

TAXATION

Chapter 80

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**[HISTORY: Adopted by the Mayor and Common Council of the City of Gloucester City as indicated in article histories. Amendments noted where applicable.]**

**ARTICLE I**

**Tax Exemptions for Improvements to Real Property  
[Adopted 4-5-2001 by Ord. No. 3-2001<sup>1</sup>]**

**§ 80-1. Supersession.**

All previous ordinances adopted by the City of Gloucester City related to abatements and exemptions for properties located in areas in need of rehabilitation are superseded by this article.

**§ 80-2. Authority.**

The Common Council hereby determines to utilize the authority granted under Article VIII, Section I, Paragraph 6 of the New Jersey Constitution to establish the eligibility of residential dwellings, multiple dwellings, condominiums and cooperatives and the eligibility of commercial and industrial structures for exemptions and abatements permitted by P.L. 1991, c. 441 (see N.J.S.A. 40A:21-1 et seq.), throughout areas designated, or to be designated, as in need of rehabilitation.

<sup>1</sup> Editor's Note: This ordinance also repealed former Ch. 80, Taxation, consisting of the following: Art. I, Tangible Household Personal Property Exemption, adopted 9-7-1961; and Art. II, Tax Abatement for Home Improvements, adopted 7-6-1978 by Ord. No. 15-1978.

**§ 80-3. Time of taking effect.**

This article authorizes the City of Gloucester City to grant exemptions and abatements to commence and take effect in the 2001 tax year and thereafter.

**§ 80-4. Residential dwellings.**

- A. The City of Gloucester City determines to provide for the exemption from taxation of improvements to residential owner-occupied, single-family dwellings and the owner-occupied residential portion of mixed-use dwellings more

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than 20 years old. In determining the value of real property, the City shall regard the first \$25,000 in the Assessor's full and true value of improvements for each dwelling unit primarily and directly affected by the improvements as not increasing the value of the property for a period of five years, notwithstanding that the value of the property to which the improvements are made is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment thereon existing immediately prior to the improvements, except if an additional abatement is granted for the property pursuant to Subsection B of this section or there is damage to the dwelling through action of the elements sufficient to warrant a reduction.

- B. The City of Gloucester City hereby determined to provide an additional abatement of some portion of the assessed value for a residential dwelling eligible for and receiving an exemption under Subsection A of this section. An abatement for a dwelling may be granted for a total of up to five years, and the annual amount granted to any single property shall not exceed 30% of the annual amount of the exemption granted under Subsection A of this section for each of the five years subject to the abatement.
- C. The City of Gloucester City hereby determines to provide, in addition to the exemptions provided in this article, an abatement of the assessed valuation of conversions of buildings and structures to single-family dwelling use as it existed immediately prior to the conversion alteration.
- D. An abatement for a single-family dwelling conversion may be granted for a total of up to five years, and the annual amount granted to any single property shall not exceed 30% of the total cost of the conversion alteration. The total amount of the abatements granted to any single property shall not exceed the total cost of the conversion alteration.

**§ 80-5. Commercial and industrial structures and multiple dwellings, condominiums and cooperatives.**

- A. The City of Gloucester City hereby determines to provide an exemption from taxation of improvements to all commercial and industrial structures and multiple dwellings, condominiums and cooperatives. The exemption shall be granted for a five-year period and shall not increase the value of the property by the value of the improvement, notwithstanding that the value of the property to which the improvement is made is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment thereon existing immediately prior to the improvement unless there is damage to the structure through action of the elements sufficient to warrant a reduction.
- B. Applications for tax exemption and abatement for new construction and improvements if commercial or industrial structures and multiple dwellings, condominiums and cooperatives shall provide the governing body of the City of Gloucester City with an application setting forth the following information:
- (1) A general description of a project for which exemption and abatement is sought.
  - (2) A legal description of all real estate necessary for the project.
  - (3) Plans, drawings and other documents as may be required by the governing body to demonstrate the structure and design of the project.
  - (4) A description of the number, classes and type of employees to be employed at the project site within two years of completion of the project.
  - (5) A statement of the reasons for seeking tax exemption and abatement on the project and a

description of the benefits to be realized by the applicant, if a tax agreement is granted.

- (6) Estimates of the cost of completing such project.
- (7) A statement showing the real property taxes currently being assessed at the project site; estimated tax payments that would be made annually by the applicant on the project during the period of the agreement; and estimated tax payments that would be made by the applicant on the project during the first full year following the termination of the tax agreement.
- (8) A description of any lease agreement between the applicant and proposed users of the project and a history and description of the users' businesses.
- (9) Such other pertinent information as the governing body may require on a case-to-case basis.

#### § 80-6. Tax agreements.

The governing body of the City of Gloucester City may enter into a written agreement with an applicant for the exemption and abatement of local property taxes. The agreement shall provide for the applicant to pay the municipality in lieu of full property taxes an amount equal to a percentage of taxes otherwise due according to any one basis of the following three authorized by N.J.S.A. 40A:21-10:

- A. Cost basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount equal to 2% of the cost of the project or improvement. For the purposes of the agreement, "the cost of the project" means only the cost or fair market value of direct labor and all materials used in the construction, expansion or rehabilitation of all buildings, structures and facilities at the project site, including the costs, if any, of land acquisition and land preparation, provision of access roads, utilities, drainage

facilities and parking facilities, together with architectural, engineering, legal, surveying, testing and contractors' fees associated with the project, which the applicant shall cause to be certified and verified to the governing body by an independent and qualified architect following the completion of the project.

- B. Gross revenue basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount annually equal to 15% of the annual gross revenues from the project. For the purposes of the agreement, "annual gross revenues" means the total annual gross rental and other income payable to the owner of the project from the project. If, in any leasing, any real estate taxes or assessments on property included in the project, any premiums for fire or other insurance on or concerning property included in the project or any operating or maintenance expenses ordinarily paid by the landlord are to be paid by the tenant, then those payments shall be computed and deemed to be part of the rent and shall be included in the annual gross revenue. The tax agreement shall establish the method of computing the revenues and may establish a method of arbitration by which either the landlord or tenant may dispute the amount of payments so included in the annual gross revenue.
- C. Tax phase-in basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount equal to a percentage of taxes otherwise due, according to the following schedule:
- (1) In the first full tax year after completion, no payment in lieu of taxes otherwise due.
  - (2) In the second tax year, an amount not less than 20% of taxes otherwise due.
  - (3) In the third tax year, an amount not less than 40% of taxes otherwise due.

- (4) In the fourth tax year, an amount not less than 60% of taxes otherwise due.
- (5) In the fifth tax year, an amount not less than 80% of taxes otherwise due.

**§ 80-7. Copy of agreement to be forwarded to Director of the Division of Local Government Services.**

The Clerk of the City of Gloucester City, pursuant to N.J.S.A. 40A:21-11, shall forward a copy of all tax agreements entered into pursuant to this article to the Director of the Division of Local Government Services in the Department of Community Affairs within 30 days of the date of execution.

**§ 80-8. Disqualification of property owner.**

If, during any tax year prior to the termination of the tax agreement, the property owner ceases to operate, or disposes of the property, or fails to meet the conditions for qualifying for the abatement, the local property taxes due for all the prior years subject to abatement and for the current year shall be payable as if no exemption or abatement had been granted. The Tax Collector of the City of Gloucester City shall notify the property owner within 15 days of the date of disqualification of the amount of taxes due. In the event that the subject property has been transferred to a new owner, and it is determined that the new owner will continue to use the property pursuant to the qualifying conditions, no tax shall be due, the exemption and abatement shall continue and the agreement shall remain in effect.

**§ 80-9. Additional exemption or abatement.**

The City of Gloucester City hereby determines that an additional improvement, conversion or construction completed on a property already granted a previous exemption or abatement pursuant to this article during the period in which

the previous exemption or abatement is in effect shall qualify for an additional exemption or abatement. The additional improvement, conversion or construction shall be considered as separate for purposes of calculating the exemption and abatement, except that the assessed value of any previous improvement, conversion or construction shall be added to the assessed valuation as it was prior to that improvement, conversion or construction for the purpose of determining the assessed value of the property for which any additional abatement is to be subtracted.

**§ 80-10. Delinquent taxes.**

No exemption or abatement shall be granted or tax agreement entered into pursuant to this article for any property for which property taxes are delinquent or remain unpaid or for which penalties for nonpayment of taxes are due. As a condition to granting an exemption or abatement, a property owner shall be required to waive the filing of any tax appeal for the subject property for the life of the exemption/abatement.

**§ 80-11. Application form.**

Every application submitted pursuant to this article shall be on a form prescribed by the Director of the Division of Taxation and shall be filed with the Tax Assessor of the City of Gloucester City, as a condition to approval, within 30 days, including Saturdays and Sundays, following the completion of the improvements, conversion or construction.

**§ 80-12. Termination of agreement.**

At the termination of an agreement for tax abatement or exemption authorized pursuant to this article, 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 for tax

abatement from qualifying for and receiving the full benefits of any other tax preference provided by law.

## ARTICLE II

### **Hotel and Motel Room Occupancy Tax [Adopted 7-21-2003 by Ord. No. 18-2003]**

#### **§ 80-13. Purpose, authorization and amount of tax.**

It is the purpose of this ordinance to implement the provisions of P.L. 2003, c. 114 and it is hereby authorized and imposed within the City of Gloucester City a tax to be charged in accordance with the provisions of said law, enacted July 1, 2003, on charges of rent for every occupancy within a hotel or motel as defined in § 80-14. The tax shall be at the following rates: 1% on charges of rent for every occupancy on and after July 1, 2003 through June 30, 2004, and 3% on charges of rent for every occupancy on and after July 1, 2004. Said tax shall be in addition to any and all taxes or fees imposed under state statute or local ordinances upon the occupancy of a hotel or motel.

#### **§ 80-14. Definitions.**

The definitions of various words and terms used in this ordinance, including but not limited to "occupancy," "occupant," "room," "lessor," "persons required to collect tax," and "customer," shall be in accordance with New Jersey taxation statutes, found at N.J.S.A. 54:32B-2 and shall apply to this ordinance. The term "hotel" shall mean "a building or portion of it which is regularly used and kept open as such for the lodging of guests. The term "hotel" includes an apartment hotel, a motel, boarding house or club, whether or not meals are served."

**§ 80-15. Occupant responsible for tax.**

All taxes imposed by this ordinance shall be paid by the occupant of the room of the hotel or motel. "Occupant" shall be defined as a person who, for consideration, uses, possesses or has the right to use or possess any room in a hotel, motel, or boarding house, under any lease, concession, permit, right of access, license to use, or other agreement or otherwise.

**§ 80-16. Owner prohibited from assuming or absorbing tax; separate offense; penalty.**

- A. The owner of the hotel and/or the person or entity making the hotel room available for occupancy shall not assume or absorb any of the tax imposed by this ordinance.
- B. The owner of the hotel and/or the person making the room available for occupancy shall not in any manner advertise or hold out to any person or to the public in general, in any manner, directly or indirectly, that the tax will be assumed or absorbed by the owner, that the tax will not be separately charged and stated to the occupant, or that the tax would be refunded to the occupant.
- C. Each assumption or absorption of this tax by an owner of a hotel and/or the person making the room available for occupancy shall be deemed a separate offense, and each day a representation or advertisement is made by an owner and/on person making a room available shall be deemed a separate offense.
- D. For each separate violation of this ordinance, the offender shall be liable for a fine of not less than \$100 nor more than \$500. Additionally, the offender may be subject to a term in the county jail of not more than 90 days.

**§ 80-17. Tax collected by person collecting rent; liability; filing of return and tax.**

The tax imposed by this ordinance shall be collected on behalf of the municipality by the person collecting the rent from the hotel occupant. That person shall either be the owner of the hotel, the manager or salesperson or other employee of the owner who arranges with the occupant for the rental of the room.

- A. Individual liability. Each person required to collect the tax imposed by this ordinance shall be personally liable for the tax imposed, collected or required to be collected hereunder. Any such person shall have the same right with respect to collecting the tax from an occupant as if the tax were a part of the rent and payable at the same time.
- B. A person required to collect the tax imposed under this ordinance as described above shall, on or before the 28th day of each month, forward to the Director of the Division of Taxation in the Department of the Treasury, the tax collected in the preceding month and shall make and file a return for the preceding month with the Director on any form and containing any information as the Director shall prescribe as necessary to determine liability for the tax in the preceding month during which the person was required to collect the tax. Should the Director determine to require payments of tax liability at any intervals and based upon any collection classifications other than described in this ordinance, the person required to collect the tax shall comply with any determinations made in that regard by the Director.

**§ 80-18. Collection and distribution by Division of Taxation.**

The Director of the Division of Taxation shall collect and administer the tax imposed under this ordinance and shall determine and certify to the State Treasurer, on a quarterly or

more frequent basis, the amount of revenues collected in each municipality. The State Treasurer, upon certification of the Director and upon the warrant of the State Comptroller, shall pay and distribute on a quarterly or more frequent basis, as prescribed by the State Treasurer, the amount of revenues determined and certified as described above, to the City of Gloucester City.