

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 3188

# STATE OF NEW JERSEY

DATED: DECEMBER 8, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3188.

This bill would permit municipalities to authorize, by resolution, the creation, and the operation in the municipality, of a property tax reward program. The program would be structured as a local merchant loyalty program and marketed as an economic development tool to encourage people who live in and around the municipality to shop at businesses located in the municipality.

A property tax reward program created under the bill would provide cash rewards to municipal residents, municipal employees, people who are employed in the municipality, and residents of other municipalities who choose to participate in the program (“participating customers” in the bill), when they purchase goods or services from businesses located in the municipality that agree to provide cash rewards under the property tax reward program. The program would be operated by a private entity designated by the municipality.

The property tax reward program would operate through the use of a reward card. After receiving a reward card, an individual would register his or her participation with the program operator, and then “go shopping,” using their reward card when making purchases at participating businesses in order to earn rewards, which are calculated as a percentage of the total sale by a participating customer at a participating business. The operator of the program would advise program participants of the identities of the businesses participating in the program, and the amount of the reward to be provided on each business transaction between the business and the program participant. A property tax reward program created pursuant to the bill could not charge a fee for participation in the program to any cardholder. Essentially, the program costs are paid by participating merchants.

Participation in the property tax reward program by businesses located in the municipality would be voluntary. Each business offering rewards under a program would determine, and would inform the program operator of, the amount of the rebate to be provided by the business after each business transaction to participants in the program. A participating business would pay the amount of the rewards earned by customers participating in the program to the program operator, plus a separate administrative fee for the services of the operator.

The amount of the annual rebate earned by a participating customer would equal the total amount of all rewards earned by that participating customer between May 1st and April 30th.

No later than June 1 annually, the operator would provide the municipal tax collector with a list of program participants who are property owners and the dollar amount of the annual rebate earned by each property owner between May 1st and April 30th; and would transfer to the municipal tax collector the total dollar value of all annual rebates earned by those property owners between May 1st and April 30th. The tax collector would note on the property tax bill of each participating customer the amount of the annual rebate earned, and would subtract that amount from the total amount of property taxes due and payable on the property for the tax year.

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

The bill would codify current practice and retroactively validate all property tax reward programs already approved by municipalities.

As reported by the committee, this bill is identical to Assembly No. 4806, which was also reported by the committee on this date.