

LOCAL FINANCE NOTICE

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Annual Reporting Requirements Tax Exemption and Abatement Laws

The increasing use of tax abatement and exemptions permitted under State law is having a significant effect on New Jersey's fiscal and economic landscape. Tax abatement and exemption use has dramatically increased in the past decade; however, policy makers, researchers, planners, and economists have little information about how they are used.

To provide much needed information about the use of these exemption/abatement programs, the Division of Local Government Services and the Division of Taxation have developed an annual reporting system for municipalities using these programs.

The enclosed Tax Exemption and Abatement Report is for municipalities to report on tax exemptions and abatements provided pursuant to the Five-Year Exemption and Abatement Law (N.J.S.A. 40A:21-1 et seq.) and to provide summary information concerning tax exemptions granted under the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.).

The requested information includes assessed valuations and the amount of taxes that were either exempted or abated from taxation during the tax year. This initial report is for **the tax year January 1, 2002 through December 31, 2002, and is based on abatements and exemptions offered and property values as of October 1, 2001.** In the future, this report will be prepared each September for the current year.

The **Municipal Assessor and Tax Collector, and if necessary, the Chief Financial Officer** (whose input may be needed to complete long term exemption information) are responsible for completing the form. The form should be initially prepared by the Assessor for assessment information, who should then forward it to the Tax Collector for tax rate and tax calculations, who, submits it to DLGS or if necessary forwards it to the Chief Financial Officer for any long term exemption revenue information and submission. **Local officials should work closely to coordinate completion and submission of the form on a timely basis.**

All municipalities that grant exemptions and abatements are to complete the information included on the form. **The form must be completed and returned even if your municipality does not grant exemptions or abatements from taxation.** Each section has a checkbox for this purpose. Once it is completed, the form must be returned to the Director of the Division of Local Government Services at the address noted on the form. The Director will provide a copy of the form to the Director of the Division of Taxation.

To aid in the completion of the form, an Excel spreadsheet of the charts is available on the Division of Local Government Services web site www.state.nj.us/dca/lgs/taxes/taxsmenu.shtml and available to Chief Financial Officers and Tax Collectors in the GovConnect Document Library. **Please complete and return the paper or spreadsheet version of the form no later than June 30, 2003.** E-mail the spreadsheet to dLgs@dca.state.nj.us.

Please use the following contacts for assistance if you need help completing the form: *Collectors*, Patricia Turin at pturin@dca.state.nj.us; *CFOs* at dLgs@dca.state.nj.us and, *Assessors*, Jim Purdie at the Division of Taxation (609-633-6584 or jpurdie@tax.state.nj.us). Thank you in advance for your assistance in this matter.

s/ Matthew U. Watkins

Matthew U. Watkins, Director
Division of Local Government Services

s/ Robert K. Thompson

Robert K. Thompson, Director
Division of Taxation, Department of the Treasury

Distribution: Chief Financial Officers and Tax Collectors via GovConnect; Tax Assessors, County Tax Boards and County Tax Administrators by mail.

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