

**ASSEMBLY, No. 5683**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED MAY 12, 2021

**Sponsored by:**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**Senator NELLIE POU**

**District 35 (Bergen and Passaic)**

**Co-Sponsored by:**

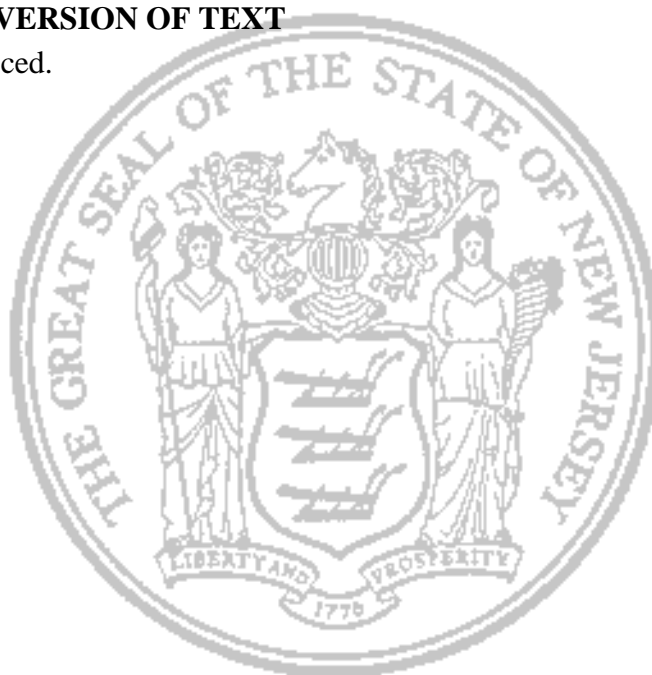
**Senator Brown**

**SYNOPSIS**

Modifies Garden State Growth Zone tax exemption program.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/30/2021)**

1 AN ACT concerning Garden State Growth Zones and amending  
2 P.L.2013, c.161.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. Section 23 of P.L.2013, c.161 (C.52:27D-489r) is amended  
8 to read as follows:

9 23. As used in section 24 of P.L.2013, c.161 (C.52:27D-489s):  
10 "Aviation district" means all areas within the boundaries of the  
11 "Atlantic City International Airport," established pursuant to section  
12 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation  
13 Administration William J. Hughes Technical Center and the area  
14 within a one-mile radius of the outermost boundary of the "Atlantic  
15 City International Airport" and the Federal Aviation Administration  
16 William J. Hughes Technical Center.

17 "Director" means the Director of the Division of Taxation.

18 "Division of Codes and Standards" means the Division of Codes  
19 and Standards located in the Department of Community Affairs.

20 "Eligible person" means any individual purchasing or renting an  
21 eligible residential residence within a growth zone after the  
22 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). For the  
23 purpose of this definition, an eligible person is limited to those who  
24 establish a permanent residency at the eligible residential residence,  
25 are subject to the "New Jersey Gross Income Tax Act,"  
26 N.J.S.54A:1-1 et seq., and are current with all State and local tax  
27 obligations.

28 "Eligible property" means any residential, commercial,  
29 industrial, or other business property, located in a Garden State  
30 Growth Zone, that receives a Certificate of Occupancy or is  
31 transferred in a legal sale on or after July 1, 2013. Purchasers of  
32 newly constructed homes are not the applicant.

33 "Exemption" means that portion of the assessor's full and true  
34 value of any improvement, conversion, alteration, redevelopment,  
35 rehabilitation, or construction not regarded as increasing the taxable  
36 value of a property pursuant to P.L.2013, c.161 (C.52:27D-489p et  
37 al.) for the purposes of encouraging the construction, conversion,  
38 improvement, and redevelopment of real property conducted by  
39 eligible businesses or residents within a growth zone pursuant to  
40 P.L.2013, c.161 (C.52:27D-489p et al.).

41 "Garden State Growth Zone" or "growth zone" means the four  
42 New Jersey cities with the lowest median family income based on  
43 the 2009 American Community Survey from the US Census, (Table  
44 708. Household, Family, and Per Capita Income and Individuals,  
45 and Families Below Poverty Level by City: 2009); a municipality

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.

1 which contains a Tourism District as established pursuant to section  
2 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
3 Reinvestment Development Authority; **or** an aviation district; or a  
4 government-restricted municipality.

5 "Garden State Growth Zone Development Entity" means a  
6 private corporation incorporated pursuant to Title 14A of the New  
7 Jersey Statutes, or established pursuant to Title 42 of the Revised  
8 Statutes, for which the profits of the entity are limited as follows.  
9 The allowable net profits of the entity shall be determined by  
10 applying the allowable profit rate to the total project cost, and all  
11 capital costs, determined in accordance with generally accepted  
12 accounting principles, of any other entity whose revenue is included  
13 in the computation of excess profits, for the period commencing on  
14 the date on which the construction of the project is completed, and  
15 terminating at the close of the fiscal year of the entity preceding the  
16 date on which the computation is made, where:

17 "Allowable profit rate" means the greater of 12 percent or the  
18 percentage per annum arrived at by adding one and 1/4 percent to  
19 the annual interest percentage rate payable on the entity's initial  
20 permanent mortgage financing. If the initial permanent mortgage is  
21 insured or guaranteed by a governmental agency, the mortgage  
22 insurance premium or similar charge, if payable on a per annum  
23 basis, shall be considered as interest for this purpose. If there is no  
24 permanent mortgage financing the allowable profit rate shall be the  
25 greater of 12 percent or the percentage per annum arrived at by  
26 adding one and 1/4 percent per annum to the interest rate per annum  
27 which the municipality determines to be the prevailing rate on  
28 mortgage financing on comparable improvements in the county.

29 "Government-restricted municipality" means a municipality in  
30 this State that has:

31 (1) a municipal revitalization index distress score of at least 75;  
32 (2) met the criteria for designation as an urban aid municipality  
33 in the 2019 State fiscal year; and

34 (3) on the effective date of P.L. , c. (pending before the  
35 Legislature as this bill) is either:

36 (a) subject to financial restrictions imposed pursuant to the  
37 "Municipal Stabilization and Recovery Act," P.L.2016, c.4  
38 (C.52:27BBBB-1 et seq.), or

39 (b) restricted in its ability to levy property taxes on property in  
40 that municipality as a result of:

41 (i) the State of New Jersey owning or controlling property  
42 representing at least 25 percent of the total land area of the  
43 municipality, or

44 (ii) the federal government of the United States owning or  
45 controlling at least 50 acres of the total land area of the  
46 municipality, which land area is dedicated as a national natural  
47 landmark.

1 "Improvements" means any repair, construction, or  
2 reconstruction, including alterations and additions, having the effect  
3 of rehabilitating a deteriorated property so that it becomes habitable  
4 or attains higher standards of safety, health, economic use or  
5 amenity, or is brought into compliance with laws, ordinances or  
6 regulations governing such standards. Ordinary upkeep and  
7 maintenance shall not be deemed an improvement.  
8 (cf: P.L.2018, c.120, s.7)

9  
10 2. Section 24 of P.L.2013, c.161 (C.52:27D-489s) is amended  
11 to read as follows:

12 24. a. A Garden State Growth Zone Development Entity is  
13 authorized to undertake clearance, re-planning, development, or  
14 redevelopment of property within a Garden State Growth Zone.

15 b. (1) Notwithstanding any other law to the contrary, every  
16 Garden State Growth Zone Development Entity that owns real  
17 property, or leases real property for a period of not less than 30  
18 years, within a Garden State Growth Zone and that undertakes the  
19 clearance, re-planning, development, or redevelopment of such  
20 property is hereby granted an exemption on improvements to such  
21 eligible property for any new construction, improvements, or  
22 substantial rehabilitation of structures on real property for a period  
23 of 20 years from receiving a final Certificate of Occupancy,  
24 provided however, that a municipality located within the Garden  
25 State Growth Zone shall, by ordinance, opt-in to such program  
26 within 90 calendar days of the enactment of P.L.2013, c.161  
27 (C.52:27D-489p et al.). The exemption allowed by this  
28 **【subsection】 paragraph** shall be dependent upon: **【(1)】 (a)** the  
29 owner, or lessee, of the real property making improvements to the  
30 real property after the enactment of P.L.2013, c.161 (C.52:27D-  
31 489p et al.); and **【(2)】 (b)** the Division of Codes and Standards, in  
32 consultation with the eligible municipality, issuing a final  
33 Certificate of Occupancy within 15 years of the date of enactment  
34 of P.L.2013, c.161 (C.52:27D-489p et al.) in the case of real  
35 property that is located in a government-restricted municipality, and  
36 within 10 years of the date of enactment of P.L.2013, c.161  
37 (C.52:27D-489p et al.) in the case of real property that is not  
38 located in a government-restricted municipality.

39 (2) If a government-restricted municipality located within a  
40 Garden State Growth Zone did not opt-in to the program within 90  
41 calendar days of the enactment of P.L.2013, c.161 (C.52:27D-489p  
42 et al.) pursuant to paragraph (1) of this subsection, then the  
43 government-restricted municipality located within a Garden State  
44 Growth Zone may, by ordinance, opt-in to such program within 90  
45 calendar days of the enactment of P.L. , c. (pending before the  
46 Legislature as this bill). A Garden State Growth Zone Development  
47 Entity that owns real property, or leases real property for a period of  
48 not less than 30 years, within a government-restricted municipality

1 that adopts an ordinance to opt-in pursuant to this paragraph, and  
2 that undertakes the clearance, re-planning, development, or  
3 redevelopment of such property is hereby granted an exemption on  
4 improvements to such eligible property for any new construction,  
5 improvements, or substantial rehabilitation of structures on real  
6 property for a period of 30 years from receiving a final Certificate  
7 of Occupancy. The exemption allowed by this paragraph shall be  
8 dependent upon: (a) the owner, or lessee, of the real property  
9 making improvements to the real property after the enactment of  
10 P.L.2013, c.161 (C.52:27D-489p et al.); and (b) the Division of  
11 Codes and Standards, in consultation with the eligible municipality,  
12 issuing a final Certificate of Occupancy within 15 years of the date  
13 of enactment of P.L.2013, c.161 (C.52:27D-489p et al.).

14 (3) Notwithstanding any other law to the contrary, the municipal  
15 assessor of a government-restricted municipality may extend the  
16 exemption period authorized pursuant to paragraph (1) of this  
17 subsection so that such exemption is granted for a period of 30  
18 years from receiving a final Certificate of Occupancy. The  
19 extension allowed by this paragraph shall be dependent upon: (a)  
20 the government-restricted municipality having adopted an ordinance  
21 to opt-in to the program within 90 calendar days of the enactment of  
22 P.L.2013, c.161 (C.52:27D-489p et al.) pursuant to paragraph (1) of  
23 this subsection; (b) the municipal assessor authorizing an extension  
24 of the existing exemption to a period of 30 years as provided for in  
25 this paragraph; and (c) the Division of Codes and Standards, in  
26 consultation with the eligible municipality, issuing a final  
27 Certificate of Occupancy within 15 years of the date of enactment  
28 of P.L.2013, c.161 (C.52:27D-489p et al.). Upon authorization of  
29 an extension by the municipal assessor pursuant to this paragraph,  
30 the exemption schedule set forth in subsection d. of this section  
31 shall apply.

32 (4) For purposes of this section, a lessee of real property shall  
33 include a Garden State Growth Zone Development Entity that is a  
34 lessee that is subject to a statutory obligation to make a payment in  
35 lieu of taxes on the improvements equal to the taxes on real and  
36 personal property.

37 c. The exemption granted by paragraph (1) of subsection b. of  
38 this section shall be for a period of 20 years. For the first 10 years  
39 immediately subsequent to the issuance of a Certificate of  
40 Occupancy, the Garden State Growth Zone Development Entity  
41 shall be exempt from the payment of taxes on the improvements to  
42 the eligible property. Thereafter, the Garden State Growth Zone  
43 Development Entity shall pay to the municipality in lieu of full  
44 property tax payments an amount equal to a percentage of taxes  
45 otherwise due, according to the following schedule:

46 (1) In the eleventh year after completion, 10 percent of taxes  
47 otherwise due;

- 1       (2) In the twelfth year after completion, 20 percent of taxes  
2 otherwise due;
- 3       (3) In the thirteenth year after completion, 30 percent of taxes  
4 otherwise due;
- 5       (4) In the fourteenth year after completion, 40 percent of taxes  
6 otherwise due;
- 7       (5) In the fifteenth year after completion, 50 percent of taxes  
8 otherwise due;
- 9       (6) In the sixteenth year after completion, 60 percent of taxes  
10 otherwise due;
- 11       (7) In the seventeenth year after completion, 70 percent of taxes  
12 otherwise due;
- 13       (8) In the eighteenth year after completion, 80 percent of taxes  
14 otherwise due;
- 15       (9) In the nineteenth full year after completion, 90 percent of  
16 taxes otherwise due;
- 17       (10) In the twentieth year after completion, and each year  
18 thereafter, 100 percent of taxes.
- 19       d. The exemption granted by paragraph (2) of subsection b. of  
20 this section and an extended exemption period authorized by the  
21 municipal assessor of a government-restricted municipality pursuant  
22 to paragraph (3) of subsection b. of this section shall be for a period  
23 of 30 years. For the first 10 years immediately subsequent to the  
24 issuance of a Certificate of Occupancy, the Garden State Growth  
25 Zone Development Entity shall be exempt from the payment of  
26 taxes on the improvements to the eligible property. Thereafter, the  
27 Garden State Growth Zone Development Entity shall pay to the  
28 municipality in lieu of full property tax payments an amount equal  
29 to a percentage of taxes otherwise due, according to the following  
30 schedule:
- 31       (1) In the eleventh year after completion, five percent of taxes  
32 otherwise due;
- 33       (2) In the twelfth year after completion, 10 percent of taxes  
34 otherwise due;
- 35       (3) In the thirteenth year after completion, 15 percent of taxes  
36 otherwise due;
- 37       (4) In the fourteenth year after completion, 20 percent of taxes  
38 otherwise due;
- 39       (5) In the fifteenth year after completion, 25 percent of taxes  
40 otherwise due;
- 41       (6) In the sixteenth year after completion, 30 percent of taxes  
42 otherwise due;
- 43       (7) In the seventeenth year after completion, 35 percent of taxes  
44 otherwise due;
- 45       (8) In the eighteenth year after completion, 40 percent of taxes  
46 otherwise due;
- 47       (9) In the nineteenth year after completion, 45 percent of taxes  
48 otherwise due;

- 1       (10) In the twentieth year after completion, and each year  
2 thereafter, 50 percent of taxes.
- 3       (11) In the twenty-first year after completion, 55 percent of  
4 taxes otherwise due;
- 5       (12) In the twenty-second year after completion, 60 percent of  
6 taxes otherwise due;
- 7       (13) In the twenty-third year after completion, 65 percent of  
8 taxes otherwise due;
- 9       (14) In the twenty-fourth year after completion, 70 percent of  
10 taxes otherwise due;
- 11       (15) In the twenty-fifth year after completion, 75 percent of  
12 taxes otherwise due;
- 13       (16) In the twenty-sixth year after completion, 80 percent of  
14 taxes otherwise due;
- 15       (17) In the twenty-seventh year after completion, 85 percent of  
16 taxes otherwise due;
- 17       (18) In the twenty-eighth year after completion, 90 percent of  
18 taxes otherwise due;
- 19       (19) In the twenty-ninth year after completion, 95 percent of  
20 taxes otherwise due;
- 21       (20) In the thirtieth after completion, and each year thereafter,  
22 100 percent of taxes.
- 23       e. An amount not less than five percent of all payments pursuant  
24 to **[this subsection]** subsections c. and d. of this section shall be  
25 paid to the county in which the municipality is located.
- 26       **[d.] f.** Upon the termination of the exemption granted pursuant  
27 to **[subsection]** subsections c. and d. of this section, the project, all  
28 affected parcels, land, and all improvements made thereto shall be  
29 assessed and subject to taxation as are other taxable properties in  
30 the municipality. After the date of termination, all restrictions and  
31 limitations upon the Garden State Growth Zone Development Entity  
32 shall terminate and be at an end upon the entity's rendering its final  
33 accounting to and with the municipality.
- 34       **[e.] g.** Notwithstanding subsection b. of this section, the owner  
35 of any property located within a Garden State Growth Zone, that  
36 does not qualify as a Garden State Growth Zone Development  
37 Entity, that performs any new construction, improvements, or  
38 substantial rehabilitation improvements to property, shall be entitled  
39 to an exemption from taxation regarding such improvements as  
40 provided herein. For purposes of such exemption, the municipality  
41 shall consider the assessor's full and true value of the improvements  
42 as not increasing the value of the property for a period of five years,  
43 notwithstanding that the value of the property to which the  
44 improvements are made is increased thereby.
- 45       **[f.] h.** Any exemption obtained under this section shall be fully  
46 transferable upon the sale of real property, as long as the new owner  
47 meets all requirements for exemption set forth pursuant to this

1 section, or, for the sale of a residential unit, as long as the new  
2 owner occupies the unit as a primary residence.

3 **[g.] i.** A Garden State Growth Zone Development Entity shall  
4 not be required to purchase pinelands development credits under the  
5 "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.),  
6 the pinelands comprehensive management plan, or any other rule or  
7 regulation adopted pursuant to that act, in connection with any  
8 approval or relief obtained related to property located in an aviation  
9 district on or after the effective date of P.L.2018, c.120, except if  
10 seeking to develop in permanently protected open space pursuant to  
11 the Pinelands Protection Act. The provisions of this subsection  
12 shall not apply to an eligible property that is residential property.  
13 (cf: P.L.2018, c.120, s.8)

14  
15 3. This act shall take effect immediately.

16  
17  
18 STATEMENT

19  
20 This bill would modify the Garden State Growth Zone (GSGZ)  
21 property tax exemption program. Under current law, a Garden State  
22 Growth Zone Development Entity may redevelop property within a  
23 GSGZ and be granted a 20-year property tax exemption on  
24 improvements to the redeveloped property if the applicable GSGZ  
25 municipality opted into the program within 90 calendar days of the  
26 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). Under  
27 current law, this property tax exemption is dependent upon:

28 (1) the owner of the property making improvements to the  
29 property after the date of enactment of P.L.2013, c.161; and

30 (2) the issuance of a final certificate of occupancy within 10  
31 years of the date of enactment of P.L.2013, c.161.

32 The bill would enable certain municipalities to newly opt into the  
33 GSGZ property tax exemption program within 90 days of this bill's  
34 effective date. The bill would amend the definition of the term  
35 "Garden State Growth Zone" to include a "government-restricted  
36 municipality." The bill defines "government-restricted  
37 municipality" as a New Jersey municipality:

38 (1) with a Municipal Revitalization Index distress score of at  
39 least 75;

40 (2) which met the criteria for designation as an urban aid  
41 municipality in the 2019 State fiscal year; and

42 (3) which, on the bill's effective date, is either:

43 (a) subject to financial restrictions imposed pursuant to the  
44 "Municipal Stabilization and Recovery Act," P.L.2016, c.4  
45 (C.52:27BBBB-1 et seq.), or

46 (b) restricted in its ability to levy property taxes on property in  
47 that municipality as a result of:



1 (i) the State of New Jersey owning or controlling property  
2 representing at least 25 percent of the total land area of the  
3 municipality, or

4 (ii) the federal government of the United States owning or  
5 controlling at least 50 acres of the total land area of the  
6 municipality, which land area is dedicated as a national natural  
7 landmark.

8 Under the bill, a “government-restricted municipality” that did  
9 not opt into the GSGZ exemption program within 90 calendar days  
10 of the enactment of P.L.2013, c.161 (C.52:27D-489p et al.) may, by  
11 ordinance, opt into the program within 90 calendar days of the  
12 enactment of this bill. An exemption under this provision would be  
13 granted on improvements made to the property for a period of 30  
14 years from receiving a final certificate of occupancy. The  
15 exemption would apply to property improvements made after the  
16 enactment of P.L.2013, c.161 (C.52:27D-489p et al.) and which  
17 were issued a final certificate of occupancy within 15 years of the  
18 date of enactment of P.L.2013, c.161 (C.52:27D-489p et al.).

19 Additionally, the bill authorizes the municipal assessor of a  
20 government-restricted municipality to extend the prior-existing 20-  
21 year exemption period to a period of 30 years. This extension  
22 would be allowed if the government-restricted municipality had  
23 opted into the program within 90 calendar days of the enactment of  
24 P.L.2013, c.161 (C.52:27D-489p et al.), and a final certificate of  
25 occupancy is issued within 15 years of the date of enactment of  
26 P.L.2013, c.161 (C.52:27D-489p et al.).