

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 416

STATE OF NEW JERSEY

DATED: OCTOBER 31, 1996

Senate Bill No. 416 of 1996 provides that a State authority shall make annual payments in lieu of taxes to the appropriate municipality for qualified State property acquired by the authority on or after January 1, 1991 or for other property of the authority which is exempt from all taxes and special assessments of the State or any political subdivision thereof unless: (1) authority agreements with bondholders prohibit such in lieu of tax payments; or (2) a State authority is subject to agreements which require in lieu of tax payments exceeding the amount which would otherwise be due pursuant to calculations provided for in this bill.

Regarding State property acquired by an authority after January 1, 1991, the Division of Taxation in the Department of the Treasury estimated, for a similar proposal, Senate Bill No. 415 of 1996, that the Educational Facilities Authority (EFA) would incur an annual cost of at least \$321,000 for State-owned property acquired by EFA in Ewing Township, Mercer County. However, that amount only addresses the first part of "Qualified authority property," as defined in Senate Bill No. 416.

To quantify the specific amounts payable by each affected authority for the second part of the definition of "Qualified authority property," i.e. other property of the authority which is exempt from all taxes of the State or any political subdivisions thereof, the following data must be available: (1) a detailed inventory and taxable valuation of all such property holdings of affected authorities; (2) the effective municipal purposes tax rates of the taxing districts involved; (3) a review of existing authority agreements with bondholders; and (4) a review of any existing in lieu of tax payment agreements which any authorities may currently have with municipalities. Because of the extensive data needed to develop a reasonable cost estimate for the second part of the definition of "Qualified authority property," the Office of Legislative Services (OLS) is unable to provide such estimate absent these necessary data.

Therefore, OLS estimates that this bill could cost EFA at least \$321,000 to comply with the first part of the definition of "Qualified authority property;" however, OLS cannot estimate a cost to State authorities for the second part of the definition.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.