

ASSEMBLY, No. 5680

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:

Assemblywoman MARGIE DONLON, M.D.

District 11 (Monmouth)

SYNOPSIS

Requires municipality to remit payment in lieu of taxes to school district in amount based on school district's share of total school tax levy in municipality.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning remitting payments in lieu of property taxes to
2 school districts and amending P.L.1991, c.431, P.L.2007, c.62,
3 P.L.1991, c.441, and P.L.2007, c.260.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 3 of P.L.1991, c.431 (C.40A:20-3) is amended to
9 read as follows:

10 3. As used in P.L.1991, c.431 (C.40A:20-1 et seq.):

11 a. "Gross revenue" means annual gross revenue or gross shelter
12 rent or annual gross rents, as appropriate, and other income, for
13 each urban renewal entity designated pursuant to P.L.1991, c.431
14 (C.40A:20-1 et seq.). The financial agreement shall establish the
15 method of computing gross revenue for the entity, and the method
16 of determining insurance, operating and maintenance expenses paid
17 by a tenant which are ordinarily paid by a landlord, which shall be
18 included in the gross revenue; provided, however, that any federal
19 funds received, whether directly or in the form of rental subsidies
20 paid to tenants, by a nonprofit corporation that is the sponsor of a
21 qualified subsidized housing project, shall not be included in the
22 gross revenue of the project for purposes of computing the annual
23 **[services]** service charge for **[municipal]** public services supplied
24 to the project; and provided further that any gain realized by the
25 urban renewal entity on the sale of any unit in fee simple, whether
26 or not taxable under federal or State law, shall not be included in
27 computing gross revenue.

28 b. "Limited-dividend entity" means an urban renewal entity
29 incorporated pursuant to Title 14A of the New Jersey Statutes, or
30 established pursuant to Title 42 of the Revised Statutes, for which
31 the profits and the entity are limited as follows. The allowable net
32 profits of the entity shall be determined by applying the allowable
33 profit rate to each total project unit cost, if the project is undertaken
34 in units, or the total project cost, if the project is not undertaken in
35 units, and all capital costs, determined in accordance with generally
36 accepted accounting principles, of any other entity whose revenue is
37 included in the computation of excess profits, for the period
38 commencing on the date on which the construction of the unit or
39 project is completed, and terminating at the close of the fiscal year
40 of the entity preceding the date on which the computation is made,
41 where:

42 "Allowable profit rate" means the greater of 12**[%]** percent or
43 the percentage per annum arrived at by adding 1 1/4**[%]** percent
44 to the annual interest percentage rate payable on the entity's initial
45 permanent mortgage financing. If the initial permanent mortgage is

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 insured or guaranteed by a governmental agency, the mortgage
2 insurance premium or similar charge, if payable on a per annum
3 basis, shall be considered as interest for this purpose. If there is no
4 permanent mortgage financing the allowable profit rate shall be the
5 greater of 12【%】 percent or the percentage per annum arrived at by
6 adding 1 1/4【%】 percent per annum to the interest rate per annum
7 which the municipality determines to be the prevailing rate on
8 mortgage financing on comparable improvements in the county.

9 c. "Net profit" means the gross revenues of the urban renewal
10 entity less all operating and non-operating expenses of the entity, all
11 determined in accordance with generally accepted accounting
12 principles, but:

13 (1) there shall be included in expenses: (a) all annual service
14 charges paid pursuant to section 12 of P.L.1991, c.431 (C.40A:20-
15 12); (b) all payments to the municipality of excess profits pursuant
16 to section 15 or 16 of P.L.1991, c.431 (C.40A:20-15 or 40A:20-16);
17 (c) an annual amount sufficient to amortize the total project cost
18 and all capital costs determined in accordance with generally
19 accepted accounting principles, of any other entity whose revenue is
20 included in the computation of excess profits, over the term of the
21 abatement as set forth in the financial agreement; (d) all reasonable
22 annual operating expenses of the urban renewal entity and any other
23 entity whose revenue is included in the computation of excess
24 profits, including the cost of all management fees, brokerage
25 commissions, insurance premiums, all taxes or service charges paid,
26 legal, accounting, or other professional service fees, utilities,
27 building maintenance costs, building and office supplies, and
28 payments into repair or maintenance reserve accounts; (e) all
29 payments of rent including, but not limited to, ground rent by the
30 urban renewal entity; (f) all debt service;

31 (2) there shall not be included in expenses either depreciation or
32 obsolescence, interest on debt, except interest which is part of debt
33 service, income taxes, or salaries, bonuses or other compensation
34 paid, directly or indirectly to directors, officers, and stockholders of
35 the entity, or officers, partners, or other persons holding any
36 proprietary ownership interest in the entity.

37 The urban renewal entity shall provide to the municipality an
38 annual audited statement which clearly identifies the calculation of
39 net profit for the urban renewal entity during the previous year.
40 The annual audited statement shall be prepared by a certified public
41 accountant and shall be submitted to the municipality within 90
42 days of the close of the fiscal year.

43 d. "Nonprofit entity" means an urban renewal entity
44 incorporated pursuant to Title 15A of the New Jersey Statutes for
45 which no part of its net profits inures to the benefit of its members.

46 e. "Project" means any work or undertaking pursuant to a
47 redevelopment plan adopted pursuant to the "Local Redevelopment
48 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et al.), which has

1 as its purpose the redevelopment of all or any part of a
2 redevelopment area including any industrial, commercial,
3 residential or other use, and may include any buildings, land,
4 including demolition, clearance or removal of buildings from land,
5 equipment, facilities, or other real or personal properties which are
6 necessary, convenient, or desirable appurtenances, such as, but not
7 limited to, streets, sewers, utilities, parks, site preparation,
8 landscaping, and administrative, community, health, recreational,
9 educational and welfare facilities, and zero-emission vehicle fueling
10 and charging infrastructure.

11 f. "Redevelopment area" means an area determined to be in
12 need of redevelopment and for which a redevelopment plan has
13 been adopted by a municipality pursuant to the "Local
14 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
15 al.).

16 g. "Urban renewal entity" means a limited-dividend entity, the
17 New Jersey Economic Development Authority or a nonprofit entity
18 which enters into a financial agreement pursuant to P.L.1991, c.431
19 (C.40A:20-1 et seq.) with a municipality to undertake a project
20 pursuant to a redevelopment plan for the redevelopment of all or
21 any part of a redevelopment area, or a project necessary, useful, or
22 convenient for the relocation of residents displaced or to be
23 displaced by the redevelopment of all or any part of one or more
24 redevelopment areas, or a low and moderate income housing
25 project.

26 h. "Total project unit cost" or "total project cost" means the
27 aggregate of the following items as related to a unit of a project, if
28 the project is undertaken in units, or to the total project, if the
29 project is not undertaken in units, all of which as limited by, and
30 approved as part of the financial agreement: (1) cost of the land and
31 improvements to the entity, whether acquired from a private or a
32 public owner, with cost in the case of leasehold interests to be
33 computed by capitalizing the aggregate rental at a rate provided in
34 the financial agreement; (2) architect, engineer, and attorney fees,
35 paid or payable by the entity in connection with the planning,
36 construction, and financing of the project; (3) surveying and testing
37 charges in connection therewith; (4) actual construction costs which
38 the entity shall cause to be certified and verified to the municipality
39 and the municipal governing body by an independent and qualified
40 architect, including the cost of any preparation of the site
41 undertaken at the entity's expense; (5) insurance, interest, and
42 finance costs during construction; (6) costs of obtaining initial
43 permanent financing; (7) commissions and other expenses paid or
44 payable in connection with initial leasing; (8) real estate taxes and
45 assessments during the construction period; (9) a developer's
46 overhead based on a percentage of actual construction costs, to be

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1 computed at not more than the following schedule:

2

3 \$500,000 or less - 10%

4

5 \$500,000 through \$1,000,000 - \$50,000 plus 8% on
6 excess above \$500,000

7

8 \$1,000,001 through \$2,000,000 - \$90,000 plus 7% on
9 excess above \$1,000,000

10

11 \$2,000,001 through \$3,500,000 - \$160,000 plus 5.6667%
12 on excess above \$2,000,000

13

14 \$3,500,001 through \$5,500,000 - \$245,000 plus 4.25% on
15 excess above \$3,500,000

16

17 \$5,500,001 through \$10,000,000 - \$330,000 plus 3.7778%
18 on excess above \$5,500,000

19

20 over \$10,000,000 - 5%

21

22 If the project includes units in fee simple, with respect to those
23 units, "total project cost" shall mean the sales price of the individual
24 housing unit which shall be the most recent true consideration paid
25 for a deed to the unit in fee simple in a bona fide arm's length sales
26 transaction, but not less than the assessed valuation of the unit in
27 fee simple assessed at 100 percent of true value.

28 If the financial agreement so provides, there shall be excluded
29 from the total project cost: (1) actual costs incurred by the entity
30 and certified to the municipality by an independent and qualified
31 architect or engineer which are associated with site remediation and
32 cleanup of environmentally hazardous materials or contaminants in
33 accordance with State or federal law; and (2) any extraordinary
34 costs incurred by the entity and certified to the chief financial
35 officer of the municipality by an independent certified public
36 accountant in order to alleviate blight conditions within the area in
37 need of redevelopment including, but not limited to, the cost of
38 demolishing structures considered by the entity to be an impediment
39 to the proposed redevelopment of the property, costs associated
40 with the relocation or removal of public utility facilities as defined
41 pursuant to section 10 of P.L.1992, c.79 (C.40A:12A-10)
42 considered necessary in order to implement the redevelopment plan,
43 costs associated with the relocation of residents or businesses
44 displaced or to be displaced by the proposed redevelopment, and the
45 clearing of title to properties within the area in need of
46 redevelopment in order to facilitate redevelopment.

47 i. "Housing project" means any work or undertaking to provide
48 decent, safe, and sanitary dwellings for families in need of housing;

1 the undertaking may include any buildings, land (including
2 demolition, clearance, or removal of buildings from land),
3 equipment, facilities, or other real or personal properties or interests
4 therein which are necessary, convenient, or desirable appurtenances
5 of the undertaking, such as, but not limited to, streets, sewers,
6 water, utilities, parks; site preparation; landscaping, and
7 administrative, community, health, recreational, educational,
8 welfare, commercial, or other facilities, or to provide any part or
9 combination of the foregoing.

10 j. "Redevelopment relocation housing project" means a
11 housing project which is necessary, useful, or convenient for the
12 relocation of residents displaced by redevelopment of all or any part
13 of one or more redevelopment areas.

14 k. "Low and moderate income housing project" means a
15 housing project which is occupied, or is to be occupied, exclusively
16 by households whose incomes do not exceed income limitations
17 established pursuant to any State or federal housing program.

18 l. "Qualified subsidized housing project" means a low and
19 moderate income housing project owned by a nonprofit corporation
20 organized under the provisions of Title 15A of the New Jersey
21 Statutes for the purpose of developing, constructing and operating
22 rental housing for senior citizens under section 202 of Pub.L. 86-
23 372 (12 U.S.C. s.1701q) or rental housing for persons with
24 disabilities under section 811 of Pub.L. 101-625 (42 U.S.C. s.8013),
25 or under any other federal program that the Commissioner of
26 Community Affairs by rule may determine to be of a similar nature
27 and purpose.

28 m. "Debt service" means the amount required to make annual
29 payments of principal and interest or the equivalent thereof on any
30 construction mortgage, permanent mortgage, or other financing
31 including returns on institutional equity financing and market rate
32 related party debt for a project for a period equal to the term of the
33 tax exemption granted by a financial agreement.

34 n. "Zero-emission vehicle" means a vehicle certified as a zero
35 emission vehicle pursuant to the California Air Resources Board
36 zero emission vehicle standards for the applicable model year,
37 including but not limited to, battery electric-powered vehicles and
38 hydrogen fuel cell vehicles.

39 o. "Zero-emission vehicle fueling and charging infrastructure"
40 means infrastructure to charge or fuel zero-emission vehicles,
41 including but not limited to, public electric vehicle charging
42 stations and public hydrogen fueling stations.

43 p. "Chief executive officer of the county" means the county
44 executive, county manager, county supervisor, or president of the
45 board of county commissioners, as appropriate to the form of
46 government of a county.

47 (cf: P.L.2021, c.168, s.4)

1 2. Section 8 of P.L.1991, c.431 (C.40A:20-8) is amended to
2 read as follows:

3 8. Every urban renewal entity qualifying under **[this act]**
4 P.L.1991, c.431 (C.40A:20-1 et seq.), before proceeding with any
5 projects, shall make written application to the municipality for
6 approval thereof, and shall provide copies of the application, for
7 informational purposes, to the board of county commissioners and
8 the chief executive officer of the county within which the
9 municipality is located, and to the board of education and
10 superintendent of any school district, including a regional school
11 district, that is coextensive with the municipality, or of which the
12 municipality is a constituent. The urban renewal entity, at the time
13 an application is made, shall provide notice of the application
14 submission to the Director of the Division of Local Government
15 Services in the Department of Community Affairs, which shall post
16 the notice on the Internet website of the department. The
17 application shall be in a form, and shall certify to those facts and
18 data, as shall be required by the municipality, and shall include but
19 not be limited to:

20 a. A general statement of the nature of the proposed project,
21 that the undertaking conforms to all applicable municipal
22 ordinances, and that the project accords with the redevelopment
23 plan and master plan of the municipality, or, in the case of a
24 redevelopment relocation housing project, provides for the
25 relocation of residents displaced or to be displaced from a
26 redevelopment area, or, in the case of a low and moderate income
27 housing project, the housing units are restricted to occupation by
28 low and moderate income households.

29 b. A description of the proposed project outlining the area
30 included and a description of each unit thereof if the project is to be
31 undertaken in units and setting forth architectural and site plans as
32 required.

33 c. A statement prepared by a qualified architect or engineer of
34 the estimated cost of the proposed project in the detail required,
35 including the estimated cost of each unit to be undertaken.

36 d. The source, method and amount of money to be subscribed
37 through the investment of private capital, setting forth the amount
38 of stock or other securities to be issued therefor or the extent of
39 capital invested and the proprietary or ownership interest obtained
40 in consideration therefor.

41 e. A fiscal plan for the project outlining a schedule of annual
42 gross revenue, the estimated expenditures for operation and
43 maintenance, payments for interest, amortization of debt and
44 reserves, and payments **[to the municipality]** in lieu of taxes to be
45 made pursuant to a financial agreement to be entered into with the
46 municipality.

47 f. A proposed financial agreement conforming to the
48 provisions of section 9 of **[this act]** P.L.1991, c.431 (C.40A:20-9).

1 g. Any other information relevant to determining the financial
2 impact of the project as may be required pursuant to a rule adopted
3 by the Commissioner of Community Affairs or the Local Finance
4 Board.

5 The application shall be addressed and submitted to the mayor or
6 other chief executive officer of the municipality. Within five
7 business days of receipt of an application, the mayor or other chief
8 executive officer and urban renewal entity shall notify the board of
9 education and superintendent of any school district, including a
10 regional school district, that is coextensive with the municipality, or
11 of which the municipality is a constituent, of the application.
12 Representatives of the school district or districts may submit
13 recommendations to the mayor or chief executive officer of the
14 municipality within 10 days after the date of submittal of the
15 application by the mayor or chief executive officer of the
16 municipality; however, the mayor or chief executive officer of the
17 municipality shall not be required to make any adjustments to the
18 application based on those recommendations.

19 The mayor or other chief executive officer shall, within 60 days
20 of **[his]** receipt of the application thereafter, submit the application
21 with **[his]** any recommendations to the municipal governing body.
22 The governing body shall by resolution approve or disapprove the
23 application, but in the event of disapproval, changes may be
24 suggested to secure approval. An application may be revised and
25 resubmitted.

26 (cf: P.L.1991, c.431, s.8)

27
28 3. Section 9 of P.L.1991, c.431 (C.40A:20-9) is amended to
29 read as follows:

30 9. Every approved project shall be evidenced by a financial
31 agreement between the municipality and the urban renewal entity.
32 The agreement shall be prepared by the entity and submitted as a
33 separate part of its application for project approval. The agreement
34 shall not take effect until approved by ordinance of the
35 municipality. The municipality shall notify the chief financial
36 officer of the county and the clerk to the board of county
37 commissioners of the county within which the municipality is
38 located of the date, time, and place of the public hearing required to
39 be held prior to the passage of the ordinance. Any amendments or
40 modifications of the agreement made thereafter shall be by mutual
41 consent of the municipality and the urban renewal entity and shall
42 be subject to approval by ordinance of the municipal governing
43 body upon recommendation of the mayor or other chief executive
44 officer of the municipality prior to taking effect.

45 The financial agreement shall be in the form of a contract
46 requiring full performance within 30 years from the date of
47 completion of the project and shall include the following:

1 a. That the profits of or dividends payable by the urban
2 renewal entity shall be limited according to terms appropriate for
3 the type of entity in conformance with the provisions of P.L.1991,
4 c.431 (C.40A:20-1 et seq.).

5 b. That all improvements and land, to the extent authorized
6 pursuant to section 12 of P.L.1991, c.431 (C.40A:20-12), in the
7 project to be constructed or acquired by the urban renewal entity
8 shall be exempt from taxation as provided in P.L.1991, c.431
9 (C.40A:20-1 et seq.).

10 c. That the urban renewal entity shall make payments for
11 municipal services as provided in P.L.1991, c.431 (C.40A:20-1 et
12 seq.).

13 d. That the urban renewal entity shall submit annually, within
14 90 days after the close of its fiscal year, its auditor's reports to the
15 mayor and governing body of the municipality. The urban renewal
16 entity, at the time the auditor's reports are submitted, shall provide
17 copies of the reports to the Director of the Division of Local
18 Government Services in the Department of Community Affairs,
19 which shall post the reports on the department's Internet website.

20 e. That the urban renewal entity shall, upon request, permit
21 inspection of property, equipment, buildings, and other facilities of
22 the entity, and also permit examination and audit of its books,
23 contracts, records, documents, and papers by authorized
24 representatives of the municipality or the State.

25 f. That in the event of any dispute between the parties matters
26 in controversy shall be resolved by arbitration in the manner
27 provided in the financial agreement.

28 g. That operation under the financial agreement shall be
29 terminable by the urban renewal entity in the manner provided by
30 P.L.1991, c.431 (C.40A:20-1 et seq.).

31 h. That the urban renewal entity shall at all times prior to the
32 expiration or other termination of the financial agreement remain
33 bound by the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.).

34 The financial agreement shall contain detailed representations
35 and covenants by the urban renewal entity as to the manner in
36 which it proposes to use, manage, or operate the project. The
37 financial agreement shall further set forth the method for computing
38 gross revenue for the urban renewal entity, the method of
39 determining insurance, operating and maintenance expenses paid by
40 a tenant which are ordinarily paid by a landlord, the plans for
41 financing the project, including the estimated total project cost, the
42 amortization rate on the total project cost, the source of funds, the
43 interest rates to be paid on the construction financing, the source
44 and amount of paid-in capital, the terms of mortgage amortization
45 or payment of principal on any mortgage, a good faith projection of
46 initial sales prices of any condominium units and expenses to be
47 incurred in promoting and consummating **such** the sales, and the
48 rental schedules and lease terms to be used in the project. Any

1 financial agreement may allow the municipality to levy an annual
2 administrative fee, not to exceed two percent of the annual service
3 charge for public services.

4 (cf: P.L.2025, c.91, s.1)

5
6 4. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to
7 read as follows:

8 12. The rehabilitation or improvements made in the development
9 or redevelopment of a redevelopment area or area appurtenant
10 thereto or for a redevelopment relocation housing project, pursuant
11 to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from
12 taxation for a limited period as hereinafter provided. When housing
13 is to be constructed, acquired, or rehabilitated by an urban renewal
14 entity, the land upon which that housing is situated shall be exempt
15 from taxation for a limited period as hereinafter provided. The
16 exemption shall be allowed when the clerk of the municipality
17 wherein the property is situated shall certify to the municipal tax
18 assessor that a financial agreement with an urban renewal entity for
19 the development or the redevelopment of the property, or the
20 provision of a redevelopment relocation housing project, or the
21 provision of a low- and moderate-income housing project has been
22 entered into and is in effect as required by P.L.1991, c.431
23 (C.40A:20-1 et seq.).

24 Delivery by the municipal clerk to the municipal tax assessor of
25 a certified copy of the ordinance of the governing body approving
26 the tax exemption and financial agreement with the urban renewal
27 entity shall constitute the required certification. For each
28 exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et
29 al.), upon certification as required hereunder, the tax assessor shall
30 implement the exemption and continue to enforce that exemption
31 without further certification by the clerk until the expiration of the
32 entitlement to exemption by the terms of the financial agreement or
33 until the tax assessor has been duly notified by the clerk that the
34 exemption has been terminated.

35 Within 10 calendar days following the later of the effective date
36 of an ordinance following its final adoption by the governing body
37 approving the tax exemption or the execution of the financial
38 agreement by the urban renewal entity, the municipal clerk shall
39 transmit a certified copy of the ordinance and financial agreement
40 to the Director of the Division of Local Government Services in the
41 Department of Community Affairs, the chief financial officer of the
42 county and to the county counsel of the county within which the
43 municipality is located, and to the board of education and the
44 superintendent of any school district coextensive with the
45 municipality or of which the municipality is a constituent, including
46 a regional school district, for informational purposes. Upon receipt
47 of an ordinance and financial agreement, the Department of

1 Community Affairs shall post the ordinance and agreement on the
2 department's Internet website.

3 Whenever an exemption status changes during a tax year, the
4 procedure for the apportionment of the taxes for the year shall be
5 the same as in the case of other changes in tax exemption status
6 during the tax year. Tax exemptions granted pursuant to P.L.2003,
7 c.125 (C.40A:12A-4.1 et al.) represent long term financial
8 agreements between the municipality and the urban renewal entity
9 and **【as such】** constitute a single continuing exemption from local
10 property taxation for the duration of the financial agreement. The
11 validity of a financial agreement or any exemption granted pursuant
12 thereto may be challenged only by filing an action in lieu of
13 prerogative writ within 20 days from the publication of a notice of
14 the adoption of an ordinance by the governing body granting the
15 exemption and approving the financial agreement. **【Such】** The
16 notice shall be published in a newspaper of general circulation in
17 the municipality and in a newspaper of general circulation in the
18 county if different from the municipal newspaper, including
19 publication on a public entity's official Internet website and on an
20 online news publication for a nonpublic entity pursuant to P.L.2025,
21 c.72 (C.35:3-1 et al.).

22 a. The financial agreement shall specify the duration of the
23 exemption for urban renewal entities in accordance with the
24 parameters of either paragraph (1) or paragraph (2) of this
25 subsection:

26 (1) the financial agreement may specify a duration of not more
27 than 30 years from the completion of the entire project, or unit of
28 the project if the project is undertaken in units, or not more than 35
29 years from the execution of the financial agreement between the
30 municipality and the urban renewal entity; or

31 (2) for each project undertaken pursuant to a redevelopment
32 agreement which allows the redeveloper to undertake two or more
33 projects sequentially, the financial agreement may specify a
34 duration of not more than 30 years from the completion of a project,
35 or unit of the project if the project is undertaken in units, or not
36 more than 50 years from the execution of the first financial
37 agreement implementing a project under the redevelopment
38 agreement. As used in this subsection, "redevelopment agreement"
39 means an agreement entered into pursuant to subsection f. of section
40 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or
41 redevelopment entity and a redeveloper.

42 A financial agreement may provide for an exemption period of
43 less than 30 years from the completion of the entire project, less
44 than 35 years from the execution of the financial agreement, or less
45 than 50 years from the execution of the first financial agreement
46 implementing a project under the redevelopment agreement.
47 Nothing in this subsection shall be construed as requiring a
48 financial agreement for a project undertaken pursuant to a

1 redevelopment agreement which allows the redeveloper to
2 undertake two or more projects sequentially to specify a duration
3 within the parameters of paragraph (2) of this subsection.

4 b. During the term of any exemption, in lieu of any taxes to be
5 paid on the buildings and improvements of the project and, to the
6 extent authorized pursuant to this section, on the land, the urban
7 renewal entity shall make payment to the municipality of an annual
8 service charge **【, which】** for public services. The municipality shall
9 remit a portion of that revenue to the county, and to the school
10 district or districts, as provided hereinafter. In addition, the
11 municipality may assess an administrative fee, not to exceed two
12 percent of the annual service charge, for the processing of the
13 application. The annual service charge for **【municipal】** public
14 services supplied to the project to be paid by the urban renewal
15 entity for any period of exemption, shall be determined as follows:

16 (1) An annual amount equal to a percentage determined
17 pursuant to this subsection and section 11 of P.L.1991, c.431
18 (C.40A:20-11), of the annual gross revenue from each unit of the
19 project, if the project is undertaken in units, or from the total
20 project, if the project is not undertaken in units. The percentage of
21 the annual gross revenue shall not be more than 15 percent in the
22 case of a low- and moderate-income housing project, nor less than
23 10 percent in the case of all other projects.

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

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

43 (a) For the first stage of the exemption period, which shall
44 commence with the date of completion of the unit or of the project,
45 as the case may be, and continue for a time of not less than six years
46 nor more than 15 years, as specified in the financial agreement, the
47 urban renewal entity shall pay the municipality an annual service
48 charge for **【municipal】** public services supplied to the project in an

1 annual amount equal to the amount determined pursuant to
2 paragraph (1) of this subsection and section 11 of P.L.1991, c.431
3 (C.40A:20-11). For the remainder of the period of the exemption, if
4 any, the annual service charge shall be determined as follows:

5 (b) For the second stage of the exemption period, which shall
6 not be less than one year nor more than six years, as specified in the
7 financial agreement, an amount equal to either the amount
8 determined pursuant to paragraph (1) of this subsection and section
9 11 of P.L.1991, c.431 (C.40A:20-11), or 20 percent of the amount
10 of taxes otherwise due on the value of the land and improvements,
11 whichever shall be greater;

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

19 (d) For the fourth stage of the exemption period, which shall not
20 be less than one year nor more than six years, as specified in the
21 financial agreement, an amount equal to either the amount
22 determined pursuant to paragraph (1) of this subsection and section
23 11 of P.L.1991, c.431 (C.40A:20-11), or 60 percent of the amount
24 of taxes otherwise due on the value of the land and improvements,
25 whichever shall be greater; and

26 (e) For the final stage of the exemption period, the duration of
27 which shall not be less than one year and shall be specified in the
28 financial agreement, an amount equal to either the amount
29 determined pursuant to paragraph (1) of this subsection and section
30 11 of P.L.1991, c.431 (C.40A:20-11), or 80 percent of the amount
31 of taxes otherwise due on the value of the land and improvements,
32 whichever shall be greater.

33 If the financial agreement provides for an exemption period of
34 less than 30 years from the completion of the entire project, less
35 than 35 years from the execution of the financial agreement, or less
36 than 50 years from the execution of the first financial agreement
37 implementing a project under the redevelopment agreement, the
38 financial agreement shall set forth a schedule of annual service
39 charges for the exemption period which shall be based upon the
40 minimum service charges and staged adjustments set forth in this
41 section.

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

45 (3) Each municipality **[which]** that enters into a financial
46 agreement on or after the effective date of P.L.2003, c.125
47 (C.40A:12A-4.1 et al.) shall remit five percent of the annual service
48 charge collected by the municipality to the county in accordance

1 with the provisions of R.S.54:4-74, and the school district or
2 districts, including regional school districts, pursuant to paragraph
3 (4) of this subsection. If the five percent remittance due to the
4 county and the remittance due to the school district or districts,
5 including regional school districts, is not paid when due, the unpaid
6 balance thereof and interest, at the rate of one percent per month
7 accrued thereon, together with attorneys' fees and court costs, may
8 be recovered by the county and school district or districts, including
9 regional school districts, from the municipality in an action filed in
10 a court of competent jurisdiction. A municipal finance officer
11 certificate may be subject to revocation or suspension pursuant to
12 section 7 of P.L.1988, c.110 (C.40A:9-140.12) for willful or
13 intentional failure, neglect, or refusal to comply with this section.
14 If the municipality enters into a contract with a board of education
15 pursuant to section 7 of P.L.2023, c.311 (C.18A:7G-15.1a), the
16 municipality shall also remit to the board of education such
17 amounts as may be required under the contract.

18 (4) (a) Each municipality which enters into a financial
19 agreement on or after the effective date of P.L. , c. (pending
20 before the Legislature as this bill) shall remit a percentage of the
21 annual service charge to the school district or districts, including
22 regional school districts, immediately upon receipt of that service
23 charge, either:

24 (i) within 90 days following the municipality's receipt of an
25 application pursuant to section 8 of P.L.1991, c.431 (C.40A:20-8);
26 or

27 (ii) for a municipality, school district or districts, including
28 regional school districts, and urban renewal entity that seek to
29 modify their agreement pursuant to section 4 of P.L.1991, c.431
30 (C.40A:20-4), not less than 60 days prior to the date that the next
31 installment payment is due for any county tax due pursuant to the
32 provisions of R.S.54:4-74.

33 (b) The amount of the annual service charge to be remitted to
34 the school district pursuant to this section shall be the lesser of 40
35 percent of the total annual service charge, or the amount of the total
36 annual service charge multiplied by the percentage of the total
37 municipal property tax levy for that fiscal year that is raised for the
38 purposes of that school district.

39 (c) When an amount is remitted to more than one school district,
40 including regional school districts, the amount shall be the lesser of
41 40 percent of the total annual service charge, or the amount of the
42 total annual service charge multiplied by the percentage of the total
43 municipal property tax levy for that fiscal year that is raised for the
44 purposes of each school district to which municipal property tax
45 revenue is remitted.

46 (d) Notwithstanding the provisions of subparagraphs (b) and (c)
47 of this paragraph, a municipality, in lieu of remitting a percentage
48 of the annual service charge to the school district or districts,

1 including regional school districts, may enter into an agreement
2 with a school district or districts, including regional school districts,
3 and an urban renewal entity to provide one or more special projects
4 for the school district or districts, including regional school
5 districts, of equal value.

6 (5) Against the annual service charge, the urban renewal entity
7 shall be entitled to credit for the amount, without interest, of the
8 real estate taxes on land paid by it in the last four preceding
9 quarterly installments.

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

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

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

29 (cf: P.L.2025, c.91, s.2)

30
31 5. Section 4 of P.L.1991, c.441 (C.40A:21-4) is amended to
32 read as follows:

33 4. The governing body of a municipality may determine to
34 utilize the authority granted under Article VIII, Section I, paragraph
35 6 of the New Jersey Constitution, and adopt an ordinance setting
36 forth the eligibility or noneligibility of dwellings, multiple
37 dwellings, or commercial and industrial structures, or all of these,
38 for exemptions or abatements, or both, from taxation in areas in
39 need of rehabilitation. The ordinance may differentiate among
40 these types of structures as to whether the property shall be eligible
41 for exemptions or abatements, or both, within the limitations set
42 forth in P.L.1991, c.441 (C.40A:21-1 et seq.). With respect to a
43 type of structure, the ordinance shall specify the eligibility of
44 improvements, conversions, or construction, or all of these, for each
45 type of structure. The ordinance may differentiate for the purposes
46 of determining eligibility pursuant to this section among the various
47 neighborhoods, zones, areas or portions of the designated area in
48 need of rehabilitation.

1 An ordinance adopted pursuant to this section may be amended
2 from time to time. An amendment to an ordinance shall not affect
3 any exemption, abatement, or tax agreement previously granted and
4 in force prior to the amendment.

5 Application for exemptions and abatements from taxation may
6 be filed pursuant to an ordinance so adopted to take initial effect in
7 the tax year in which the ordinance is adopted, and for tax years
8 thereafter as set forth in P.L.1991, c.441 (C.40A:21-1 et seq.), but
9 no application for exemptions or abatements shall be filed for
10 exemptions or abatements to take initial effect in the eleventh tax
11 year or any tax year occurring thereafter, unless the ordinance is
12 readopted by the governing body pursuant to this section.

13 The municipality shall provide a copy of an ordinance introduced
14 or adopted pursuant to this section, including one amending or
15 repealing an ordinance, to the Director of the Division of Local
16 Government Services in the Department of Community Affairs,
17 which shall post the ordinance on the Internet website of the
18 department.

19 (cf: P.L.2007, c.268, s.2)

20
21 6. Section 3 of P.L.2007, c.260 (C.18A:7F-45) is amended to
22 read as follows:

23 3. As used in P.L.2007, c.260 (C.18A:7F-43 et al.) and
24 P.L.1996, c.138 (C.18A:7F-1 et al.), unless the context clearly
25 requires a different meaning:

26 "At-risk pupils" means those resident pupils from households
27 with a household income at or below the most recent federal
28 poverty guidelines available on October 15 of the prebudget year
29 multiplied by 1.85;

30 "Base per pupil amount" means the cost per elementary pupil of
31 delivering the core curriculum content standards and extracurricular
32 and cocurricular activities necessary for a thorough and efficient
33 education;

34 "Bilingual education pupil" means a resident pupil enrolled in a
35 program of bilingual education or in an English as a second
36 language program approved by the State Board of Education;

37 "Budgeted local share" means the district's local tax levy
38 contained in the budget certified for taxation purposes;

39 "Capital outlay" means capital outlay as defined in GAAP;

40 "Combination pupil" means a resident pupil who is both an at-
41 risk pupil and a bilingual education pupil;

42 "Commissioner" means the Commissioner of Education;

43 "Concentration of at-risk pupils" shall be based on prebudget
44 year pupil data and means, for a school district or a county
45 vocational school district, the number of at-risk pupils among those
46 counted in resident enrollment, divided by resident enrollment;

1 "County special services school district" means any entity
2 established pursuant to article 8 of chapter 46 of Title 18A of the
3 New Jersey Statutes;

4 "County vocational school district" means any entity established
5 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
6 Statutes;

7 "CPI" means the increase, expressed as a decimal, in the average
8 annualized consumer price index for the New York City and
9 Philadelphia areas in the fiscal year preceding the prebudget year
10 relative to the previous fiscal year as reported by the United States
11 Department of Labor;

12 "Debt service" means payments of principal and interest upon
13 school bonds and other obligations issued to finance the purchase or
14 construction of school facilities, additions to school facilities, or the
15 reconstruction, remodeling, alteration, modernization, renovation or
16 repair of school facilities, including furnishings, equipment,
17 architect fees, and the costs of issuance of such obligations and
18 shall include payments of principal and interest upon bonds
19 heretofore issued to fund or refund such obligations, and upon
20 municipal bonds and other obligations which the commissioner
21 approves as having been issued for such purposes;

22 "District income" means the aggregate income of the residents of
23 the taxing district or taxing districts, based upon data provided by
24 the Division of Taxation in the New Jersey Department of the
25 Treasury and contained on the New Jersey State Income Tax forms
26 for the calendar year ending two years prior to the prebudget year.
27 The commissioner may supplement data contained on the State
28 Income Tax forms with data available from other State or federal
29 agencies in order to better correlate the data to that collected on the
30 federal census. With respect to regional districts and their
31 constituent districts, however, the district income as described
32 above shall be allocated among the regional and constituent districts
33 in proportion to the number of pupils resident in each of them;

34 "Equalized valuation" means the sum of the equalized valuation
35 of the taxing district or taxing districts, as certified by the Director
36 of the Division of Taxation on October 1, or subsequently revised
37 by the tax court by January 15, of the prebudget year, and the value
38 of property exempt from taxation pursuant to the provisions of
39 P.L.1991, c.431 (C.40A:20-1 et seq.). With respect to regional
40 districts and their constituent districts, however, the equalized
41 valuations as described above shall be allocated among the regional
42 and constituent districts in proportion to the number of pupils
43 resident in each of them. In the event that the equalized table
44 certified by the director shall be revised by the tax court after
45 January 15 of the prebudget year, the revised valuations shall be
46 used in the recomputation of aid for an individual school district
47 filing an appeal, but shall have no effect upon the calculation of the

1 property value rate, Statewide average equalized school tax rate, or
2 Statewide equalized total tax rate;

3 "Full-day preschool" means a preschool day consisting of a
4 minimum six-hour comprehensive educational program in
5 accordance with the district's kindergarten through grade 12 school
6 calendar;

7 "GAAP" means the generally accepted accounting principles
8 established by the Governmental Accounting Standards Board as
9 prescribed by the State board pursuant to N.J.S.18A:4-14;

10 "General special education services pupil" means a pupil
11 receiving specific services pursuant to chapter 46 of Title 18A of
12 the New Jersey Statutes;

13 "Geographic cost adjustment" means an adjustment that reflects
14 county differences in the cost of providing educational services that
15 are outside the control of the district;

16 "Household income" means income as defined in 7 CFR ss.245.2
17 and 245.6 or any subsequent superseding federal law or regulation;

18 "Net budget" means the sum of the district's general fund tax
19 levy, State aid received pursuant to the provisions of this act other
20 than preschool education aid, miscellaneous revenue estimated
21 pursuant to GAAP, and designated general fund balance;

22 "Nonpreschool ECPA" means the amount of early childhood
23 program aid, excluding prior year carry-forward amounts, included
24 in a district's 2007-2008 school year budget certified for taxes that
25 was allocated to grades K through 3;

26 "Prebudget year" means the school fiscal year preceding the year
27 in which the school budget is implemented;

28 "Preschool expansion grant" means any grant funded by a
29 portion of preschool education aid allocated by the Commissioner
30 of Education or any other State funds appropriated for the purpose
31 of expanding free access to high-quality preschool for resident
32 three- and four-year old children in districts that do not, at the time
33 of application for a grant, provide State-funded, high-quality, free
34 preschool programs;

35 "Report" means the Educational Adequacy Report issued by the
36 commissioner pursuant to section 4 of this act;

37 "Resident enrollment" means the number of pupils other than
38 preschool pupils, post-graduate pupils, and post-secondary
39 vocational pupils who, on the last school day prior to October 16 of
40 the current school year, are residents of the district and are enrolled
41 in: (1) the public schools of the district, excluding evening schools,
42 (2) another school district, other than a county vocational school
43 district in the same county on a full-time basis, or a State college
44 demonstration school or private school to which the district of
45 residence pays tuition, or (3) a State facility in which they are
46 placed by the district; or are residents of the district and are: (1)
47 receiving home instruction, or (2) in a shared-time vocational
48 program and are regularly attending a school in the district and a

1 county vocational school district. In addition, resident enrollment
2 shall include the number of pupils who, on the last school day prior
3 to October 16 of the prebudget year, are residents of the district and
4 in a State facility in which they were placed by the State. Pupils in
5 a shared-time vocational program shall be counted on an equated
6 full-time basis in accordance with procedures to be established by
7 the commissioner. Resident enrollment shall include regardless of
8 nonresidence, the enrolled children of teaching staff members of the
9 school district or county vocational school district who are
10 permitted, by contract or local district policy, to enroll their
11 children in the educational program of the school district or county
12 vocational school district without payment of tuition. Disabled
13 children between three and five years of age and receiving programs
14 and services pursuant to N.J.S.18A:46-6 shall be included in the
15 resident enrollment of the district;

16 "School district" means any local or regional school district
17 established pursuant to chapter 8 or chapter 13 of Title 18A of the
18 New Jersey Statutes;

19 "State facility" means a State developmental center, a State
20 Division of Youth and Family Services' residential center, a State
21 residential mental health center, a Department of Children and
22 Families Regional Day School, a State training school/secure care
23 facility, a State juvenile community program, a juvenile detention
24 center or a boot camp under the supervisory authority of the
25 Youth Justice Commission pursuant to P.L.1995, c.284 (C.52:17B-
26 169 et seq.), or an institution operated by or under contract with the
27 Department of Corrections, Children and Families or Human
28 Services, or the Youth Justice Commission;

29 "Statewide equalized school tax rate" means the amount
30 calculated by dividing the general fund tax levy for all school
31 districts, which excludes county vocational school districts and
32 county special services school districts as defined pursuant to this
33 section, in the State for the prebudget year by the equalized
34 valuations certified in the year prior to the prebudget year of all
35 taxing districts in the State except taxing districts for which there
36 are not school tax levies;

37 "Tax levy growth limitation" means the permitted annual
38 increase in the adjusted tax levy for a school district as calculated
39 pursuant to sections 3 and 4 of P.L.2007, c.62 (C.18A:7F-38 and
40 18A:7F-39).

41 (cf: P.L.2025, c.100, s.4)

42
43 7. (New section) The Commissioner of Education, in
44 consultation with the Director of the Division of Local Government
45 Services, shall promulgate rules and regulations pursuant to the
46 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.),
47 for the calculation and distribution of payments pursuant to paragraph
48 (4) of subsection b. of section 12 of P.L.1991, c.431 (C.40A:20-12).

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1 been contributed by the property subject to a tax exemption to the
2 regional school district's cost apportionment formula absent the tax
3 exemption and calculated to ensure that constituent municipalities
4 of the regional school district that did not approve the financial
5 agreement do not experience an increase in their proportionate share
6 of the regional school district's costs solely as a result of the tax
7 exemption granted by another constituent municipality.

8 The bill also requires a municipality to provide the Division of
9 Local Government Services (DLGS) and the school districts with a
10 copy of an ordinance and financial agreement approving a long-
11 term tax exemption. Currently, a municipality is required to only
12 provide the county with these documents. The bill also requires the
13 Department of Community Affairs (DCA) to post the ordinance and
14 financial agreement on the DCA's website. Similarly, the bill
15 requires a municipality to provide the DLGS with a copy of an
16 ordinance that effectuates a five-year property tax abatement, and
17 requires the DLGS to post this ordinance on the website of the
18 DCA.

19 After an application for a long-term property tax exemption is
20 approved, current law requires the urban renewal entity to submit an
21 annual audit to the municipality. Under the bill, this annual audit is
22 to be required to certify the number of school-age children
23 attending public school who are residing in the approved project.
24 The bill also requires an urban renewal entity to provide copies of
25 the audit to the Director of the DLGS for publication on the DCA's
26 website.

27 If the municipality fails to remit payment to the school district,
28 the bill permits the unpaid balance thereof and interest, at the rate of
29 one percent per month accrued thereon, together with attorneys' fees
30 and court costs, to be recovered by the school district from the
31 municipality in an action filed in a court of competent jurisdiction.
32 The bill specifies that a municipal finance officer certificate may be
33 subject to revocation or suspension for willful or intentional failure,
34 neglect, or refusal to remit payment to the school district.

35 The bill additionally directs the Commissioner of Education, in
36 consultation with the DLGS, to promulgate rules and regulations for
37 the calculation and distribution of payments from a municipality to
38 a regional school district.