

SENATE, No. 4625

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED OCTOBER 1, 2026

Sponsored by:
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District 25 (Morris and Passaic)

Co-Sponsored by:
Senator Space

SYNOPSIS

Requires distribution of State aid to certain municipalities located in whole or in part in the Highlands preservation area.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/1/2026)

1 AN ACT providing State aid to certain municipalities located in
2 whole or in part in the Highlands preservation area,
3 supplementing chapter 1 of Title 54 of the Revised Statutes, and
4 repealing section 19 of P.L.2004, c.120.

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

8
9 1. (New section) a. As used in this section:

10 "Base year" means the 2023 tax year;

11 "Current tax year" means the most recent year for which a report
12 is filed pursuant to subsection c. of this section;

13 "Highlands preservation area" means the preservation area of the
14 Highlands Region designated by subsection b. of section 7 of
15 P.L.2004, c.120 (C.13:20-7);

16 "Highlands Region" means the region so designated by
17 subsection a. of section 7 of P.L.2004, c.120 (C.13:20-7);

18 "Qualified municipality" means any municipality located entirely
19 in the Highlands preservation area; or a municipality wherein, of
20 the total municipal land area that is located in the Highlands
21 Region, at least 60 percent of that land is located in the Highlands
22 preservation area; and which has conformed its municipal master
23 plan and development regulations to the Highlands regional master
24 plan pursuant to section 14 of P.L.2004, c.120 (C.13:20-14);

25 "Tax rate" means that portion of the effective property tax rate
26 for the current tax year which reflects local taxes to be raised for
27 district school purposes and local municipal purposes, calculated by
28 dividing the total of column 12, section C by net valuation on which
29 county taxes are apportioned in column 11, both as reflected in the
30 Abstract of Ratables for the current tax year, and expressed as a rate
31 per \$100 of true value;

32 "True value of vacant land" or "true value" means the aggregate
33 assessed value of vacant land divided by the average ratio of
34 assessed-to-true value of real property (commonly known as the
35 equalization rate) promulgated by the Director of the Division of
36 Taxation in the Department of the Treasury and published in the
37 table of equalized valuation; and

38 "Valuation base" means the change in the aggregate true value of
39 vacant land directly attributable to the implementation of the
40 "Highlands Water Protection and Planning Act," P.L.2004, c.120
41 (C.13:20-1 et al.) in a qualified municipality when comparing the
42 current tax year to the base year.

43 b. (1) Within 120 days next following the enactment of P.L. ,

44 c. (C.) (pending before the Legislature as this bill), the
45 Director of the Division of Taxation in the Department of the

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 Treasury shall establish procedures for determining the valuation
2 base of a qualified municipality, whether fiscal stress has been
3 caused by the implementation of the "Highlands Water Protection
4 and Planning Act," P.L.2004, c.120 (C.13:20-1 et al.) in a qualified
5 municipality, and the amount due to a qualified municipality to
6 compensate for a decline in the aggregate true value of vacant land
7 directly attributable to the implementation of the "Highlands Water
8 Protection and Planning Act."

9 (2) The "Highlands Preservation Area Municipal Property Tax
10 Relief Fund" is established in the General Fund as a special
11 nonlapsing fund for the purpose of providing State aid to qualified
12 municipalities pursuant to this section. There shall be credited each
13 State fiscal year from the "Highlands Protection Fund" to the
14 "Highlands Preservation Area Municipal Property Tax Relief Fund"
15 such sums as shall be necessary to provide State aid to qualified
16 municipalities pursuant to this section. Every qualified
17 municipality shall be eligible for a distribution from the fund
18 pursuant to the provisions of this section.

19 c. The assessor of every qualified municipality shall certify to
20 the county board of taxation on a form to be prescribed by the
21 Director of the Division of Taxation, and on or before December 1
22 annually, a report of the assessed value of each parcel of vacant
23 land in the base year and the change in the assessed value of each
24 such parcel in the current tax year attributable to successful appeals
25 of assessed values of vacant land to the county board of taxation
26 pursuant to R.S.54:3-21 et seq. or attributable to a revaluation
27 approved by the director and implemented or a reassessment
28 approved by the county board of taxation. If a judgment or an
29 appeal is overturned or modified, upon a final judgment an
30 appropriate adjustment shall be made by the director in the payment
31 of the entitlement due next following the judgment.

32 d. Upon receipt of reports filed pursuant to subsection c. of this
33 section and using procedures developed by the Director of the
34 Division of Taxation pursuant to paragraph (1) of subsection b. of
35 this section, the county tax administrator shall compute and certify
36 to the director on or before December 20 of each year, in such
37 manner as to identify for each qualified municipality the aggregate
38 decline, if any, in the true value of vacant land, comparing the
39 current tax year to the base year. The aggregate changes so
40 identified for each qualified municipality shall constitute its
41 valuation base for purposes of this section.

42 The Director of the Division of Taxation shall, on or before
43 January 10 of each year, provide the county tax administrator of
44 each county in which a qualified municipality is located with all
45 relevant information collected pursuant to the provisions of this
46 section and any other information deemed necessary by the county
47 tax administrator to determine the valuation base.

1 Upon receipt of the information, the county tax administrator
2 shall make a final determination of the valuation base of each
3 qualified municipality; calculate the amount due to a qualified
4 municipality in accordance with the procedures developed pursuant
5 to subsection a. of this section, to compensate for a decline, if any,
6 by multiplying its valuation base by its tax rate; and certify to the
7 director and the State Treasurer, on or before February 1 of each
8 year, that amount to which each qualified municipality is entitled.

9 e. The State Treasurer shall certify to each qualified
10 municipality, on or before February 15, its State aid amount. A
11 copy of the certified amounts shall be forwarded to the Director of
12 the Division of Local Government Services in the Department of
13 Community Affairs.

14 f. The State Treasurer, upon warrant of the Director of the
15 Division of Budget and Accounting in the Department of the
16 Treasury, shall pay to each qualified municipality its entitlement as
17 State aid from the sums available in the "Highlands Preservation
18 Area Municipal Property Tax Relief Fund" in two equal
19 installments pursuant to a schedule prescribed by the Division of
20 Local Government Services.

21 If the amount available in the "Highlands Preservation Area
22 Municipal Property Tax Relief Fund" in any year is insufficient to
23 pay the full amount to which each qualified municipality is entitled
24 pursuant to this section, the payments shall be made from the
25 Property Tax Relief Fund.

26 g. Any municipality receiving a certification from the State
27 Treasurer pursuant to subsection e. of this section shall anticipate
28 such sums in its annual budget or any amendments or supplements
29 thereto as a direct offset to the amount to be raised by taxation.

30 h. The Director of the Division of Taxation in reviewing the
31 reports filed pursuant to subsection c. of this section may make such
32 changes therein as the director deems necessary to ensure that the
33 reports accurately reflect the change in the assessed value of vacant
34 land.

35 i. The Director of the Division of Local Government Services
36 shall make such changes in the budget of any qualified municipality
37 to ensure that all sums received pursuant to this section are utilized
38 as a direct offset to the amount to be raised by taxation and shall
39 make such changes therein as the director deems necessary to
40 ensure that the offset occurs.

41 j. Any sum received by a qualified municipality pursuant to this
42 section shall not be considered as an exception or exemption under
43 P.L.1976, c.68 (C.40A:4-45.1 et seq.).

44 k. Notwithstanding the provisions of the "Local Budget Law"
45 (N.J.S.40A:4-1 et seq.), a qualified municipality which is due a
46 property tax stabilization payment pursuant to this section may
47 anticipate the amount of the entitlement in its annual budget for the
48 year in which the payment is made.

1 1. The Director of the Division of Taxation and the Director of
2 the Division of Local Government Services shall each adopt,
3 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
4 (C.52:14B-1 et seq.), such rules and regulations as may be
5 necessary to implement the provisions of this section.

6
7 2. (New section) There shall be appropriated in each State fiscal
8 year from the "Highlands Preservation Area Municipal Property
9 Tax Relief Fund" in the General Fund an amount as shall be
10 determined by the Director of the Division of Budget and
11 Accounting in the Department of the Treasury that is required to be
12 distributed as State aid to each qualified municipality pursuant to
13 section 1 of P.L. , c. (C.) (pending before the Legislature
14 as this bill).

15
16 3. Section 21 of P.L.2004, c.120 (C.13:20-19) is amended to
17 read as follows:

18 21. a. There is created in the Department of the Treasury a
19 special non-lapsing fund to be known as the "Highlands Protection
20 Fund." The monies in the fund are dedicated and shall be used only
21 to carry out the purposes enumerated in subsection b. of this
22 section. The fund shall be credited with all revenues collected and
23 deposited in the fund pursuant to section 4 of P.L.1968, c.49
24 (C.46:15-8), all interest and other income received from the
25 investment of monies in the fund, and any monies which, from time
26 to time, may otherwise become available for the purposes of the
27 fund. Pending the use thereof pursuant to the provisions of
28 subsection b. of this section, the monies deposited in the fund shall
29 be held in interest-bearing accounts in public depositories, as
30 defined pursuant to section 1 of P.L.1970, c.236 (C.17:9-41), and
31 may be invested or reinvested in such securities as are approved by
32 the State Treasurer. Interest or other income earned on monies
33 deposited into the fund shall be credited to the fund for use as set
34 forth in subsection b. of this section for other monies in the fund.

35 b. Monies deposited in the "Highlands Protection Fund" shall be
36 used only for:

37 (1) **payments to the "Highlands Municipal Property Tax**
38 **Stabilization Fund" established pursuant to subsection b. of section**
39 **19 of this act in such amounts as are necessary to provide property**
40 **tax stabilization aid pursuant to that section;** (Deleted by
41 amendment, P.L. , c.)

42 (2) payments of watershed moratorium offset aid pursuant to
43 section 1 of P.L.1999, c. 225 (C.58:29-8);

44 (3) the making of grants by the Highlands Water Protection and
45 Planning Council pursuant to sections 13 and 18 of this act; **[and]**

46 (4) allocations to the Pinelands Property Tax Assistance Fund
47 established pursuant to section 20 of this act; and

1 (5) payments to the “Highlands Preservation Area Municipal
2 Property Tax Relief Fund” established pursuant to subsection b. of
3 section 1 of P.L. , c. (C.) (pending before the Legislature
4 as this bill).
5 (cf: P.L.2004, c.120, s.21)

6
7 4. Section 19 of P.L.2004, c.120 (C.54:1-85) is repealed.

8
9 5. This act shall take effect immediately.

10
11
12 STATEMENT

13
14 This bill would require the distribution of State aid to
15 municipalities located in whole, or in part, in the Highlands
16 preservation area of the Highlands Region.

17 The Highlands Region was designated in the “Highlands Water
18 Protection and Planning Act,” P.L.2004, c.120 (C.13:20-1 et al.),
19 which controls and limits, as appropriate, development in the New
20 Jersey Highlands, an essential source of drinking water for one-half
21 of the State’s population, covering portions of 88 municipalities in
22 seven counties, through a regional approach to land use planning
23 and more stringent environmental standards. The Highlands Region
24 consists of a planning area and a preservation area. The law
25 designated a preservation area of the New Jersey Highlands to be
26 subject to stringent standards governing major development.

27 As part of the “Highlands Water and Planning Protection Act,”
28 the Legislature included a 10-year State aid program to
29 municipalities located in whole or in part in the Highlands
30 preservation area, to provide these municipalities with funds for the
31 vacant land that was subject to development restrictions. Due to
32 State budgetary restrictions, the FY 2010 Appropriations Act was
33 the last State budget that provided this aid. However, the land in
34 the preservation area is still subject to the permanent development
35 restrictions enacted in the “Highlands Water Protection and
36 Planning Act,” and therefore, municipalities located in the
37 preservation area have little ability to approve development projects
38 that will provide property tax relief to property taxpayers. This bill
39 is intended to provide a new, permanent State program to provide
40 property tax relief to the taxpayers in those municipalities located in
41 whole, or in part, in the preservation of the Highlands.

42 This bill would establish the "Highlands Preservation Area
43 Municipal Property Tax Relief Fund" in the General Fund as a
44 special nonlapsing fund for the purpose of providing State aid to
45 qualified municipalities pursuant to the bill. In each State fiscal
46 year, the bill requires that there be credited from the "Highlands
47 Protection Fund" to the “Highlands Preservation Area Municipal
48 Property Tax Relief Fund” such sums as shall be necessary to

1 provide State aid to qualified municipalities. A “qualified
2 municipality” under the bill would be a municipality located
3 entirely in the Highlands preservation area; or a municipality
4 wherein, of the total municipal land area that is located in the
5 Highlands Region, at least 60 percent of that land is located in the
6 Highlands preservation area; and which has conformed its
7 municipal master plan and development regulations to the
8 Highlands regional master plan pursuant to the “Highlands Water
9 and Planning Protection Act.” Under the bill, every qualified
10 municipality would be eligible for a distribution from the fund.

11 The bill would set property tax year 2023 (calendar year 2023) as
12 the base year for the calculation of the State aid to be provided
13 under the bill. The bill would require the assessor of every
14 qualified municipality to certify to the county tax board on or
15 before December 1 annually, a report of the assessed value of each
16 parcel of vacant land in the base year and the change in the assessed
17 value of each such parcel in the current tax year attributable to
18 successful appeals of assessed values of vacant land to the county
19 tax board, or attributable to a revaluation approved by the director
20 and implemented or a reassessment approved by the county board
21 of taxation. Upon receipt of these reports, the county tax board
22 would compute and certify to the director on or before December 20
23 of each year, in such manner as to identify for each qualified
24 municipality the aggregate decline, if any, in the true value of
25 vacant land, comparing the current tax year to the base year. The
26 aggregate changes identified for each qualified municipality would
27 constitute its valuation base.

28 The State Treasurer would certify to each qualified municipality,
29 on or before February 15, its property tax stabilization amount, and
30 the State Treasurer would pay to each qualified municipality its
31 State aid in two equal installments, pursuant to a schedule
32 prescribed by the Division of Local Government Services in the
33 Department of Community Affairs. The bill would require that, in
34 the event the amount available in the "Highlands Preservation Area
35 Municipal Property Tax Relief Fund" in any year is insufficient to
36 pay the full amount to which each qualified municipality is entitled,
37 the payments would be made from the Property Tax Relief Fund.