

[First Reprint]

SENATE, No. 926

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JANUARY 27, 2020

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

Senator NELLIE POU

District 35 (Bergen and Passaic)

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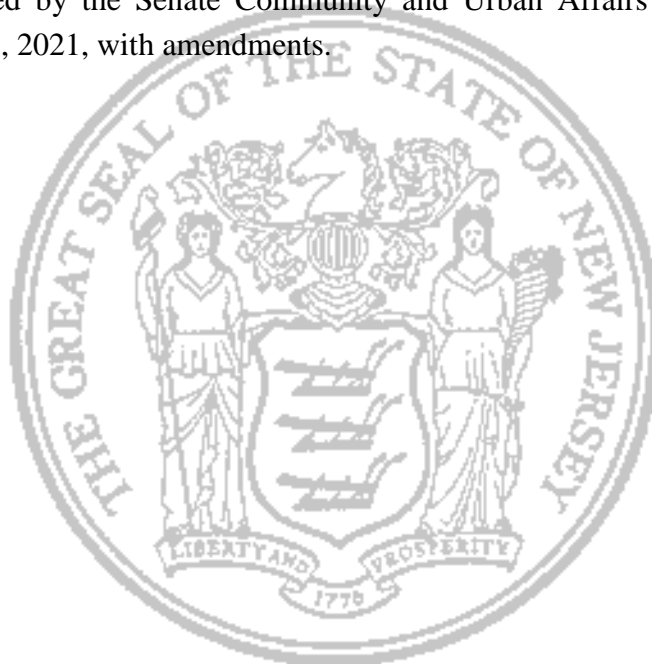
Senator O'Scanlon

SYNOPSIS

Permits municipalities to refund excess property taxes paid by a taxpayer who wins an assessment appeal as a property tax credit.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on November 15, 2021, with amendments.



(Sponsorship Updated As Of: 12/20/2021)

1 AN ACT concerning real property assessment appeals and amending
 2 P.L.1975, c.361 and P.L.1983, c.137.

3
 4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 5 *of New Jersey:*

6
 7 ¹[1. Section 2 of P.L.1975, c.361 (C.54:3-27.2) is amended to
 8 read as follows:

9 2. Except as required in paragraph (2) of subsection a. of
 10 section 2 of P.L.1983, c.137 (C.54:4-134), in the event that a
 11 taxpayer is successful in an appeal from an assessment on real
 12 property, the respective taxing district shall refund any excess taxes
 13 paid, together with interest thereon from the date of payment at a
 14 rate of 5% per annum, less any amount of taxes, interest, or both,
 15 which may be applied against delinquencies pursuant to section 2 of
 16 P.L.1983, c.137 (C.54:4-134), within 60 days of the date of final
 17 judgment; except that a municipality may refund the amount owed
 18 to the taxpayer as a credit against the balance of property taxes that
 19 become due and payable on the parcel of real property immediately
 20 following the county board of taxation's decision, or the Tax Court
 21 judgment, as appropriate.

22 (cf: P.L.2012, c.19, s.1)]¹

23
 24 ¹1. Section 2 of P.L.1975, c.361 (C.54:3-27.2) is amended to
 25 read as follows:

26 2. Except as required in paragraph (2) of subsection a. of
 27 section 2 of P.L.1983, c.137 (C.54:4-134), in the event that a
 28 taxpayer is successful in an appeal from an assessment on real
 29 property, the respective taxing district shall refund any excess taxes
 30 paid, together with interest thereon from the date of payment at a
 31 rate of five percent per annum or one percentage point above the
 32 prime rate assessed for each month or fraction thereof, compounded
 33 annually at the end of each year, from the date the tax originally
 34 was due or paid, whichever date is later, until the date of actual
 35 payment, whichever interest rate is lesser, less any amount of taxes,
 36 interest, and penalties, which may be applied against delinquencies
 37 pursuant to section 2 of P.L.1983, c.137 (C.54:4-134), in
 38 substantially equal payment periods and substantially equal
 39 payment amounts within three years of the date of final judgment in
 40 the case of nonresidential real property ; provided, however, that if
 41 the dollar amount of the refund does not exceed \$100,000, the
 42 amount shall be repaid within 60 days of the final judgment. In the
 43 case of residential real property, the refund shall be paid within 60
 44 days of the date of final judgment; except that a municipality may

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCU committee amendments adopted November 15, 2021.

1 refund the amount owed to the taxpayer as a credit, including any
2 interest that accumulates until the excess is fully returned, against
3 the balance of property taxes that become due and payable on the
4 parcel of real property immediately following the county board of
5 taxation's decision, or the Tax Court judgment, as appropriate. If
6 the excess has not been fully refunded to the taxpayer after three
7 years, then the remaining excess shall immediately be refunded.

8 Nothing in this section shall be construed to preclude Local
9 Finance Board approval for any municipality that has ended the
10 previous budget year with a deficit in operations caused, whether in
11 whole or in part, by obligations created from tax appeals to issue
12 notes pursuant to section 3 of P.L.2011, c.224 (C.40A:4-89).

13 "Prime rate" means "prime rate" as that term is defined by
14 R.S.54:48-2.¹

15 (cf: P.L.2019, c.230, s.1)

16
17 2. Section 2 of P.L.1983, c.137 (C.54:4-134) is amended to
18 read as follows:

19 2. a. (1) Whenever the owner of real property shall be
20 entitled, pursuant to a determination of a county board of taxation
21 or a judgment of the tax court, to a refund of all or any portion of
22 the property taxes paid against the property in any given year, and
23 any property taxes, water or sewer payments, or parking or payroll
24 taxes imposed or to be collected by the municipality against that
25 property or the owner or owners of that property are delinquent at
26 the time of the determination or judgment, the governing body of
27 the municipality constituting the taxing district in which the
28 property is located may apply the refund, or such portion thereof as
29 may be necessary, including any accrued interest, against the
30 delinquency.

31 (2) In addition to the application of a refund against a
32 delinquency as set forth in paragraph (1) of this subsection, a refund
33 from an appeal on the assessment of a property that was a
34 constituent part of an industrial site or complex that is currently
35 vacant or underutilized, and that is subject to any federal or State
36 court order, or administrative action or order, for environmental
37 remediation, shall be deposited by the taxing district with the
38 Commissioner of Environmental Protection, to be used to ensure
39 required site remediation. Once the industrial site has been
40 remediated, any remaining refund amounts shall be returned by the
41 commissioner to the taxpayer within 30 days after completion of the
42 site remediation. Any monies not returned within 30 days shall be
43 paid, with interest, from the date of completion of the site
44 remediation, at a rate of 5% per annum. The provisions of this
45 paragraph shall not apply to any property for which a remediation
46 trust fund has been established pursuant to the provisions of section
47 25 of P.L.1993, c.139 (C.58:10B-3).

1 b. If the total amount of the refund is equal to or exceeds the
2 total amount of the delinquency, the lien against the property for
3 unpaid taxes shall be extinguished, and the balance, if any,
4 remaining after the application of the refund against the
5 delinquency shall be forwarded to the owner not later than 60 days
6 after the date of the determination of the county board of taxation or
7 the tax court judgment, as the case may be; except that a
8 municipality may refund the amount owed to the taxpayer as a
9 credit ¹, including any interest that accumulates until the excess is
10 fully returned,¹ against the balance of property taxes that become
11 due and payable on the parcel of real property immediately
12 following the county board of taxation's decision, or the Tax Court
13 judgment, as appropriate ¹. If the excess has not been fully
14 refunded to the taxpayer after three years, then the remaining excess
15 shall immediately be refunded¹. If the total amount of the
16 delinquency exceeds the total amount of the refund, the balance of
17 the delinquency remaining shall remain a lien against the property.
18 (cf: P.L.2012, c.19, s.2)
19
20 3. This act shall take effect immediately.