

**STANDARD FIVE YEAR  
TAX AGREEMENT**

This Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
by and between the City of Millville, a municipal corporation of the State of New Jersey,  
located in the County of Cumberland having its principal office at 12 South High Street,  
Millville, New Jersey 08332, hereinafter referred to as municipality and  
\_\_\_\_\_, hereinafter referred to as  
applicant or property owner.

**RECITALS**

WHEREAS, Article 1 of Chapter 65 of the Municipal Code titled Taxation  
authorizes five year exemptions and abatements from taxation for projects located within  
a area in need of rehabilitation that would qualify for exemption or abatement from  
taxation pursuant to the aforesaid Article; and

WHEREAS, the applicant has constructed a project on land that is located within  
a area in need of rehabilitation which project is eligible for exemption or abatement from  
taxation pursuant to the aforesaid Article; and

WHEREAS, the applicant has filed an application for exemption or abatement  
from taxation with the assessor of the municipality in a timely manner setting forth the  
information required by the aforesaid Article, and the assessor has determined that the  
application is complete; and

WHEREAS, the governing body of the municipality has reviewed and evaluated  
the application, and it has made the following findings and determinations in connection  
with the application:

1. The project is a commercial or industrial project which is eligible for  
exemption or abatement from taxation pursuant to the aforesaid Article.
2. The project will maintain or provide gainful employment within the  
municipality.
3. The project will assist in the economic development of the municipality.
4. The project will maintain or increase the tax ratable base of the municipality.
5. The project will maintain or diversify and expand commerce within the  
municipality.
6. The economic benefits derived from the project outweigh any negative effects  
associated with granting the exemption or abatement from taxation.

WHEREAS, the governing body of the municipality approved the application submitted by the applicant and this tax agreement by the adoption of Ordinance No. \_\_\_\_\_.

NOW THEREFORE in consideration of the mutual covenants contained herein, and for good and valuable consideration, it is mutually agreed as follows:

**ARTICLE 1  
LAND ASSESSMENT**

The land which is not eligible for exemption or abatement from taxation shall be fully assessed in accordance with the requirements imposed by the applicable state law.

**ARTICLE 2  
PARTIAL YEAR ASSESSMENT**

The improvements which are eligible for exemption or abatement from taxation shall be assessed for the portion of the calendar year from the date of completion to the end of the calendar year in accordance with the requirements imposed by the applicable state law.

**ARTICLE 3  
FORMULA FOR COMPUTATION OF  
PAYMENTS IN LIEU OF FULL  
PROPERTY TAX**

In connection with the improvements which are eligible for exemption or abatement from taxation, the applicant shall pay to the municipality, in lieu of full property tax payments an amount annually based on the tax phase-in approach, which shall be in an amount equal to a percentage of the taxes otherwise due according to the following schedule:

- A. In the first full year after completion, no payment in lieu of taxes otherwise due.
- B. In the second full year after completion, an amount not less than 20% of the taxes otherwise due.
- C. In the third full year after completion, an amount not less than 40% of the taxes otherwise due.
- D. In the fourth full year after completion, an amount not less than 60% of the taxes otherwise due.
- E. In the fifth full year after completion, an amount not less than 80% of taxes otherwise due.

**ARTICLE 4**  
**DURATION OF TAX AGREEMENT**

A. This tax agreement shall be in effect for no more than the five full calendar years next following the date of completion of the project.

B. The project shall be subject to all applicable federal, state and local laws and regulations on pollution control, workers safety, discrimination in employment, zoning, planning, and building code requirements.

**ARTICLE 5**  
**TERMINATION OF TAX AGREEMENT**

A. The tax agreement shall be terminated if any one of the following events occurs: (1) the property owner ceases to operate; (2) the property owner disposes of the property; (3) the property owner fails to meet the conditions for qualifying for the exemption or abatement. However, with respect to the disposal of the property, the tax agreement shall remain in effect where the assessor determines that the new owner of the property will continue to use the property pursuant to the conditions which qualified the property for the exemption or abatement from taxation.

B. The governing body of the municipality has relied upon the truth of the statements contained in the application for exemption or abatement from taxation. The tax agreement shall be terminated if the application contains any misrepresentation of a material fact.

C. The tax agreement shall be terminated if the property owner is more than thirty (30) days delinquent in the payment of the property taxes or the payment in lieu of taxes on the subject property.

D. The tax agreement shall be terminated if the property owner fails to file the annual certification with the assessor on or before December 1st of each calendar year during the term of this agreement. A copy of the annual certification is attached to this agreement.

E. If the tax agreement is terminated for cause during any tax year prior to the normal expiration of the tax agreement, 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 or abatement had been granted. The assessor of the municipality shall notify the property owner and the tax collector forthwith. The tax collector shall notify the property owner of the amount of the taxes due within fifteen (15) days from receipt of the notice from the assessor.

F. A project shall be subject to all applicable real property taxes as provided by state law and regulation and local ordinance after the normal expiration of the tax agreement.

## **ARTICLE 6 GENERAL PROVISIONS**

A. **Applicable Law and Venue.** This agreement shall be governed, interpreted and enforced in accordance with the laws of the State of New Jersey without regard to conflicts of laws principles. The parties agree that any and all legal actions relating to any dispute, enforcement or other matter to be decided between them arising out of this agreement, or the subject matter hereof, shall be brought in the New Jersey Tax Court with the venue being Cumberland County, New Jersey.

B. **Compliance with Law.** The property owner shall comply with all applicable federal, state and local laws during the performance of this agreement. Specifically, this agreement is subject to the Five Year Exemption and Abatement Law (NJSA 40A:21-1 et seq.) and Article 1 of Chapter 65 of the Municipal Code of the City of Millville.

C. **Exhibits.** The following exhibits are attached hereto and incorporated in this agreement as if the same were set forth with particularity: Exhibit A-application with attachments; Exhibit B—ordinance approving application and tax agreement.

D. **Inspections.** The property owner shall permit the inspection of its property, buildings, equipment, and other facilities of the improvements by the assessor of the municipality or other duly authorized representatives of the municipality. Such inspections shall be made during regular business hours in the presence of an officer or agent of the property owner. To the extent reasonably practical, the inspection shall not materially interfere with the operation of the improvements.

E. **Oral Representations.** There have been no oral representations made by either of the parties hereto which are not contained in application, tax agreement, and ordinance approving the application and tax agreement.

F. **Entire Agreement.** This agreement, the application, and the ordinance approving the application and agreement constitute the entire agreement between the parties.

G. **Reporting Requirement.** The City Clerk shall forward a copy of this tax agreement to the Director of the Division of Local Government Services in the Department of Community Affairs within thirty (30) days after the execution of the agreement.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

CITY OF MILLVILLE

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ATTEST:

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WITNESS:

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SAMPLE