ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5982

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2025

The Assembly Telecommunications and Utilities Committee reports favorably Assembly Bill No. 5982.

As reported, this bill clarifies the changes made in 1997 to the business personal property tax that defined local exchange telephone companies that were subject to that tax on April 1, 1997. The Tax Court, in Verizon New Jersey Inc. v. Borough of Hopewell, which was decided on June 26, 2012, incorrectly construed the plain meaning of the language of the statutory change made in 1997 in a manner inconsistent with Legislative intent. That statutory change was intended to permanently make part of a municipality's property tax base the business personal property of all incumbent local exchange companies that were then subject to that tax and were a telecommunications carrier then meeting the definition of providing dial tone and access to 51 percent of a local telephone exchange. Local exchange telephone companies have taken advantage of the Tax Court's interpretation of the statute and informed municipalities in which their business personal property is located that it will no longer pay tax on that business personal property, such as equipment, utility poles, cables and more in any given municipality where it claims on an annual basis that it does not provide 51 percent or more of landline service to its residents. This unintended erosion of the local property tax base in the affected municipalities impacts all other local property taxpayers in these municipalities.

This bill restores the local property tax status quo intended to be determined in 1997 by revising the definition of "local exchange telephone company" to mean a telecommunications carrier which held the regional monopoly on landline service before the market was opened to competitive local exchange carriers by the federal Telecommunications Act of 1996, or the corporate successors of such a local exchange telephone company. This bill accomplishes two important purposes: (1) it requires the dominant telecommunications carrier in each region to pay the business personal property tax on its business personal property, regardless of the percentage of a local telephone exchange that it serves; and (2) it permanently enshrines that business personal property into the

tax base of the municipalities in which the dominant telecommunications carrier is located.

The bill also requires a municipality to be awarded attorney's fees as costs to the local exchange telephone company following a court decision, settlement, or other resolution of a court proceeding between a municipality and a local exchange telephone company concerning the taxation of business personal property pursuant to R.S.54:4-1 if the municipality is the prevailing party in the court proceeding.