

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1537

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 15, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1537, with committee amendments.

As amended by the committee, this bill extends the economic recovery term established under the “Municipal Rehabilitation and Economic Recovery Act,” (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years. The bill also bars the appeal of certain property assessments within a Garden State Growth Zone municipality.

In 2002, the State enacted the MRERA to establish special governing procedures, economic benefits, and fiscal oversight measures to stabilize the finances of qualified municipalities that experienced long-term fiscal distress. The City of Camden was the only municipality to qualify under the act.

Specifically, the MRERA established two distinct periods of fiscal oversight: (1) the rehabilitation term, during which time the municipality is subject to direct oversight by a chief operating officer appointed by the State; and (2) the economic recovery term, during which time the municipality is no longer overseen by the chief operating officer, but remains subject to certain additional forms of State oversight. Under current law, the economic recovery term would conclude 10 years following the termination of the chief operating officer, which occurred in January 2010.

The bill instead provides that the economic recovery term would not conclude until 15 years following termination of the chief operating officer. Consequently, the City of Camden would remain subject to the governing procedures, economic benefits, and fiscal oversight measures provided under the MRERA until January 2025.

The bill requires the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021.

The bill also prohibits any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013,

c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

As amended by the committee, this bill is identical to Senate Bill No. 2217 (1R).

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) require the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021; and

(2) prohibit any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill may potentially increase State expenditures over a five-year period associated with (1) the continued oversight of the City of Camden, (2) the ongoing operations of certain coordinating bodies, and (3) the provision of certain property tax benefits.

The extended applicability of certain fiscal authorizations would have an indeterminate annual impact on the City of Camden. Most notably, the municipality would be permitted to increase its property tax levy by three percent, rather than two percent, per year and would be required to receive funding priorities from State agencies.

The OLS expects the bill to stabilize the collection of payments in lieu of taxes by certain municipalities by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property during the period of such exemption. This prohibition could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.