

ASSEMBLY BILL NO. 862
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am herewith returning Assembly Bill No. 862 (First Reprint) with my recommendations for reconsideration.

Assembly Bill No. 862 (First Reprint) revises the law governing successful appeals of municipal property tax assessments. Under current law, a municipality must refund to a property taxpayer who successfully appeals their tax assessment the amount owed, plus interest, within 60 days of the final judgment in the case of a residential property taxpayer and a commercial property taxpayer owing up to \$100,000. For all other commercial property taxpayers, a municipality must provide a full refund in substantially equal installments within three years of the final judgment. This bill would permit a municipality to refund the amount owed, plus interest, in the form of a property tax credit against new property taxes that become due following the final judgment within three years of the final judgement for residential property taxpayers in all cases and for nonresidential property taxpayers when the amount owed exceeds the total amount of any outstanding delinquency. Any balance that is not refunded as a credit after three years would be refunded to the taxpayer at that point.

I commend the bill's sponsors for aiming to provide municipalities with more flexibility in how they distribute property tax refunds following a taxpayer's successful appeal of an assessment. The refunding mechanism created in the bill can serve as a useful tool to assist local governments in managing their annual budgets.

property, a municipality may refund the amount owed to the taxpayer"

Page 2, Section 1, Line 22:

After "judgment" insert ". A municipality may also,"

Page 2, Section 1, Lines 22-23:

Delete "; provided, however, that if" and insert ", refund the amount owed to the taxpayer as a credit, including any interest that accumulates until the excess is fully returned, against the balance of property taxes that become due and payable on the parcel of nonresidential real property immediately following the county board of taxation's decision or the Tax Court judgment, as appropriate, but if the excess has not been fully refunded to the taxpayer in connection with the nonresidential real property after three years, then the remaining excess shall be immediately refunded. If"

Page 2, Section 1, Line 23:

After "refund" insert "due on nonresidential real property, however,"

Page 2, Section 1, Line 26:

Delete "; except that a" and insert "."

Page 2, Section 1, Lines 27-34:

Delete in their entirety

Page 3, Section 2, Line 36:

After "that" insert ", in the case of nonresidential real property,"

Page 3, Section 2, Line 40:

After "of" insert "nonresidential

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor