

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1701

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 11, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1701, with committee amendments.

As amended, this bill requires an application for a long term property tax exemption to include a cost-benefit analysis and for the mayor or other chief executive officer of the municipality to produce an independent cost-benefit analysis to be submitted along with the application to the municipal governing body before it can decide on the exemption. The bill also requires a municipal governing body to include specific findings in its resolution approving or disapproving of a project for which a long term tax exemption is sought. Those specific findings have to address the net impact of the project on the finances of the affected local governments, including the municipality, county, and school district.

This bill requires municipalities to consider and evaluate whether an investment in a redevelopment project through the grant of a long term property tax exemption will generate satisfactory revenue returns to the municipality, as well as the financial impacts to counties, school districts, and other local governments. Under the bill, the cost-benefit analyses and financial impact findings required for grants of long term property tax exemptions would have to be posted on the Internet website of the granting municipality. If the municipality does not have a website, this information would have to be provided for public inspection on the Internet website of the Department of Community Affairs (DCA). This bill would also require the cost-benefit analyses and findings to be part of the public record.

The bill also requires municipalities that grant new long term property tax exemptions to provide pertinent information about each approved project to DCA. The bill directs DCA to post that information, along with existing long term property tax exemption information retrieved from plain language budget summaries submitted to DCA, in a database, sorted by municipality, on its Internet website.

The bill requires each municipality which enters into a financial agreement on or after the effective date of the bill to remit a portion of the annual service charge collected by the municipality to the county, school district, and any other taxing district, within which a redevelopment relocation housing project is located, in direct proportion to the distribution of the amount raised by taxation in the municipality in the prior tax year on behalf of the applicable county, school district, or other taxing district, as displayed on the property tax bill for that year. The annual service charge portion is required to be remitted to the county, school district, or other taxing district in the same manner as property taxes.

The bill requires municipalities to file a copy of the five-year property tax exemption and abatement agreement with certain county officials.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) require the cost benefit analysis of a long term property tax exemption to address the impact on school funding;

(2) require the annual service charge to be distributed in proportion to the amount of revenue received by the county, municipality, and school district from the property tax;

(3) require municipalities to file a copy of the five-year property tax exemption and abatement agreement with certain county officials; and

(4) change the effective date to nine months after the date of enactment.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.