

[Second Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2740**

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**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

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ADOPTED JANUARY 30, 2016

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman JAMEL C. HOLLEY**

**District 20 (Union)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**Co-Sponsored by:**

**Assemblywoman Mosquera**

**SYNOPSIS**

Establishes “Economic Redevelopment and Growth Grant Bond Financing Act,” authorizing issuance of bonds secured by pledge of Economic Redevelopment and Growth Grant proceeds, municipal liens, and special assessment; expands “Redevelopment Area Bond Financing Law;” extends time to complete certain projects under “Long Term Tax Exemption Law.”

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on December 7, 2017.

(Sponsorship Updated As Of: 3/24/2017)

1 AN ACT concerning <sup>2</sup>tax exemptions,<sup>2</sup> the issuance of bonds and  
2 imposition of certain municipal liens and special assessments,  
3 <sup>2</sup>**[designated as]** establishing<sup>2</sup> the “Economic Redevelopment  
4 and Growth Grant Bond Financing Act,” <sup>2</sup>**[and]**<sup>2</sup> supplementing  
5 Title 52 of the Revised Statutes <sup>2</sup>, amending and supplementing  
6 the "Redevelopment Area Bond Financing Law," P.L.2001, c.310  
7 (C.40A:12A-64 et seq.), and amending the "Long Term Tax  
8 Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.)<sup>2</sup>.

9  
10 **BE IT ENACTED** by the Senate and General Assembly of the State  
11 of New Jersey:

12  
13 1. <sup>2</sup>**[This]** (New section) Sections 1 through 11 of this<sup>2</sup> act  
14 shall be known and may be cited as the “Economic Redevelopment  
15 and Growth Grant Bond Financing Act.”

16  
17 2. <sup>2</sup>(New section)<sup>2</sup> As used in <sup>2</sup>**[this act]** sections 1 through 11  
18 of P.L. c. (C. ) (pending before the Legislature as this bill)<sup>2</sup>:

19 “Authority” means the New Jersey Economic Development  
20 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
21 seq.), the New Jersey Redevelopment Authority established  
22 pursuant to section 4 of P.L.1996, c.62 (C.55:19-23) <sup>2</sup>, a county  
23 improvement authority established pursuant to P.L.1960, c.183  
24 (C.40:37A-44 et seq.)<sup>2</sup> or other instrumentality created by law  
25 <sup>2</sup>**[by]** of<sup>2</sup> the State with the power to incur debt and issue bonds  
26 and other obligations.

27 “Board” means the Local Finance Board established in the  
28 Division of Local Government Services in the Department of  
29 Community Affairs.

30 “Bonds” mean bonds, notes or other obligations issued by an  
31 authority, including any State entity, or a municipality to finance or  
32 refinance economic redevelopment and growth grant projects, and  
33 in connection therewith, to finance or refinance any other cost or  
34 expense of an authority, a State entity or a municipality pursuant to  
35 <sup>2</sup>**[this act]** sections 1 through 11 of P.L. , c. (C. ) (pending  
36 before the Legislature as this bill)<sup>2</sup>, the “Local Redevelopment and  
37 Housing Law,” P.L.1992, c.79 (C.40A:12A-1 et al.), or other  
38 applicable law.

39 “Developer” means any person who enters or proposes to enter  
40 into a redevelopment incentive grant agreement pursuant to the  
41 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its  
42 successors or assigns, including but not limited to a lender that

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:

<sup>1</sup> Assembly AAP committee amendments adopted March 20, 2017.

<sup>2</sup> Assembly floor amendments adopted December 7, 2017.

1 completes an economic redevelopment and growth grant project,  
2 operates an economic redevelopment and growth grant project, or  
3 completes and operates an economic redevelopment and growth  
4 grant project. A developer also may be a municipal redeveloper as  
5 defined herein <sup>1</sup>["or Rutgers, the State University of New Jersey"]<sup>1</sup>.

6 <sup>1</sup>["economic"] "Economic" redevelopment and growth grant  
7 project" means a project for which an incentive grant has been  
8 approved pursuant to section 4 or section 5 of P.L.2009,  
9 c.90 (C.52:27D-489d or C.52:27D-489e).

10 "Incentive grant" means reimbursement of all or a portion of the  
11 project financing gap of an economic redevelopment and growth  
12 grant project through the State or a local Economic Redevelopment  
13 and Growth Grant program pursuant to section 4 or section 5 of  
14 P.L.2009, c. 90 (C.52:27D-489d or C.52:27D-489e).

15 "Incentive grant pledge" means an agreement between a  
16 developer and the issuer of bonds pursuant to which the developer  
17 pledges its incentive grant for repayment of the bonds, which  
18 pledge may be part of a bond indenture or other agreement related  
19 to the issuance of the bonds.

20 "Municipal redeveloper" means an applicant for a redevelopment  
21 incentive grant agreement, which applicant is:

22 a. a municipal government, a municipal parking authority, or a  
23 redevelopment agency acting on behalf of a municipal government  
24 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or

25 b. a developer of a mixed use parking project, provided that the  
26 parking component of the mixed use parking project is operated and  
27 maintained by a municipal parking authority for the term of any  
28 financial assistance granted pursuant to P.L.2015, c. 69.

29 "Municipality" means the municipal governing body or an entity  
30 acting on behalf of the municipality if permitted by the federal  
31 Internal Revenue Code of 1986, or, if a redevelopment agency or  
32 redevelopment entity is established in the municipality pursuant to  
33 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
34 provides, the redevelopment agency or entity so established.

35 "Redevelopment incentive grant agreement" means an agreement  
36 between:

37 a. the State and the New Jersey Economic Development  
38 Authority and a developer; or

39 b. a municipality and a developer, or a municipal ordinance  
40 authorizing a project to be undertaken by a municipal redeveloper,  
41 under which, in exchange for the proceeds of an incentive grant, the  
42 developer agrees to perform any work or undertaking necessary for  
43 an economic redevelopment and growth grant project, including the  
44 clearance, development or redevelopment, construction, or  
45 rehabilitation of any structure or improvement of commercial,  
46 industrial, residential, or public structures or improvements within a  
47 qualifying economic redevelopment and growth grant incentive area  
48 or a transit village.

1 “Special assessment” means an assessment upon the lands or  
 2 improvements on such lands, or both, on the real property  
 3 benefitted by improvements undertaken pursuant to <sup>2</sup>**[this act]**  
 4 sections 1 through 11 of P.L. , c. (C. ) (pending before the  
 5 Legislature as this bill)<sup>2</sup> and assessed pursuant to chapter 56 of Title  
 6 40 of the Revised Statutes, R.S.40:56-1 et seq., except as otherwise  
 7 provided in subsection b. of section 3 of <sup>2</sup>**[this act]** P.L. ,  
 8 c. (C. ) (pending before the Legislature as this bill)<sup>2</sup>.

9 “State entity” means <sup>2</sup>**[the “Meadowlands Regional**  
 10 **Commission,” established by section 6 of P.L.2015, c.19 (C.5:10A-**  
 11 **6), or]**<sup>2</sup> any <sup>2</sup>**[other]**<sup>2</sup> entity created by State law with the power to  
 12 undertake an economic redevelopment and growth grant project  
 13 directly or through a State entity developer and with the power to  
 14 determine the location, type, and character of an economic  
 15 redevelopment and growth grant project or part of an economic  
 16 redevelopment and growth grant project on land owned or  
 17 controlled by it.

18 “State entity developer” means any person, firm, or corporation  
 19 that shall enter into or propose to enter into a State entity  
 20 development agreement with a State entity for an economic  
 21 redevelopment and growth grant project under the enabling  
 22 legislation governing the actions of the State entity or for any  
 23 construction or other work forming a part of an economic  
 24 redevelopment and growth grant project.

25 “State entity development agreement” means an agreement  
 26 between a State entity and a State entity developer for an economic  
 27 redevelopment and growth grant project.  
 28

29 3. <sup>2</sup>(New section)<sup>2</sup> a. In connection with any economic  
 30 redevelopment and growth grant project, the municipality in which  
 31 the project is located may issue bonds itself in the manner provided  
 32 for herein or pursuant to the “Local Redevelopment and Housing  
 33 Law,” P.L.1992, c.79 (C.40A:12A-1 et al.) or may apply to an  
 34 authority to issue bonds, regardless of whether the economic  
 35 redevelopment and growth grant project is undertaken under  
 36 municipal authority pursuant to <sup>2</sup>**[P.L.1991, c.431 (C.40A:20-1 et**  
 37 **seq.)]** section 4 of P.L.2009, c.90 (C.52:27D-489d)<sup>2</sup> or by a State  
 38 entity developer pursuant to a State entity development agreement,  
 39 which, in any case, may be secured by an incentive grant pledge,  
 40 and may be further secured by a municipal lien, by special  
 41 assessments, or both a municipal lien and special assessments, by  
 42 the adoption of a resolution or ordinance, as applicable, of the  
 43 governing body of the municipality, the authority, or the State entity  
 44 to that effect.

45 b. In addition to, or in lieu of, an incentive grant pledge, a  
 46 municipality may provide by ordinance for one or more special  
 47 assessments on the economic redevelopment and growth grant

1 project in accordance with chapter 56 of Title 40 of the Revised  
2 Statutes, R.S.40:56-1 et seq.; provided, however, the local  
3 improvements for which such special assessments may be made  
4 may include any improvement in the economic redevelopment and  
5 growth grant project whether or not listed at R.S.40:56-1 and,  
6 provided further, that the provisions of R.S.40:56-35 shall be  
7 applied so that if any installment of a special assessment shall  
8 remain unpaid for 30 days after the time at which it shall become  
9 due, the municipality may provide, by ordinance, either that: (1) the  
10 whole assessment or balance due thereon shall become and be  
11 immediately due; or, (2) any subsequent installments which would  
12 not yet have become due except for the default shall be considered  
13 as not in default and that the lien for the installments not yet due  
14 shall continue; and provided, further, that the ordinance may require  
15 that the assessments be payable in quarterly, semi-annual, or yearly  
16 installments, with legal interest thereon, over a period of years up to  
17 but in no event exceeding the period of years for which the bonds  
18 were issued, or for 30 years, whichever shall be less. In levying a  
19 special assessment on the lands or improvements, or both, on which  
20 the economic redevelopment and growth grant project is located,  
21 the municipality may provide that the amount of the special  
22 assessment shall be a specific amount, not to exceed the cost of the  
23 improvements, <sup>2</sup>plus any out-of-pocket costs or expenses incurred  
24 in connection with such improvements, including, but not limited  
25 to, architectural, engineering, financing, legal, and other  
26 professional fees,<sup>2</sup> paid with respect to property on which the  
27 economic redevelopment and growth grant project is located. That  
28 specific amount shall, to the extent accepted by the owner of the  
29 property benefitted, be deemed the conferred benefit, in lieu of the  
30 amount being determined by the procedures otherwise applicable to  
31 determining the actual benefit conferred on the property. Special  
32 assessments levied pursuant to an ordinance adopted under this  
33 subsection shall constitute a municipal lien under R.S.40:56-33.

34 c. Upon adoption, a copy of the ordinance shall be filed for  
35 public inspection in the office of the municipal clerk, and there  
36 shall be published in a newspaper, published or circulating in the  
37 municipality, a notice stating the fact and the date of adoption and  
38 the place where the ordinance is filed and a summary of the  
39 contents of the ordinance. The notice shall state that any action or  
40 proceeding of any kind or nature in any court questioning the  
41 validity or proper authorization of the ordinance or the actions  
42 authorized to be taken as set forth in the ordinance shall be  
43 commenced within 20 days after the publication of the notice. If no  
44 action or proceeding questioning the validity of the ordinance  
45 providing for <sup>2</sup>**[tax abatement,]**<sup>2</sup> special assessments <sup>2</sup>**[,]**<sup>2</sup> or other  
46 actions authorized by the ordinance shall be commenced or  
47 instituted within 20 days after the publication of the notice, the  
48 county and the school district and all other municipalities within the

1 county and all residents and taxpayers and owners of property  
2 therein shall be forever barred and foreclosed from instituting or  
3 commencing any action or proceeding in any court questioning the  
4 validity or enforceability of the ordinance or the validity or  
5 enforceability of acts authorized under the ordinance, and the  
6 ordinance and acts authorized by the ordinance shall be  
7 conclusively deemed to be valid and enforceable in accordance with  
8 their terms and tenor.

9 d. The municipality may include in the terms of a bond or  
10 contract, including an incentive grant pledge, a provision that the  
11 pledge of an incentive grant or special assessments shall constitute a  
12 municipal charge for the purposes of R.S.54:4-66.

13 e. The incentive grant pledge or special assessments, or both,  
14 may be assigned directly by the municipality or the authority <sup>2</sup>[or]  
15 to<sup>2</sup> the trustee for the bonds as payment or security for the bonds.  
16 Notwithstanding any law to the contrary, the assignment shall be an  
17 absolute assignment of all the municipality's right, title, and interest  
18 in the incentive grant pledge or special assessments, or both, or  
19 portion thereof, along with the rights and remedies provided to the  
20 municipality under the agreement including, but not limited to, the  
21 right of collection of payments due. <sup>2</sup>Pursuant to an absolute  
22 assignment, the trustee, in lieu of the municipality, shall possess the  
23 power to conduct a sale of the land or improvements thereon, or  
24 both, or any leasehold interests in the land or improvements  
25 thereon, or both, to satisfy delinquencies in incentive grant pledges  
26 or special assessments, or both. The sale shall be held in  
27 accordance with the provisions of the "tax sale law," R.S.54:5-1 et  
28 seq.; provided, however that notwithstanding any provision of that  
29 law, the trustee shall have the power to issue a tax sale certificate  
30 making sale of any interest, including any interest less than a fee  
31 interest, that is subject to a lien established under this section. Prior  
32 to conducting a sale of the lands or improvements or issuing a tax  
33 sale certificate pursuant to the power conferred under this section,  
34 the trustee shall provide the governing body of the municipality  
35 with written notice of the proposed sale or issuance at least five  
36 working days prior to the date of the proposed sale or issuance.  
37 Any interest that is subject to a lien established under this section  
38 shall not be transferred, conveyed, assigned, disposed of, or sold,  
39 whether by tax sale or otherwise, free and clear of the  
40 redevelopment incentive grant agreement and any incentive grant  
41 pledges due thereunder while bonds are secured thereby, regardless  
42 of the consent of the parties or order of any court, whether in law or  
43 in equity, unless any such transfer or conveyance is provided for  
44 under the terms and conditions set forth in the bond resolution or  
45 bond ordinance, as applicable. Any purchaser, transferee,  
46 successor, grantee, or assignee of such interest, whether at a tax sale  
47 or otherwise, shall take title to such interest subject to the  
48 obligations imposed by the redevelopment incentive grant

1 agreement.<sup>2</sup> Incentive grant pledges and special assessments  
2 assigned as provided hereunder shall not be included in the general  
3 funds of the municipality, nor shall they be subject to any laws  
4 regarding the receipt, deposit, investment, or appropriation of  
5 public funds and shall retain such status notwithstanding  
6 enforcement of the payment or assessment by the municipality or  
7 assignee as provided herein. The municipality shall be a “person”  
8 within the meaning of that term as defined in section 3 of P.L.1974,  
9 c.80 (C.34:1B-3); and the purpose described in this section shall be  
10 a “project” within the meaning of that term as defined in section 3  
11 of P.L.1974, c.80 (C.34:1B-3).

12 f. Notwithstanding the provisions of subsection g. of section  
13 37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to  
14 this section may be issued as non-recourse obligations, and unless  
15 otherwise provided for by a separate action of the municipality to  
16 guarantee such bonds or otherwise provide for a pledge of the  
17 municipality's full faith and credit shall not, except for such action,  
18 be considered to be direct and general obligations of the  
19 municipality, and, absent such action, the municipality shall not be  
20 obligated to levy and collect a tax sufficient in an amount to pay the  
21 principal and interest on the bonds when the same become due and  
22 payable. The provisions of the “Local Government Supervision Act  
23 (1947),” P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to  
24 any bonds issued or authorized pursuant to this section and those  
25 bonds shall not be considered gross debt of the municipality on any  
26 debt statement filed in accordance with the “Local Bond Law,”  
27 N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52  
28 of the Revised Statutes shall not apply to such bonds.

29 g. The proceeds from the sale of bonds and any funds provided  
30 by any department of the State, authority created by the State <sup>2,2</sup> or  
31 bi-state authority <sup>2,2</sup> for the purposes described in <sup>2</sup>**[this act]**  
32 sections 1 through 11 of P.L. , c. (C. ) (pending before the  
33 Legislature as this bill).<sup>2</sup> or for the purpose of financing or  
34 refinancing an economic redevelopment and growth grant project  
35 pursuant to a State entity development agreement, shall not require  
36 compliance with public bidding laws, including the “Local Public  
37 Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.), or any other  
38 statute where the developer or State entity developer, as the case  
39 may be, shall undertake the economic redevelopment and growth  
40 grant project. The use of these funds shall be subject to public  
41 accountability and oversight by the issuer of those bonds, regardless  
42 of whether the municipality, agency, or authority provides the  
43 funds.

44 h. In order to provide additional security for bonds issued to  
45 finance an economic redevelopment and growth grant project, the  
46 municipality may utilize powers otherwise provided by law,  
47 including the “Local Redevelopment and Housing Law,” P.L.1992,  
48 c.79 (C.40A:12A-1 et al), to provide for any extension of the

1 municipality's credit to any developer or State entity developer, as  
 2 the case may be, or its full faith and credit which may include a full  
 3 faith and credit lease as security for the bonds or any loan to a  
 4 developer or State entity developer, as the case may be. To the  
 5 extent that the municipality provides for a full faith and credit  
 6 guarantee of any bonds, but determines not to authorize the issuance  
 7 of bonds or notes to provide for the funding source thereof, or  
 8 otherwise determines to enter into a full faith and credit lease, it  
 9 may do so by resolution approved by a majority of the full  
 10 governing body. To the extent that bonds or notes are authorized as  
 11 provided above, such bonds or notes shall be authorized pursuant to  
 12 the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and  
 13 shall be deductible from the gross debt of the municipality until  
 14 such time as such bonds or notes are actually issued, and only up to  
 15 the amount actually issued, to fund such guarantee.

16 i. A <sup>2</sup>~~financial instrument~~ bond<sup>2</sup>, whether issued by a  
 17 municipality or an authority, which is secured in whole or in part by  
 18 the full faith and credit thereof as provided herein, shall be subject  
 19 to the review and approval of the Local Finance Board. That  
 20 review and approval shall be made prior to approval of, in the case  
 21 of a <sup>2</sup>~~municipality~~ municipal governing body<sup>2</sup>, an introduced  
 22 ordinance or, in the case of an authority <sup>2</sup>or redevelopment entity  
 23 that is not a municipal governing body<sup>2</sup>, a resolution. The board  
 24 shall be entitled to receive from the applicant an amount sufficient  
 25 to provide for all reasonable professional and other fees and  
 26 expenses incurred by it for the review, analysis, and determination  
 27 with respect thereto. As part of its review, the board shall  
 28 specifically solicit comments from the New Jersey Economic  
 29 Development Authority in addition to comments from the public.  
 30 As part of the board's review and approval, it shall consider  
 31 <sup>2</sup>~~where appropriate one or more of the following: whether the~~  
 32 ~~economic redevelopment and growth grant project or plan promotes~~  
 33 ~~the goals and objectives of P.L.2009, c.90 (C.52:27D-489a et al.):~~  
 34 ~~approaches and concepts to reduce congestion; enhanced mobility;~~  
 35 ~~assistance in the redevelopment of our municipalities; or otherwise~~  
 36 ~~improves the quality of life of our citizens~~ comments submitted,  
 37 and whether the issuance of the bond will adversely impact the  
 38 financial stability of the municipality or the service area of the  
 39 authority<sup>2</sup>.

40 j. A municipality that has assigned any portion of the incentive  
 41 grant pledge it receives as payment or security for bonds, may, with  
 42 the consent of the developer, also pledge a portion of the incentive  
 43 grant pledge as payment or security for bonds in order to finance or  
 44 refinance any cost or expense of the municipality, State entity or  
 45 authority.

46 k. In the case of a municipality which is otherwise subject to  
 47 tax or revenue sharing pursuant to law and which assigns a portion



1 of the incentive grant pledge or special assessments to secure bonds  
2 issued by the municipality or the authority, the assigned portion of  
3 the incentive grant pledge or special assessments shall not be  
4 considered part of the tax or revenue sharing formula or calculation  
5 of municipal revenues for the purpose of determining whether that  
6 municipality is obligated to make payment to, or receive a credit  
7 from, any tax sharing or revenue sharing pool.

8 <sup>2</sup>1. Notwithstanding any law to the contrary, in the event that  
9 bonds shall be issued that are secured by incentive grant pledges  
10 pursuant to a redevelopment incentive grant agreement, the  
11 redevelopment incentive grant agreement shall not be terminated for  
12 any reason during the period that the bonds are outstanding.<sup>2</sup>

13  
14 4. <sup>2</sup>(New section)<sup>2</sup> a. <sup>2</sup>**[Payments]** If authorized by ordinance  
15 of a municipality adopted pursuant to subsection a. of section 3 of  
16 P.L. , c. (C. ) (pending before the Legislature as this bill),  
17 payments<sup>2</sup> required to be made in accordance with an incentive  
18 grant pledge entered into pursuant to<sup>2</sup>**[this act]** sections 1 through  
19 11 of P.L. , c. (C. ) (pending before the Legislature as this  
20 bill)<sup>2</sup> shall be a continuous lien on the land<sup>2</sup>or improvements  
21 thereon, or both, or a continuous lien on any leasehold interests in  
22 the land or improvements thereon, or both,<sup>2</sup> against which the  
23 ordinance is recorded on and after the date of recordation of both  
24 the ordinance and the agreement, whether simultaneously or not, or  
25 the date of confirmation of the special assessments, whichever is  
26 earlier. All subsequent payments of the incentive grant pledge  
27 thereunder, interest, penalties, and costs of collection which  
28 thereafter fall due or accrue shall be added and relate back to and be  
29 a part of the initial lien. Upon recordation of the ordinance and  
30 agreement, the incentive grant pledge shall constitute<sup>2</sup>**[a municipal**  
31 **lien within the meaning, and for all purposes, of law]** an automatic,  
32 enforceable, and perfected statutory municipal lien for all purposes,  
33 including the federal bankruptcy code, regardless of whether or not  
34 the amount of the incentive grant pledge has been determined at the  
35 time the lien attaches to any interest in the land, leasehold estate, or  
36 improvements, as applicable. A confirmation hearing process to  
37 determine the amount due shall not affect the commencement or  
38 validity of a lien established pursuant to subsection a. of section 3  
39 of P.L. , c. (C. ) (pending before the Legislature as this bill).  
40 Notwithstanding any other applicable law, for the purposes of  
41 subsection a. of section 3 of P.L. , c. (C. ) (pending before  
42 the Legislature as this bill), a municipal lien on a leasehold estate  
43 shall constitute a lien against such leasehold estate only, unless the  
44 redevelopment incentive grant agreement specifically provides for a  
45 lien on the underlying fee interest in the land. In any case,  
46 enforcement of a municipal lien on a leasehold estate shall be  
47 limited to an in rem proceeding only. No municipal lien shall

1 attach to any interest of a State entity unless such State entity shall  
2 have expressly consented to such lien in the redevelopment  
3 incentive grant agreement<sup>2</sup>.

4 b. If bonds are issued, the municipality, the developer or the  
5 State entity developer, as the case may be, may record, either  
6 simultaneously or at different times, any ordinance adopted by the  
7 municipality relating to the incentive grant pledge or special  
8 assessments and, either simultaneously with the ordinance or at  
9 different times, a copy of the agreement or agreements. The  
10 ordinance, when recorded, shall contain a legend at the top of the  
11 front page substantially as follows:

12  
13 THIS ORDINANCE SECURES BONDS OR OTHER  
14 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE  
15 PROVISIONS OF THE "ECONOMIC REDEVELOPMENT AND  
16 GROWTH GRANT BOND FINANCING ACT" AND THE LIEN  
17 HEREOF IN FAVOR OF THE OWNERS OF SUCH BONDS OR  
18 OTHER OBLIGATIONS IS A MUNICIPAL LIEN SUPERIOR TO  
19 ALL OTHER NON-MUNICIPAL LIENS HEREAFTER  
20 RECORDED.

21  
22 c. Notwithstanding any law to the contrary, upon recordation  
23 of both the ordinance and any accompanying agreement, the lien  
24 thereof shall be perfected for all purposes in accordance with law  
25 and the lien shall thereafter be superior to <sup>2</sup>(1)<sup>2</sup> all <sup>2</sup>municipal and<sup>2</sup>  
26 non-municipal liens thereafter recorded or otherwise arising, <sup>2</sup>and,  
27 (2) each prior lien where the lienholder consents,<sup>2</sup> without any  
28 additional notice, recording, filing, continuation filing, or action,  
29 until the payment in full of the bonds. The lien thereby established  
30 shall apply not only to the bonds initially issued, but also to any  
31 refinancing or refunding thereof, as well as to any additional bonds  
32 thereafter issued on a parity therewith in accordance with the  
33 provisions of the original documents securing the initial bonds;  
34 provided, however, that in the event any ordinance or agreement is  
35 amended or supplemented in a way which increases the amount of  
36 an incentive grant pledge or special assessments, the lien as to that  
37 increase shall be perfected and apply upon the recordation of the  
38 amended or supplemented ordinance and agreement (including the  
39 above-recited legend). Except as set forth in this section, no  
40 amendment or supplement to the ordinance or agreement thereafter  
41 recorded shall affect the perfection or priority of the lien established  
42 upon original recordation thereof.

43 d. Upon the final payment in full of any bonds secured as  
44 provided in <sup>2</sup>["this act"] sections 1 through 11 of P.L. , c. (C. )  
45 (pending before the Legislature as this bill)<sup>2</sup>, the lien established  
46 hereby shall terminate, and the municipality shall record a notice to  
47 that effect.

1        5. <sup>2</sup>(New section)<sup>2</sup> a. In lieu of, or in addition to, the  
 2 provisions of section 4 of <sup>2</sup>[this act] P.L. , c. (C. ) (pending  
 3 before the Legislature as this bill)<sup>2</sup>, the municipality may provide in  
 4 the agreement that the incentive grant pledge, if any, is to be  
 5 secured by a mortgage. In that event the mortgage may also be  
 6 assigned and pledged to the repayment of the bonds authorized  
 7 herein.

8        b. The assignment of any mortgage that secures an incentive  
 9 grant pledge, if any, may also be an absolute assignment of all or  
 10 part of the municipality's right, title, and interest in the mortgage  
 11 and, to the extent assigned, any moneys realized from the  
 12 foreclosure of the mortgaged property shall not be included in the  
 13 general funds of the municipality.

14        c. After the bonds are paid and no longer deemed to be  
 15 outstanding, the assignment of the mortgage shall terminate.

16  
 17        6. <sup>2</sup>(New section)<sup>2</sup> All bonds issued pursuant to <sup>2</sup>[this act]  
 18 sections 1 through 11 of P.L. , c. (C. ) (pending before the  
 19 Legislature as this bill)<sup>2</sup>, are hereby declared to be issued by a  
 20 political subdivision of this State and for an essential public and  
 21 governmental purpose and the bonds, and the interest thereon and  
 22 the income therefrom, and all facility charges, funds, revenues, and  
 23 other moneys pledged or available to pay or secure the payment of  
 24 the bonds, or interest thereon, shall at all times be exempt from  
 25 taxation except for transfer inheritance and estate taxes.

26  
 27        7. <sup>2</sup>(New section)<sup>2</sup> The State of New Jersey does hereby pledge  
 28 to and covenant and agree with the holders of any bonds issued  
 29 pursuant to <sup>2</sup>[this act] sections 1 through 11 of P.L. , c. (C. )  
 30 (pending before the Legislature as this bill)<sup>2</sup> that the State will not  
 31 limit or alter the terms of any agreement, ordinance, or resolution  
 32 made in connection with the security for and the issuance and sale  
 33 of any bonds, so as to in any way impair the rights or remedies of  
 34 such holders, and will not modify in any way the exemption from  
 35 taxation provided for in <sup>2</sup>[this act] sections 1 through 11 of P.L. ,  
 36 c. (C. ) (pending before the Legislature as this bill)<sup>2</sup> until the  
 37 bonds, together with interest thereon, with interest on any unpaid  
 38 installments of interest, and all costs and expenses in connection  
 39 with any action or proceeding by or on behalf of such holders, are  
 40 fully met and discharged or provided for.

41  
 42        8. <sup>2</sup>(New section)<sup>2</sup> If any section, subsection, clause or  
 43 provision of <sup>2</sup>[this act] the “Economic Redevelopment and Growth  
 44 Grant Bond Financing Act,” sections 1 through 11 of P.L. ,  
 45 c. (C. ) (pending before the Legislature as this bill)<sup>2</sup>, shall be  
 46 adjudged to be unconstitutional or ineffective in whole or in part, to  
 47 the extent that it is not adjudged unconstitutional or is not

1 ineffective, it shall be valid and effective and no other section,  
 2 subsection, clause or provision of <sup>2</sup>**[this act]** the “Economic  
 3 Redevelopment and Growth Grant Bond Financing Act,” sections 1  
 4 through 11 of P.L. , c. (C. ) (pending before the Legislature as  
 5 this bill),<sup>2</sup> shall on account thereof be deemed invalid or ineffective,  
 6 and the inapplicability or invalidity of any section, subsection,  
 7 clause or provision of <sup>2</sup>**[this act]** the “Economic Redevelopment  
 8 and Growth Grant Bond Financing Act,” sections 1 through 11 of  
 9 P.L. , c. (C. ) (pending before the Legislature as this bill)<sup>2</sup>, in  
 10 any one or more instances or under any one or more circumstances  
 11 shall not be taken to affect or prejudice in any way its applicability  
 12 or validity in any other instance or under any other circumstance.  
 13

14 <sup>2</sup>**[9.** After issuance, pursuant to this act, all bonds shall be  
 15 conclusively presumed to be fully authorized and issued by all  
 16 courts and officers of this State, and any person shall be estopped  
 17 from questioning their sale, execution or delivery.**]**<sup>2</sup>  
 18

19 <sup>2</sup>**9.** (New section) An authority or municipality, as applicable,  
 20 shall cause a copy of any bond resolution or bond ordinance, as  
 21 applicable, adopted by it to be filed for public inspection in the  
 22 office of the municipal clerk of the municipality wherein the project  
 23 financed by the bonds is located. In the case of an authority, the  
 24 resolution also shall be filed for public inspection in its office. The  
 25 authority or municipality may cause to be published, at least once in  
 26 a newspaper published or circulating in the municipality, if there be  
 27 one, and if not, in a newspaper published and circulating in the  
 28 county, a notice stating the fact and date of the adoption and the  
 29 places where the bond resolution or bond ordinance, as applicable,  
 30 has been so filed for public inspection along with the date of the  
 31 first publication of the notice and also stating that any action or  
 32 proceeding of any kind or nature in any court questioning the  
 33 validity or proper authorization of bonds provided for by the bond  
 34 resolution or bond ordinance, as applicable, or the validity of any  
 35 covenants, agreements or contracts provided for by the bond  
 36 resolution or bond ordinance, as applicable, shall be commenced  
 37 within 20 days after the first publication of that notice. If any such  
 38 notice shall at any time be published and if no action or proceeding  
 39 questioning the validity or proper authorization of bonds provided  
 40 for by the bond resolution or bond ordinance, as applicable, referred  
 41 to in said notice, or the validity of any covenants, agreements, or  
 42 contracts provided for by said bond resolution or bond ordinance, as  
 43 applicable, shall be commenced or instituted within 20 days after  
 44 the first publication of the notice, then all persons shall be forever  
 45 barred and foreclosed from instituting or commencing any action or  
 46 proceeding in any court, or from pleading any defense to any action  
 47 or proceeding, questioning the validity or proper authorization of

1 such bonds, or the validity of such covenants, agreements, or  
 2 contracts, and said bonds, covenants, agreements, and contracts  
 3 shall be conclusively deemed to be valid and binding obligations in  
 4 accordance with their terms and tenor.<sup>2</sup>

5  
 6 <sup>2</sup>10. (New section) Any municipality may undertake, as a local  
 7 improvement; the investigation, analysis, planning, monitoring,  
 8 acquisition, removal, containment, remediation, construction, or  
 9 improvement of any real property or facility necessary or desirable  
 10 for the cleanup of actual, potential, or perceived environmental  
 11 contamination or pollution, including without limitation, water  
 12 pollution, air pollution, pollution caused by solid waste disposal,  
 13 thermal pollution, radiation contamination, or other general  
 14 environmental contamination or pollution which is or may become  
 15 injurious to the environment or to the public health, safety, or  
 16 welfare.

17 The governing body of a municipality undertaking a local  
 18 improvement under this section may make, amend, repeal, and  
 19 enforce ordinances for carrying into effect the powers granted in  
 20 this section. Whenever convenient, one or more of the works  
 21 provided for in R.S.40:56-1 may be undertaken together with the  
 22 local improvement authorized under this section as one  
 23 improvement.<sup>2</sup>

24  
 25 <sup>2</sup>11. (New section) Whenever a municipality issues bonds in  
 26 accordance with sections 1 through 11 of P.L. , c. (C. )  
 27 (pending before the Legislature as this bill), or a municipality  
 28 applies to an authority to issue bonds pursuant to sections 1 through  
 29 11 of P.L. , c. (C. ) (pending before the Legislature as this  
 30 bill), the municipality by ordinance may cause local improvements  
 31 to be undertaken, or otherwise agree to acknowledge the  
 32 undertaking of local improvements, by or on behalf of a  
 33 redeveloper, for the powers granted under R.S.40:56-1 et seq.,  
 34 including section 10 of P.L. , c. (C. ) (pending before the  
 35 Legislature as this bill).<sup>2</sup>

36  
 37 <sup>2</sup>12. Section 2 of P.L.2001, c.310 (C.40A:12A-65) is amended  
 38 to read as follows:

39 2. As used in sections 1 through 10 of P.L.2001, c.310  
 40 (C.40A:12A-64 et seq.):

41 "Authority" means the New Jersey Economic Development  
 42 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
 43 seq.), the New Jersey Redevelopment Authority established  
 44 pursuant to section 4 of P.L.1996, c.62 (C.55:19-23), a county  
 45 improvement authority established pursuant to P.L.1960, c.183  
 46 (C.40:37A-44 et seq.), or other instrumentality created by law **[by]**

1 of the State with the power to incur debt and issue bonds and other  
2 obligations.

3 "Board" means the Local Finance Board established in the  
4 Division of Local Government Services in the Department of  
5 Community Affairs.

6 "Bonds" mean bonds, notes or other obligations issued by the  
7 authority, including any State entity, or a municipality to finance or  
8 refinance redevelopment projects, and in connection therewith, to  
9 finance or refinance any other cost or expense of an authority, a  
10 State entity or a municipality pursuant to the "Redevelopment Area  
11 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
12 (C.40A:12A-64 et seq.), the "Local Redevelopment and Housing  
13 Law", P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable  
14 law.

15 "Environmental remediation" means the investigation, analysis,  
16 planning, monitoring, acquisition, removal, containment,  
17 remediation, construction, or improvement of any real property or  
18 facility necessary or desirable for the cleanup of actual, potential, or  
19 perceived environmental contamination or pollution, including  
20 without limitation, water pollution, air pollution, pollution caused  
21 by solid waste disposal, thermal pollution, radiation contamination,  
22 or other general environmental contamination or pollution which is  
23 or may become injurious to the environment or to the public health,  
24 safety, or welfare.

25 "Financial agreement" means an agreement that meets the  
26 requirements of a financial agreement under P.L.1991, c.431  
27 (C.40A:20-1 et seq.) or, in the event that real property within a  
28 redevelopment area is exempt from taxation or has been or will be  
29 abated pursuant to applicable law, an agreement among , as  
30 applicable, a State entity **[.]** or a municipality or both, and a State  
31 entity redeveloper providing for payment of payments in lieu of  
32 taxes or special assessments by the State entity redeveloper with  
33 respect to a redevelopment project, or part thereof, to be carried out  
34 pursuant to a State entity redevelopment agreement.

35 "Municipality" means the municipal governing body or an entity  
36 acting on behalf of the municipality if permitted by the federal  
37 Internal Revenue Code of 1986, or, if a redevelopment agency or  
38 redevelopment entity is established in the municipality pursuant to  
39 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so  
40 provides, the redevelopment agency or entity so established.

41 "Redeveloper" means any person, firm, corporation or public  
42 body, including the New Jersey Economic Development Authority  
43 or the New Jersey Redevelopment Authority to the extent permitted  
44 by law, that shall enter into or propose to enter into a contract with  
45 a municipality or other redevelopment entity for the redevelopment  
46 or rehabilitation of an area in need of redevelopment, or an area in  
47 need of rehabilitation, or any part thereof, under the provisions of  
48 the "Redevelopment Area Bond Financing Law," sections 1 through

1 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or for any  
 2 construction or other work forming part of a redevelopment or  
 3 rehabilitation project.

4 "Redevelopment" means clearance, replanning, development and  
 5 redevelopment; the conservation and rehabilitation of any structure  
 6 or improvement, the construction and provision for construction of  
 7 residential, commercial, industrial, public or other structures **[and]**  
 8 the grant or dedication of spaces as may be appropriate or  
 9 necessary in the interest of the general welfare for streets, parks,  
 10 playgrounds, or other public purposes, including recreational and  
 11 other facilities incidental or appurtenant thereto, environmental  
 12 remediation, the construction, enhancement or mitigation of  
 13 wetlands impacted by a redevelopment project, and any other  
 14 related costs and expenses including preliminary planning and  
 15 development costs and any financing costs and expenses in  
 16 accordance with a redevelopment plan.

17 "Redevelopment bond financing agreement" means a contract  
 18 between a municipality and a redeveloper for any work or  
 19 undertaking for the redevelopment of a redevelopment area, or part  
 20 thereof, under the provisions of the "Redevelopment Area Bond  
 21 Financing Law," sections 1 through 10 of P.L.2001, c.310  
 22 (C.40A:12A-64 et seq.) or the "Local Redevelopment and Housing  
 23 Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

24 "Redevelopment area" means an area which has been delineated  
 25 a "redemption area" or "area in need of redemption" pursuant  
 26 to the "Local Redevelopment and Housing Law," P.L.1992, c.79  
 27 (C.40A:12A-1 et seq.) or with respect to a State entity, an area in  
 28 need of, or suitable for, redemption delineated by a resolution of  
 29 a State entity or a State entity redemption agreement, in either  
 30 case, in accordance with the provisions of the enabling statute  
 31 governing that State entity.

32 "Redevelopment plan" means a plan for the redemption or  
 33 rehabilitation of all or any part of a redemption area as described  
 34 in the redemption plan adopted pursuant to section 7 of  
 35 P.L.1992, c.79 (C.40A:12A-7) or as described in the resolution  
 36 adopted by a State entity determining the location, type and  
 37 character of a redemption project.

38 "Redevelopment project" means any work or undertaking  
 39 pursuant to a redemption plan; such undertaking may include  
 40 any buildings, land, including demolition, clearance or removal of  
 41 buildings from land, equipment, facilities, or other real or personal  
 42 properties which are necessary, convenient, or desirable  
 43 appurtenances, such as but not limited to streets, sewers, utilities,  
 44 parks, site preparation, landscaping, and administrative, community,  
 45 health, recreational, educational, and welfare facilities and any  
 46 other related costs and expenses including preliminary planning and  
 47 development costs and any financing costs and expenses.

"Special assessment" means an assessment upon the lands or improvements on such lands, or both, in the redevelopment area benefitted by improvements undertaken pursuant to the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and assessed pursuant to chapter 56 of Title 40 of the Revised Statutes, R.S. 40:56-1 et seq., except as otherwise provided in subsection c. of section 3 of P.L.2001, c.310 (C.40A:12A-66).

"State entity" means **the New Jersey Meadowlands Commission** established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.) or **any other** entity created by State law with the power to undertake a redevelopment project directly or through a State entity redeveloper and with the power to determine the location, type and character of a redevelopment project or part of a redevelopment project on land owned or controlled by it.

"State entity redeveloper" means any person, firm or corporation that shall enter into or propose to enter into a State entity redevelopment agreement with a State entity for the redevelopment or rehabilitation of a redevelopment area under the enabling legislation governing the actions of the State entity or for any construction or other work forming a part of a redevelopment project.

"State entity redevelopment agreement" means an agreement between a State entity and a State entity redeveloper for any work or undertaking in a redevelopment area.<sup>2</sup>

(cf: P.L.2004, c.112, s.1)

<sup>2</sup>13. Section 3 of P.L.2001, c.310 (C.40A:12A-66) is amended to read as follows:

3. a. A municipality that has designated a redevelopment area or a municipality in which a redevelopment project is undertaken by a State entity redeveloper pursuant to a State entity redevelopment agreement may provide for tax abatement within that redevelopment area and for payments in lieu of taxes in accordance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and P.L.1991, c.441 (C.40A:21-1 et seq.) ; provided, however, that the provisions of section 12 of P.L.1991, c.431 (C.40A:20-12) establishing a minimum or maximum annual service charge and requiring staged increases in annual service charges over the term of the exemption period, and of section 13 of P.L.1991, c.431 (C.40A:20-13) permitting the relinquishment of status under that act, shall not apply to redevelopment projects financed with bonds.

b. A municipality in which a redevelopment project is undertaken by a State entity redeveloper pursuant to a State entity redevelopment agreement regarding real property that is **or may be abated by applicable law** not otherwise subject to real property tax



1 may provide for **【a tax abatement within the redevelopment area**  
 2 **and for】** payments in lieu of taxes pursuant to a financial agreement  
 3 **【between】** among, as applicable, the State entity or the municipality  
 4 or both, and the State entity redeveloper receiving the benefits of  
 5 **【P.L.2004, c.112】** sections 1 through 10 of P.L.2001, c.310  
 6 (C.40A:12A-64 et seq.) without regard to the **【limitations and**  
 7 **other】** provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

8 c. In addition to, or in lieu of, the **【tax abatement】** payments in  
 9 lieu of taxes provided for in subsection a. or b. of this section, the  
 10 municipality may provide by ordinance for one or more special  
 11 assessments within the redevelopment area in accordance with  
 12 chapter 56 of Title 40 of the Revised Statutes, R.S.40:56-1 et seq.,  
 13 provided, however, the local improvements for which special  
 14 assessments may be made may include any improvement in the  
 15 redevelopment area whether or not listed at R.S.40:56-1 and  
 16 environmental remediation and, provided further, that the  
 17 provisions of R.S.40:56-35 shall be applied so that if any  
 18 installment of a special assessment shall remain unpaid for 30 days  
 19 after the time at which it shall become due, the municipality may  
 20 provide, by ordinance, either that: (1) the whole assessment or  
 21 balance due thereon shall become and be immediately due; or, (2)  
 22 any subsequent installments which would not yet have become due  
 23 except for the default shall be considered as not in default and that  
 24 the lien for the installments not yet due shall continue; and  
 25 provided, further, that the ordinance may require that the  
 26 assessments be payable in quarterly, semi-annual or yearly  
 27 installments, with legal interest thereon, over a period of years up to  
 28 but in no event exceeding the period of years for which the bonds  
 29 were issued, or for 30 years, whichever shall be less. In levying a  
 30 special assessment on the lands or improvements, or both, located  
 31 in the redevelopment area, the municipality may provide that the  
 32 amount of the special assessment shall be a specific amount, not to  
 33 exceed the cost of the improvements, plus any out-of-pocket costs  
 34 or expenses incurred in connection with such improvements,  
 35 including, but not limited to, architectural, engineering, financing,  
 36 legal, and other professional fees, paid with respect to property  
 37 located in the redevelopment area. That specific amount shall, to  
 38 the extent accepted by the owner of the property benefitted, be  
 39 deemed the conferred benefit, in lieu of the amount being  
 40 determined by the procedures otherwise applicable to determining  
 41 the actual benefit conferred on the property. Special assessments  
 42 levied pursuant to an ordinance adopted under this subsection shall  
 43 constitute a municipal lien under R.S.40:56-33.

44 d. Upon adoption, a copy of the ordinance shall be filed for  
 45 public inspection in the office of the municipal clerk, and there  
 46 shall be published in a newspaper, published or circulating in the  
 47 municipality, a notice stating the fact and the date of adoption and

1 the place where the ordinance is filed and a summary of the  
 2 contents of the ordinance. The notice shall state that any action or  
 3 proceeding of any kind or nature in any court questioning the  
 4 validity or proper authorization of the ordinance or the actions  
 5 authorized to be taken as set forth in the ordinance shall be  
 6 commenced within 20 days after the publication of the notice. If no  
 7 action or proceeding questioning the validity of the ordinance  
 8 providing for tax abatement, special assessments, payments in lieu  
 9 of taxes or other actions authorized by the ordinance shall be  
 10 commenced or instituted within 20 days after the publication of the  
 11 notice, the county and the school district and all other  
 12 municipalities within the county and all residents and taxpayers and  
 13 owners of property therein shall be forever barred and foreclosed  
 14 from instituting or commencing any action or proceeding in any  
 15 court questioning the validity or enforceability of the ordinance or  
 16 the validity or enforceability of acts authorized under the ordinance,  
 17 and the ordinance and acts authorized by the ordinance shall be  
 18 conclusively deemed to be valid and enforceable in accordance with  
 19 their terms and tenor.

20 e. Notwithstanding any provision of the "Redevelopment Area  
 21 Bond Financing Law," sections 1 through 10 of P.L.2001, c.310  
 22 (C.40A:12A-64 et seq.), or the "Long Term Tax Exemption Law,"  
 23 P.L.1991, c.431 (C.40A:20-1 et seq.), to the contrary, whenever  
 24 proceeds of a bond are used to conduct environmental remediation,  
 25 the term of any agreement securing that bond, whether a financial  
 26 agreement providing a payment in lieu of taxes or a special  
 27 assessment agreement providing for the payment of a special  
 28 assessment, or both, may, subject to the board's review and  
 29 approval pursuant to subsection g. of section 4 of P.L.2001, c.310  
 30 (C.40A:12A-67), be 35 years plus the anticipated duration of  
 31 conducting environmental remediation; provided, however, that the  
 32 term of any such agreement securing the bonds shall not exceed 30  
 33 years from substantial completion of the redevelopment project  
 34 associated with the environmental remediation.<sup>2</sup>

35 (cf: P.L.2004, c.112. s.2)

36  
 37 <sup>2</sup>14. Section 4 of P.L.2001, c.310 (C.40A:12A-67) is amended  
 38 to read as follows:

39 4. a. The municipality may issue bonds itself in the manner  
 40 provided for herein or pursuant to the "Local Redevelopment and  
 41 Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may apply  
 42 to **the** an authority to issue bonds, regardless of whether the  
 43 redevelopment project is undertaken under municipal authority  
 44 pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a State  
 45 entity redeveloper pursuant to a State entity redevelopment  
 46 agreement, which in any case may be secured by payments in lieu  
 47 of taxes or special assessments or both or a portion thereof, by the  
 48 adoption of a resolution or ordinance, as applicable, of the

1 governing body of the municipality, authority, or State entity to that  
2 effect.

3 b. A municipality that has designated a redevelopment area or  
4 in which a redevelopment project is undertaken by a State entity  
5 redeveloper pursuant to a State entity redevelopment agreement  
6 may, by resolution of its governing body, if it determines to issue  
7 bonds through ~~the~~ an authority, enter into contracts with the  
8 authority relating to that redevelopment project, or to act as a  
9 redeveloper or to finance or refinance a redevelopment project  
10 undertaken by a State entity redeveloper pursuant to a State entity  
11 redevelopment agreement within a redevelopment area. A  
12 resolution so adopted shall contain findings and determinations of  
13 the governing body: (1) that all or a portion of the redevelopment  
14 project undertaken within the municipality will result in the  
15 redevelopment of the municipality; and, (2) that the contract with  
16 the authority or, to the extent applicable, the financial agreement  
17 with the State entity redeveloper, is a necessary or important  
18 inducement to the undertaking of the project or the redevelopment  
19 project undertaken by the State entity redeveloper in that it makes  
20 the financing thereof feasible. The contract or contracts, or the  
21 terms of any bonds issued directly by a municipality may provide  
22 for the assignment, for the benefit of bondholders, of all or any  
23 portion of payments in lieu of taxes, or special assessments, or  
24 both ~~the~~ A contract ~~, and may further provide that the State entity~~  
25 redeveloper may use, access, or draw upon bond proceeds to pay  
26 costs of the redevelopment project. These contracts may be made  
27 and entered into for a term beginning currently or at some future or  
28 contingent date, and with or without consideration, and for a  
29 specified or unlimited time, and on any terms and conditions which  
30 may be requested by the municipality and, to the extent applicable,  
31 the State entity redeveloper, and, if applicable, as may be agreed to  
32 by the authority and, to the extent applicable, the State entity  
33 redeveloper, in conformity with its contracts with the holders of  
34 bonds, and shall be valid and binding on the municipality. The  
35 municipality is hereby authorized and directed to do and perform  
36 any contract so entered into by it and to provide for the discharge of  
37 any obligation thereunder in the same manner as other obligations  
38 of the municipality.

39 Any contract, and any instrument making or evidencing the  
40 same, may be pledged or assigned by the authority, with the consent  
41 of the municipality executing the contract, and, to the extent  
42 applicable, the consent of the State entity redeveloper, to secure its  
43 bonds and thereafter may not be modified except as provided by the  
44 terms of the instrument or by the terms of the pledge or assignment.

45 The municipality may include in the terms of a bond or contract,  
46 including a financial agreement, a provision that the payments in  
47 lieu of taxes or special assessments shall constitute a municipal  
48 charge for the purposes of R.S.54:4-66.

1 c. The payments in lieu of taxes or special assessments, or  
2 both, may be assigned directly by the municipality or the authority  
3 **[or]** to the trustee for the bonds as payment or security for the  
4 bonds. Notwithstanding any law to the contrary, the assignment  
5 shall be an absolute assignment of all the municipality's right, title,  
6 and interest in the payment in lieu of taxes or special assessments,  
7 or both, or portion thereof, along with the rights and remedies  
8 provided to the municipality under the agreement including, but not  
9 limited to, the right of collection of payments due. Pursuant to an  
10 absolute assignment, the trustee, in lieu of the municipality, shall  
11 possess the power to conduct a sale of the land or improvements  
12 thereon, or both, or any leasehold interests in the land or  
13 improvements thereon, or both, to satisfy delinquencies in payments  
14 in lieu of taxes or special assessments, or both. The sale shall be  
15 held in accordance with the provisions of the "tax sale law,"  
16 R.S.54:5-1 et seq.; provided, however that notwithstanding any  
17 provision of that law, the trustee shall have the power to issue a tax  
18 sale certificate making sale of any interest, including any interest  
19 less than a fee interest, that is subject to the lien established under  
20 the "Redevelopment Area Bond Financing Law," sections 1 through  
21 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.). Prior to conducting  
22 a sale of the lands or improvements or issuing a tax sale certificate  
23 pursuant to the power conferred under this section, the trustee shall  
24 provide the governing body of the municipality with written notice  
25 of the proposed sale or issuance at least five working days prior to  
26 the date of the proposed sale or issuance. Any interest that is  
27 subject to the lien established under the "Redevelopment Area Bond  
28 Financing Law" shall not be transferred, conveyed, assigned,  
29 disposed of, or sold, whether by tax sale or otherwise, free and clear  
30 of the financial agreement and any payments in lieu of taxes due  
31 thereunder while bonds are secured thereby, regardless of the  
32 consent of the parties or order of any court, whether in law or in  
33 equity, unless any such transfer or conveyance is provided for under  
34 the terms and conditions set forth in the bond resolution or bond  
35 ordinance, as applicable. Any purchaser, transferee, successor,  
36 grantee, or assignee of such interest, whether at tax sale or  
37 otherwise, shall take title to such interest subject to the obligations  
38 imposed by the financial agreement. Payments in lieu of taxes and  
39 special assessments assigned as provided hereunder shall not be  
40 included in the general funds of the municipality, nor shall they be  
41 subject to any laws regarding the receipt, deposit, investment or  
42 appropriation of public funds and shall retain such status  
43 notwithstanding enforcement of the payment or assessment by the  
44 municipality or assignee as provided herein. The municipality shall  
45 be a "person" within the meaning of that term as defined in section  
46 3 of P.L.1974, c.80 (C.34:1B-3); and the purpose described in this  
47 section shall be a "project" within the meaning of that term as  
48 defined in section 3 of P.L.1974, c.80 (C.34:1B-3).

1       d. Notwithstanding the provisions of subsection g. of section  
2       37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to  
3       this section may be issued as non-recourse obligations, and unless  
4       otherwise provided for by a separate action of the municipality to  
5       guarantee such bonds or otherwise provide for a pledge of the  
6       municipality's full faith and credit shall not, except for such action,  
7       be considered to be direct and general obligations of the  
8       municipality, and, absent such action, the municipality shall not be  
9       obligated to levy and collect a tax sufficient in an amount to pay the  
10      principal and interest on the bonds when the same become due and  
11      payable. The provisions of the "Local Government Supervision Act  
12      (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to  
13      any bonds issued or authorized pursuant to this section and those  
14      bonds shall not be considered gross debt of the municipality on any  
15      debt statement filed in accordance with the "Local Bond Law,"  
16      N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52  
17      of the Revised Statutes shall not apply to such bonds.

18      e. The proceeds from the sale of bonds and any funds provided  
19      by any department of the State, authority created by the State, or bi-  
20      state authority, for the purposes described in the "Redevelopment  
21      Area Bond Financing Law," sections 1 through 10 of P.L.2001,  
22      c.310 (C.40A:12A-64 et seq.) or for the purpose of financing or  
23      refinancing a redevelopment project pursuant to a State entity  
24      redemption agreement, shall not require compliance with public  
25      bidding laws, including the "Local Public Contracts Law,"  
26      P.L.1971, c.198 (C.40A:11-1 et seq.), or any other statute where the  
27      redeveloper or State entity redeveloper, as the case may be, shall  
28      undertake the redevelopment project. The use of these funds shall  
29      be subject to public accountability and oversight by the issuer of  
30      those bonds, regardless of whether the municipality, agency or  
31      authority provides the funds.

32      f. In order to provide additional security for any loan to a  
33      redeveloper or a State entity redeveloper, as the case may be, or to  
34      bonds issued to finance a redevelopment project, regardless of  
35      whether that redevelopment project is undertaken under municipal  
36      authority pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) or by a  
37      State entity redeveloper pursuant to a State entity redevelopment  
38      agreement, the municipality may utilize powers otherwise provided  
39      by law, including the "Local Redevelopment and Housing Law,"  
40      P.L.1992, c.79 (C.40A:12A-1 et seq.), to provide for any extension  
41      of the municipality's credit to any redeveloper or State entity  
42      redeveloper, as the case may be, or its full faith and credit which  
43      may include a full faith and credit lease as security for the bonds or  
44      any loan to a redeveloper or State entity redeveloper, as the case  
45      may be. To the extent that the municipality provides for a full faith  
46      and credit guarantee of any loan to a redeveloper or State entity  
47      redeveloper, as the case may be, or any bonds, but determines not to  
48      authorize the issuance of bonds or notes to provide for the funding

1 source thereof, or otherwise determines to enter into a full faith and  
2 credit lease, it may do so by an ordinance introduced, adopted, and  
3 published in accordance with the provisions of N.J.S.40A:2-17 and  
4 N.J.S.40A:2-19. Such ordinance shall take effect 20 days after the  
5 first publication of the ordinance or of a summary thereof after final  
6 adoption. To the extent that bonds or notes are authorized as  
7 provided above, such bonds or notes shall be authorized pursuant to  
8 the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and  
9 shall be deductible from the gross debt of the municipality until  
10 such time as such bonds or notes are actually issued, and only up to  
11 the amount actually issued, to fund such guarantee.

12 g. **【A financial instrument】** A bond, issued in accordance with  
13 the "Redevelopment Area Bond Financing Law," sections 1 through  
14 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), whether issued by a  
15 municipality or an authority, that is secured in whole or in part by  
16 payments in lieu of taxes or by special assessments, or both, as  
17 provided herein shall be subject to the review and approval of the  
18 board. That review and approval shall be made prior to approval of,  
19 in the case of a **【municipality】** municipal governing body, an  
20 introduced ordinance or, in the case of an authority or  
21 redevelopment entity that is not a municipal governing body, a  
22 resolution. The board shall be entitled to receive from the applicant  
23 an amount sufficient to provide for all reasonable professional and  
24 other fees and expenses incurred by it for the review, analysis and  
25 determination with respect thereto. As part of its review, the board  
26 shall specifically solicit comments from the Office of State  
27 Planning and the New Jersey Economic Development Authority in  
28 addition to comments from the public. The Office of State Planning  
29 shall provide comments on whether the redevelopment project or  
30 plan promotes congestion reduction, enhanced mobility, further  
31 redevelopment, and otherwise improves the quality of life of  
32 residents. As part of the board's review and approval, it shall  
33 consider the comments submitted and whether the issuance of the  
34 redevelopment area bond will adversely impact the financial  
35 stability of the municipality or service area of the authority.

36 h. A municipality that has assigned any portion of the  
37 payments in lieu of taxes it receives pursuant to a financial  
38 agreement, as payment or security for bonds, may also pledge a  
39 portion of those payments in lieu of taxes as payment or security for  
40 bonds in order to finance or refinance any cost or expense of the  
41 municipality, State entity or authority.

42 i. In the case of a municipality which is otherwise subject to  
43 tax or revenue sharing pursuant to law and which assigns a portion  
44 of the payments in lieu of taxes or special assessments pursuant to a  
45 financial agreement to secure bonds issued by the municipality or  
46 the authority, the assigned portion of those payments in lieu of taxes  
47 or special assessments shall not be considered part of the tax or  
48 revenue sharing formula or calculation of municipal revenues for

the purpose of determining whether that municipality is obligated to make payment to, or receive a credit from, any tax sharing or revenue sharing pool.

j. Notwithstanding any law to the contrary, including subsection a. of section 3 of P.L.2001, c.310 (C.40A:12A-66), payments in lieu of taxes pursuant to a financial agreement to secure bonds may be established in such amounts as shall be sufficient to pay the principal of, redemption premium, if any, and interest on the bonds.

k. Notwithstanding any law to the contrary, in the event that bonds shall be issued that are secured by payments in lieu of taxes pursuant to a financial agreement, the financial agreement shall not be terminated for any reason during the period that the bonds are outstanding.<sup>2</sup>

(cf: P.L.2015, c.95, s.26)

<sup>2</sup>15. Section 5 of P.L.2001, c.310 (C.40A:12A-68) is amended to read as follows:

5. a. Payments required to be made in accordance with an agreement for payments in lieu of taxes entered into under section 3 of P.L.2001, c.310 (C.40A:12A-66) shall be a continuous lien on the land or improvements thereon, or both, or a continuous lien on any leasehold interests in the land or improvements thereon, or both, against which the ordinance is recorded on and after the date of recordation of both the ordinance and the agreement, whether simultaneously or not, or the date of confirmation of the special assessments, whichever is earlier. All subsequent payments in lieu of taxes thereunder, interest, penalties and costs of collection which thereafter fall due or accrue shall be added and relate back to and be a part of the initial lien. Upon recordation of the ordinance and agreement, payments in lieu of taxes shall constitute **【a】** an automatic, enforceable, and perfected statutory municipal lien **【within the meaning, and】** for all purposes, **【of law】** including the federal bankruptcy code, regardless of whether or not the amount of the payments to be made in lieu of taxes has been determined at the time the lien attaches to any interest in the land, leasehold estate, or improvements, as applicable. A confirmation hearing process to determine the amount due shall not affect the commencement or validity of the lien. Notwithstanding any other applicable law, for the purposes of the “Redevelopment Area Bond Financing Law,” sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), a municipal lien on a leasehold estate shall constitute a lien against such leasehold estate only, unless the financial agreement specifically provides for a lien on the underlying fee interest in the land. In any case, enforcement of a municipal lien on a leasehold estate shall be limited to an in rem proceeding only. No municipal lien shall attach to any interest of a State entity unless such State entity shall have expressly consented to such lien in the financial agreement.

1       b. If bonds are issued, the municipality, the redeveloper or the  
2 State entity redeveloper, as the case may be, may record, either  
3 simultaneously or at different times, any ordinance enacted by the  
4 municipality relating to the payment in lieu of taxes agreement or  
5 special assessments and, either simultaneously with the ordinance  
6 or at different times, a copy of the agreement or agreements. The  
7 ordinance, when recorded, shall contain a legend at the top of the  
8 front page substantially as follows:

9  
10       "THIS ORDINANCE SECURES BONDS OR OTHER  
11 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE  
12 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND  
13 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF  
14 THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS  
15 IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-  
16 MUNICIPAL LIENS HEREAFTER RECORDED."

17  
18       c. Notwithstanding any law to the contrary, upon recordation  
19 of both the ordinance and any accompanying agreement, the lien  
20 thereof shall be perfected for all purposes in accordance with law  
21 and the lien shall thereafter be superior to (1) all municipal and  
22 non-municipal liens thereafter recorded or otherwise arising, and  
23 (2) all prior liens where lienholder consents, without any additional  
24 notice, recording, filing, continuation filing or action, until the  
25 payment in full of the bonds. The lien thereby established shall  
26 apply not only to the bonds initially issued, but also to any  
27 refinancing or refunding thereof, as well as to any additional bonds  
28 thereafter issued on a parity therewith in accordance with the  
29 provisions of the original documents securing the initial bonds;  
30 provided, however, that in the event any ordinance or agreement is  
31 amended or supplemented in a way which increases the amount of  
32 payment in lieu of taxes or special assessments, the lien as to that  
33 increase shall be perfected and apply upon the recordation of the  
34 amended or supplemented ordinance and agreement (including the  
35 above-recited legend). Except as set forth in this section, no  
36 amendment or supplement to the ordinance or agreement thereafter  
37 recorded shall affect the perfection or priority of the lien established  
38 upon original recordation thereof.

39       d. Upon the final payment in full of any bonds secured as  
40 provided in this section and section 4 of P.L.2001, c.310  
41 (C.40A:12A-67), the lien established hereby shall terminate, and the  
42 municipality shall record a notice to that effect.<sup>2</sup>  
43 (cf: P.L.2004, c.112, s.4)

44  
45       <sup>2</sup>16. Section 10 of P.L.2001, c.310 (C.40A:12A-73) is amended  
46 to read as follows:

47       10. **【**After issuance, pursuant to the "Redevelopment Area Bond  
48 Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) all bonds



1 shall be conclusively presumed to be fully authorized and issued by  
2 all courts and officers of this State, and any person shall be  
3 estopped from questioning their sale, execution or delivery.】 An  
4 authority or municipality, as applicable, shall cause a copy of any  
5 bond resolution or bond ordinance, as applicable, adopted by it to  
6 be filed for public inspection in the office of the municipal clerk of  
7 the municipality wherein the project financed by the bonds is  
8 located. In the case of an authority, the resolution also shall be  
9 filed for public inspection in its office. The authority or  
10 municipality may cause to be published, at least once in a  
11 newspaper published or circulating in the municipality, if there be  
12 one, and if not, in a newspaper published and circulating in the  
13 county, a notice stating the fact and date of the adoption and the  
14 places where the bond resolution or bond ordinance, as applicable,  
15 has been so filed for public inspection along with the date of the  
16 first publication of the notice and also stating that any action or  
17 proceeding of any kind or nature in any court questioning the  
18 validity or proper authorization of bonds provided for by the bond  
19 resolution or bond ordinance, as applicable, or the validity of any  
20 covenants, agreements or contracts provided for by the bond  
21 resolution or bond ordinance, as applicable, shall be commenced  
22 within 20 days after the first publication of that notice. If any such  
23 notice shall at any time be published and if no action or proceeding  
24 questioning the validity or proper authorization of bonds provided  
25 for by the bond resolution or bond ordinance, as applicable, referred  
26 to in said notice, or the validity of any covenants, agreements, or  
27 contracts provided for by said bond resolution or bond ordinance, as  
28 applicable, shall be commenced or instituted within 20 days after  
29 the first publication of the notice, then all persons shall be forever  
30 barred and foreclosed from instituting or commencing any action or  
31 proceeding in any court, or from pleading any defense to any action  
32 or proceeding, questioning the validity or proper authorization of  
33 such bonds, or the validity of such covenants, agreements, or  
34 contracts, and said bonds, covenants, agreements, and contracts  
35 shall be conclusively deemed to be valid and binding obligations in  
36 accordance with their terms and tenor.<sup>2</sup>

37 (cf: P.L.2001, c.310, s.10)

38  
39 <sup>2</sup>17. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to  
40 read as follows:

41 12. The rehabilitation or improvements made in the development  
42 or redevelopment of a redevelopment area or area appurtenant  
43 thereto or for a redevelopment relocation housing project, pursuant  
44 to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from  
45 taxation for a limited period as hereinafter provided. When housing  
46 is to be constructed, acquired or rehabilitated by an urban renewal  
47 entity, the land upon which that housing is situated shall be exempt  
48 from taxation for a limited period as hereinafter provided. The

1 exemption shall be allowed when the clerk of the municipality  
 2 wherein the property is situated shall certify to the municipal tax  
 3 assessor that a financial agreement with an urban renewal entity for  
 4 the development or the redevelopment of the property, or the  
 5 provision of a redevelopment relocation housing project, or the  
 6 provision of a low and moderate income housing project has been  
 7 entered into and is in effect as required by P.L.1991, c.431  
 8 (C.40A:20-1 et seq.).

9 Delivery by the municipal clerk to the municipal tax assessor of  
 10 a certified copy of the ordinance of the governing body approving  
 11 the tax exemption and financial agreement with the urban renewal  
 12 entity shall constitute the required certification. For each  
 13 exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et  
 14 al.), upon certification as required hereunder, the tax assessor shall  
 15 implement the exemption and continue to enforce that exemption  
 16 without further certification by the clerk until the expiration of the  
 17 entitlement to exemption by the terms of the financial agreement or  
 18 until the tax assessor has been duly notified by the clerk that the  
 19 exemption has been terminated.

20 Within 10 calendar days following the later of the effective date  
 21 of an ordinance following its final adoption by the governing body  
 22 approving the tax exemption or the execution of the financial  
 23 agreement by the urban renewal entity, the municipal clerk shall  
 24 transmit a certified copy of the ordinance and financial agreement  
 25 to the chief financial officer of the county and to the county counsel  
 26 for informational purposes.

27 Whenever an exemption status changes during a tax year, the  
 28 procedure for the apportionment of the taxes for the year shall be  
 29 the same as in the case of other changes in tax exemption status  
 30 during the tax year. Tax exemptions granted pursuant to P.L.2003,  
 31 c.125 (C.40A:12A-4.1 et al.) represent long term financial  
 32 agreements between the municipality and the urban renewal entity  
 33 and as such constitute a single continuing exemption from local  
 34 property taxation for the duration of the financial agreement. The  
 35 validity of a financial agreement or any exemption granted pursuant  
 36 thereto may be challenged only by filing an action in lieu of  
 37 prerogative writ within 20 days from the publication of a notice of  
 38 the adoption of an ordinance by the governing body granting the  
 39 exemption and approving the financial agreement. Such notice  
 40 shall be published in a newspaper of general circulation in the  
 41 municipality and in a newspaper of general circulation in the county  
 42 if different from the municipal newspaper.

43 a. The duration of the exemption for urban renewal entities  
 44 shall be as follows:

45 (1) for **all projects, a term of** a project other than a project that  
 46 qualifies under paragraph (2) of this subsection, not more than 30  
 47 years from the completion of the entire project, or unit of the  
 48 project if the project is undertaken in units, or not more than 35

1 years from the execution of the financial agreement between the  
2 municipality and the urban renewal entity;

3 (2) for each project undertaken pursuant to a redevelopment  
4 agreement which allows the redeveloper to undertake two or more  
5 projects sequentially, not more than 30 years from the completion  
6 of a project, or unit of the project if the project is undertaken in  
7 units, or not more than 50 years from the execution of the first  
8 financial agreement implementing a project under the  
9 redevelopment agreement. As used in this subsection,  
10 “redevelopment agreement” means an agreement entered into  
11 pursuant to subsection f. of section 8 of P.L.1992, c.79  
12 (C.40A:12A-8) between a municipality or redevelopment entity and  
13 a redeveloper .

14 b. During the term of any exemption, in lieu of any taxes to be  
15 paid on the buildings and improvements of the project and, to the  
16 extent authorized pursuant to this section, on the land, the urban  
17 renewal entity shall make payment to the municipality of an annual  
18 service charge, which shall remit a portion of that revenue to the  
19 county as provided hereinafter. In addition, the municipality may  
20 assess an administrative fee, not to exceed two percent of the annual  
21 service charge, for the processing of the application. The annual  
22 service charge for municipal services supplied to the project to be  
23 paid by the urban renewal entity for any period of exemption, shall  
24 be determined as follows:

25 (1) An annual amount equal to a percentage determined  
26 pursuant to this subsection and section 11 of P.L.1991, c.431  
27 (C.40A:20-11), of the annual gross revenue from each unit of the  
28 project, if the project is undertaken in units, or from the total  
29 project, if the project is not undertaken in units. The percentage of  
30 the annual gross revenue shall not be more than 15% in the case of  
31 a low and moderate income housing project, nor less than 10% in  
32 the case of all other projects.

33 At the option of the municipality, or where because of the nature  
34 of the development, ownership, use or occupancy of the project or  
35 any unit thereof, if the project is to be undertaken in units, the total  
36 annual gross rental or gross shelter rent or annual gross revenue  
37 cannot be reasonably ascertained, the governing body shall provide  
38 in the financial agreement that the annual service charge shall be a  
39 sum equal to a percentage determined pursuant to this subsection  
40 and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total  
41 project cost or total project unit cost determined pursuant to  
42 P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day  
43 of the month following the substantial completion of the project or  
44 any unit thereof, if the project is undertaken in units. The  
45 percentage of the total project cost or total project unit cost shall not  
46 be more than 2% in the case of a low and moderate income housing  
47 project, and shall not be less than 2% in the case of all other  
48 projects.

1       (2) In either case, the financial agreement shall establish a  
2       schedule of annual service charges to be paid over the term of the  
3       exemption period, which shall be in stages as follows:

4       (a) For the first stage of the exemption period, which shall  
5       commence with the date of completion of the unit or of the project,  
6       as the case may be, and continue for a time of not less than six years  
7       nor more than 15 years, as specified in the financial agreement, the  
8       urban renewal entity shall pay the municipality an annual service  
9       charge for municipal services supplied to the project in an annual  
10      amount equal to the amount determined pursuant to paragraph (1) of  
11      this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11).  
12      For the remainder of the period of the exemption, if any, the annual  
13      service charge shall be determined as follows:

14      (b) For the second stage of the exemption period, which shall  
15      not be less than one year nor more than six years, as specified in the  
16      financial agreement, an amount equal to either the amount  
17      determined pursuant to paragraph (1) of this subsection and section  
18      11 of P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of  
19      taxes otherwise due on the value of the land and improvements,  
20      whichever shall be greater;

21      (c) For the third stage of the exemption period, which shall not  
22      be less than one year nor more than six years, as specified in the  
23      financial agreement, an amount equal to either the amount  
24      determined pursuant to paragraph (1) of this subsection and section  
25      11 of P.L.1991, c.431 (C.40A:20-11), or 40% of the amount of  
26      taxes otherwise due on the value of the land and improvements,  
27      whichever shall be greater;

28      (d) For the fourth stage of the exemption period, which shall not  
29      be less than one year nor more than six years, as specified in the  
30      financial agreement, an amount equal to either the amount  
31      determined pursuant to paragraph (1) of this subsection and section  
32      11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of  
33      taxes otherwise due on the value of the land and improvements,  
34      whichever shall be greater; and

35      (e) For the final stage of the exemption period, the duration of  
36      which shall not be less than one year and shall be specified in the  
37      financial agreement, an amount equal to either the amount  
38      determined pursuant to paragraph (1) of this subsection and section  
39      11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of  
40      taxes otherwise due on the value of the land and improvements,  
41      whichever shall be greater.

42      If the financial agreement provides for an exemption period of  
43      less than 30 years from the completion of the entire project, or less  
44      than 35 years from the execution of the financial agreement, the  
45      financial agreement shall set forth a schedule of annual service  
46      charges for the exemption period which shall be based upon the  
47      minimum service charges and staged adjustments set forth in this  
48      section.

1 The annual service charge shall be paid to the municipality on a  
2 quarterly basis in a manner consistent with the municipality's tax  
3 collection schedule.

4 Each municipality which enters into a financial agreement on or  
5 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.)  
6 shall remit 5 percent of the annual service charge collected by the  
7 municipality to the county in accordance with the provisions of  
8 R.S.54:4-74.

9 Against the annual service charge the urban renewal entity shall  
10 be entitled to credit for the amount, without interest, of the real  
11 estate taxes on land paid by it in the last four preceding quarterly  
12 installments.

13 Notwithstanding the provisions of this section or of the financial  
14 agreement, the minimum annual service charge shall be the amount  
15 of the total taxes levied against all real property in the area covered  
16 by the project in the last full tax year in which the area was subject  
17 to taxation, and the minimum annual service charge shall be paid in  
18 each year in which the annual service charge calculated pursuant to  
19 this section or the financial agreement would be less than the  
20 minimum annual service charge.

21 c. All exemptions granted pursuant to the provisions of  
22 P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time  
23 prescribed in the financial agreement.

24 Upon the termination of the exemption granted pursuant to the  
25 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all  
26 affected parcels, land and all improvements made thereto shall be  
27 assessed and subject to taxation as are other taxable properties in  
28 the municipality. After the date of termination, all restrictions and  
29 limitations upon the urban renewal entity shall terminate and be at  
30 an end upon the entity's rendering its final accounting to and with  
31 the municipality.<sup>2</sup>

32 (cf: P.L.2015, c.247, s.1)

33

34 <sup>2</sup>18. Section 13 of P.L.1991, c.431 (C.40A:20-13) is amended to  
35 read as follows:

36 13. The tax exemption provided in **[this act]** P.L.1991, c.431  
37 (C.40A:20-1 et seq.) shall apply only so long as the urban renewal  
38 entity and its project remain subject to the provisions of **[this act]**  
39 P.L.1991, c.431 (C.40A:20-1 et seq.), but in no event more than: 35  
40 years from the date of the execution of the financial agreement; or,  
41 if authorized pursuant to paragraph (2) of subsection a. of section  
42 12 of P.L.1991, c.431 (C.40A:20-12), 50 years from the date of the  
43 execution of the first financial agreement implementing a project  
44 under the redevelopment agreement. A tax exemption authorized in  
45 connection with a nonprofit limited dividend cooperative housing  
46 project under a financial agreement entered into pursuant to the  
47 "Limited-Dividend Nonprofit Housing Corporations or Associations  
48 Law," P.L.1949, c.184 (C.55:16-1 et seq.) may be extended to

1 coincide with existing first mortgage financing. The terms of any  
2 such extension shall be set forth in an amended financial agreement  
3 between the urban renewal entity and the municipality. An urban  
4 renewal entity may at any time after the expiration of one year from  
5 the completion date of the project, notify the governing body of the  
6 municipality that, as of a certain date designated in the notice, it  
7 relinquishes its status under this act, and if the project includes  
8 housing units, that the urban renewal entity has obtained the  
9 consent of the Commissioner of Community Affairs to such a  
10 relinquishment. As of that date, the tax exemption, the service  
11 charges, and the profit and dividend restrictions shall terminate.  
12 The date of termination of tax exemption, whether by  
13 relinquishment by the entity or by terms of the financial agreement,  
14 shall be deemed the close of the fiscal year of the entity. Within 90  
15 days of that date, the urban renewal entity shall pay to the  
16 municipality the amount of reserve, if any maintained pursuant to  
17 section 15 or 16 of **[this act]** P.L.1991, c.431 (C.40A:20-15 or  
18 40A:20-16), as well as the excess net profits, if any, payable as of  
19 that date.<sup>2</sup>

20 (cf: P.L.1999, c.220, s.1)

21

22 <sup>2</sup>**[10.] 19.**<sup>2</sup> This act shall take effect immediately.