

## [N.J. Stat. § 40A:21-1](#)

Current through New Jersey 221st Second Annual Session, L. 2025, c. 326 and J.R. 22

**LexisNexis® New Jersey Annotated Statutes > Title 40A. Municipalities and Counties (Chs. 1 — 67) > Chapter 21. Five-Year Exemption and Abatement Law (§§ 40A:21-1 — 40A:21-21)**

### **§ 40A:21-1. Short title**

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This act shall be known and may be cited as the “Five-Year Exemption and Abatement Law.”

### **History**

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L. [1991, c. 441](#), § 1.

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## [N.J. Stat. § 40A:21-2](#)

Current through New Jersey 221st Second Annual Session, L. 2025, c. 326 and J.R. 22

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### **§ 40A:21-2. Findings, purpose**

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The Legislature finds that the various statutes authorized by [Article VIII, Section I, paragraph 6 of the New Jersey Constitution](#) permitting municipalities to grant for periods of five years exemptions or abatements, or both, from taxation in areas in need of rehabilitation have proven to be effective in promoting the construction and rehabilitation of residential and commercial and industrial structures in areas threatened with economic and social decline. There exists, however, a need to consolidate and make more coherent the most useful features of those various statutes in order to promote the most effective and coordinated use of the various authorizations afforded to municipalities and to include in-fill construction in a comprehensive strategy of rehabilitation of these areas by permitting exemptions and abatements for construction of new single family and multiple dwellings. It is the purpose of this act to permit municipalities the greatest flexibility possible within the constitutional limitations to address problems of deterioration and decay while preserving the salient features of the existing tax exemption and abatement programs.

### **History**

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L. [1991, c. 441](#), § 2.

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## [N.J. Stat. § 40A:21-3](#)

Current through New Jersey 221st Second Annual Session, L. 2025, c. 326 and J.R. 22

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### **§ 40A:21-3. Definitions**

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As used in this act:

- a.** “Abatement” means that portion of the assessed value of a property as it existed prior to construction, improvement or conversion of a building or structure thereon, which is exempted from taxation pursuant to this act.
- b.** “Area in need of rehabilitation” means a portion or all of a municipality which has been determined to be an area in need of rehabilitation or redevelopment pursuant to the “Local Redevelopment and Housing Law,” [P.L. 1992, c.79 \(C.40A:12A-1](#) et al.), a “blighted area” as determined pursuant to the “Blighted Areas Act,” P.L.1949, c.187 ([C.40:55-21.1](#) et seq.), or which has been determined to be in need of rehabilitation pursuant to P.L.1975, c.104 ([C.54:4-3.72](#) et seq.), P.L.1977, c.12 ([C.54:4-3.95](#) et seq.), or P.L.1979, c.233 ([C.54:4-3.121](#) et al.).
- c.** “Assessor” means the officer of a taxing district charged with the duty of assessing real property for the purpose of general taxation.
- d.** “Commercial or industrial structure” means a structure or part thereof used for the manufacturing, processing or assembling of material or manufactured products, or for research, office, industrial, commercial, retail, recreational, hotel or motel facilities, or warehousing purposes, or for any combination thereof, which the governing body determines will tend to maintain or provide gainful employment within the municipality, assist in the economic development of the municipality, maintain or increase the tax base of the municipality and maintain or diversify and expand commerce within the municipality. It shall not include any structure or part thereof used or to be used by any business relocated from another qualifying municipality unless: the total square footage of the floor area of the structure or part thereof used or to be used by the business at the new site together with the total square footage of the land used or to be used by the business at the new site exceeds the total square footage of that utilized by the business at its current site of operations by at least 10%; and the property that the business is relocating to has been the subject of a remedial action plan costing in excess of \$250,000 performed pursuant to an administrative consent order entered into pursuant to authority vested in the Commissioner of Environmental Protection under P.L.1970, c.33 ([C.13:1D-1](#) et al.), the “Water Pollution Control Act,” P.L.1977, c.74 ([C.58:10A-1](#) et seq.), the “Solid Waste Management Act,” P.L.1970, c.39 ([C.13:1E-1](#) et seq.), and the “Spill Compensation and Control Act,” P.L.1976, c.141 ([C.58:10-23.11](#) et seq.).
- e.** “Completion” means substantially ready for the intended use for which a building or structure is constructed, improved or converted.

## § 40A:21-3. Definitions

- f.** “Condominium” means a property created or recorded as a condominium pursuant to the “Condominium Act,” P.L.1969, c.257 ([C.46:8B-1](#) et seq.).
- g.** “Construction” means the provision of a new dwelling, multiple dwelling or commercial or industrial structure, or the enlargement of the volume of an existing multiple dwelling or commercial or industrial structure by more than 30%, but shall not mean the conversion of an existing building or structure to another use.
- h.** “Conversion” or “conversion alteration” means the alteration or renovation of a nonresidential building or structure, or hotel, motel, motor hotel or guesthouse, in such manner as to convert the building or structure from its previous use to use as a dwelling or multiple dwelling.
- i.** “Cooperative” means a housing corporation or association, wherein the holder of a share or membership interest thereof is entitled to possess and occupy for dwelling purposes a house, apartment, or other unit of housing owned by the corporation or association, or to purchase a unit of housing owned by the corporation or association.
- j.** “Cost” means, when used with respect to abatements for dwellings or multiple dwellings, only the cost or fair market value of direct labor and materials used in improving a multiple dwelling, or of converting another building or structure to a multiple dwelling, or of constructing a dwelling, or of converting another building or structure to a dwelling, including any architectural, engineering, and contractor’s fees associated therewith, as the owner of the property shall cause to be certified to the governing body by an independent and qualified architect, following the completion of the project.
- k.** “Dwelling” means a building or part of a building used, to be used or held for use as a home or residence, including accessory buildings located on the same premises, together with the land upon which such building or buildings are erected and which may be necessary for the fair enjoyment thereof, but shall not mean any building or part of a building, defined as a “multiple dwelling” pursuant to the “Hotel and Multiple Dwelling Law,” P.L.1967, c.76 ([C.55:13A-1](#) et seq.). A dwelling shall include, as they are separately conveyed to individual owners, individual residences within a cooperative, if purchased separately by the occupants thereof, and individual residences within a horizontal property regime or a condominium, but shall not include “general common elements” or “common elements” of such horizontal property regime or condominium as defined pursuant to the “Horizontal Property Act,” P.L.1963, c.168 ([C.46:8A-1](#) et seq.), or the “Condominium Act,” P.L.1969, c.257 ([C.46:8B-1](#) et seq.), or of a cooperative, if the residential units are owned separately.
- l.** “Exemption” means that portion of the assessor’s full and true value of any improvement, conversion alteration, or construction not regarded as increasing the taxable value of a property pursuant to this act.
- m.** “Horizontal property regime” means a property submitted to a horizontal property regime pursuant to the “Horizontal Property Act,” P.L.1963, c.168 ([C.46:8A-1](#) et seq.).
- n.** “Improvement” means a modernization, rehabilitation, renovation, alteration or repair which produces a physical change in an existing building or structure that improves the safety, sanitation, decency or attractiveness of the building or structure as a place for human habitation or work, and which does not change its permitted use. In the case of a multiple dwelling, it includes only improvements which affect common areas or elements, or three or more dwelling units within the multiple dwelling. In the case of a multiple dwelling or commercial or industrial structure, it shall not include ordinary painting, repairs and replacement of maintenance items, or an enlargement of the volume of an existing structure

## § 40A:21-3. Definitions

by more than 30%. In no case shall it include the repair of fire or other damage to a property for which payment of a claim was received by any person from an insurance company at any time during the three year period immediately preceding the filing of an application pursuant to this act.

**o.** “Multiple dwelling” means a building or structure meeting the definition of “multiple dwelling” set forth in the “Hotel and Multiple Dwelling Law,” P.L.1967, c.76 ([C.55:13A-1](#) et seq.), and means for the purpose of improvement or construction the “general common elements” and “common elements” of a condominium, a cooperative, or a horizontal property regime.

**p.** “Project” means the construction, improvement or conversion of a structure in an area in need of rehabilitation that would qualify for an exemption, or an exemption and abatement, pursuant to [P.L.1991, c.441](#) ([C.40A:21-1](#) et seq.).

**q.** “Annual period” means a duration of time comprising 365 days, or 366 days when the included month of February has 29 days, that commences on the date that an exemption or abatement for a project becomes effective pursuant to section 16 of [P.L.1991, c.441](#) ([C.40A:21-16](#)).

## History

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L. [1991, c. 441](#), § 3; amended [1992, c. 79](#), § 57; [1995, c. 113](#); [2007, c. 268](#), § 1, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-4](#)

Current through New Jersey 221st Second Annual Session, L. 2025, c. 326 and J.R. 22

**LexisNexis® New Jersey Annotated Statutes > Title 40A. Municipalities and Counties (Chs. 1 — 67) > Chapter 21. Five-Year Exemption and Abatement Law (§§ 40A:21-1 — 40A:21-21)**

### **§ 40A:21-4. Municipal ordinance granting exemptions or abatements**

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The governing body of a municipality may determine to utilize the authority granted under [Article VIII, Section I, paragraph 6 of the New Jersey Constitution](#), and adopt an ordinance setting forth the eligibility or noneligibility of dwellings, multiple dwellings, or commercial and industrial structures, or all of these, for exemptions or abatements, or both, from taxation in areas in need of rehabilitation. The ordinance may differentiate among these types of structures as to whether the property shall be eligible for exemptions or abatements, or both, within the limitations set forth in [P.L. 1991, c.441 \(C.40A:21-1 et seq.\)](#). With respect to a type of structure, the ordinance shall specify the eligibility of improvements, conversions, or construction, or all of these, for each type of structure. The ordinance may differentiate for the purposes of determining eligibility pursuant to this section among the various neighborhoods, zones, areas or portions of the designated area in need of rehabilitation.

An ordinance adopted pursuant to this section may be amended from time to time. An amendment to an ordinance shall not affect any exemption, abatement, or tax agreement previously granted and in force prior to the amendment.

Application for exemptions and abatements from taxation may be filed pursuant to an ordinance so adopted to take initial effect in the tax year in which the ordinance is adopted, and for tax years thereafter as set forth in [P.L. 1991, c.441 \(C.40A:21-1 et seq.\)](#), but no application for exemptions or abatements shall be filed for exemptions or abatements to take initial effect in the eleventh tax year or any tax year occurring thereafter, unless the ordinance is readopted by the governing body pursuant to this section.

### **History**

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L. [1991, c. 441](#), § 4; amended [1992, c. 79](#), § 58; [2007, c. 268](#), § 2, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-5](#)

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### **§ 40A:21-5. Limits on exemptions on abatements for dwellings**

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- a.** If the ordinance adopted pursuant to this act shall provide for the exemption from taxation of improvements to dwellings, it shall require that, in determining the value of real property, the municipality shall regard the first \$5,000 or \$15,000 or \$25,000, as the ordinance shall specify, in assessor's full and true value of improvements for each dwelling unit primarily and directly affected by the improvement in any dwelling more than 20 years old, 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, unless an abatement is granted 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.** An ordinance providing for exemptions for improvements to dwellings may also provide for the abatement of some portion of the assessed value of property receiving the exemption as it existed immediately prior to the improvement. An abatement for a dwelling may be granted with respect to that property for a total of up to five years, but the annual amount of the abatement granted to any single property shall not exceed 30% of the annual amount of the exemption granted under the ordinance. The abatement period and the annual percentage of the abatement to be granted shall be set forth in the ordinance, which may include a schedule providing for a different percentage of abatement, up to 30%, for each year of the abatement period.
- c.** An ordinance providing for exemptions or abatements, or both, for improvements to dwellings may also provide for the exemption of some portion of the assessed valuation of construction of new dwellings or of conversions of other buildings and structures, including unutilized public buildings, to dwelling use, or both. If so, the ordinance shall require that, in determining the value of real property, the municipality shall regard a percentage, not to exceed 30%, of the assessor's full and true value of the dwelling constructed, or conversion alterations made, as not increasing the value of the property for a total up to five years, notwithstanding that the value of the property upon which the construction or conversion occurs is increased thereby. The exemption period and the annual percentage of the exemption to be granted shall be set forth in the ordinance, which may include a schedule providing for a different percentage of exemption, up to 30%, for each year of the exemption period.
- d.** An ordinance providing for the exemption of some portion of the assessed valuation of construction of new dwellings, or of conversions of other buildings and structures to dwelling use, or both, may also provide for the abatement of some portion of the assessed value of the property receiving the exemption as it existed immediately prior to the construction or conversion alteration. An abatement for a dwelling may be granted for a total of up to five years, but the annual amount of the abatement shall not exceed 30% of the total cost of the construction or conversion alteration, and the total amount of abatements granted to any single property shall not

## § 40A:21-5. Limits on exemptions on abatements for dwellings

exceed the total cost of the construction or conversion alteration. The abatement period and the annual percentage of the abatement to be granted shall be set forth in the ordinance, which may include a schedule providing for a different percentage of abatement, up to 30%, for each year of the abatement period.

## History

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L. [1991, c. 441](#), § 5.

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## [N.J. Stat. § 40A:21-6](#)

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### **§ 40A:21-6. Limits on exemptions or abatements for multiple dwellings**

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**a.** If the ordinance adopted pursuant to this act shall provide for the exemption from taxation of improvements to multiple dwellings, or of conversions of other buildings and structures, including unutilized public buildings, to multiple dwelling use, or both, it shall require that, in determining the value of real property, the municipality shall regard up to the assessor's full and true value of the improvements or conversion alterations 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 or conversion alterations 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 or conversion alterations, unless an abatement is granted pursuant to subsection b. of this section, or there is damage to the multiple dwelling through action of the elements sufficient to warrant a reduction.

**b.** An ordinance providing for exemption may also provide for the abatement of some portion of the assessed value of property receiving the exemption as it existed immediately prior to the improvement or conversion alteration. An abatement for a multiple dwelling may be granted with respect to that property for a total of up to five years, but the annual amount of the abatement shall not exceed 30% of the total cost of the improvement or conversion alteration, and the total amount of abatements granted to any single property shall not exceed the total cost of the improvement or conversion alteration. The abatement period and the annual percentage of the abatement to be granted shall be set forth in the ordinance, which may include a schedule providing for a different percentage of abatement, up to 30%, for each year of the abatement period.

### **History**

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L. [1991, c. 441](#), § 6.

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## [N.J. Stat. § 40A:21-6.1](#)

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### **§ 40A:21-6.1. Adoption of ordinance granting abatement, exemption from taxation for certain improvements to residential properties**

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A municipality may adopt an ordinance granting an abatement or exemption from taxation for improvements to a residential property resulting from a renovation housing project, as defined under subsection c. of section 14 of [P.L. 1992, c.79 \(C.40A:12A-14\)](#) (as amended by section 1 of [P.L.2007, c.90](#)). The ordinance shall require that, in determining the value of real property, the municipality shall regard up to and including the assessor's full and true value of the improvements as not increasing the taxable value of the property for a period of five years, notwithstanding that the market 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 immediately prior to the conflagration affecting the value of the property, unless there is damage to the structure through action of the elements sufficient to warrant a reduction. The ordinance may provide for a reduction of the abatement or exemption for each year of the exemption period.

### **History**

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L. [2007, c. 90](#), § 2, eff. May 6, 2007.

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## [N.J. Stat. § 40A:21-6.2](#)

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### **§ 40A:21-6.2. Tax exemption, abatement for certain housing improvements to accommodate certain disabled persons**

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A municipality may adopt an ordinance granting an abatement or exemption from taxation for improvements to a residential property that is a single family dwelling, resulting from a renovation housing project, as defined under subsection d. of section 14 of [P.L. 1992, c.79 \(C.40A:12A-14\)](#). The ordinance shall require that, in determining the value of real property, the municipality shall regard up to and including the assessor's full and true value of the improvements as not increasing the taxable 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 immediately prior to the improvements. The ordinance may provide for a reduction of the abatement or exemption for each year of the exemption period.

### **History**

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L. [2007, c. 91](#), § 2, eff. May 6, 2007.

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## [N.J. Stat. § 40A:21-7](#)

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### **§ 40A:21-7. Limits on exemptions for commercial, industrial structures**

If the ordinance adopted pursuant to this act shall provide for the exemption from taxation of improvements to commercial or industrial structures, it shall require that, in determining the value of real property, the municipality shall regard up to the assessor's full and true value of 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, unless there is damage to the structure through action of the elements sufficient to warrant a reduction.

The ordinance may: a. grant exemptions for all commercial and industrial improvements; b. define categories of improvements which shall be approved by the assessor upon proper application, and other categories of improvements which may be exempted only after review, evaluation and approval by the municipal governing body; or, c. authorize exemption for improvements on an individual basis after review, evaluation and approval of each application by the governing body.

### **History**

L. [1991, c. 441](#), § 7.

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## [N.J. Stat. § 40A:21-8](#)

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### **§ 40A:21-8. Tax agreements for construction of commercial, industrial structures or multiple dwellings**

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If the ordinance shall provide for tax agreements for the exemption and abatement from taxation for construction of commercial or industrial structures, or multiple dwellings, or both, the ordinance shall set forth procedures for entering into agreements for the exemption and abatement of real property taxes in accordance with the provisions of sections 9 through 12 of [P.L. 1991, c. 441](#) ([C. 40A:21-9](#) through [40A:21-12](#)). All tax agreements shall be applied for and granted on a project basis.

### **History**

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L. [1991, c. 441](#), § 8.

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## [N.J. Stat. § 40A:21-9](#)

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### **§ 40A:21-9. Applications for tax agreements, requirements**

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Applicants for tax exemption and abatement for new construction of commercial or industrial structures or multiple dwellings shall provide the municipal governing body with an application setting forth:

- a. A general description of a project for which exemption and abatement is sought;
- b. A legal description of all real estate necessary for the project;
- c. Plans, drawings and other documents as may be required by the governing body to demonstrate the structure and design of the project;
- d. 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;
- e. 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;
- f. Estimates of the cost of completing such project;
- g. A statement showing (1) the real property taxes currently being assessed at the project site; (2) estimated tax payments that would be made annually by the applicant on the project during the period of the agreement, and (3) 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;
- h. If the project is a commercial or industrial structure, a description of any lease agreements between the applicant and proposed users of the project, and a history and description of the users' businesses;
- i. If the project is a multiple dwelling, a description of the number and types of dwelling units to be provided, a description of the common elements or general common elements, and a statement of the proposed initial rentals or sales prices of the dwelling units according to type and of any rental lease or resale restrictions to apply to the dwellings' units respecting low or moderate income housing;
- j. Such other pertinent information as the governing body may require.

### **History**

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L. [1991, c. 441](#), § 9.

§ 40A:21-9. Applications for tax agreements, requirements

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## [N.J. Stat. § 40A:21-10](#)

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### **§ 40A:21-10. Formula for payments under tax agreements**

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Upon adoption of an ordinance authorizing a tax agreement or agreements for a particular project or projects, the governing body may enter into written agreements with the applicants for the exemption and abatement of local real property taxes. An agreement shall provide for the applicant to pay to the municipality in lieu of full property tax payments an amount annually to be computed by one, but in no case a combination, of the following formulas:

- 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. 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 year after completion, no payment in lieu of taxes otherwise due;
  - (2)** In the second full year after completion, an amount not less than 20% of taxes otherwise due;
  - (3)** In the third full year after completion, an amount not less than 40% of taxes otherwise due;

§ 40A:21-10. Formula for payments under tax agreements

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

## History

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L. [1991, c. 441](#), § 10; amended [1992, c. 200](#), § 1; [2007, c. 268](#), § 3, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-11](#)

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### **§ 40A:21-11. Tax agreements, duration, other law, valuation of ratables, copy to DCA**

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- a. All tax agreements entered into by municipalities pursuant to sections 9 through 12 [[C.40A:21-9](#) through [C.40A:21-12](#)] of [P.L.1991, c.441](#) shall be in effect for no more than the five full years next following the date of completion of the project.
- b. All projects subject to tax agreement as provided herein shall be subject to all applicable federal, State and local laws and regulations on pollution control, worker safety, discrimination in employment, housing provision, zoning, planning and building code requirements.
- c. That percentage which the payment in lieu of taxes for a property bears to the property tax which would have been paid had an exemption and abatement not been granted for the property under the agreement shall be applied to the valuation of the property to determine the reduced valuation of the property to be included in the valuation of the municipality for determining equalization for county tax apportionment and school aid during the term of the tax agreements covering the properties, and at the termination of an agreement for a property the reduced valuation procedure required under this section shall no longer apply.
- d. Within 30 days after the execution of a tax agreement, a municipality shall forward a copy of the agreement to the Director of the Division of Local Government Services in the Department of Community Affairs.

### **History**

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L. [1991, c. 441](#), § 11; amended [2007, c. 268](#), § 4, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-12](#)

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**LexisNexis® New Jersey Annotated Statutes > Title 40A. Municipalities and Counties (Chs. 1 — 67) > Chapter 21. Five-Year Exemption and Abatement Law (§§ 40A:21-1 — 40A:21-21)**

### **§ 40A:21-12. Failure of conditions, full taxes due, termination**

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a. 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, then the tax which would have otherwise been payable for each tax year shall become due and payable from the property owner as if no exemption and abatement had been granted. The governing body of the municipality shall notify the property owner and tax collector forthwith and the tax collector shall within 15 days thereof notify the owner of the property of the amount of taxes due.

However, with respect to the disposal of the property, where it is determined that the new owner of the property will continue to use the property pursuant to the conditions which qualified the property, no tax shall be due, the exemption and the abatement shall continue, and the agreement shall remain in effect.

b. At the termination of a tax agreement, a project shall be subject to all applicable real property taxes as provided by State law and regulation and local ordinance; but nothing herein shall prohibit a project, at the termination of an agreement, from qualifying for and receiving the full benefits of any other tax preferences provided by law.

### **History**

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L. [1991, c. 441](#), § 12.

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## [N.J. Stat. § 40A:21-13](#)

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**LexisNexis® New Jersey Annotated Statutes > Title 40A. Municipalities and Counties (Chs. 1 — 67) > Chapter 21. Five-Year Exemption and Abatement Law (§§ 40A:21-1 — 40A:21-21)**

### **§ 40A:21-13. Assessed value of property under abatement or exemption**

The assessor shall determine, on October 1 of the year following the date of the completion of an improvement, conversion or construction, the true taxable value thereof. Except for projects subject to tax agreement, pursuant to sections 9 through 12 [[C.40A:21-9](#) through [C.40A:21-12](#)] of [P.L.1991, c.441](#), the amount of tax to be paid for the tax year in which the project is completed shall be based on the assessed valuation of the property for the current tax year, minus the amount of the abatement, if any, allowed pursuant to this act [[C.40A:21-1](#) et seq.] and pro rated, plus any portion of the assessed valuation of the improvement, conversion or construction not allowed an exemption pursuant to this act, also pro rated. Subject to the provisions of the adopting ordinance, the property shall continue to be treated in the appropriate manner for each of the four tax years subsequent to the original determination by the assessor and shall be pro rated for the final tax year in which the exemption or abatement expires.

### **History**

L. [1991, c. 441](#), § 13; amended [2007, c. 268](#), § 5, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-14](#)

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### **§ 40A:21-14. Subsequent abatements or exemptions, conditions**

Any ordinance adopted pursuant to the provisions of this act may also provide that an additional improvement, conversion or construction, completed on a property granted a previous exemption or abatement pursuant to this act during the period in which such previous exemption or abatement is in effect, shall be qualified for an exemption, or exemption and abatement, just as if such property had not received a previous exemption or abatement. In such case, the additional improvement, conversion or construction shall be considered as separate for the purposes of calculating exemptions and abatements pursuant to this act, 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 alteration or construction for the purpose of determining the assessed valuation of the property from which any additional abatement is to be subtracted. Unless provided by ordinance, no additional exemption or abatement shall be allowed.

### **History**

L. [1991, c. 441](#), § 14.

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## [N.J. Stat. § 40A:21-15](#)

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### **§ 40A:21-15. Ineligible properties for unpaid or delinquent taxes**

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No exemption or abatement shall be granted, or tax agreement entered into, pursuant to this act with respect to any property for which property taxes are delinquent or remain unpaid, or for which penalties for nonpayment of taxes are due.

### **History**

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L. [1991, c. 441](#), § 15.

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## [N.J. Stat. § 40A:21-16](#)

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### **§ 40A:21-16. Applications, forms, records**

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No exemption or abatement shall be granted pursuant to this act [[C.40A:21-1](#) et seq.] except upon written application therefor filed with and approved by the assessor of the taxing district wherein the improvement, conversion alteration or construction is made. Every application shall be on a form prescribed by the Director of the Division of Taxation in the Department of the Treasury, and provided for the use of claimants by the governing body of the municipality constituting the taxing district, and shall be filed with the assessor within 30 days, including Saturdays and Sundays, following the completion of the improvement, conversion alteration or construction. Every application for exemption, or exemption and abatement, within a municipality adopting the provisions of this act which is filed within the time specified, shall be approved and allowed by the assessor to the degree that the application is consistent with the provisions of the adopting ordinance or the tax agreement, provided that the improvement, conversion alteration or construction for which the application is made qualifies as an improvement, a conversion alteration or construction pursuant to the provisions of this act and the tax agreement, if any. The granting of an exemption, or exemption and abatement, shall relate back to, and take effect as of, the date of completion of the project, or portion or stage of the project for which the exemption, or exemption and abatement, is granted, and shall continue for five annual periods from that date. The grant of the exemption, or exemption and abatement, or tax agreement shall be recorded and made a permanent part of the official tax records of the taxing district, which record shall contain a notice of the termination date thereof.

### **History**

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L. [1991, c. 441](#), § 16; amended [2007, c. 268](#), § 6, eff. Jan. 13, 2008.

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## [N.J. Stat. § 40A:21-17](#)

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### **§ 40A:21-17. Exemption, abatement for taxes for named purposes**

The exemption and abatement of real property taxes provided by municipalities pursuant to this act shall apply to property taxes levied for municipal purposes, school purposes, county government purposes and for the purposes of funding any other property tax exemptions or abatements.

### **History**

L. [1991, c. 441](#), § 17.

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## [N.J. Stat. § 40A:21-18](#)

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### **§ 40A:21-18. Act not available to casinos**

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Notwithstanding any other provision of this act, no exemption or abatement or tax agreement shall be allowed with respect to any facility containing a licensed gambling casino. The issuance of a casino license shall operate to invalidate any existing exemption, abatement or tax agreement, and all unpaid taxes otherwise due, were the exemption, abatement or tax agreement not granted, on the full and true value of the property shall become immediately due and payable.

### **History**

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L. [1991, c. 441](#), § 18.

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## [N.J. Stat. § 40A:21-19](#)

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### **§ 40A:21-19. Rules, regulations**

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The Commissioner of the Department of Community Affairs is authorized to determine standards and guidelines and to promulgate rules and regulations to effectuate the purposes of this act.

### **History**

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L. [1991, c. 441](#), § 19.

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## [N.J. Stat. § 40A:21-20](#)

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### **§ 40A:21-20. Notice to taxpayers**

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A municipality which has adopted an ordinance providing for exemptions, or exemptions and abatements, pursuant to this act shall include the appropriate notice in the mailing of annual property tax bills to each owner of a dwelling located in an area in which exemptions, or exemptions and abatements, may be allowed pursuant to the ordinance during the first year following adoption of the ordinance.

### **History**

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L. [1991, c. 441](#), § 20.

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## [N.J. Stat. § 40A:21-21](#)

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### **§ 40A:21-21. Municipal reports to DCA, Treasury**

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The governing body of a municipality adopting an ordinance pursuant to this act shall report, on or before October 1 of each year, to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury the total amount of real property taxes exempted and the total amount abated within the municipality in the current tax year for each of the following:

- a. improvements of dwellings;
- b. construction of dwellings;
- c. improvements and conversions of multiple dwellings;
- d. improvements of commercial or industrial structures;
- e. construction of multiple dwellings under tax agreements; and
- f. construction of commercial or industrial structures under tax agreements.

In the case of e. and f. above, the report shall state instead the total amount of payments made in lieu of taxes according to each formula utilized by the municipality, and the difference between that total amount and the total amount of real property taxes which would have been paid on the project had the tax agreement not been in effect, for the current tax year.

The Director of the Division of Taxation shall include a summary of the information provided in the annual reports in the annual report of the division.

### **History**

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L. [1991, c. 441](#), § 21.

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