

[First Reprint]

SENATE, No. 3188

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED NOVEMBER 16, 2020

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator TROY SINGLETON

District 7 (Burlington)

Co-Sponsored by:

Senators Madden and Greenstein

SYNOPSIS

Permits municipalities to authorize programs encouraging local shopping through property tax rewards; validates certain related municipal actions.

CURRENT VERSION OF TEXT

As amended by the Senate on February 19, 2021.



(Sponsorship Updated As Of: 3/25/2021)

1 AN ACT permitting and validating municipal ¹programs
2 encouraging local shopping through municipal¹ property tax
3 ¹**[reward programs]** rewards¹, supplementing Title 40 of the
4 Revised Statutes, and amending R.S.54:4-65.

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

8
9 ¹**[1.** (New section) a. As used in this section:
10 “Annual rebate” means the annual reimbursement of all rewards
11 earned by a participating customer in a property tax reward program
12 between May 1 and April 30.

13 “Operator” means a private entity designated by a municipality
14 to operate a property tax reward program.

15 “Participating business” means a business, located within a
16 municipality that has established a property tax reward program,
17 which business has agreed to provide rewards to participating
18 customers based on purchases of goods or services by those
19 participating customers.

20 “Participating customer” means a municipal resident, a
21 municipal employee, a person who is employed in the municipality,
22 or a resident of another municipality, who has registered with the
23 operator of a property tax reward program to earn rewards under the
24 program through the purchase of goods or services from
25 participating businesses.

26 “Reward” means the percentage of a total purchase price earned
27 by a participating customer when that customer makes a purchase at
28 a participating business.

29 b. The governing body of a municipality, by resolution, may
30 authorize the creation, and the operation in the municipality, of a
31 property tax reward program to provide annual rebates to
32 participating customers who purchase goods or services from
33 participating businesses located in the municipality. The
34 municipality shall designate a private entity to serve as operator of
35 the property tax reward program. The operator shall solicit
36 participation in the program from businesses located in the
37 municipality. Participation in the property tax reward program by
38 businesses located in the municipality shall be voluntary. Each
39 participating business shall determine, and shall inform the program
40 operator of, the amount of the reward to be provided to participating
41 customers.

42 c. The operator shall offer a reward card to municipal
43 residents, municipal employees, persons who are employed in the
44 municipality, and, upon request, to residents of other municipalities.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted February 19, 2021.

1 A property tax reward program created pursuant to this section shall
2 not charge a fee for participation in the program to any participating
3 customer. The recipient of a reward card may become a
4 participating customer by registering with the program operator to
5 participate in the program. A participating customer shall present a
6 reward card at a participating business when making a purchase of
7 goods or services in order to earn a reward for that purchase from
8 that participating business. The program operator shall, in writing,
9 notify participating customers of the businesses participating in the
10 program, and the percentage of the reward to be provided by each
11 participating business. The operator shall also maintain this
12 information on a website.

13 d. A participating business shall pay the amount of the rewards
14 earned by participating customers to the operator, plus a separate
15 administrative fee per transaction to the operator. The amount of
16 the annual rebate earned by a participating customer shall equal the
17 total amount of all rewards earned by that participating customer
18 between May 1st and April 30th of the following year.

19 e. No later than June 1st annually, the operator shall provide
20 the municipal tax collector with a list of program participants who
21 are property owners and the dollar amount of the annual rebate
22 earned by each property owner between May 1st and April 30th;
23 and shall also transfer to the municipal tax collector the total dollar
24 value of all annual rebates earned by those property owners between
25 May 1st and April 30th. The tax collector shall note on the property
26 tax bill of each participating customer the amount of the annual
27 rebate earned and paid to the tax collector, and shall subtract that
28 amount from the total amount of property taxes due and payable on
29 the property for the tax year.

30 No later than June 1st annually, the operator shall issue to each
31 participating customer who is not a property owner within the
32 municipality a rebate check for the amount of the annual rebate
33 earned by the participating customer between May 1st and April
34 30th.

35 f. All actions taken by the governing body of a municipality
36 prior to the effective date of P.L. , c. (C.) (pending before
37 the Legislature as this bill), to authorize the creation and operation
38 of a property tax reward program in the municipality, are hereby
39 ratified and affirmed as valid acts of the municipality. **1**¹

40

41 ¹1. (New section) The Legislature finds and declares:

42 a. Commercial real property is a critically important component
43 of a municipality's property tax base.

44 b. A flourishing downtown or commercial area provides not
45 only a stable property tax base for a municipality, and property tax
46 collections that do not increase the burden on homeowners, but also
47 a gathering place for municipal events and social interactions,
48 which foster a strong sense of community between residents.

1 c. In a State with chronically high property taxes, credits or
2 other rewards applied against property taxes and earned through
3 purchasing goods or services in the local area serve as an effective
4 incentive for shopping locally, and even participating customers
5 living outside the municipality may earn rewards, which then can be
6 used to pay property taxes in their own municipalities.

7 d. A thriving commercial district, particularly a walkable
8 downtown, is appealing to families when they are looking for a
9 municipality in which to establish their family home.

10 e. Especially in economically trying times, such as those
11 visited upon the State in relation to the COVID-19 pandemic, it is
12 critical to ensure local governments may adopt innovative stimulus
13 initiatives to encourage municipal residents and residents of nearby
14 communities, and employees of local businesses, to support local
15 businesses by shopping locally, so that those business owners are
16 able to earn enough income to support their families and keep their
17 businesses open and prospering.

18 f. Ensuring municipalities may approve a program encouraging
19 local shopping through property tax rewards, administered by an
20 outside vendor or company, with financial protections for
21 participants and municipalities, would benefit municipalities and
22 individual business owners.

23 g. To date, many municipalities have adopted such programs.
24 However, those existing programs may not offer specific financial
25 protections to the municipalities that have authorized them, or the
26 participants utilizing them.

27 h. Therefore, it is important and necessary to statutorily
28 authorize such programs and provide financial protections for
29 municipalities and program participants.¹

30
31 ¹2. (New section) a. As used in this section:

32 “Operator” means a private entity designated by a municipality
33 to operate a property tax reward program.

34 “Participating business” means a business which has agreed to
35 provide rewards to participating customers.

36 “Participating customer” means a person who has successfully
37 registered with the operator of a property tax reward program to
38 earn rewards under the program, using the process maintained by
39 the operator.

40 “Reward” means the percentage of a total purchase price earned
41 by a participating customer when that customer makes a purchase at
42 a participating business.

43 “Reward card” means any physical or virtual card distributed by
44 the operator or the municipality to a participating customer to
45 facilitate the earning of rewards under the program.

46 “Reward earning period” means a consecutive 12-month period
47 agreed to and stipulated by the governing body of the municipality
48 and the operator.

1 b. (1) The governing body of a municipality, by resolution,
2 may authorize a contract with a private entity to administer a
3 property tax reward program for property owners in the
4 municipality. The operator, or the municipality, or both, as
5 provided by the contract, shall solicit participation in the program
6 from businesses located in the municipality. Participation in the
7 property tax reward program by businesses located in the
8 municipality shall be voluntary. A business located outside the
9 municipality may be included in the program as a participating
10 business with the approval of the municipality. Each participating
11 business shall determine, and shall inform the program operator of,
12 the reward to be provided to participating customers.

13 (2) The authorization of a property tax reward program by the
14 governing body of a municipality shall not make the governing
15 body liable in any manner for any action taken by, or omission of
16 an action that should have been taken by, the operator authorized by
17 the governing body to administer the property tax reward program.
18 Any financial irregularity committed by the operator in the
19 administration of the program shall be the sole responsibility of the
20 operator.

21 c. A property tax reward program created pursuant to this
22 section shall allow participating customers to utilize the property
23 tax reward program at no cost to themselves. A property tax reward
24 program shall, at a minimum, provide to participating customers the
25 ability to register for a reward card online, view a record of the
26 customer's past transactions that earned program rewards, and view
27 the total amount of rewards earned. For a transaction to be eligible
28 for a reward under the program, a participating customer shall use
29 or display a reward card when making a purchase of goods or
30 services from a participating business.

31 d. To participate in the property tax reward program, a business
32 owner shall commit to pay the operator a percentage of a gross sale
33 that qualifies as a transaction under the program, including any
34 taxes or other associated tips or fees as charged to a participating
35 customer, to serve as the reward, plus any separate administrative
36 fee due to the operator. The amount of the annual reward earned by
37 a participating customer and credited pursuant to subsection f. of
38 this section shall equal the total amount of all rewards earned by
39 that participating customer during the reward earning period.

40 e. With the authorization of the governing body of the
41 municipality, an operator may also enroll as a participating
42 customer in the property tax reward program a person who is not a
43 property owner in the municipality. The rewards earned by a
44 participating customer described in this subsection shall be paid by
45 the operator directly to that participating customer as soon as is
46 practicable after the end of the rewards period.

47 f. Not later than June 1st annually, or a date agreed to by the
48 governing body of the municipality and the operator, the operator

1 shall provide to the municipal tax collector a list of participating
2 customers who are property owners in the municipality, with the
3 total amount of rewards earned by each property owner during the
4 reward period, and shall transfer the corresponding amounts earned
5 by those participating customers to the tax collector, to be credited
6 against each participating customer's property tax bill. A
7 participating customer who is not a property owner in the
8 municipality shall receive rewards in a form agreed to by the
9 governing body of the municipality and the operator.

10 g. All actions properly taken by the governing body of a
11 municipality prior to the effective date of P.L. , c. (C.)
12 (pending before the Legislature as this bill), to authorize the
13 creation and operation of a property tax reward program in the
14 municipality, are hereby ratified and affirmed as valid acts of the
15 municipality.¹

16
17 ¹[2.] 3.¹ R.S.54:4-65 is amended to read as follows:

18 54:4-65. a. The Director of the Division of Local Government
19 Services in the Department of Community Affairs shall approve the
20 form and content of property tax bills.

21 b. (1) Each tax bill shall have printed thereon a brief
22 tabulation showing the distribution of the amount raised by taxation
23 in the taxing district, in such form as to disclose the rate per
24 \$100.00 of assessed valuation or the number of cents in each dollar
25 paid by the taxpayer which is to be used for the payment of State
26 school taxes, other State taxes, county taxes, local school
27 expenditures, free public library taxes, and other local expenditures.
28 The last named item may be further subdivided so as to show the
29 amount for each of the several departments of the municipal
30 government. In lieu of printing such information on the tax bill,
31 any municipality may furnish the tabulation required hereunder and
32 any other pertinent information in a statement accompanying the
33 mailing or delivery of the tax bill.

34 (2) When a parcel receives a homestead property tax credit
35 pursuant to the provisions of P.L.2007, c.62 (C.18A:7F-37 et al.),
36 the amount of the credit shall be included with the tax calculation as
37 a reduction in the total tax calculation for the year. One-half of the
38 amount of the credit shall be deducted from taxes otherwise due for
39 the third installment and the remaining one-half shall be deducted
40 from taxes otherwise due for the fourth installment.

41 (3) There shall be included on or with the tax bill the delinquent
42 interest rate or rates to be charged and any end of year penalty that
43 is authorized and any other such information that the director may
44 require from time to time.

45 (4) In municipalities wherein a property tax reward program is
46 operational, there shall be included on or with the tax bill the
47 amount of the property tax reward as a credit against property taxes
48 due and payable by a property owner who participates in the

1 program. The property tax reward program shall be identified on
2 the tax bill as the source of the property tax credit.

3 c. The tax bill shall also include a statement about the
4 availability, on the Internet website of the Department of
5 Community Affairs, of the amounts of State aid and assistance
6 received by the municipality, school districts, special districts, free
7 public libraries, county governments that offset property taxes that
8 are otherwise due on each parcel, along with a statement about the
9 availability, on the Internet website of the Division of Taxation in
10 the Department of the Treasury, of a listing of, and eligibility
11 requirements for, the various State property tax relief programs.
12 The tax bill shall also include the links to the Internet websites of
13 the Department of Community Affairs and the Division of Taxation
14 containing this information. The director shall cause the amounts
15 of said State aid and assistance that shall serve as the basis for the
16 calculation for each parcel to be displayed on the Internet website
17 of the Department of Community Affairs. The director shall set
18 standards for the display of the statement on the tax bill.

19 d. The tax bill or form mailed with the tax bill shall include
20 thereon the date upon which each installment is due.

21 e. If a property tax bill includes in its calculation a homestead
22 property tax credit, the bill shall, in addition to the calculation
23 showing taxes due, either display a notice concerning the credit on
24 the face of the property tax bill or with a separate notice, with the
25 content and wording as the director provides.

26 f. (1) At the sole discretion of the municipality, the tax bill may
27 also include a statement listing the number and type of shared
28 services entered into by the municipality, the dollar value of the
29 savings to the municipality from each of those shared services, and
30 a total amount of municipal savings resulting from those shared
31 services. The statement shall be in a format promulgated by the
32 Director of the Division of Local Government Services in the
33 Department of Community Affairs pursuant to paragraph (2) of this
34 subsection.

35 (2) On or before the first day of the third month next following
36 the enactment of P.L.2019, c.393, the Director of the Division of
37 Local Government Services in the Department of Community
38 Affairs shall promulgate the format for the shared services
39 statement permitted to be placed on the tax bill by a municipality
40 pursuant to paragraph (1) of this subsection.

41 (cf: P.L.2019, c.393, s.1)

42
43 ¹4. (New section) The governing body of a municipality in
44 which a rewards program has been authorized pursuant to section 2
45 of P.L. , c. (C.) (pending before the Legislature as this
46 bill) shall report any irregularity, financial or otherwise, that it
47 believes has occurred in the operator's administration of the
48 program, to the Director of the Division of Local Government

1 Services in the Department of Community Affairs, and to any other
2 department or agency of State, county, or local government, as the
3 governing body deems appropriate.¹

4
5 ¹5. (New section) The Director of the Division of Local
6 Government Services in the Department of Community Affairs, in
7 consultation with the Director of the Division of Consumer Affairs
8 in the Department of Law and Public Safety, shall promulgate,
9 pursuant to the “Administrative Procedure Act,” P.L.1968, c.410
10 (C.52:14B-1 et seq.), rules and regulations as may be necessary to
11 effectuate the provisions of P.L. , c. (C.) (pending before
12 the Legislature as this bill). The Director shall consider whether
13 additional financial protections for participating customers and
14 municipalities from unlawful or harmful actions or omissions by
15 operators of property tax reward programs are necessary and
16 appropriate.¹

17
18 ¹[3.] 6.¹ This act shall take effect immediately ¹[and shall serve
19 as a retroactive validation of all property tax reward programs
20 approved by municipalities prior to the effective date of this act]¹.