevelopment plan as the term  
48 is defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

1 "Revenue increment base" means the amount of any eligible  
2 revenues, other than the property tax increment, collected in the  
3 calendar year immediately preceding the adoption of the plan.

4 "Taxing entity" means the county, the school district or districts,  
5 and the municipality authorized to levy a tax on the taxable  
6 property within a municipality.

7 "Urban Enterprise Zone" means an urban enterprise zone as  
8 defined pursuant to section 3 of P.L.1983, c.303 (C.52:27H-62).

9 (cf: P.L.2001, c.310, s.13)

10

11 4. Section 14 of P.L.2001, c.310, (C.52:27D-462) is amended  
12 to read as follows:

13 14. The governing body of any municipality may by ordinance  
14 establish a district or districts. In the case of a municipality whose  
15 redevelopment or rehabilitation powers are assigned by law to a  
16 regional planning commission, the commission may, by resolution,  
17 establish a district or districts in the area within which the  
18 commission has jurisdiction.

19 A revenue allocation district shall consist of all lots and streets  
20 within the borders of an area within a municipality or within areas  
21 of the municipality designated in the plan. The lots and streets shall  
22 be contiguous unless the municipality determines that non-  
23 contiguous areas of the municipality should comprise one district  
24 because those areas are part of a common development project or  
25 plan. The total taxable value in all districts designated shall not  
26 exceed 15 percent of the total taxable property assessed within the  
27 municipality, as determined by the municipal assessor, except that,  
28 upon a request by the governing body, the **[board]** authority may  
29 approve for inclusion in the district up to 20 percent of the total  
30 taxable property assessed in the municipality, as determined by the  
31 municipal assessor. The lots and streets to be designated as part of  
32 the plan shall be designated as a revenue allocation district as part  
33 of a duly adopted redevelopment plan approved by the governing  
34 body.

35 The ordinance or resolution, as appropriate, shall be adopted as  
36 provided in section **[17]** 16 of P.L.2001, c.310 **[(C.52:27D-465)]**  
37 **(C.52:27D-464)**, and shall include or incorporate:

38 a. a map designating the area or areas within the municipality  
39 as a district or districts;

40 b. a certification by the municipal assessor that, upon the basis  
41 of property assessments as of October 1 of the year preceding the  
42 certification, the total taxable property value in all districts  
43 designated by the municipality, including the district being  
44 proposed in the ordinance, does not exceed 15 or 20 percent, as the  
45 case may be, of the total taxable property assessed in the  
46 municipality, as provided in the ordinance adopted in accordance  
47 with the provisions of this section;

- 1 c. the designation of a district agent, which may be a county, a  
2 county improvement authority, the New Jersey Redevelopment  
3 Authority, the New Jersey Economic Development Authority or a  
4 municipality; provided, however, that if a district is created in an  
5 area under the jurisdiction of a regional planning commission which  
6 has been assigned redevelopment or rehabilitation powers pursuant  
7 to law, that commission shall serve as the district agent in  
8 connection with that district;
- 9 d. a designation of all or any percentage of any eligible revenue  
10 or revenues as pledged revenues;
- 11 e. a statement of whether or not the municipality intends that  
12 any of the bonds issued by the district agent, if other than a  
13 municipality, be guaranteed by the municipality, or be issued as  
14 qualified bonds pursuant to the "Municipal Qualified Bond Act,"  
15 P.L.1976, c.38 (C.40A:3-1 et seq.), or both;
- 16 f. a **【proposed preliminary】** revenue allocation plan, as set  
17 forth in section 15 of **【the】** P.L.2001, c.310 (C.52:27D-463);
- 18 g. documentation that the district has been identified in the  
19 appropriate redevelopment plan; and
- 20 h. Such other conditions or limitations as shall be imposed on  
21 the district agent by the governing body.  
22 (cf: P.L.2001, c.310, s.14)  
23
- 24 5. Section 15 of P.L.2001, c.310 (C.52:27D-463) is amended to  
25 read as follows:
- 26 15. **【The proposed preliminary revenue allocation】** Before the  
27 district agent pledges any revenues, issues any bonds, incurs any  
28 obligations or guaranties the obligations of any other entity with  
29 respect to the project costs of any project, the municipality shall  
30 adopt, by ordinance, a revenue allocation plan for that project. That  
31 plan shall include:
- 32 a. a certification by the municipal tax assessor of the property  
33 tax increment base of the district;
- 34 b. a statement of the revenues, if any, to be pledged to support  
35 bonds of the district, the percentage of such revenues to be so  
36 pledged, and a certification by the chief financial officer of the  
37 municipality of the revenue increment base for each of the pledged  
38 revenues other than the property tax revenue base. If the amount of  
39 any such revenue base cannot be certified, then the chief financial  
40 officer shall estimate the amount and describe the basis for  
41 preparing the estimate and the manner in which the revenue  
42 increment base will be determined after adoption of the plan;
- 43 c. a description of the proposed project or projects, an estimate  
44 of their cost, a proposed construction schedule, the projected  
45 amount of bonds to be issued and whether interest on such bonds is  
46 exempt from taxation for federal income tax purposes and the  
47 projected debt service on the bonds issued to finance the project;

- 1 d. a description of the development expected or planned within  
2 the district, including the identification of the developers, if any,  
3 other than the district agent or the municipality, and their  
4 contractual relationship, if any, with the district agent or the  
5 municipality;
- 6 e. an estimate of the taxable value of the assessed property  
7 within a district upon completion of the projects;
- 8 f. a projection of the amount of the pledged revenues during  
9 the period in which any bond will be outstanding;
- 10 g. a statement of whether or not the district agent intends to  
11 create a reserve for payment of project costs prior to the adoption of  
12 the final revenue allocation plan;
- 13 h. a statement of whether or not tax abatements or exemptions  
14 or special assessments are expected to be granted in the district;  
15 **[and]**
- 16 i. a fiscal impact statement for the taxing entities involved; and  
17 j. a projection of the amount of the initial issuance of bonds to  
18 be used to support the first project or projects proposed in or  
19 supporting the redevelopment or rehabilitation of the district.  
20 (cf: P.L.2001, c.310, s.15)

21  
22 6. Section 16 of P.L.2001, c.310 (C.52:27D-464) is amended to  
23 read as follows:

24 16. When an ordinance establishing or amending a district has  
25 passed first reading, it shall be submitted as an application, together  
26 with **[all included and incorporated certificates and documents and**  
27 **such additional documentation as the board may by rule prescribe]**  
28 the revenue allocation plan required by section 14 of P.L.2001,  
29 c.310 (C.52:27D-462) and the fee amount calculated in accordance  
30 with this section, to the [board] authority.

31 The **[board] authority** shall **[approve]** review the ordinance **[if**  
32 **it determines that]** to determine whether:

- 33 a. the planned developments are likely to be realized and  
34 would not likely be accomplished by private enterprise without the  
35 creation of the district and the revenue allocation financing of the  
36 proposed project or projects;
- 37 b. the revenue increments and any other pledged revenues will  
38 be sufficient to pay debt service on bonds issued to effectuate the  
39 plan;
- 40 c. the credit of the municipality and its ability to pay the  
41 principal of and interest on its debts and to provide essential public  
42 services will not be impaired;
- 43 d. the creation of the district will contribute to the economic  
44 development of the municipality;
- 45 e. the size of the proposed district and the amount of the  
46 pledged revenues do not exceed the size and amount necessary to  
47 accomplish the purposes of the plan;

1 f. any insufficiency or shortfall in the amount of the revenue or  
2 guarantees pledged to pay debt service or bonds issued to effectuate  
3 the plan would not pose inappropriate risk or undue financial  
4 hardship to the taxpayers of the community;

5 g. there are no other factors which, in the determination of the  
6 **【board】 authority**, will impair the credit of the municipality or  
7 reduce its ability to pay punctually the principal of and interest on  
8 its debts and supply other essential public improvements and  
9 services; and

10 h. the planned development does one or more of the following:  
11 promote approaches and concepts to reduce congestion; enhance  
12 mobility; assist in the redevelopment of our municipalities; and  
13 otherwise improve the quality of life of our citizens.

14 The authority shall be entitled to receive from the applicant a  
15 review fee to provide for the determination of whether the  
16 ordinance meets the above criteria. This review fee shall be equal  
17 to: 1% of the first \$10,000,000 of the projected amount of the initial  
18 issuance of bonds set forth in the revenue allocation plan used to  
19 support the first project or projects proposed in or supporting the  
20 redevelopment or rehabilitation of the district, as required by  
21 subsection j. of section 15 of P.L.2001, c.310 (C.52:27D-463);  
22 .05% of the next \$10,000,000 of that projected amount; and .025%  
23 of any amount over \$20,000,000 of that projected amount;  
24 provided, however, that notwithstanding this calculation, the review  
25 fee shall not be less than \$10,000 or more than \$25,000.

26 If the ordinance meets the above criteria, the authority shall  
27 approve the ordinance, subject to section 17 of P.L.2001, c.310  
28 (C.52:27D-465).

29 (cf: P.L.2001, c.310, s.16)

30  
31 7. Section 17 of P.L.2001, c.310 (C.52:27D-465) is amended to  
32 read as follows:

33 17. a. The **【board】 authority** may make written  
34 recommendations as to any aspect of the ordinance and the  
35 **【preliminary】** revenue allocation plan and any related fiscal matters  
36 of the municipality which in the opinion of the **【board】 authority**  
37 shall be changed in order to effectuate the plan. Prior to making a  
38 written recommendation as to any aspect of the ordinance, the  
39 authority shall forward the ordinance to the board for review. Upon  
40 reviewing the ordinance, the board shall recommend approval of the  
41 ordinance, in writing, unless it determines that there are significant  
42 factors that will result in the ordinance not satisfying the criteria  
43 established pursuant to section 16 of P.L.2001, c.310 (C.52:27D-  
44 464). If the board determines that such significant factors exist, it  
45 shall notify the authority, in writing, of such significant factors and  
46 the authority shall consider those factors in its review of the  
47 ordinance pursuant to section 16 of P.L.2001, c.310 (C.52:27D-

1 464). The **【board】** authority may condition its approval of the  
2 ordinance upon the adoption of its recommendations by the  
3 municipality.

4 b. The **【board】** authority shall approve, approve with  
5 conditions, or disapprove the ordinance within 60 days of its receipt  
6 of an application which the **【board】** authority has deemed to be  
7 complete. If the **【board】** authority does not act within 60 days the  
8 ordinance shall be deemed approved. If the **【board】** authority  
9 disapproves the ordinance it shall, within 30 days of signifying its  
10 disapproval, set forth its reasons in writing. The municipality may  
11 amend the ordinance and resubmit it to the **【board】** authority.

12 c. Upon receipt of the approved ordinance from the **【board】**  
13 authority, the municipal governing body may adopt the ordinance at  
14 a meeting of the governing body by a majority of the authorized  
15 membership thereof.

16 (cf: P.L.2001, c.310, s.17)

17

18 8. Section 18 of P.L.2001, c.310 (C.52:27D-466) is amended to  
19 read as follows:

20 18. After adoption of the ordinance establishing a district there  
21 shall be no expansion or contraction of the boundaries of the  
22 district, the designation of the district agent, or the designation of  
23 the pledged revenues without adoption of an amending ordinance  
24 approved by the **【board】** authority as provided in section 17 of  
25 P.L.2001, c.310 (C.52:27D-465).

26 (cf: P.L.2001, c.310, s.18)

27

28 9. Section 20 of P.L.2001, c.310 (C.52:27D-468) is amended to  
29 read as follows:

30 20. The district agent shall have the following powers and  
31 responsibilities to the extent so designated by ordinance:

32 a. to make and enter into contracts or agreements with public  
33 agencies, nonprofit corporations or other suitable public or private  
34 persons, firms, corporations or associations, and to make loans or  
35 grants to, or guarantee the obligations of, any other public agency  
36 or corporation, as may be necessary, convenient or incidental to the  
37 execution of the plan and the exercise of the district agent's powers  
38 under the "Revenue Allocation District Financing Act," sections 11  
39 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

40 b. to enter into agreements or other transactions with, and  
41 accept grants, loans, appropriations or other assistance or  
42 cooperation from the United States or any agency thereof, or from  
43 the State or a county or municipal governing body or any agency  
44 thereof, or any nonprofit corporation or other suitable public or  
45 private person, firm, corporation or association in furtherance of the  
46 purposes of the "Revenue Allocation District Financing Act,"  
47 sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

1 c. to prepare and administer the plan according to the  
2 provisions of the "Revenue Allocation District Financing Act,"  
3 sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

4 d. to hire or consult with private consultants when preparing the  
5 plan, or to enter into agreements with public or nonprofit private  
6 agencies to prepare and administer the plan;

7 e. to issue bonds or cause bonds to be issued for any purpose of  
8 the district authorized by or pursuant to the "Revenue Allocation  
9 District Financing Act," sections 11 through 41 of P.L.2001, c.310  
10 (C.52:27D-459 et seq.), or to issue refunding bonds for the purpose  
11 of paying or retiring bonds previously issued by it, and to issue  
12 notes in anticipation of the issuance of bonds as provided in the  
13 "Revenue Allocation District Financing Act," sections 11 through  
14 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

15 f. to seek and receive funds from local, State and federal  
16 governments and from private sources for the purpose of  
17 implementing any authorized development or project or meeting  
18 any project cost;

19 g. to pay project costs, specifically including payments to a  
20 private developer, as reimbursement for project costs incurred by a  
21 private developer, in accordance with a redevelopment **[bond**  
22 **financing]** agreement entered into by the municipality or  
23 municipalities and the private developer; and

24 h. to include in the terms of any resolution, bond or contract a  
25 provision that the payments in lieu of taxes or special assessments  
26 shall constitute a municipal charge for the purposes of R.S.54:4-66.

27 Except as provided otherwise herein, nothing herein is intended  
28 to limit the powers granted under any other law or regulation to the  
29 entity acting as district agent under the "Revenue Allocation  
30 District Financing Act," sections 11 through 41 of P.L.2001, c.310  
31 (C.52:27D-459 et seq.).

32 (cf: P.L.2001, c.310, s.20)

33

34 10. (New section) Notwithstanding any other provision of any  
35 law to the contrary, the municipality is authorized to collect the  
36 following incremental revenues within a district:

37 a. incremental revenues from payroll or wage taxes with  
38 respect to activities carried on within the district;

39 b. incremental revenue from hotel taxes levied on hotels within  
40 the district;

41 c. incremental revenues from parking taxes derived from  
42 parking facilities located within the district;

43 d. incremental revenue from admissions and sales taxes  
44 received from the operation of a public facility;

45 e. incremental revenue from sales and excise taxes which are  
46 derived from activities within the district;

47 f. parking revenue from public parking facilities built as part  
48 of a project except for public parking facilities owned by parking

1 authorities pursuant to the "Parking Authority Law," P.L.1948,  
2 c.198 (C.40:11A-1 et seq.); and

3 g. incremental revenue from taxes collected from public  
4 utilities pursuant to P.L.1940, c.5, (C.54:30A-49 et seq.) and  
5 P.L.1997, c162, (C.54:10A-3 et al.).

6

7 11. Section 21 of P.L.2001, c.310 (C.52:27D-469) is amended to  
8 read as follows:

9 21. The plan may include one or more of the following eligible  
10 revenues, including, but not limited to section 10 of P.L. \_\_\_\_\_,  
11 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill), if the  
12 municipality is otherwise authorized by law to collect such  
13 revenues:

14 a. incremental payments in lieu of taxes, with respect to  
15 property located in the district, made pursuant to the "Five-Year  
16 Exemption and Abatement Law," P.L.1991, c.441 (C.40A:21-1 et  
17 seq.) or the "Long Term Tax Exemption Law," P.L.1991, c.431  
18 (C.40A:20-1 et al.);

19 b. incremental revenues from payroll or wage taxes with  
20 respect to activities carried on within the district;

21 c. incremental revenue from lease payments made to the  
22 municipality or district agent with respect to property located in the  
23 district;

24 d. incremental revenue from payments in lieu of taxes or  
25 service charges with respect to property located within the district;

26 e. incremental revenue from parking taxes derived from  
27 parking facilities located within the district;

28 f. admissions and sales taxes received from the operation of a  
29 public facility which the district agent is authorized by law to  
30 retain;

31 g. sales and excise taxes which are derived from activities  
32 within the district and which are rebated to or retained by the  
33 municipality pursuant to section 10 of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_) (pending  
34 before the Legislature as this bill) or the "New Jersey Urban  
35 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) or  
36 any other law providing for such rebate or retention;

37 h. parking revenue from public parking facilities built as part  
38 of a project except for public parking facilities owned by parking  
39 authorities pursuant to the "Parking Authority Law," P.L.1948,  
40 c.198 (C.40:11A-1 et seq.);

41 i. assessments as allowed by law that are levied against  
42 properties in a district, if consented to by the governing body of the  
43 municipality in which the district is situated;

44 j. 95 percent of the property tax increment;

45 k. incremental income from admissions and sales taxes  
46 received from the operation of a public facility which the district  
47 agent is authorized to retain by section 10 of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)  
48 (pending before the Legislature as this bill);

1 l. incremental revenue from hotel taxes levied on hotels within  
2 the district;

3 m. incremental revenue from taxes collected from public  
4 utilities pursuant to section 10 of P.L. , c. (C. ) (pending  
5 before the Legislature as this bill).

6 n. sales tax revenue available to the municipality pursuant to  
7 section 12 of P.L. , c. (C. ) (pending before the Legislature  
8 as this bill).

9 The incremental revenue for the revenues listed in subsections b.,  
10 c., d. **[and]**, e., k., l., and m. of this section shall be calculated as  
11 the difference between the amount collected in any calendar year  
12 from any eligible revenue source included in the plan, less the  
13 revenue increment base for that eligible revenue.

14 (cf: P.L.2001, c.310, s.21)

15

16 12. (New section) a. To the extent that the area included within  
17 the proposed district has been previously designated as a part of an  
18 urban enterprise zone, the municipality shall have the right, as part  
19 of its plan for the district, to elect to exercise the urban enterprise  
20 zone transition option for some or all of the area that was previously  
21 designated as part of the urban enterprise zone.

22 b. If the municipality elects to exercise the urban enterprise  
23 zone transition option, it shall so indicate within the ordinance  
24 creating or modifying the district. The ordinance shall indicate the  
25 exact area for which the option is to be exercised, which may  
26 include some or all of the area included within the proposed district  
27 that had been previously designated as part of the urban enterprise  
28 zone.

29 c. Upon final adoption of an ordinance to establish or modify a  
30 district, any area within the district for which the urban enterprise  
31 zone transition option was exercised shall cease to be eligible for  
32 reduction of the State sales tax rate within that area.

33 d. In any area for which the urban enterprise zone transition  
34 option was exercised, the municipality shall receive, for a period of  
35 25 years, commencing on the date of the final adoption of the  
36 ordinance exercising the option, all sales taxes collected by the  
37 State which exceed the amount of such revenue retained by the  
38 State in the last complete fiscal year that preceded the date on  
39 which that ordinance was finally adopted. For purposes of this  
40 section, the revenue retained by the State shall include only such  
41 sales tax revenues as were deposited in the general treasury of the  
42 State, exclusive of any amount of State sales tax revenue as may  
43 have been deposited to the benefit of the municipality in any  
44 account established under the terms of the "New Jersey Urban  
45 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.).

46 e. Any area for which the urban enterprise zone transition  
47 option has been exercised shall continue to be considered as part of  
48 the urban enterprise zone for all of the other rights, benefits and

1 obligations applicable to businesses, persons and properties located  
2 within the urban enterprise zone pursuant to the "New Jersey Urban  
3 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) and  
4 for the purposes of any other statute including, but not limited to,  
5 the "Local Redevelopment and Housing Law," P.L.1992, c.79  
6 (C.40A:12A-1 et seq.) and the "Long Term Tax Exemption Law,"  
7 P.L.1991, c.431 (C.40A:20-1 et seq.).

8

9 13. Section 25 of P.L.2001, c.310 (C.52:27D-473) is amended to  
10 read as follows:

11 25. If the **[preliminary]** revenue allocation plan has designated  
12 the property tax increment as a pledged revenue, the property tax  
13 increment shall be calculated and paid to the revenue allocation  
14 fund or the bond trustee, as appropriate, as provided hereunder.

15 a. Upon the striking of the tax rate in each year following the  
16 adoption of the ordinance creating the district, the chief financial  
17 officer of the municipality, with assistance provided by the assessor  
18 and collector, shall calculate the amount of property tax increment,  
19 if any, for each revenue allocation district within the municipality  
20 and shall certify to the district agent of each such district a copy of  
21 that calculation. Thereafter the chief financial officer shall, within  
22 10 days after each date fixed by statute for the payment of property  
23 taxes, cause to be deposited in the revenue allocation fund of the  
24 district agent or paid to the trustees as provided in the resolution  
25 authorizing the issuance of bonds the percentage of the property tax  
26 increments certified in the plan as designated to be so deposited or  
27 paid. The calculation of the property tax increment shall be based  
28 on the amount to be billed at the quarterly payment date, regardless  
29 of whether or not the increment is actually collected from the  
30 taxpayers within the district.

31 b. Whenever an added assessment shall occur within a district,  
32 the chief financial officer of the municipality shall notify the district  
33 agent and thereafter shall, within 10 days of the date fixed by law  
34 for payment of property taxes on such added assessment, cause to  
35 be paid to the revenue allocation fund or the bond trustee, as  
36 appropriate, the property taxes, or a percentage thereof as  
37 designated in the plan, billed upon such added assessment,  
38 regardless of whether or not the tax or any portion thereof is  
39 actually collected.

40 c. Whenever an omitted assessment which if not omitted would  
41 have been included in the computation of the tax increment of a  
42 district occurs, the chief financial officer of the municipality shall  
43 notify the district agent and thereafter shall, within 10 days after the  
44 date fixed by statute for payment of taxes upon such omitted  
45 assessments, cause to be deposited to the revenue allocation fund or  
46 paid to the bond trustees of the district, as appropriate, the  
47 proportion of tax upon such omitted assessments designated in the

1 plan for such deposit or payment, regardless of whether or not the  
2 tax or any portion thereof is actually collected.

3 d. In no event shall any changes in assessed valuation within a  
4 district due to appeals or correction of errors with respect to a tax  
5 year subsequent to the creation of the district alter the amount of  
6 property tax increment certified pursuant to this section for that tax  
7 year.

8 e. In no event shall any changes in assessed valuation within a  
9 district due to appeals or correction of errors alter the property tax  
10 increment base of the district.

11 f. Whenever a revaluation or general reassessment occurs in a  
12 municipality which has designated one or more districts, the  
13 property tax increment base for each district shall be adjusted to  
14 equal the absolute difference between the taxable value of the  
15 property in the district after revaluation or reassessment less the  
16 amount of the property tax increment base for the year immediately  
17 prior to the revaluation or reassessment divided by the adjusted tax  
18 rate. The adjusted tax rate shall be a fraction, the numerator of  
19 which is the total tax levy of the municipality before revaluation or  
20 reassessment and the denominator of which is the total taxable  
21 value of all taxable property in the municipality after revaluation or  
22 reassessment.

23 (cf: P.L.2001, c.310, s.25)

24

25 14. Section 26 of P.L.2001, c.310 (C.52:27D-474) is amended to  
26 read as follows:

27 26. If the **[preliminary]** revenue allocation plan has designated  
28 any eligible revenues, in addition to or other than the property tax  
29 increment, as a pledged revenue, the other pledged revenues shall  
30 be deposited as provided in this section.

31 a. The collector of any pledged revenues shall certify to the  
32 municipal chief financial officer the amount of the eligible revenue  
33 collected in the preceding calendar year no later than January 30 of  
34 each year and shall pay to the municipality such amount, or the  
35 percentage thereof designated in the plan, beginning in the first  
36 calendar year after the creation of the district.

37 b. The municipality shall include in its budget the amount  
38 certified as collected in the preceding year and shall pay to the  
39 district agent for deposit in the revenue allocation financing fund  
40 the amount certified in the plan as designated for such payment.

41 c. Payments in lieu of taxes shall be deposited in four equal  
42 installments, regardless of the date or dates fixed for such payments  
43 by statute, agreement or otherwise.

44 (cf: P.L.2001, c.310, s.26)

45

46 15. Section 27 of P.L.2001, c.310 (C.52:27D-475) is amended to  
47 read as follows:

1       27. The district agent shall submit its operating budget for the  
2 district annually to the [Director of the Division of Local  
3 Government Services in the Department of Community Affairs]  
4 authority. If the district agent certifies that the budget is in  
5 compliance with a [preliminary or final financing] plan and all  
6 other relevant statutes and rules, the [director] authority shall  
7 approve the budget within 45 days of receipt. If the [director]  
8 authority disapproves the budget [he] it shall state the reasons  
9 therefor, in writing. The district agent may then make the necessary  
10 changes and resubmit the budget for approval. [The director may  
11 adopt rules and regulations in accordance with the "Administrative  
12 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to ensure the  
13 fiscal integrity of districts and effectuate the intent of the "Revenue  
14 Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459  
15 et seq.).]

16 (cf: P.L.2001, c.310, s.27)

17

18       16. Section 30 of P.L.2001, c.310 (C.52:27D-478) is amended to  
19 read as follows:

20       30. Subject to the limitations contained in the "Revenue  
21 Allocation District Financing Act," sections 11 through 41 of  
22 P.L.2001, c.310 (C.52:27D-459 et seq.), each district shall remain  
23 in existence until obligations for any project in that district cease to  
24 be outstanding; provided, however, the district may be terminated if  
25 sufficient moneys have been deposited in the revenue allocation  
26 fund, which, when invested in obligations of or guaranteed by the  
27 United States government, will be sufficient to pay when due the  
28 principal of and interest on the bonds at maturity or any redemption  
29 date or full payment of any other obligations, and if the board  
30 approves the dissolution of the district. The [Division of Local  
31 Government Services in the Department of Community Affairs]  
32 authority may recommend to the municipality the dissolution of a  
33 district which has not taken substantial steps to implement the plan,  
34 so long as there are no bonded obligations outstanding or  
35 contractual obligations to pay any part of project costs.

36 (cf: P.L.2001, c.310, s.30)

37

38       17. Section 31 of P.L.2001, c.310 (C.52:27D-479) is amended to  
39 read as follows:

40       31. It is the intent of the Legislature to provide a stable and  
41 predictable source of revenue for use within the district and to  
42 provide for the capture of the property tax increment for use within  
43 the district. Accordingly, 95 percent of the property tax increment  
44 shall be available for exclusive use within the district with the  
45 remaining five percent to be distributed equally between the county  
46 (2 ½ %) and school district (2 ½ %), as set forth below:

1 a. In calculating the general tax rate levied each year, the  
2 aggregate amount of the ratable increments of the revenue  
3 allocation districts that have been pledged to bondholders or are  
4 otherwise required by the district agent for the development of the  
5 plan shall not be considered a part of the total taxable value of land  
6 and improvements within the municipality.

7 b. In calculating the net valuation on which school district  
8 taxes are apportioned, the aggregate amount of the ratable  
9 increments in the revenue allocation district shall be excluded,  
10 except for 2 ½ percent of the aggregate amount of the ratable  
11 increments in the revenue allocation district which shall continue to  
12 be applied for school district tax apportionment purposes.

13 c. **【For purposes of this section, "ratable increment" means the**  
14 **taxable value of all property assessed within a revenue allocation**  
15 **district for the tax year, minus the property tax increment base.】** In  
16 calculating the net valuation on which county taxes are apportioned,  
17 the aggregate amount of the ratable increments in the revenue  
18 allocation district shall be excluded, except for 2 ½ percent of the  
19 aggregate amount of the ratable increments in the revenue  
20 allocation district which shall continue to be applied for county tax  
21 apportionment purposes.

22 (cf: P.L.2001, c.310, s.31)

23

24 18. Section 32 of P.L.2001, c.310 (C.52;27D-480) is amended to  
25 read as follows:

26 32. Upon approval of the resolution by the **【board】** authority  
27 and adoption of an ordinance approving or adopting: a. the **【final】**  
28 revenue allocation plan by the municipal governing body, or b. a  
29 determination regarding a particular project for which there exist  
30 sufficient eligible revenues within the district to pay the principal of  
31 and interest on obligations issued to finance such project, the  
32 district agent shall have the power to incur indebtedness, borrow  
33 money and issue its bonds or notes for purposes of financing a  
34 project or funding or refunding its bonds or notes. If the district  
35 agent is the municipal governing body, any pledge of revenues or  
36 funds and obligations incurred shall be limited to the revenues and  
37 property accruing to the municipality as district agent and shall not  
38 be deemed to include any other municipal revenue or property  
39 unless such revenues are pledged or obligations are incurred  
40 pursuant to the "Revenue Allocation District Financing Act,"  
41 P.L.2001, c.310 (C.52:27D-459 et seq.). The district agent may  
42 from time to time issue its bonds or notes in such principal amounts  
43 as in the opinion of the district agent are necessary to provide  
44 sufficient funds for all or any portion of project costs, including the  
45 payment, funding or refunding of the principal of or interest or  
46 redemption premiums on any bonds or notes issued by it, whether  
47 the bonds or notes or interest to be funded or refunded has or has  
48 not become due; the establishment or increase of such reserves to

1 secure or to pay the bonds or notes or interest thereon; and all other  
2 costs or expenses of the district agent incident to and necessary to  
3 carrying out its corporate purposes and powers.

4 Any provisions of law to the contrary notwithstanding, a bond  
5 issued pursuant to the "Revenue Allocation District Financing Act,"  
6 sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.)  
7 shall be fully negotiable within the meaning and for all purposes of  
8 Title 12A of the New Jersey Statutes, and each holder of the bond,  
9 or a coupon appurtenant thereto, by accepting the bond or coupon  
10 shall be conclusively deemed to have agreed that the bond or  
11 coupon is and shall be fully negotiable within the meaning and for  
12 the purposes of that title.

13 (cf: P.L.2001, c.310, s.32)

14

15 19. Section 35 of P.L.2001, c.310, (c.52:27D-483) is amended to  
16 read as follows:

17 35. The municipal governing body may provide for the  
18 guarantee of any such bonds and may issue general obligation  
19 bonds to provide for the funding of such guarantee which shall be  
20 authorized pursuant to the provisions of the "Local Bond Law,"  
21 N.J.S.40A:2-1 et seq. Such guarantees shall be set forth in the  
22 **[final]** revenue allocation plan approved pursuant to section **[23]**  
23 15 of P.L.2001, c.310 **[(C.52:27D-471)]** (C.52:27D-463). To the  
24 extent that the municipality provides for a full faith and credit  
25 guarantee of any loan to a redeveloper or any bonds but determines  
26 not to authorize the issuance of bonds or notes to provide for the  
27 funding source thereof, it may do so by resolution approved by a  
28 majority of the full governing body. To the extent that bonds or  
29 notes are authorized as provided above, such bonds or notes shall be  
30 authorized pursuant to the provisions of the "Local Bond Law,"  
31 N.J.S.40A:2-1 et seq., and shall be deductible from the gross debt  
32 of the municipality until such time as such bonds or notes are  
33 actually issued, and only up to the amount actually issued, to fund  
34 such guarantee.

35 The district agent may file an application with the **[board]**  
36 authority to qualify an issue of its bonds pursuant to the "Municipal  
37 Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) provided,  
38 however, that only municipal qualified bonds issued by a  
39 municipality, as defined in the "Municipal Qualified Bond Act,"  
40 P.L.1976, c.38 (C.40A:3-1 et seq.) shall constitute debt of such  
41 municipality and be secured by the full faith and credit of such  
42 municipality. Intention to file such an application shall be set forth  
43 in the **[final]** revenue allocation plan approved pursuant to section  
44 **[23]** 15 of P.L.2001, c.310 **[(C.52:27D-471)]** (C.52:27D-463).  
45 Bonds may be issued by the district agent as municipal qualified  
46 bonds upon the review and approval of the **[board]** authority as  
47 provided in the "Municipal Qualified Bond Act," P.L.1976, c.38

1 (C.40A:3-1 et seq.). In considering the ordinance, the **[board]**  
2 authority may require the governing body to adopt resolutions  
3 restricting or limiting any future issuance of bonds for any purpose.

4 Upon the issuance of such bonds and certification to the State  
5 Treasurer of the name and address of the paying agent, the maturity  
6 schedule, interest rates and dates of payment of debt service, the  
7 State Treasurer shall withhold municipal qualified revenues payable  
8 to the municipality in amounts sufficient to pay debt service on  
9 such bonds as the same shall mature and become due. The State  
10 Treasurer shall on or before each principal and interest payment  
11 date forward such withheld amounts to the paying agent for the  
12 sole purpose of paying debt service on such bonds. As such  
13 withheld amounts are forwarded to the paying agent, the district  
14 agent shall return a like amount of eligible revenues received by the  
15 district agent, if any, which may be applied to the payment of  
16 municipal operating expenses.

17 Any financial instrument issued by a district agent that is secured  
18 in whole or in part by eligible revenues shall be subject to the  
19 review and approval of the **[board]** authority. That review and  
20 approval shall be made prior to approval of a resolution or  
21 agreement authorizing the financing. **[The board shall be entitled**  
22 **to receive from the applicant an amount sufficient to provide for all**  
23 **reasonable professional and other fees and expenses incurred by it**  
24 **for the review, analysis and determination with respect thereto. As**  
25 **part of its review, the board shall specifically solicit comments from**  
26 **the Office of State Planning in addition to comments from the**  
27 **public. As part of the board's review and approval, it shall consider**  
28 **where appropriate one or more of the following: whether the**  
29 **redevelopment project or plan promotes approaches and concepts to**  
30 **reduce congestion; enhance mobility; assist in the redevelopment of**  
31 **our municipalities; and otherwise improve the quality of life our**  
32 **citizens.]**

33 (cf: P.L.2001, c.310, s.35)

34

35 20. Section 3 of P.L.1992, c.79 (C.40A:12A-3) is amended to  
36 read as follows:

37 3. As used in this act:

38 "Bonds" means any bonds, notes, interim certificates, debentures  
39 or other obligations issued by a municipality, county,  
40 redevelopment entity, or housing authority pursuant to P.L.1992,  
41 c.79 (C.40A:12A-1 et al.).

42 "Comparable, affordable replacement housing" means newly-  
43 constructed or substantially rehabilitated housing to be offered to a  
44 household being displaced as a result of a redevelopment project,  
45 that is affordable to that household based on its income under the  
46 guidelines established by the Council on Affordable Housing in the  
47 Department of Community Affairs for maximum affordable sales  
48 prices or maximum fair market rents, and that is comparable to the

1 household's dwelling in the redevelopment area with respect to the  
2 size and amenities of the dwelling unit, the quality of the  
3 neighborhood, and the level of public services and facilities offered  
4 by the municipality in which the redevelopment area is located.

5 "Development" means the division of a parcel of land into two or  
6 more parcels, the construction, reconstruction, conversion,  
7 structural alteration, relocation, or enlargement of any building or  
8 other structure, or of any mining, excavation or landfill, and any use  
9 or change in the use of any building or other structure, or land or  
10 extension of use of land, for which permission may be required  
11 pursuant to the "Municipal Land Use Law," P.L.1975, c.291  
12 (C.40:55D-1 et seq.).

13 "Governing body" means the body exercising general legislative  
14 powers in a county or municipality according to the terms and  
15 procedural requirements set forth in the form of government  
16 adopted by the county or municipality.

17 "Housing authority" means a housing authority created or  
18 continued pursuant to this act.

19 "Housing project" means a project, or distinct portion of a  
20 project, which is designed and intended to provide decent, safe and  
21 sanitary dwellings, apartments or other living accommodations for  
22 persons of low and moderate income; such work or undertaking  
23 may include buildings, land, equipment, facilities and other real or  
24 personal property for necessary, convenient or desirable  
25 appurtenances, streets, sewers, water service, parks, site  
26 preparation, gardening, administrative, community, health,  
27 recreational, educational, welfare or other purposes. The term  
28 "housing project" also may be applied to the planning of the  
29 buildings and improvements, the acquisition of property, the  
30 demolition of existing structures, the construction, reconstruction,  
31 alteration and repair of the improvements and all other work in  
32 connection therewith.

33 "Persons of low and moderate income" means persons or  
34 families who are, in the case of State assisted projects or programs,  
35 so defined by the Council on Affordable Housing in the Department  
36 of Community Affairs, or in the case of federally assisted projects  
37 or programs, defined as of "low and very low income" by the  
38 United States Department of Housing and Urban Development.

39 "Public body" means the State or any county, municipality,  
40 school district, authority or other political subdivision of the State.

41 "Public housing" means any housing for persons of low and  
42 moderate income owned by a municipality, county, the State or the  
43 federal government, or any agency or instrumentality thereof.

44 "Publicly assisted housing" means privately owned housing  
45 which receives public assistance or subsidy, which may be grants or  
46 loans for construction, reconstruction, conservation, or  
47 rehabilitation of the housing, or receives operational or maintenance

1 subsidies either directly or through rental subsidies to tenants, from  
2 a federal, State or local government agency or instrumentality.

3 "Real property" means all lands, including improvements and  
4 fixtures thereon, and property of any nature appurtenant thereto or  
5 used in connection therewith, and every estate, interest and right,  
6 legal or equitable, therein, including terms for years and liens by  
7 way of judgment, mortgage or otherwise, and indebtedness secured  
8 by such liens.

9 "Redeveloper" means any person, firm, corporation or public  
10 body that shall enter into or propose to enter into a contract with a  
11 municipality or other redevelopment entity for the redevelopment or  
12 rehabilitation of an area in need of redevelopment, or an area in  
13 need of rehabilitation, or any part thereof, under the provisions of  
14 this act, or for any construction or other work forming part of a  
15 redevelopment or rehabilitation project.

16 "Redevelopment" means clearance, replanning, development and  
17 redevelopment; the conservation and rehabilitation of any structure  
18 or improvement, the construction and provision for construction of  
19 residential, commercial, industrial, public or other structures and  
20 the grant or dedication of spaces as may be appropriate or necessary  
21 in the interest of the general welfare for streets, parks, playgrounds,  
22 or other public purposes, including recreational and other facilities  
23 incidental or appurtenant thereto, in accordance with a  
24 redevelopment plan.

25 "Redevelopment agency" means a redevelopment agency created  
26 pursuant to subsection a. of section 11 of P.L.1992, c.79  
27 (C.40A:12A-11) or established heretofore pursuant to the  
28 "Redevelopment Agencies Law," P.L.1949, c.306 (C.40:55C-1 et  
29 seq.), repealed by this act, which has been permitted in accordance  
30 with the provisions of this act to continue to exercise its  
31 redevelopment functions and powers.

32 "Redevelopment area" or "area in need of redevelopment" means  
33 an area determined to be in need of redevelopment pursuant to  
34 sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and 40A:12A-6)  
35 or determined heretofore to be a "blighted area" pursuant to  
36 P.L.1949, c.187 (C.40:55-21.1 et seq.) repealed by this act, both  
37 determinations as made pursuant to the authority of Article VIII,  
38 Section III, paragraph 1 of the Constitution. A redevelopment area  
39 may include lands, buildings, or improvements which of themselves  
40 are not detrimental to the public health, safety or welfare, but the  
41 inclusion of which is found necessary, with or without change in  
42 their condition, for the effective redevelopment of the area of which  
43 they are a part.

44 "Redevelopment entity" means a municipality or an entity  
45 authorized by the governing body of a municipality pursuant to  
46 subsection c. of section 4 of P.L.1992, c.79 (C.40A:12A-4) to  
47 implement redevelopment plans and carry out redevelopment

1 projects in an area in need of redevelopment, or in an area in need  
2 of rehabilitation, or in both.

3 "Redevelopment plan" means a plan adopted by the governing  
4 body of a municipality for the redevelopment or rehabilitation of all  
5 or any part of a redevelopment area, or an area in need of  
6 rehabilitation, which plan shall be sufficiently complete to indicate  
7 its relationship to definite municipal objectives as to appropriate  
8 land uses, public transportation and utilities, recreational and  
9 municipal facilities, and other public improvements; and to indicate  
10 proposed land uses and building requirements in the redevelopment  
11 area or area in need of rehabilitation, or both.

12 "Redevelopment project" means any work or undertaking  
13 pursuant to a redevelopment plan; such undertaking may include  
14 any buildings, land, including demolition, clearance or removal of  
15 buildings from land, equipment, facilities, or other real or personal  
16 properties which are necessary, convenient, or desirable  
17 appurtenances, such as but not limited to streets, sewers, utilities,  
18 parks, site preparation, landscaping, and administrative, community,  
19 health, recreational, educational, and welfare facilities.

20 "Rehabilitation" means an undertaking, by means of the  
21 enlargement, extensive repair, reconstruction **[or]** renovation or  
22 demolition of existing structures, **[with or without]** including, but  
23 not limited to, the introduction of new construction **[or the**  
24 **enlargement of existing structures,]** in any area that has been  
25 determined to be in need of rehabilitation or redevelopment**[, to**  
26 **eliminate substandard structural or housing conditions and arrest the**  
27 **deterioration of that area].**

28 "Rehabilitation area" or "area in need of rehabilitation" means  
29 any area determined to be in need of rehabilitation pursuant to  
30 section 14 of P.L.1992, c.79 (C.40A:12A-14).  
31 (cf: P.L.2008, c.46, s.1)

32

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

35 14. a. A delineated area may be determined to be in need of  
36 rehabilitation if the governing body of the municipality determines  
37 by resolution that there exist in that area conditions such that:

38 (1) a significant portion of structures therein are in a deteriorated  
39 or substandard condition and there is a continuing pattern of  
40 vacancy, abandonment or underutilization of properties in the area,  
41 **[with a persistent arrearage of property tax payments thereon or];**

42 (2) **[more than half]** a significant amount of the housing stock in  
43 the delineated area is at least 50 years old, or a majority of the water  
44 and sewer infrastructure in the delineated area is at least 50 years  
45 old **[and]** or the housing stock, water and sewer infrastructure, or  
46 other infrastructure is in need of repair or substantial maintenance;  
47 **[and]**

1 (3) [a program of rehabilitation, as defined in section 3 of  
2 P.L.1992, c.79 (C.40A:12A-3), may be expected to prevent further  
3 deterioration and promote the overall development of the  
4 community] there are areas with buildings or improvements  
5 evidencing dilapidation, obsolescence, overcrowding, faulty  
6 arrangement or design, lack of ventilation, light and sanitary  
7 facilities, excessive land coverage, deleterious land use or obsolete  
8 layout, or any combination of these or other factors;

9 (4) municipally owned land in the designated rehabilitation area  
10 would be useful and beneficial to the rehabilitation of the  
11 designated rehabilitation area; or

12 (5) there is a growing lack or total lack of proper utilization of  
13 areas resulting in a stagnant or not fully productive condition of  
14 land potentially useful and valuable for contributing to and serving  
15 the public health, safety, and welfare.

16 Where warranted by consideration of the overall conditions and  
17 requirements of the community, a finding of need for rehabilitation  
18 may extend to the entire area of a municipality. Prior to adoption of  
19 the resolution, the governing body shall submit it to the municipal  
20 planning board for its review. Within 45 days of its receipt of the  
21 proposed resolution, the municipal planning board shall submit its  
22 recommendations regarding the proposed resolution, including any  
23 modifications which it may recommend, to the governing body for  
24 its consideration. Thereafter, or after the expiration of the 45 days  
25 if the municipal planning board does not submit recommendations,  
26 the governing body may adopt the resolution, with or without  
27 modification. The resolution shall not become effective without the  
28 approval of the commissioner pursuant to section 6 of P.L.1992,  
29 c.79 (C.40A:12A-6), if otherwise required pursuant to that section.

30 b. A delineated area shall be deemed to have been determined  
31 to be an area in need of rehabilitation in accordance with the  
32 provisions of this act if it has heretofore been determined to be an  
33 area in need of rehabilitation pursuant to P.L.1975, c.104 (C.54:4-  
34 3.72 et seq.), P.L.1977, c.12 (C.54:4-3.95 et seq.) or P.L.1979,  
35 c.233 (C.54:4-3.121 et al.).

36 c. (1) A municipality may adopt an ordinance declaring a  
37 renovation housing project to be an area in need of rehabilitation for  
38 the purposes of Article VIII, Section I, paragraph 6 of the New  
39 Jersey Constitution if the need for renovation resulted from  
40 conflagration.

41 (2) For the purposes of this subsection, "renovation housing  
42 project" means any work or undertaking to provide a decent, safe,  
43 and sanitary dwelling, to exclusively benefit a specific household,  
44 by the renovation, reconstruction, or replacement of the household's  
45 home on the same lot by either a charitable entity organized to  
46 perform home renovations or by a for-profit builder using 75% or  
47 more volunteer labor-hours to accomplish the construction for the  
48 project. The undertaking may include any buildings; demolition,

1 clearance, or removal of buildings from land; equipment; facilities;  
2 or other personal properties or interests therein which are necessary,  
3 convenient, or desirable appurtenances of the undertaking.

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

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

25 (cf: P.L.2007, c.91, s.1)

26

27 22. Section 2 of P.L.2001, c.310 (C.40A:12A-65) is amended to  
28 read as follows:

29 2. As used in sections 1 through 10 of P.L.2001, c.310  
30 (C.40A:12A-64 et seq.):

31 "Authority" means the New Jersey Economic Development  
32 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
33 seq.), the New Jersey Redevelopment Authority established  
34 pursuant to section 4 of P.L.1996, c.62 (C.55:19-23), a county  
35 improvement authority established pursuant to P.L.1960, c.183  
36 (C.40:37A-44 et seq.), or other instrumentality created by law **[by]**  
37 **of** the State with the power to incur debt and issue bonds and other  
38 obligations.

39 "Board" means the Local Finance Board established in the  
40 Division of Local Government Services in the Department of  
41 Community Affairs.

42 "Bonds" mean bonds, notes or other obligations issued by the  
43 authority, including any State entity, or a municipality to finance or  
44 refinance redevelopment projects, and in connection therewith, to  
45 finance or refinance any other cost or expense of an authority, a  
46 State entity or a municipality pursuant to the "Redevelopment Area  
47 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
48 (C.40A:12A-64 et seq.), the "Local Redevelopment and Housing

1 Law", P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable  
2 law.

3 "Financial agreement" means an agreement that meets the  
4 requirements of a financial agreement under P.L.1991, c.431  
5 (C.40A:20-1 et seq.) or, in the event that real property within a  
6 redevelopment area is exempt from taxation or has been or will be  
7 abated pursuant to applicable law, an agreement among, as  
8 applicable, a State entity **[,]** or a municipality or both, and a State  
9 entity redeveloper providing for payment of payments in lieu of  
10 taxes or special assessments by the State entity redeveloper with  
11 respect to a redevelopment project, or part thereof, to be carried out  
12 pursuant to a State entity redevelopment agreement.

13 "Municipality" means the municipal governing body or an entity  
14 acting on behalf of the municipality if permitted by the federal  
15 Internal Revenue Code of 1986, or, if a redevelopment agency or  
16 redevelopment entity is established in the municipality pursuant to  
17 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
18 provides, the redevelopment agency or entity so established.

19 "Redeveloper" means any person, firm, corporation or public  
20 body, including the New Jersey Economic Development Authority  
21 or the New Jersey Redevelopment Authority to the extent permitted  
22 by law, that shall enter into or propose to enter into a contract with  
23 a municipality or other redevelopment entity for the redevelopment  
24 or rehabilitation of an area in need of redevelopment, or an area in  
25 need of rehabilitation, or any part thereof, under the provisions of  
26 the "Redevelopment Area Bond Financing Law," sections 1 through  
27 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or for any  
28 construction or other work forming part of a redevelopment or  
29 rehabilitation project.

30 "Redevelopment" means clearance, replanning, development and  
31 redevelopment; the conservation and rehabilitation of any structure  
32 or improvement, the construction and provision for construction of  
33 residential, commercial, industrial, public or other structures **[and]**,  
34 the grant or dedication of spaces as may be appropriate or necessary  
35 in the interest of the general welfare for streets, parks, playgrounds,  
36 or other public purposes, including recreational and other facilities  
37 incidental or appurtenant thereto, the remediation of any landfill or  
38 other contaminated property, the construction, enhancement or  
39 mitigation of wetlands impacted by a redevelopment project, and  
40 any other related costs and expenses including preliminary planning  
41 and development costs and any financing costs and expenses in  
42 accordance with a redevelopment plan.

43 "Redevelopment bond financing agreement" means a contract  
44 between a municipality and a redeveloper for any work or  
45 undertaking for the redevelopment of a redevelopment area, or part  
46 thereof, under the provisions of the "Redevelopment Area Bond  
47 Financing Law," sections 1 through 10 of P.L.2001, c.310

1 (C.40A:12A-64 et seq.) or the "Local Redevelopment and Housing  
2 Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

3 "Redevelopment area" means an area which has been delineated  
4 a "redevelopment area" or "area in need of redevelopment" pursuant  
5 to the "Local Redevelopment and Housing Law," P.L.1992, c.79  
6 (C.40A:12A-1 et seq.) or with respect to a State entity, an area in  
7 need of, or suitable for, redevelopment delineated by a resolution of  
8 a State entity or a State entity redevelopment agreement, in either  
9 case, in accordance with the provisions of the enabling statute  
10 governing that State entity.

11 "Redevelopment plan" means a plan for the redevelopment or  
12 rehabilitation of all or any part of a redevelopment area as described  
13 in the redevelopment plan adopted pursuant to section 7 of  
14 P.L.1992, c.79 (C.40A:12A-7) or as described in the resolution  
15 adopted by a State entity determining the location, type and  
16 character of a redevelopment project.

17 "Redevelopment project" means any work or undertaking  
18 pursuant to a redevelopment plan; such undertaking may include  
19 any buildings, land, including demolition, clearance or removal of  
20 buildings from land, equipment, facilities, or other real or personal  
21 properties which are necessary, convenient, or desirable  
22 appurtenances, such as but not limited to streets, sewers, utilities,  
23 parks, site preparation, landscaping, and administrative, community,  
24 health, recreational, educational, and welfare facilities and any  
25 other related costs and expenses including preliminary planning and  
26 development costs and any financing costs and expenses.

27 "Special assessment" means an assessment upon the lands or  
28 improvements on such lands, or both, in the redevelopment area  
29 benefitted by improvements undertaken pursuant to the  
30 "Redevelopment Area Bond Financing Law," sections 1 through 10  
31 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or the "Local  
32 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et  
33 seq.), and assessed pursuant to chapter 56 of Title 40 of the Revised  
34 Statutes, R.S.40:56-1 et seq., except as otherwise provided in  
35 subsection c. of section 3 of P.L.2001, c.310 (C.40A:12A-66).

36 "State entity" means the New Jersey Meadowlands Commission  
37 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.) or any  
38 other entity created by State law with the power to undertake a  
39 redevelopment project directly or through a State entity redeveloper  
40 and with the power to determine the location, type and character of  
41 a redevelopment project or part of a redevelopment project on land  
42 owned or controlled by it.

43 "State entity redeveloper" means any person, firm or corporation  
44 that shall enter into or propose to enter into a State entity  
45 redevelopment agreement with a State entity for the redevelopment  
46 or rehabilitation of a redevelopment area under the enabling  
47 legislation governing the actions of the State entity or for any

1 construction or other work forming a part of a redevelopment  
2 project.

3 "State entity redevelopment agreement" means an agreement  
4 between a State entity and a State entity redeveloper for any work  
5 or undertaking in a redevelopment area.

6 (cf: P.L.2004, c.112, s.1)

7

8 23. Section 3 of P.L.2001, c.310 (C.40A:12A-66) is amended to  
9 read as follows:

10 3. a. A municipality that has designated a redevelopment area  
11 or a municipality in which a redevelopment project is undertaken by  
12 a State entity redeveloper pursuant to a State entity redevelopment  
13 agreement may provide for tax abatement within that  
14 redevelopment area and for payments in lieu of taxes in accordance  
15 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and  
16 P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the  
17 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)  
18 establishing a minimum or maximum annual service charge and  
19 requiring staged increases in annual service charges over the term  
20 of the exemption period, and of section 13 of P.L.1991, c.431  
21 (C.40A:20-13) permitting the relinquishment of status under that  
22 act, shall not apply to redevelopment projects financed with bonds.

23 b. A municipality in which a redevelopment project is  
24 undertaken by a State entity redeveloper pursuant to a State entity  
25 redevelopment agreement regarding real property that is **[**or may be  
26 abated by applicable law**]** not otherwise subject to any real property  
27 tax may provide for **[**a tax abatement within the redevelopment area  
28 and for**]** payments in lieu of taxes pursuant to a financial agreement  
29 **[**between**]** among, as applicable, the State entity or, the  
30 municipality or both and the State entity redeveloper receiving the  
31 benefits of P.L.2004, c.112 without regard to the **[**limitations and  
32 other**]** provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

33 c. In addition to, or in lieu of, the tax abatement provided for in  
34 subsection a. or b. of this section, the municipality may provide by  
35 ordinance for one or more special assessments within the  
36 redevelopment area in accordance with chapter 56 of Title 40 of the  
37 Revised Statutes, R.S.40:56-1 et seq., provided, however, that the  
38 provisions of R.S.40:56-35 shall be applied so that if any  
39 installment of a special assessment shall remain unpaid for 30 days  
40 after the time at which it shall become due, the municipality may  
41 provide, by ordinance, either that: (1) the whole assessment or  
42 balance due thereon shall become and be immediately due; or, (2)  
43 any subsequent installments which would not yet have become due  
44 except for the default shall be considered as not in default and that  
45 the lien for the installments not yet due shall continue; and  
46 provided, further, that the ordinance may require that the  
47 assessments be payable in quarterly, semi-annual or yearly

1 installments, with legal interest thereon, over a period of years up to  
2 but in no event exceeding the period of years for which the bonds  
3 were issued, or for 30 years, whichever shall be less. In levying a  
4 special assessment on the lands or improvements, or both, located  
5 in the redevelopment area, the municipality may provide that the  
6 amount of the special assessment shall be a specific amount, not to  
7 exceed the cost of the improvements, paid with respect to property  
8 located in the redevelopment area. That specific amount shall, to  
9 the extent accepted by the owner of the property benefitted, be  
10 deemed the conferred benefit, in lieu of the amount being  
11 determined by the procedures otherwise applicable to determining  
12 the actual benefit conferred on the property. Special assessments  
13 levied pursuant to an ordinance adopted under this subsection shall  
14 constitute a municipal lien under R.S.40:56-33.

15 d. Upon adoption, a copy of the ordinance shall be filed for  
16 public inspection in the office of the municipal clerk, and there  
17 shall be published in a newspaper, published or circulating in the  
18 municipality, a notice stating the fact and the date of adoption and  
19 the place where the ordinance is filed and a summary of the  
20 contents of the ordinance. The notice shall state that any action or  
21 proceeding of any kind or nature in any court questioning the  
22 validity or proper authorization of the ordinance or the actions  
23 authorized to be taken as set forth in the ordinance shall be  
24 commenced within 20 days after the publication of the notice. If no  
25 action or proceeding questioning the validity of the ordinance  
26 providing for tax abatement, special assessments or other actions  
27 authorized by the ordinance shall be commenced or instituted  
28 within 20 days after the publication of the notice, the county and the  
29 school district and all other municipalities within the county and all  
30 residents and taxpayers and owners of property therein shall be  
31 forever barred and foreclosed from instituting or commencing any  
32 action or proceeding in any court questioning the validity or  
33 enforceability of the ordinance or the validity or enforceability of  
34 acts authorized under the ordinance, and the ordinance and acts  
35 authorized by the ordinance shall be conclusively deemed to be  
36 valid and enforceable in accordance with their terms and tenor.  
37 (cf: P.L.2004, c.112. s.2)

38

39 24. Section 4 of P.L.2001, c.310 (C.40A:12A-67) is amended to  
40 read as follows:

41 4. a. The municipality may issue bonds itself in the manner  
42 provided for herein or pursuant to the "Local Redevelopment and  
43 Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may apply  
44 to the authority to issue bonds, regardless of whether the  
45 redevelopment project is undertaken under municipal authority  
46 pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a State  
47 entity redeveloper pursuant to a State entity redevelopment  
48 agreement, which in any case may be secured by payments in lieu

1 of taxes or special assessments or both or a portion thereof, by the  
2 adoption of a resolution or ordinance, as applicable, of the  
3 governing body of the municipality, authority or State entity to that  
4 effect.

5 b. A municipality that has designated a redevelopment area or  
6 in which a redevelopment project is undertaken by a State entity  
7 redeveloper pursuant to a State entity redevelopment agreement  
8 may, by resolution of its governing body, if it determines to issue  
9 bonds through the authority, enter into contracts with the authority  
10 relating to that redevelopment project, or to act as a redeveloper or  
11 to finance or refinance a redevelopment project undertaken by a  
12 State entity redeveloper pursuant to a State entity redevelopment  
13 agreement within a redevelopment area. A resolution so adopted  
14 shall contain findings and determinations of the governing body: (1)  
15 that all or a portion of the redevelopment project undertaken within  
16 the municipality will result in the redevelopment of the  
17 municipality; and, (2) that the contract with the authority or, to the  
18 extent applicable, the financial agreement with the State entity  
19 redeveloper, is a necessary or important inducement to the  
20 undertaking of the project or the redevelopment project undertaken  
21 by the State entity redeveloper in that it makes the financing thereof  
22 feasible. The contract or contracts, or the terms of any bonds issued  
23 directly by a municipality, may provide for the assignment, for the  
24 benefit of bondholders, of all or any portion of payments in lieu of  
25 taxes, or special assessments, or both~~].~~, and may further provide  
26 that the State entity redeveloper may use, access or draw upon bond  
27 proceeds to pay costs of the redevelopment project. **[A contract]**  
28 These contracts may be made and entered into for a term beginning  
29 currently or at some future or contingent date, and with or without  
30 consideration, and for a specified or unlimited time, and on any  
31 terms and conditions which may be requested by the municipality  
32 and, to the extent applicable, the State entity redeveloper, and, if  
33 applicable, as may be agreed to by the authority and, to the extent  
34 applicable, the State entity redeveloper, in conformity with its  
35 contracts with the holders of bonds, and shall be valid and binding  
36 on the municipality. The municipality is hereby authorized and  
37 directed to do and perform any contract so entered into by it and to  
38 provide for the discharge of any obligation thereunder in the same  
39 manner as other obligations of the municipality.

40 Any contract, and any instrument making or evidencing the  
41 same, may be pledged or assigned by the authority, with the consent  
42 of the municipality executing the contract, and, to the extent  
43 applicable, the consent of the State entity redeveloper, to secure its  
44 bonds and thereafter may not be modified except as provided by the  
45 terms of the instrument or by the terms of the pledge or assignment.

46 The municipality may include in the terms of a bond or contract,  
47 including a financial agreement, a provision that the payments in

1 lieu of taxes or special assessments shall constitute a municipal  
2 charge for the purposes of R.S.54:4-66.

3 c. The payments in lieu of taxes or special assessments, or both,  
4 may be assigned directly by the municipality or the authority **[or]**  
5 to the trustee for the bonds as payment or security for the bonds.  
6 Notwithstanding any law to the contrary, the assignment shall be an  
7 absolute assignment of all the municipality's right, title, and interest  
8 in the payment in lieu of taxes or special assessments, or both, or  
9 portion thereof, along with the rights and remedies provided to the  
10 municipality under the agreement including, but not limited to, the  
11 right of collection of payments due. Pursuant to an absolute  
12 assignment, the trustee, in lieu of the municipality, shall possess the  
13 power to conduct a sale of the land or improvements thereon, or  
14 both, or any leasehold interests in the land or improvements  
15 thereon, or both, to satisfy delinquencies in payments in lieu of  
16 taxes or special assessments, or both. The sale shall be held in  
17 accordance with the provisions of the "tax sale law," R.S.54:5-1 et  
18 seq.; provided, however that notwithstanding any provision of that  
19 law, the trustee has the power to issue a tax sale certificate making  
20 sale of any interest, including any interest less than a fee interest,  
21 that is subject to the lien established under the "Redevelopment  
22 Area Bond Financing Law," sections 1 through 10 of P.L.2001,  
23 c.310 (C.40A:12A-64 et seq.). Prior to conducting a sale of the  
24 lands or improvements or issuing a tax sale certificate pursuant to  
25 the power conferred under this section, the trustee shall provide the  
26 governing body of the municipality with written notice of the  
27 proposed sale or issuance at least five working days prior to the date  
28 of the proposed sale or issuance. Any interest that is subject to the  
29 lien established under the "Redevelopment Area Bond Financing  
30 Law" shall not be transferred, conveyed, assigned, disposed of, or  
31 sold, whether by tax sale or otherwise, free and clear of the  
32 financial agreement and any payments in lieu of taxes due  
33 thereunder while bonds are secured thereby, regardless of the  
34 consent of the parties or order of any court, whether in law or in  
35 equity, unless any such transfer or conveyance is provided for under  
36 the terms and conditions set forth in the bond resolution or bond  
37 ordinance, as applicable. Any purchaser, transferee, successor,  
38 grantee, or assignee of such interest, whether at tax sale or  
39 otherwise, shall take title to such interest subject to the obligations  
40 imposed by the financial agreement. Payments in lieu of taxes and  
41 special assessments assigned as provided hereunder shall not be  
42 included in the general funds of the municipality, nor shall they be  
43 subject to any laws regarding the receipt, deposit, investment or  
44 appropriation of public funds and shall retain such status  
45 notwithstanding enforcement of the payment or assessment by the  
46 municipality or assignee as provided herein. The municipality shall  
47 be a "person" within the meaning of that term as defined in section  
48 3 of P.L.1974, c.80 (C.34:1B-3); and the purpose described in this

1 section shall be a "project" within the meaning of that term as  
2 defined in section 3 of P.L.1974, c.80 (C.34:1B-3).

3 d. Notwithstanding the provisions of subsection g. of section  
4 37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to  
5 this section may be issued as non-recourse obligations, and unless  
6 otherwise provided for by a separate action of the municipality to  
7 guarantee such bonds or otherwise provide for a pledge of the  
8 municipality's full faith and credit shall not, except for such action,  
9 be considered to be direct and general obligations of the  
10 municipality, and, absent such action, the municipality shall not be  
11 obligated to levy and collect a tax sufficient in an amount to pay the  
12 principal and interest on the bonds when the same become due and  
13 payable. The provisions of the "Local Government Supervision Act  
14 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to  
15 any bonds issued or authorized pursuant to this section and those  
16 bonds shall not be considered gross debt of the municipality on any  
17 debt statement filed in accordance with the "Local Bond Law,"  
18 N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52  
19 of the Revised Statutes shall not apply to such bonds.

20 e. The proceeds from the sale of bonds and any funds provided  
21 by any department of the State, authority created by the State or bi-  
22 state authority for the purposes described in the "Redevelopment  
23 Area Bond Financing Law," sections 1 through 10 of P.L.2001,  
24 c.310 (C.40A:12A-64 et seq.) or for the purpose of financing or  
25 refinancing a redevelopment project pursuant to a State entity  
26 redevelopment agreement, shall not require compliance with public  
27 bidding laws, including the "Local Public Contracts Law,"  
28 P.L.1971, c.198 (C.40A:11-1 et seq.), or any other statute where the  
29 redeveloper or State entity redeveloper, as the case may be, shall  
30 undertake the redevelopment project. The use of these funds shall  
31 be subject to public accountability and oversight by the issuer of  
32 those bonds, regardless of whether the municipality, agency or  
33 authority provides the funds.

34 f. In order to provide additional security for any loan to a  
35 redeveloper or a State entity redeveloper, as the case may be, or to  
36 bonds issued to finance a redevelopment project, regardless of  
37 whether that redevelopment project is undertaken under municipal  
38 authority pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a  
39 State entity redeveloper pursuant to a State entity redevelopment  
40 agreement, the municipality may utilize powers otherwise provided  
41 by law, including the "Local Redevelopment and Housing Law,"  
42 P.L.1992, c.79 (C.40A:12A-1 et seq.), to provide for any extension  
43 of the municipality's credit to any redeveloper or State entity  
44 redeveloper, as the case may be, or its full faith and credit which  
45 may include a full faith and credit lease as security for the bonds or  
46 any loan to a redeveloper or State entity redeveloper, as the case  
47 may be. To the extent that the municipality provides for a full faith  
48 and credit guarantee of any loan to a redeveloper or State entity

1 redeveloper, as the case may be, or any bonds, but determines not to  
2 authorize the issuance of bonds or notes to provide for the funding  
3 source thereof, or otherwise determines to enter into a full faith and  
4 credit lease, it may do so by resolution approved by a majority of  
5 the full governing body. To the extent that bonds or notes are  
6 authorized as provided above, such bonds or notes shall be  
7 authorized pursuant to the provisions of the "Local Bond Law,"  
8 N.J.S.40A:2-1 et seq., and shall be deductible from the gross debt of  
9 the municipality until such time as such bonds or notes are actually  
10 issued, and only up to the amount actually issued, to fund such  
11 guarantee.

12 g. A financial instrument, whether issued by a municipality or  
13 an authority, that is secured in whole or in part by payments in lieu  
14 of taxes or by special assessments, or both, as provided herein shall  
15 be subject to the review and approval of the board. That review and  
16 approval shall be made prior to approval of, in the case of a  
17 municipality, an introduced ordinance or, in the case of an  
18 authority, a resolution. The board shall be entitled to receive from  
19 the applicant an amount sufficient to provide for all reasonable  
20 professional and other fees and expenses incurred by it for the  
21 review, analysis and determination with respect thereto. As part of  
22 its review, the board shall specifically solicit comments from the  
23 Office of State Planning and the New Jersey Economic  
24 Development Authority in addition to comments from the public.  
25 As part of the board's review and approval, it shall consider where  
26 appropriate one or more of the following: whether the  
27 redevelopment project or plan promotes approaches and concepts to  
28 reduce congestion; enhance mobility; assist in the redevelopment of  
29 our municipalities; and otherwise improve the quality of life of our  
30 citizens.

31 h. A municipality that has assigned any portion of the  
32 payments in lieu of taxes it receives pursuant to a financial  
33 agreement, as payment or security for bonds, may also pledge a  
34 portion of those payments in lieu of taxes as payment or security for  
35 bonds in order to finance or refinance any cost or expense of the  
36 municipality, State entity or authority.

37 i. In the case of a municipality which is otherwise subject to  
38 tax or revenue sharing pursuant to law and which assigns a portion  
39 of the payments in lieu of taxes or special assessments pursuant to a  
40 financial agreement to secure bonds issued by the municipality or  
41 the authority, the assigned portion of those payments in lieu of taxes  
42 or special assessments shall not be considered part of the tax or  
43 revenue sharing formula or calculation of municipal revenues for  
44 the purpose of determining whether that municipality is obligated to  
45 make payment to, or receive a credit from, any tax sharing or  
46 revenue sharing pool.

47 j. Notwithstanding any law to the contrary, including  
48 subsection a. of section 5 of P.L.2001, c.310 (C.40A:12A-68),

1 payments in lieu of taxes pursuant to a financial agreement to  
2 secure bonds may be established in such amounts as shall be  
3 sufficient to pay the principal of, redemption premium, if any, and  
4 interest on the bonds.

5 k. Notwithstanding any law to the contrary, in the event that  
6 bonds shall be issued that are secured by payments in lieu of taxes  
7 pursuant to a financial agreement, the financial agreement shall not  
8 be terminated for any reason during the period that the bonds are  
9 outstanding.

10 (cf: P.L.2004, c.112, s.3)

11

12 25. Section 5 of P.L.2001, c.310 (C.40A:12A-68) is amended to  
13 read as follows:

14 5. a. Payments required to be made in accordance with an  
15 agreement for payments in lieu of taxes entered into under section 3  
16 of P.L.2001, c.310 (C.40A:12A-66) shall be a continuous lien on  
17 the land or improvements thereon, or both, or a continuous lien on  
18 any leasehold interests in the land or improvements thereon, or  
19 both, against which the ordinance is recorded on and after the date  
20 of recordation of both the ordinance and the agreement, whether  
21 simultaneously or not, or the date of confirmation of the special  
22 assessments, whichever is earlier. All subsequent payments in lieu  
23 of taxes thereunder, interest, penalties and costs of collection which  
24 thereafter fall due or accrue shall be added and relate back to and be  
25 a part of the initial lien. Upon recordation of the ordinance and  
26 agreement, payments in lieu of taxes shall constitute **[a]** an  
27 automatic, enforceable, and perfected statutory municipal lien  
28 **[within the meaning, and]** for all purposes, [of law] including the  
29 federal bankruptcy code, regardless of whether or not the amount of  
30 the payments to be made in lieu of taxes has been determined at the  
31 time the lien attaches to any interest in the land, leasehold estate or  
32 improvements, as applicable. A confirmation hearing process to  
33 determine the amount due shall not affect the commencement or  
34 validity of the lien established under the "Redevelopment Area  
35 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
36 (C.40A:12A-64 et seq.). Notwithstanding any other applicable law,  
37 for the purposes of sections 1 through 10 of P.L.2001, c.310  
38 (C.40A:12A-64 et seq.), a municipal lien on a leasehold estate shall  
39 constitute a lien against such leasehold estate only, unless the  
40 financial agreement specifically provides for a lien on the  
41 underlying fee interest in the land. In any case, enforcement of a  
42 municipal lien on a leasehold estate shall be limited to an in rem  
43 proceeding only. No municipal lien shall attach to any interest of a  
44 State entity unless such State entity shall have expressly consented  
45 to such lien in the financial agreement.

46 b. If bonds are issued, the municipality, the redeveloper or the  
47 State entity redeveloper, as the case may be, may record, either  
48 simultaneously or at different times, any ordinance enacted by the

1 municipality relating to the payment in lieu of taxes agreement or  
2 special assessments and, either simultaneously with the ordinance  
3 or at different times, a copy of the agreement or agreements. The  
4 ordinance, when recorded, shall contain a legend at the top of the  
5 front page substantially as follows:

6 "THIS ORDINANCE SECURES BONDS OR OTHER  
7 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE  
8 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND  
9 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF  
10 THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS  
11 IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-  
12 MUNICIPAL LIENS HEREAFTER RECORDED."

13 c. Notwithstanding any law to the contrary, upon recordation  
14 of both the ordinance and any accompanying agreement, the lien  
15 thereof shall be perfected for all purposes in accordance with law  
16 and the lien shall thereafter be superior to all non-municipal liens  
17 thereafter recorded or otherwise arising, without any additional  
18 notice, recording, filing, continuation filing or action, until the  
19 payment in full of the bonds. The lien thereby established shall  
20 apply not only to the bonds initially issued, but also to any  
21 refinancing or refunding thereof, as well as to any additional bonds  
22 thereafter issued on a parity therewith in accordance with the  
23 provisions of the original documents securing the initial bonds;  
24 provided, however, that in the event any ordinance or agreement is  
25 amended or supplemented in a way which increases the amount of  
26 payment in lieu of taxes or special assessments, the lien as to that  
27 increase shall be perfected and apply upon the recordation of the  
28 amended or supplemented ordinance and agreement (including the  
29 above-recited legend). Except as set forth in this section, no  
30 amendment or supplement to the ordinance or agreement thereafter  
31 recorded shall affect the perfection or priority of the lien established  
32 upon original recordation thereof.

33 d. Upon the final payment in full of any bonds secured as  
34 provided in this section and section 4 of P.L.2001, c.310  
35 (C.40A:12A-67), the lien established hereby shall terminate, and the  
36 municipality shall record a notice to that effect.

37 (cf: P.L.2004, c.112, s.4)

38

39 26. Section 10 of P.L.2001, c.310 (C.40A:12A-73) is amended  
40 to read as follows:

41 10. **【After issuance, pursuant to the "Redevelopment Area Bond**  
42 **Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) all bonds**  
43 **shall be conclusively presumed to be fully authorized and issued by**  
44 **all courts and officers of this State, and any person shall be**  
45 **estopped from questioning their sale, execution or delivery.】 An**  
46 **authority or municipality, as applicable, shall cause a copy of any**  
47 **bond resolution or bond ordinance, as applicable, adopted by it to**  
48 **be filed for public inspection in the office of the municipal clerk. In**

1 the case of an authority, the resolution also shall be filed for public  
2 inspection in its office. The authority or municipality may cause to  
3 be published, at least once in a newspaper published or circulating  
4 in the municipality, if there be one, and if not, in a newspaper  
5 published and circulating in the county, a notice stating the fact and  
6 date of the adoption and the places where the bond resolution or  
7 bond ordinance, as applicable, has been so filed for public  
8 inspection along with the date of the first publication of the notice  
9 and also stating that any action or proceeding of any kind or nature  
10 in any court questioning the validity or proper authorization of  
11 bonds provided for by the bond resolution or bond ordinance, as  
12 applicable, or the validity of any covenants, agreements or contracts  
13 provided for by the bond resolution or bond ordinance, as  
14 applicable, shall be commenced within 20 days after the first  
15 publication of that notice. If any such notice shall at any time be  
16 published and if no action or proceeding questioning the validity or  
17 proper authorization of bonds provided for by the bond resolution  
18 or bond ordinance, as applicable, referred to in said notice, or the  
19 validity of any covenants, agreements or contracts provided for by  
20 said bond resolution or bond ordinance, as applicable, shall be  
21 commenced or instituted within 20 days after the first publication of  
22 the notice, then all persons shall be forever barred and foreclosed  
23 from instituting or commencing any action or proceeding in any  
24 court, or from pleading any defense to any action or proceeding,  
25 questioning the validity or proper authorization of such bonds, or  
26 the validity of such covenants, agreements or contracts, and said  
27 bonds, covenants, agreements, and contracts shall be conclusively  
28 deemed to be valid and binding obligations in accordance with their  
29 terms and tenor.

30 (cf: P.L.2001, c.310, s.10)

31

32 27. (New section) Any municipality may undertake, as a local  
33 improvement; the investigation, analysis, planning, monitoring,  
34 acquisition, removal, containment, remediation, construction, or  
35 improvement of any real property or facility necessary or desirable  
36 for the cleanup of actual, potential, or perceived environmental  
37 contamination or pollution, including without limitation, water  
38 pollution, air pollution, pollution caused by solid waste disposal,  
39 thermal pollution, radiation contamination, or other general  
40 environmental contamination or pollution which is or may become  
41 injurious to the environment or to the public health, safety or  
42 welfare.

43 The governing body of a municipality undertaking a local  
44 improvement under this section may make, amend, repeal and  
45 enforce ordinances for carrying into effect the powers granted in  
46 this section. Whenever convenient, one or more of the works  
47 provided for in R.S.40:56-1 may be undertaken together with the

1 local improvement authorized under this section as one  
2 improvement.

3  
4 28. (New section) Whenever a municipality issues bonds in  
5 accordance with the "Redevelopment Area Bond Financing Law,"  
6 sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or  
7 a municipality applies to an authority to issue bonds pursuant to that  
8 law, the municipality by ordinance may cause local improvements  
9 to be undertaken, or otherwise agree to acknowledge the  
10 undertaking of local improvements by or on behalf of a redeveloper,  
11 pursuant to the powers granted under R.S.40:56-1 et seq., including  
12 section 27 of P.L. , c. (C. ) (pending before the Legislature  
13 as this bill).

14  
15 29. The following sections of law are repealed:

16 Sections 22 through 24 of P.L.2001, c.310 (C.52:27D-470  
17 through 52:27D-472); and

18 Section 29 of P.L.2001, c.310 (C.52:27D-477).

19  
20 30. This act shall take effect immediately.

21

22

23

#### STATEMENT

24

25 The first part of this bill amends the "Revenue Allocation  
26 District Financing Act," N.J.S.A.52:27D-459 et seq., by increasing  
27 the revenue sources available for use in a revenue allocation  
28 district, clarifying and confirming that revenue allocation district  
29 financing is available in areas in need of rehabilitation, and  
30 streamlining the procedures for the approval and implementation of  
31 a revenue allocation district. This bill also amends the "Local  
32 Redevelopment and Housing Law," N.J.S.A.40A:12A-1 et seq., to  
33 broaden the criteria for determining an area to be in need of  
34 rehabilitation, thus broadening the areas of the urban core and older  
35 suburban ring which are eligible to utilize revenue allocation  
36 district financing.

37 The second part of this bill amends the "Redevelopment Area  
38 Bond Financing Law," N.J.S.A.40A:12A-64 et seq., (the "RAB  
39 law"), to provide that county improvement authorities and certain  
40 other instrumentalities created by State law may issue bonds under  
41 the "RAB law." The bill also amends the definition of  
42 "redevelopment" under the "RAB law" to specifically encompass  
43 within that term the remediation of landfills or other contaminated  
44 property and the construction, enhancement or mitigation of  
45 wetlands impacted by a redevelopment project. The bill also  
46 clarifies various provisions of the "RAB law" in order to make the  
47 issuance of bonds under the "RAB law" acceptable to the  
48 marketplace.

1       The bill allows the assignments for the benefit of bondholders  
2 that are currently authorized under the “RAB law” to provide that  
3 State entity redevelopers may utilize bond proceeds to pay the costs  
4 of a redevelopment project. The bill provides that whenever there  
5 is an absolute assignment of the payments in lieu of taxes or special  
6 assessments as payment or security for the bonds, then the trustee is  
7 empowered to conduct a tax sale of the land or improvements to  
8 satisfy delinquencies and to issue tax sale certificates.

9       The bill removes certain bankruptcy concerns from the “RAB  
10 law” by ensuring that a payment in lieu of tax agreement would  
11 survive the bankruptcy of a property owner and therefore provide a  
12 continuing stream of revenue to pay debt service on “RAB law”  
13 bonds.

14       Additionally, for State entity redevelopment projects, the bill  
15 ensures that any State entity owner of property would not lose  
16 ownership rights under a “RAB law” bond. The bill also modifies  
17 the bond estoppel provisions under the “RAB law” in order to  
18 provide certainty for the bond marketplace.

19       Finally, the bill authorizes the use of the special assessment for  
20 local improvement law, N.J.S.A.40:56-1 et seq., for environmental  
21 cleanup work and clarifies that local improvements and special  
22 assessments under that law may be undertaken by or on behalf of a  
23 redeveloper when “RAB law” bonds are issued.