

ASSEMBLY, No. 1663

STATE OF NEW JERSEY

INTRODUCED MARCH 4, 1996

By Assemblymen STANLEY, CHARLES, Brown, Doria, Jones,
Caraballo, Romano, Assemblywomen Gill, Quigley,
Assemblymen Impreveduto and Garcia

1 AN ACT providing for payments in lieu of full property taxes for
2 certain municipal property and supplementing Title 54 of the
3 Revised Statutes.

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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. As used in this act:

9 "Effective municipal purposes tax rate" means the rate, per \$100 of
10 valuation, derived by dividing the amount to be raised for local
11 municipal purposes for a municipality by the net valuation on which
12 county taxes are apportioned to the municipality, as reported in
13 column 12c and column 11, respectively, of the Abstract of Ratables
14 and Exemptions compiled for the municipality by the Division of
15 Taxation, in the Department of the Treasury, from the Table of
16 Aggregates prepared pursuant to R.S.54:4-52;

17 "Pretax year" means the calendar year immediately preceding the
18 tax year;

19 "Qualified municipal property" means property located within the
20 territorial boundaries of a municipality which: (1) is owned by another
21 municipality, (2) is a public water supply or is used to protect a public
22 water supply, and (3) is subject to the provisions of section 1 of
23 P.L.1988, c.163, as amended by P.L.1990, c.19, but shall not include
24 property qualified for payments in lieu of taxes pursuant to P.L.1977,
25 c.222 (C.54:4-2a et seq.); and

26 "Tax year" means the calendar year for which property taxes are
27 due and payable pursuant to chapter 4 of Title 54 of the Revised
28 Statutes.

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30 2. a. Commencing with the first tax year for which the provisions
31 of this act are applicable, the tax assessor of a municipality may apply
32 to the Commissioner of the Department of Environmental Protection
33 for certification of property as qualified municipal property. The
34 commissioner's certification or denial of certification shall be issued
35 within 60 days of receipt of an application for certification, and shall

1 be considered the final agency act thereon for the purposes of the
2 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
3 seq.), and shall be subject only to judicial review as provided in the
4 Rules of Court.

5 b. Upon receipt of certification pursuant to subsection a. of this
6 section, the municipal tax assessor for the municipality that constitutes
7 the taxing district in which qualified municipal property is located shall
8 determine the assessed value of the qualified municipal property,
9 notwithstanding the provisions of P.L.1988, c.163, as amended by
10 P.L.1990, c.19. The assessed value shall be forwarded to the
11 commissioner, who shall calculate the amount of the payment in lieu
12 of full property taxes for the municipality by multiplying the assessed
13 value of qualified municipal property in that municipality by the
14 effective municipal purposes tax rate for that municipality for the
15 pretax year. Such amount shall be reduced by the amount of any
16 property taxes paid on the qualified municipal property during the
17 pretax year. Such amount shall be certified to the State Treasurer, and
18 shall be in addition to any payment due each qualified municipality
19 pursuant to P.L.1977, c.272 (C.54:4-2.2a. et seq.).

20 c. The amounts due and payable pursuant to this section shall be
21 paid by the State Treasurer at the same time and in the same manner
22 as provided in section 9 of P.L.1977, c.272 (C.54:4-2.2i).

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24 3. The provisions of P.L. , c. (C.) (now before the
25 Legislature as this bill) shall not apply in the case of a conveyance of
26 qualified municipal property if the conveyance results in a use other
27 than the protection of a public water supply.

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29 4. This act shall take effect 60 days following enactment, and shall
30 apply to each tax year beginning on and after that effective date.

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STATEMENT

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35 This bill would provide for State payment in lieu of full property
36 taxes to municipalities wherein there is located property owned by
37 another municipality that is either a water supply or serves the purpose
38 of protecting a water supply for the other municipality. Pursuant to
39 section 1 of P.L.1988, c.163, as amended by P.L.1990, c.19, a
40 municipality, municipal utilities authority or public utility is prohibited,
41 except under limited conditions, from conveying any land used for the
42 purpose of protecting a public water supply. In practical terms, this
43 land is virtually off-limits to development.

44 In certain instances, and as a result of Tax Court and Appellate
45 Court decisions, municipal tax assessments of such property have been
46 adjusted downward based on the development restrictions imposed

1 under those State laws, resulting in property tax collections that are
2 much lower than would otherwise be the case if the land were
3 developed or otherwise not subject to a development moratorium.
4 Although there are sound environmental policy justifications for
5 restricting development in watershed areas, the State's moratorium has
6 produced inequities for both the host municipality, which is subject to
7 reduced tax revenues, and the municipal owner of the watershed land,
8 which must continually litigate to obtain a fair assessment of land
9 value in light of the moratorium.

10 The bill would establish a process for eligible municipalities to
11 apply to the Department of Environmental Protection for State
12 payments in lieu of full property taxes for the amount of the difference
13 between what the host municipality receives from the other
14 municipality (i.e., reduced property taxes) and what the municipality
15 would receive if the property were not subject to State development
16 restrictions.

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21 Provides for payments in lieu of full property taxes for certain
22 municipalities.