

SENATE, No. 700

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senators CAFIERO and MATHEUSSEN

1 AN ACT concerning in lieu of tax payments to municipalities and  
2 amending P.L.1977, c.272.

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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 5 of P.L.1977, c.272 (C.54:4-2.2e) is amended to read  
8 as follows:

9 5. After completion of the review of the assessments of State  
10 property, the director shall compute the State's liability for in lieu tax  
11 payments in each municipality affected. For the purposes of this act,  
12 the effective local purpose tax rate shall be calculated by dividing the  
13 local municipal purposes tax levy, including all fire district budget  
14 expenditures for each municipality, by the net valuation on which  
15 county taxes are apportioned for each municipality. The in lieu  
16 payment shall be calculated by applying the effective local purpose tax  
17 rate of the municipality for the tax year 1977 and thereafter to the  
18 aggregate amount of State property, as defined in section 1, in the  
19 municipality and the sum of such calculations shall constitute the  
20 State's liability; provided, however, the State shall have no liability to  
21 any one municipality when the sum of its liability is less than  
22 \$1,000.00, and no municipality shall receive an in lieu payment from  
23 the State greater than an amount equal to 35% of the local purpose tax  
24 levy, which for the purposes of this act shall include revenues which  
25 are used for municipal purposes and derived from tax abated  
26 properties, for the year for which the calculations are made; provided,  
27 however, that in any calendar year no municipality which receives or  
28 is entitled to receive any extraordinary payment for municipal services  
29 and in lieu of taxes under P.L.1977, c.137 shall receive less under this  
30 act than the amount that it received under said P.L.1977, c.137.

31 (cf: P.L.1983, c.256, s.1)

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33 2. This act shall take effect on the thirtieth day following  
34 enactment.

**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.**

STATEMENT

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This bill amends the law governing in lieu of tax payments by the State to municipalities. The bill requires that the effective local purpose tax rate used to calculate the in lieu of tax payment by the State to a municipality be calculated by dividing the local municipal purposes tax levy, including all fire district budget expenditures for each municipality, by the net valuation on which county taxes are apportioned for each municipality.

This amendment permits municipalities which have fire districts responsible for providing fire service to State institutions, including State prisons, to recoup the expense of providing the fire service to the State institutions.

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Includes fire district budget expenditures in calculation of in lieu of tax payments.