

# Ordinance of the City of Paterson, N.J.

No. . . 1 . . . . . 1st Reading      No. . . 13-052 . . . . .

Date . . DECEMBER 3., 2013 . . . . .

No. . . 1 . . . . . Public Hearing  
(2nd Rdg. & Final Passage)

Date to Mayor . DECEMBER 6., 2013

Date Returned . DECEMBER 6., 2013

Division . . . . .

Date Submitted to

Council . . . . . NOVEMBER 18., 2013

TITLE: **ORDINANCE AMENDING AND  
SUPPLEMENTING THE PATERSON CODE, TO  
ADDRESS THE EXEMPTION OF  
IMPROVEMENTS TO REAL PROPERTY FROM  
TAXATION WITHIN THE CITY OF PATERSON,  
IN ACCORDANCE WITH THE ECONOMIC  
OPPORTUNITY ACT OF 2013**

Factual Contents Certified to By

*[Signature]*  
Title

11/18/13  
Date

Approved As To Form and Legality  
on Basis of Facts Set Forth

*[Signature]*  
CORPORATION COUNSEL

11/18/13  
Date

COUNCILPERSON . . . . . KENNETH MCDANIEL . . . . . Moved the Following Ordinance:

ord.admin.economic.opportunity.BDS.11.12.13.rev.11.15.13.per-CT LM &  
Camden revision (mark-up deleted)

**WHEREAS**, the New Jersey Legislature has adopted P.L. 2013, c. 161, known as the Economic Opportunity Act of 2013 ("EOA") for the purpose of revitalizing the State of New Jersey, including the City of Paterson; and

**WHEREAS**, the "EOA" expands the economic development incentive programs administered by the New Jersey Economic Development Authority (EDA), in order to enhance the ability of the State to attract and retain business and to further the overarching goal of creating and retaining jobs; and

**WHEREAS**, the EOA is intended to increase the ability of existing New Jersey businesses, including small and mid-size companies, to use the economic development tools to expand their businesses, and to create and retain New Jersey jobs; and

**WHEREAS**, the EOA modifies these programs to compete with the financial incentive packages being offered by neighboring and other competing states; and

**WHEREAS**, the EOA expands the areas of the State within which businesses can qualify for tax credits, and reduces the capital investment and employment eligibility requirements for participation in the program; and

**WHEREAS**, the EOA improves the State's sole redeveloper incentive program, sized and scaled to more readily close project financing gaps and build public infrastructure critical to redevelopment projects while also providing bonuses to achieve public policy objectives, such as bringing fresh produce to urban "food deserts"; and

**WHEREAS**, the EOA identified four Garden State Growth Zones, including the City of Paterson, within which businesses that make capital investment that creates or retains jobs are entitled to additional tax credits; and

**WHEREAS**, the EOA creates additional tax incentives available only to businesses that make a capital investment that creates or retains jobs in the City of Paterson; and

**WHEREAS**, the EOA allows Garden State Growth Zones, including the City of Paterson, to provide additional incentives by granting developers that make improvements to real property an exemption from real property taxes for those improvements; and

**WHEREAS**, the EOA has declared the Garden State Growth Zones to be blighted areas and areas in need of rehabilitation, provided however, that this declaration alone shall not be used to allow any property to be taken or acquired; and

**WHEREAS**, the City of Paterson supports the EOA and believes that it will provide much needed capital investment in the City and bring jobs to the City; and

**WHEREAS**, City of Paterson desires to provide additional incentives to businesses to encourage them to make capital investment in the City, to create and retain jobs in the City, and to improve real property in the City; and

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Camden revision (mark-up deleted)

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**WHEREAS**, the City of Paterson desires to implement the tax exemptions available pursuant to the EOA.

**NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF PATERSON** as follows:

**SECTION 1.** The City of Paterson Code, Chapter 445, is hereby amended to incorporate the following Article II:

**Article II. Exemption Pursuant to Economic Opportunity Act of 2013.**

**§ 445-16 Authority and “Opt-in”**

The City of Paterson hereby determines to utilize the “opt-in” authority granted by P.L. 2013, c. 161 (C. 52:27D-489s) to establish the eligibility of improvements to real property within the City for exemptions. The said “opt-in” shall be construed as a complete “opt-in,” such that any rights and duties that the said statute mandates shall be deemed adopted herein as well.

**§ 445-17 Exemptions for Improvements to Real Property.**

Pursuant to the authorization contained in N.J.S.A. 52:27D-489s, the Assessor shall be authorized to grant exemptions for improvements to real property in the City that are made after the effective date of this ordinance. The owner of eligible property must obtain a Final Certificate of Occupancy on or before September 18, 2023.

**§ 445-18 Implementation of Exemption Pursuant to the Economic Opportunity Act.**

In determining the value of real property, the City Tax Assessor shall regard the assessor's full and true value of the improvements constructed after September 18, 2013 as not increasing the value of the property, under the following terms:

- a. for a property owner other than a Garden State Growth Zone Development Entity, the said value of the improvements constructed after September 18, 2013 shall not increase the value of the property for five years from the issuance of a Final Certificate of Occupancy.
- b. for a Garden State Growth Zone Development Entity, which prior to the issuance of a Final Certificate of Occupancy shall provide to the assessor proof that it qualifies as such entity, the said value of the improvements constructed after September 18, 2013 shall not increase the value of the property for ten years from the issuance of a Final Certificate of Occupancy, followed thereafter by payments in lieu of taxes under the following statutory schedule:
  - (1) In the eleventh year after completion, 10 percent of taxes otherwise due on the said improvements;
  - (2) In the twelfth year after completion, 20 percent of taxes otherwise due on the said improvements;

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- (3) In the thirteenth year after completion, 30 percent of taxes otherwise due on the said improvements;
- (4) In the fourteenth year after completion, 40 percent of taxes otherwise due on the said improvements;
- (5) In the fifteenth year after completion, 50 percent of taxes otherwise due on the said improvements;
- (6) In the sixteenth year after completion, 60 percent of taxes otherwise due on the said improvements;
- (7) In the seventeenth year after completion, 70 percent of taxes otherwise due on the said improvements;
- (8) In the eighteenth year after completion, 80 percent of taxes otherwise due on the said improvements;
- (9) In the nineteenth full year after completion, 90 percent of taxes otherwise due on the said improvements;
- (10) In the twentieth year after completion, and each year thereafter, 100 percent of taxes.

An amount not less than five percent of all payments by a Garden State Growth Zone Development Entity pursuant to this subsection shall be paid to the county.

**§ 445-19 Payment of Taxes.**

- A. The required payments shall be made in quarterly installments according to the same schedule as real property taxes are due and payable.
- B. In addition to the payments required in lieu of taxes, the owner of the property granted an exemption pursuant to this Article shall be liable for all real property taxes assessed and levied against the land on which the improvement is situated, as well as the value of the improvements on the property in the last full tax year prior to the issuance of the Final Certificate of Occupancy.
- C. Failure to make the payments set forth in subsections A or B of this section shall result in the termination of the exemption. In addition to the remedy set forth herein, the requirements imposed shall be enforced in the same manner as is provided for real property taxes pursuant to Title 54 of the Revised Statutes of the State of New Jersey.

**§ 445-20 Expiration of the Exemption.**

Upon the expiration of the tax exemption authorized pursuant to this Ordinance, the project shall be subject to all applicable real property taxes, as provided by state laws and regulations and local ordinances, provided that nothing herein shall be deemed to prohibit the project or improvement at the termination of the agreement from qualifying for and receiving the full benefits of any other tax preference provided by law.

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**§ 445 -21 Applicability of exemption to tax types.**

The exemption of real property taxes provided by the City pursuant this ordinance shall apply to property taxes levied for municipal purposes, school purposes, county government purposes and for the purpose of funding any other property tax exemptions.

**SECTION II:** All Ordinances or portions of Ordinances inconsistent herewith are hereby repealed to the extent of their inconsistency only.

**SECTION III:** If any part of this Ordinance shall be declared to be invalid or inoperative, such part shall be deemed severable and the invalidity thereof shall not affect the remaining parts of this Ordinance.

**SECTION IV:** The City Clerk shall have this Ordinance codified and incorporated in the official copies of the Code of Paterson.

**SECTION V:** This Ordinance shall take effect upon passage, approval and publication as required by law.

**SECTION VI:** The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this Ordinance reveals a conflict between those numbers and the existing Code, in order to avoid confusion and possible accidental repealers of existing provisions.

**SECTION VII:** The City Clerk and the Corporation Counsel may correct any clerical errors in the printing, publication and codification of this Ordinance, provided both concur with the correction being made and both certify in writing to the Municipal Council as to the specifics of the clerical correction no later than seven (7) days before the correction is made, or, where a legal deadline for publication applies, no later than the date of the next Regular Meeting. The said certifications shall also be prominently posted no later than the date of the next Regular Meeting, and thereafter shall be annexed to the corrected original Ordinance and retained by the City Clerk.

**ORDINANCE AMENDING AND SUPPLEMENTING THE PATERSON CODE, TO ADDRESS THE EXEMPTION OF IMPROVEMENTS TO REAL PROPERTY FROM TAXATION WITHIN THE CITY OF PATERSON, IN ACCORDANCE WITH THE ECONOMIC OPPORTUNITY ACT OF 2013**

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**STATEMENT OF PURPOSE**

The purpose of this Ordinance is to utilize the authority granted by P.L. 2013, c. 161 (C. 52:27D-489s) to establish the eligibility of improvements to real property within the City of Paterson for exemptions, under the following framework:

1. For a property owned by a "Garden State Growth Zone Development Entity": for 10 years, the improvements constructed after the Ordinance is adopted are exempt from tax. The land and pre-existing improvements are subject to normal tax. After 10 years, the property owner pays tax on the land and pre-existing improvements, plus an additional 10% of the new improvements each year until reaching 100% tax.
2. For a property not owned by a "Garden State Growth Zone Development Entity": for 5 years, the improvements constructed after the Ordinance is adopted are exempt from tax. The land and pre-existing improvements are subject to normal tax. After 5 years, the property owner pays 100% tax.
3. The Assessor applies the exemption upon the issuance of the Certificate of Occupancy for the new improvements. A Garden State Growth Zone Development Entity must prove its status when it applies for a CO.
4. This Ordinance applies to projects issued a final CO by September 18, 2023.
5. This Ordinance's "opt-in" to the statutory program shall be construed as a complete "opt-in," such that any rights and duties mandated within the statutory program (P.L. 2013, c. 161, C. 52:27D-489s) shall be deemed adopted herein as well.

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SECONDED BY COUNCILPERSON . . . RUBY N. COTTON/RIGO RODRIGUEZ

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RECORD OF COUNCIL VOTE ON FINAL PASSAGE	AYE	NAY	ABSTAIN	ABSENT
1. AKHTARUZZAMAN, MOHAMMED	X			
2. COTTON, RUBY N.	X			
3. DAVIS, ANTHONY				X
4. McDANIEL, KENNETH	X			
5. McKOY, WILLIAM C.	X			
6. MORRIS, KENNETH	X			
7. RODRIGUEZ, RIGO	X			
8. SAYEGH, ANDRÉ	X			
9. TAVAREZ, JULIO	X			

Adopted on first reading at a meeting of the Council of the City of Paterson, N.J., on . . . NOVEMBER 18, 2013 . . . . . Adopted on second and final reading after hearing on . . . . . DECEMBER 3, 2013 . . . . .

Approved  
Rejected By  
JEFFERY JONES  
Mayor

Reconsidered  
By Council

Over  
Ride  
Vote  
Aye  Nay

ANDRE SAYEGH  
Council President

JANE WILLIAMS WARREN  
City Clerk