

Business & Classifieds

Tue. 02.03.09

ASK A LAWYER



NON-PROFIT NEWS:

For almost a decade, the business council has been a friend indeed to people in need. 2



MARKET MOVERS:
International Paper is one of the U.S. companies whose shares showing unjust price changes. 3

DOW

64.03

Close
7,936.83

S&P 500

0.44

Close
825.44

NASDAQ

18.01

Close
1,49

A new commercial building fee

Q. What is the Statewide Non-Residential Development Fee Act?

The Statewide Non-Residential Development Fee Act, which was signed into law by Governor Corzine on July 17, 2008, imposes a fee on all construction of non-residential developments in New Jersey. Proceeds from this fee will be used to support the development of affordable housing throughout the state.

The fee applies to new construction and additions to non-residential buildings. However, no fee is assessed for alterations, reconstruction, renovations and repairs. The fee is applied in two different ways. For all new non-residential construction the fee is equal to 2.5 percent of the equalized assessed value of the land and improvements as completed. However, for all additions to non-

residential buildings the fee is equal to 2.5 percent of the increase in equalized assessed value.

The following non-residential developments are exempt from or are not subject to a fee: (i) government buildings, (ii) commercial farm buildings, (iii) houses of worship that are exempt from real property taxes, (iv) property used for education purposes that is exempt from real property taxes, (v) parking lots and parking structures, (vi) non-profit hospitals and (vii) non-residential developments that are an amenity to be made available to the public (e.g., community centers). Furthermore, non-residential developments for which a certificate of occupancy was issued prior to July 17, 2008, are not subject to this fee.

Each municipality is required to impose the 2.5 percent fee, which

must be paid prior to the issuance of a certificate of occupancy for a building. A final certificate of occupancy will not be issued until the fee has been paid. If a dispute arises as to the amount of the fee, the developer must first deposit the fee as calculated by the local tax assessor in order for the certificate of occupancy to be issued. Thereafter, the developer may file a challenge with the director of the New Jersey Division of Taxation.

Legislation has been introduced in the New Jersey Senate to soften the effect of the fee in light of the current economic situation.

The key aspect of the proposed legislation is the establishment of an 18-month moratorium on the collection of the 2.5 percent fee of equalized assessed value of new construction of, and additions to, non-residential buildings. However,

until the legislation is passed, the 2.5 percent fee will remain in effect.

If you have any concerns regarding how the act may affect the development of your property, you should contact an attorney who can assist you.

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Have a business question for a lawyer? E-mail businessnews@northjersey.com.