

ASSEMBLY, No. 1179

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DALTON

1 AN ACT concerning certain authority projects and amending and
2 supplementing the "New Jersey educational facilities authority law"
3 N.J.S.18:72A-1 et seq.

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

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8 1. N.J.S.18A:72A-3 is amended to read as follows:

9 18A:72A-3. Definitions

10 18A:72A-3. As used in this act, the following words and terms
11 shall have the following meanings, unless the context indicates or
12 requires another or different meaning or intent:

13 "Authority" means the New Jersey Educational Facilities Authority
14 created by this chapter or any board, body, commission, department
15 or officer succeeding to the principal functions thereof or to whom the
16 powers conferred upon the authority by this chapter shall be given by
17 law;

18 "Bond" means bonds or notes of the authority issued pursuant to
19 this chapter;

20 "Dormitory" means a housing unit with necessary and usual
21 attendant and related facilities and equipment;

22 "Educational facility" means a structure suitable for use as a
23 dormitory, dining hall, student union, administration building,
24 academic building, library, laboratory, research facility, classroom,
25 athletic facility, health care facility, teaching hospital, and parking
26 maintenance storage or utility facility and other structures or facilities
27 related thereto or required or useful for the instruction of students or
28 the conducting of research or the operation of an institution for higher
29 education, and the necessary and usual attendant and related facilities
30 and equipment, but shall not include any facility used or to be used for
31 sectarian instruction or as a place for religious worship;

32 "Effective municipal purposes tax rate" means the rate, per \$100 of

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

Matter underlined thus is new matter.

1 valuation, derived by dividing the amount to be raised for local
2 municipal purposes for a municipality by the net valuation on which
3 county taxes are apportioned to the municipality, as reported in
4 column 12c and column 11, respectively, of the Abstract of Ratables
5 and Exemptions compiled for the municipality by the Division of
6 Taxation, in the Department of the Treasury, from the Table of
7 Aggregates prepared pursuant to R.S.54:4-52;

8 "Emerging needs program" means a program at one or more public
9 or private institutions of higher education directed to meeting new and
10 advanced technology needs or to supporting new academic programs
11 in science and technology;

12 "Higher education equipment" means any property consisting of, or
13 relating to, scientific, engineering, technical, computer,
14 communications or instructional equipment;

15 "Participating college" means a public institution of higher
16 education or private college which, pursuant to the provisions of this
17 chapter, participates with the authority in undertaking the financing
18 and construction or acquisition of a project;

19 "Pretax year" means the calendar year immediately preceding the
20 tax year;

21 "Property" means land and improvements thereto;

22 "Project" means a dormitory or an educational facility or any
23 combination thereof;

24 "Private college" means an institution for higher education other
25 than a public college, situated within the State and which, by virtue of
26 law or charter, is a nonprofit educational institution empowered to
27 provide a program of education beyond the high school level;

28 "Private institution of higher education" means independent colleges
29 or universities incorporated and located in New Jersey, which by virtue
30 of law or character or license, are nonprofit educational institutions
31 authorized to grant academic degrees and which provide a level of
32 education which is equivalent to the education provided by the State's
33 public institutions of higher education as attested by the receipt of and
34 continuation of regional accreditation by the Middle States Association
35 of Colleges and Schools, and which are eligible to receive State aid;

36 "Public institution of higher education" means Rutgers, The State
37 University, the State colleges, the New Jersey Institute of Technology,
38 the University of Medicine and Dentistry of New Jersey, the county
39 colleges and any other public university or college now or hereafter
40 established or authorized by law;

41 "Qualified authority property" means property owned or otherwise
42 held by the authority which includes: (1) projects completed and in
43 use before, on or after the effective date of P.L. , c. (C.) (now
44 before the Legislature as this bill); and (2) projects initiated, or for
45 which bonded or other indebtedness is initially incurred, or both, on
46 and after the effective date of P.L. , c. (C.) (now before the

1 Legislature as this bill, whether or not completed or in use;

2 "Tax year" means the calendar year for which property taxes are
3 due and payable pursuant to chapter 4 of Title 54 of the Revised
4 Statutes; and

5 "University" means Rutgers, The State University.

6 (cf: P.L.1993, c.136, s.3)

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8 2. Notwithstanding the provisions of any law, rule or regulation to
9 the contrary, the authority shall, for each local tax year beginning on
10 and after the effective date of this act, make annual payments in lieu
11 of taxes, in accordance with the provisions of section 3 of this
12 amendatory and supplementary act, to each municipality in which
13 qualified authority property is located.

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15 3. a. The amount of the payments in lieu of taxes to be made by
16 the authority to each municipality, in which qualified authority
17 property is located, shall be computed in each year by the tax collector
18 for each municipality by multiplying the taxable value of the qualified
19 authority property located within the municipality, as determined
20 pursuant to R.S.54:4-27, for the pretax year times the effective
21 municipal purposes tax rate for the municipality for the pretax year.
22 The resulting amount shall be collected from the authority in two
23 annual installments, at the same times, and in the same manner as the
24 third and fourth quarterly installments of property taxes in the
25 municipality, pursuant to chapter 4 of Title 54 of the Revised Statutes.
26 Delinquent payments in lieu of property taxes shall be considered
27 delinquent taxes for the purposes of chapters 4 and 5 of Title 54 of the
28 Revised Statutes.

29 b. The payments required by this act shall be made from
30 operational and maintenance savings or surpluses, or from unneeded
31 surplus amounts in reserve funds, as determined pursuant to accepted
32 accounting procedures and approved by the authority's auditor.

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34 4. Nothing in this act shall be construed as prohibiting or
35 abrogating any agreement between the authority and a municipality,
36 entered into prior to on or after the effective date of this amendatory
37 and supplementary act, for any payments in lieu of property taxes on
38 qualified authority property which exceed the amounts that would
39 otherwise be due pursuant to the provisions of section 3 of this
40 amendatory and supplementary act.

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42 5. Any new series of bonds or refunding bonds issued by or on
43 behalf of the authority, after the effective date of this amendatory and
44 supplementary act, shall be null and void, if the bondholder agreements
45 prohibit payments in lieu of property taxes to a municipality in which
46 qualified authority property is located.

1 6. This act shall take effect 60 days following enactment, and shall
2 apply to each tax year beginning on and after that effective date.

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STATEMENT

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7 This bill would require the New Jersey Educational Facilities
8 Authority to make certain payments in lieu of property taxes to
9 municipalities in which authority-owned property is located.
10 Specifically, the payments would be required for property involving
11 projects completed and in use on, before or after the bill's effect date,
12 and property involving projects initiated on and after the bill's effective
13 date, or for which debt is first incurred after that effective date. The
14 restrictions are intended to prevent interference with the management
15 of bonded indebtedness related to projects that are in progress as of
16 the effective date.

17 The method of calculating payments in lieu of taxes under this bill
18 would be the same as the current statutory method for calculating such
19 payments for State-owned property. The payments would be made
20 from authority surpluses.

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25 Requires payments in lieu of property taxes on certain authority
26 property.