

P.L. 2021, CHAPTER 232, *approved September 24, 2021*  
Assembly, No. 5683

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

**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.

1 708. Household, Family, and Per Capita Income and Individuals,  
2 and Families Below Poverty Level by City: 2009); a municipality  
3 which contains a Tourism District as established pursuant to section  
4 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
5 Reinvestment Development Authority; **【or】** an aviation district; or a  
6 government-restricted municipality.

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

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

31 "Government-restricted municipality" means a municipality in  
32 this State that has:

33 (1) a municipal revitalization index distress score of at least 75;

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

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

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

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

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

46 (ii) the federal government of the United States owning or  
47 controlling at least 50 acres of the total land area of the

1 municipality, which land area is dedicated as a national natural  
2 landmark.

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

11

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

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

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

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

1 Entity that owns real property, or leases real property for a period of  
2 not less than 30 years, within a government-restricted municipality  
3 that adopts an ordinance to opt-in pursuant to this paragraph, and  
4 that undertakes the clearance, re-planning, development, or  
5 redevelopment of such property is hereby granted an exemption on  
6 improvements to such eligible property for any new construction,  
7 improvements, or substantial rehabilitation of structures on real  
8 property for a period of 30 years from receiving a final Certificate  
9 of Occupancy. The exemption allowed by this paragraph shall be  
10 dependent upon: (a) the owner, or lessee, of the real property  
11 making improvements to the real property after the enactment of  
12 P.L.2013, c.161 (C.52:27D-489p et al.); and (b) the Division of  
13 Codes and Standards, in consultation with the eligible municipality,  
14 issuing a final Certificate of Occupancy within 15 years of the date  
15 of enactment of P.L.2013, c.161 (C.52:27D-489p et al.).

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

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

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

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

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



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

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

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

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

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

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33 Modifies Garden State Growth Zone tax exemption program.