

CHAPTER 99
(CORRECTED COPY)

AN ACT permitting and validating municipal programs encouraging local shopping through municipal property tax rewards, supplementing Title 40 of the Revised Statutes, and amending R.S.54:4-65.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.40:48K-1 Findings, declarations.

1. The Legislature finds and declares:

a. Commercial real property is a critically important component of a municipality's property tax base.

b. A flourishing downtown or commercial area provides not only a stable property tax base for a municipality, and property tax collections that do not increase the burden on homeowners, but also a gathering place for municipal events and social interactions, which foster a strong sense of community between residents.

c. In a State with chronically high property taxes, credits or other rewards applied against property taxes and earned through purchasing goods or services in the local area serve as an effective incentive for shopping locally, and even participating customers living outside the municipality may earn rewards, which then can be used to pay property taxes in their own municipalities.

d. A thriving commercial district, particularly a walkable downtown, is appealing to families when they are looking for a municipality in which to establish their family home.

e. Especially in economically trying times, such as those visited upon the State in relation to the COVID-19 pandemic, it is critical to ensure local governments may adopt innovative stimulus initiatives to encourage municipal residents and residents of nearby communities, and employees of local businesses, to support local businesses by shopping locally, so that those business owners are able to earn enough income to support their families and keep their businesses open and prospering.

f. Ensuring municipalities may approve a program encouraging local shopping through property tax rewards, administered by an outside vendor or company, with financial protections for participants and municipalities, would benefit municipalities and individual business owners.

g. To date, many municipalities have adopted such programs. However, those existing programs may not offer specific financial protections to the municipalities that have authorized them, or the participants utilizing them.

h. Therefore, it is important and necessary to statutorily authorize such programs and provide financial protections for municipalities and program participants.

C.40:48K-2 Definitions.

2. a. As used in this section:

“Operator” means a private entity designated by a municipality to operate a property tax reward program.

“Participating business” means a business which has agreed to provide rewards to participating customers.

“Participating customer” means a person who has successfully registered with the operator of a property tax reward program to earn rewards under the program, using the process maintained by the operator.

“Reward” means the percentage of a total purchase price earned by a participating customer when that customer makes a purchase at a participating business.

“Reward card” means any physical or virtual card distributed by the operator or the municipality to a participating customer to facilitate the earning of rewards under the program.

“Reward earning period” means a consecutive 12-month period agreed to and stipulated by the governing body of the municipality and the operator.

b. (1) The governing body of a municipality, by resolution, may authorize a contract with a private entity to administer a property tax reward program for property owners in the municipality. The operator, or the municipality, or both, as provided by the contract, shall solicit participation in the program from businesses located in the municipality. Participation in the property tax reward program by businesses located in the municipality shall be voluntary. A business located outside the municipality may be included in the program as a participating business with the approval of the municipality. Each participating business shall determine, and shall inform the program operator of, the reward to be provided to participating customers.

(2) The authorization of a property tax reward program by the governing body of a municipality shall not make the governing body liable in any manner for any action taken by, or omission of an action that should have been taken by, the operator authorized by the governing body to administer the property tax reward program. Any financial irregularity committed by the operator in the administration of the program shall be the sole responsibility of the operator.

c. A property tax reward program created pursuant to this section shall allow participating customers to utilize the property tax reward program at no cost to themselves. A property tax reward program shall, at a minimum, provide to participating customers the ability to register for a reward card online, view a record of the customer’s past transactions that earned program rewards, and view the total amount of rewards earned. For a transaction to be eligible for a reward under the program, a participating customer shall use or display a reward card when making a purchase of goods or services from a participating business.

d. To participate in the property tax reward program, a business owner shall commit to pay the operator a percentage of a gross sale that qualifies as a transaction under the program, including any taxes or other associated tips or fees as charged to a participating customer, to serve as the reward, plus any separate administrative fee due to the operator. The amount of the annual reward earned by a participating customer and credited pursuant to subsection f. of this section shall equal the total amount of all rewards earned by that participating customer during the reward earning period.

e. With the authorization of the governing body of the municipality, an operator may also enroll as a participating customer in the property tax reward program a person who is not a property owner in the municipality. The rewards earned by a participating customer described in this subsection shall be paid by the operator directly to that participating customer as soon as is practicable after the end of the rewards period.

f. Not later than June 1st annually, or a date agreed to by the governing body of the municipality and the operator, the operator shall provide to the municipal tax collector a list of participating customers who are property owners in the municipality, with the total amount of rewards earned by each property owner during the reward period, and shall transfer the corresponding amounts earned by those participating customers to the tax collector, to be credited against each participating customer’s property tax bill. A

participating customer who is not a property owner in the municipality shall receive rewards in a form agreed to by the governing body of the municipality and the operator.

g. All actions properly taken by the governing body of a municipality prior to the effective date of P.L.2021, c.99 (C.40:48K-1 et al.), to authorize the creation and operation of a property tax reward program in the municipality, are hereby ratified and affirmed as valid acts of the municipality.

3. R.S.54:4-65 is amended to read as follows:

Form and content of property tax bills.

54:4-65. a. The Director of the Division of Local Government Services in the Department of Community Affairs shall approve the form and content of property tax bills.

b. (1) Each tax bill shall have printed thereon a brief tabulation showing the distribution of the amount raised by taxation in the taxing district, in such form as to disclose the rate per \$100.00 of assessed valuation or the number of cents in each dollar paid by the taxpayer which is to be used for the payment of State school taxes, other State taxes, county taxes, local school expenditures, free public library taxes, and other local expenditures. The last named item may be further subdivided so as to show the amount for each of the several departments of the municipal government. In lieu of printing such information on the tax bill, any municipality may furnish the tabulation required hereunder and any other pertinent information in a statement accompanying the mailing or delivery of the tax bill.

(2) When a parcel receives a homestead property tax credit pursuant to the provisions of P.L.2007, c.62 (C.18A:7F-37 et al.), the amount of the credit shall be included with the tax calculation as a reduction in the total tax calculation for the year. One-half of the amount of the credit shall be deducted from taxes otherwise due for the third installment and the remaining one-half shall be deducted from taxes otherwise due for the fourth installment.

(3) There shall be included on or with the tax bill the delinquent interest rate or rates to be charged and any end of year penalty that is authorized and any other such information that the director may require from time to time.

(4) In municipalities wherein a property tax reward program is operational, there shall be included on or with the tax bill the amount of the property tax reward as a credit against property taxes due and payable by a property owner who participates in the program. The property tax reward program shall be identified on the tax bill as the source of the property tax credit.

c. The tax bill shall also include a statement about the availability, on the Internet website of the Department of Community Affairs, of the amounts of State aid and assistance received by the municipality, school districts, special districts, free public libraries, county governments that offset property taxes that are otherwise due on each parcel, along with a statement about the availability, on the Internet website of the Division of Taxation in the Department of the Treasury, of a listing of, and eligibility requirements for, the various State property tax relief programs. The tax bill shall also include the links to the Internet websites of the Department of Community Affairs and the Division of Taxation containing this information. The director shall cause the amounts of said State aid and assistance that shall serve as the basis for the calculation for each parcel to be displayed on the Internet website of the Department of Community Affairs. The director shall set standards for the display of the statement on the tax bill.

d. The tax bill or form mailed with the tax bill shall include thereon the date upon which each installment is due.

e. If a property tax bill includes in its calculation a homestead property tax credit, the bill shall, in addition to the calculation showing taxes due, either display a notice concerning the credit on the face of the property tax bill or with a separate notice, with the content and wording as the director provides.

f. (1) At the sole discretion of the municipality, the tax bill may also include a statement listing the number and type of shared services entered into by the municipality, the dollar value of the savings to the municipality from each of those shared services, and a total amount of municipal savings resulting from those shared services. The statement shall be in a format promulgated by the Director of the Division of Local Government Services in the Department of Community Affairs pursuant to paragraph (2) of this subsection.

(2) On or before the first day of the third month next following the enactment of P.L.2019, c.393, the Director of the Division of Local Government Services in the Department of Community Affairs shall promulgate the format for the shared services statement permitted to be placed on the tax bill by a municipality pursuant to paragraph (1) of this subsection.

C.40:48K-3 Report of irregularity.

4. The governing body of a municipality in which a rewards program has been authorized pursuant to section 2 of P.L.2021, c.99 (C.40:48K-2) shall report any irregularity, financial or otherwise, that it believes has occurred in the operator's administration of the program, to the Director of the Division of Local Government Services in the Department of Community Affairs, and to any other department or agency of State, county, or local government, as the governing body deems appropriate.

C.40:48K-4 Rules, regulations.

5. The Director of the Division of Local Government Services in the Department of Community Affairs, in consultation with the Director of the Division of Consumer Affairs in the Department of Law and Public Safety, shall promulgate, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations as may be necessary to effectuate the provisions of P.L.2021, c.99 (C.40:48K-1 et al.). The Director shall consider whether additional financial protections for participating customers and municipalities from unlawful or harmful actions or omissions by operators of property tax reward programs are necessary and appropriate.

6. This act shall take effect immediately.

Approved May 12, 2021.