

SENATE, No. 85

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator LIPMAN

1 AN ACT concerning the duration of certain tax exemptions and  
2 amending P.L.1991, c.431.

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

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7 1. Section 13 of P.L.1991, c.431 (C.40A:20-13) is amended to  
8 read as follows:

9 13. The tax exemption provided in this act shall apply only so long  
10 as the urban renewal entity and its project remain subject to the  
11 provisions of this act, but in no event more than 35 years from the date  
12 of the execution of the financial agreement. A tax exemption  
13 authorized in connection with a non-profit limited dividend  
14 cooperative housing project under a financial agreement entered into  
15 pursuant to the "Limited-Dividend Nonprofit Housing Corporations or  
16 Associations Law," P.L.1949, c.184 (C.55:16-1 et seq.) may be  
17 extended to coincide with existing first mortgage financing. The terms  
18 of any such extension shall be set forth in an amended financial  
19 agreement between the urban renewal entity and the municipality. An  
20 urban renewal entity may at any time after the expiration of one year  
21 from the completion date of the project, notify the governing body of  
22 the municipality that, as of a certain date designated in the notice, it  
23 relinquishes its status under this act, and if the project includes  
24 housing units, that the urban renewal entity has obtained the consent  
25 of the Commissioner of Community Affairs to such a relinquishment.  
26 As of that date, the tax exemption, the service charges, and the profit  
27 and dividend restrictions shall terminate. The date of termination of  
28 tax exemption, whether by relinquishment by the entity or by terms of  
29 the financial agreement, shall be deemed the close of the fiscal year of  
30 the entity. Within 90 days of that date, the urban renewal entity shall  
31 pay to the municipality the amount of reserve, if any maintained  
32 pursuant to section 15 or 16 of this act, as well as the excess net

**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 profits, if any, payable as of that date.  
2 (cf: P.L.1991, c.431, s.13)

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4 2. This act shall take effect immediately.

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STATEMENT

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9 This bill would allow for the extension of the term of any tax  
10 exemption granted to a non-profit limited dividend housing  
11 cooperative project under a financial agreement entered into pursuant  
12 to the "Limited-Dividend Nonprofit Housing Corporations or  
13 Associations Law," P.L.1949, c.184 (C.55:16-1 et seq.) in order to  
14 coincide with first mortgage financing. The terms and duration of any  
15 such extension shall be set forth in an agreement between the urban  
16 renewal entity and the municipality.

17 Under P.L.1991, c.431, which consolidated a series of statutes  
18 allowing for long-term tax exemptions and abatements, the duration  
19 of the long-term tax exemption was limited to 35 years.

20 This bill would allow for the extension of an exemption beyond 35  
21 years, upon the agreement of the municipality and the urban renewal  
22 entity, under limited circumstances.

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27 Allows for extension of 35 year tax exemption under certain  
28 circumstances.