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July 30, 2013

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State Comptroller urges local tax officials to use greater caution when awarding tax exempt status to property

An audit released today by the Office of the State Comptroller (OSC) examined tax exempt property in three municipalities and found that exemptions had been granted to 11 properties that actually were no longer eligible for them.

Based on those and other audit findings, State Comptroller Matthew Boxer urged local officials to use greater caution before granting properties tax exempt status.

"Every time a municipality exempts a property from taxation, other property owners fill the resulting revenue gap," Boxer said. "It's important that local tax officials continually monitor exempt properties to ensure that they still qualify for that status."

Under state law, property used for religious, charitable or other non-profit purposes is exempt from property taxes. According to the OSC report, tax exempt properties constitute almost 12 percent of all assessed property value in the state.

The OSC audit found seven properties in Paterson and four in Middletown that were no longer being used for a tax exempt purpose. Those properties have since been returned to the tax rolls as a result of OSC's findings. The total value of the 11 properties exceeded \$2 million and would have generated more than \$50,000 in tax revenue in the year OSC reviewed. The third municipality included in the review was Bridgeton, which was not found to have any improper exemptions.

OSC's audit identified other deficiencies in areas such as management of municipally owned property and enforcement of tax abatement agreements, and includes 15 recommendations designed to address those weaknesses.

Boxer thanked the state's Division of Taxation for their assistance with the audit.

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Click [here](#) to view the complete report.

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