

# WHAT ARE PILOTS AND WHO GETS THEM?

Does the township get any money?  
YES!!!

# THE STATE OF NEW JERSEY PERMITS TOWNSHIPS TO OFFER 2 TYPES OF FINANCIAL INCENTIVES

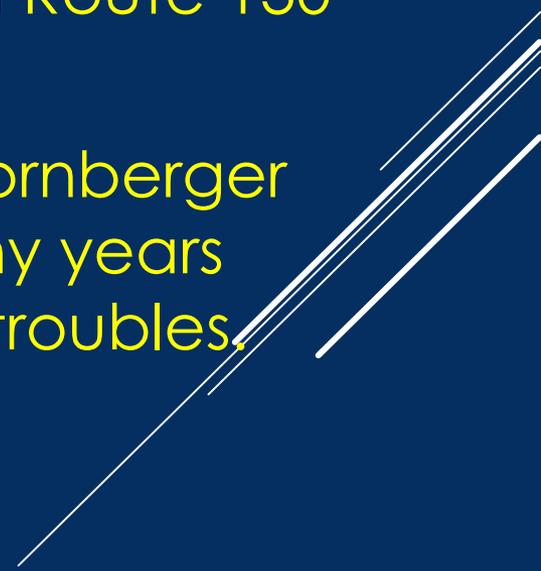
- ▶ Five-Year Tax Abatement Law
- ▶ Long Term Tax Exemption Law (or PILOT)

*State law only permits the PILOT incentive program to be offered on new construction. For additions, the improvement must be at least a 30% increase.*

# FIVE-YEAR TAX ABATEMENT LAW

- ▶ Property owner **continues to pays full land taxes** for the 5 years that the phase-in period is in place.
- ▶ Taxes are only phased in over a five-year period on the new building value. Taxes on building values are paid as follows:
  1. 0% in year 1
  2. 20% in year 2
  3. 40% in year 3
  4. 60% in year 4
  5. 80% in year 5
  6. 100% at the start of year 6. At this point they are paying full taxes on the building improvements.

# WHO HAS RECEIVED FIVE-YEAR ABATEMENT?

- ▶ Wawa
  - ▶ Christmas Tree Shops
  - ▶ International Paper
  - ▶ Retail stores located in Harkins Lane Plaza (where Dunkin Donuts and Nooks is located on Route 130 South)
  - ▶ Building located at 10<sup>th</sup> Avenue and Hornberger Avenue which sat abandoned for many years because of the prior owners' financial troubles.
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# WHAT IS A PILOT?

## PAYMENT IN LIEU OF TAXES

- Financial incentive that applies only to building values.
- Stabilizes municipal taxes.
- Assists in expanding municipal services.
- Guaranteed payments over the life of the PILOT on the improvements
- These are not appealable like property taxes

# WHO CAN GET A PILOT?

- ▶ PILOT can run from 10 years to a maximum of 30 years under the law.
- ▶ Under a long-term PILOT, **a company continues to pay their full land taxes during and after the end of a PILOT.**
- ▶ Only financial incentive which applies under a PILOT is on the taxes related to the new building improvements.
- ▶ Only properties in redevelopment areas are eligible for a PILOT.

# PILOT BUSINESSES AND PAYMENTS - 2019

|                                     |                       |
|-------------------------------------|-----------------------|
| ▶ PILOT Payments for the year 2019: |                       |
| ▶ Burlington Coat Factory           | \$468,513.63          |
| ▶ Subaru – Phase 1 & 2              | \$ 366,483.61         |
| ▶ Express Scripts                   | \$127,574.20          |
| ▶ Destination Maternity             | \$173,489.53          |
| ▶ QPSI                              | \$186,377.28          |
| ▶ Amazon                            | \$ 352,453.63         |
| ▶ <u>B&amp;H</u>                    | <u>\$ 338,334.60</u>  |
| Totaling                            | <b>\$2,013,226.46</b> |

# PILOT PAYMENTS SINCE INCEPTION FOR EACH BUSINESS

## ▶ PILOT Payments and Starting Year:

|                           |                      |            |
|---------------------------|----------------------|------------|
| ▶ Burlington Coat Factory | \$2,365,294.00       | since 2015 |
| ▶ Subaru – Phase 1 & 2    | \$1,964,323.21       | since 2013 |
| ▶ Express Scripts         | \$ 548,129.77        | since 2014 |
| ▶ Destination Maternity   | \$ 727,190.83        | since 2015 |
| ▶ QPSI                    | \$ 457,572.42        | since 2017 |
| ▶ Amazon                  | \$1,059,301.11       | since 2016 |
| ▶ <u>B&amp;H</u>          | <u>\$ 895,241.71</u> | since 2017 |

Totaling

**\$8,017,053.05**

# CURRENT PILOT PAYMENT PROJECTIONS

- ▶ PILOT Payments Schedule through 2033:
    - ▶ Burlington Coat Factory \$ 6,392,667
    - ▶ Subaru – Phase 1 & 2 \$ 6,657,650
    - ▶ Express Scripts \$ 2,424,715
    - ▶ Destination Maternity \$ 3,392,437
    - ▶ QPSI \$ 4,399,357
    - ▶ Amazon \$ 6,665,862
    - ▶ B&H \$ 6,401,639
- Totaling **\$ 36,334,327**

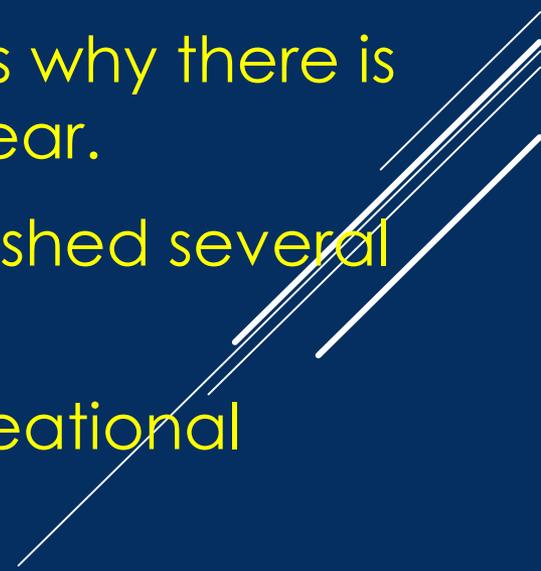
# WHERE DOES THE MONEY GO?

- ▶ State law requires that 5% of all PILOT funds be paid to the county each year.
  - ▶ Florence Township has invested heavily in the infrastructure of the community, and increased services to the community, as well as the local School and Fire District.
  - ▶ Funds are used to stabilize municipal taxes.
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# WHAT HAVE BUSINESSES DONE THAT WASN'T PART OF A PILOT?

- ▶ Developer who constructed Amazon voluntarily did major work to the Fire District property that gave the fire department much more useable ground and saved them approximately \$250,000 in costs.
- ▶ Municipality maintains a fueling facility for not only the township, but also the school and Fire District. The tanks need to be replaced and the township will cover all the cost for this project. There will be no fair-share costs charged back to either group.
- ▶ Many of the businesses have, and continue, to participate in the community.

# WHAT HAS FLORENCE TOWNSHIP DONE WITH THE MONEY?

- ▶ The township has partnered with the school district to have two School Resource Officers (SRO) placed in the school system.
  - ▶ The municipal local purpose tax has not increased since 2013. (7 years)
  - ▶ The program is one of the main reasons why there is a Road Improvement Program each year.
  - ▶ The township has acquired and demolished several problem properties.
  - ▶ Funds have been used to expand recreational services and upgrade municipal parks.
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# WHY DOES FLORENCE TOWNSHIP GET TO DECIDE ON WHERE THE MONEY GOES?

In New Jersey, townships are required to collect taxes for all the other taxing authorities (county, school, fire district, etc.). If taxes are not paid to any of these entities, then the township must pay them so that they collect 100% of their tax levy. In 2019, the township set aside \$560,606 just for this specific purpose.

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# WHAT IS \$2 MILLION ON THE TAX RATE?

- ▶ A penny on the tax rate is worth **\$125,000**
- ▶ To maintain the same level of service being provided in the 2019 Budget would require an additional tax of **16 cents!**
- ▶ The average home in Florence Township is assessed at \$219,382 would have paid an **additional \$351 in taxes.**

# WHAT DID THEY PAY?

|                         | <b>Construction Permits</b> | <b>COAH Payment</b> | <b>Water &amp; Sewer Connection Fee</b> | <b>Other</b> |
|-------------------------|-----------------------------|---------------------|---|--------------|
| Burlington Coat Factory | \$ 175,960.00               |                     | \$ 448,965.00                           |              |
| Subaru-Ph. 1 & 2        | \$ 642,018.00               |                     | \$ 124,580.82                           |              |
| Express Scripts         | \$ 245,783.00               |                     | \$ 366,275.00                           |              |
| Destination Maternity   | \$ 263,668.00               |                     | \$ 160,521.25                           |              |
| QPSI                    | \$ 237,160.00               | \$ 469,586.00       | \$ 283,839.96                           |              |
| Amazon                  | \$ 605,480.00               | \$ 752,811.00       | \$ 330,158.00                           |              |
| B&H                     | \$ 380,057.00               | \$ 581,317.93       | \$ 48,471.50                            |              |

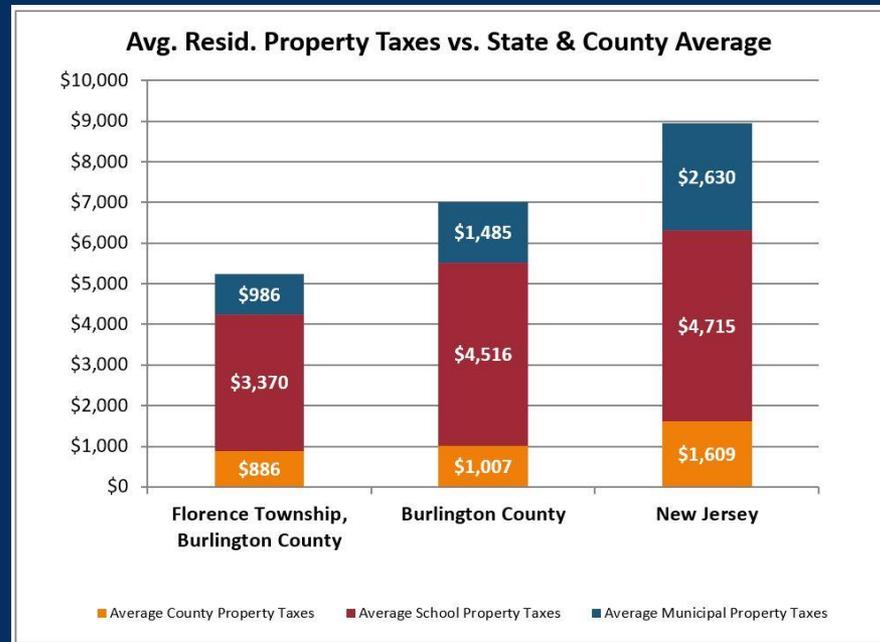
# WHAT DO THEY PAY TO THE STATE?

- ▶ **State Income Tax (GROW NJ Tax Credit)**
  - ▶ **State payroll withholding tax for their employees**
  - ▶ **Employees pay income taxes**
  - ▶ **Sales/Use tax when selling something or providing a service**
  - ▶ **Sales tax when they buy things**
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## Florence Township Taxes 2019

Below is a chart from the NJ Department of Community Affairs that shows the Average Property Taxes paid by residents of Florence Township and compared with Burlington County Residents and the State of New Jersey. There had been some comments on Social Media about how much the taxes are in Florence Township compared to other communities. This is based on an average assessment of \$219,441 in Florence Township. We are well below everyone else in the County and the State.

In Burlington County, only 6 Municipalities out of 40 pay less in taxes than Florence Township Residents.



Information can be found of the New Jersey Department of Community Affairs website under "Property Tax Information". Click on the 2019-Property Tax Info and it will open an Excel spreadsheet. Click on the "Tax Viewer" tab and select Florence Township under the Select Municipality.

| Code | 2019 DATA               |            | Average Residential Property Taxes (pre-deduction/credit) |                      |                      |                         |                     |
|------|-------------------------|------------|---|----------------------|----------------------|-------------------------|---------------------|
|      | Municipality            | County     | Average Residential Property Value                        | Average County Taxes | Average School Taxes | Average Municipal Taxes | Average Total Taxes |
| 0336 | Washington Township     | Burlington | 235,235   | 898                  | 2,043                | 0                       | 2,941               |
| 0328 | Pemberton Borough       | Burlington | 184,212   | 778                  | 1,885                | 1,177                   | 3,841               |
| 0329 | Pemberton Township      | Burlington | 164,490   | 652                  | 1,541                | 1,676                   | 3,870               |
| 0340 | Wrightstown Borough     | Burlington | 152,039   | 696                  | 2,235                | 1,497                   | 4,428               |
| 0325 | New Hanover Township    | Burlington | 182,795   | 1,041                | 3,287                | 175                     | 4,503               |
| 0323 | Mount Holly Township    | Burlington | 171,068   | 663                  | 2,882                | 1,406                   | 4,951               |
| 0315 | Florence Township       | Burlington | 219,441   | 886                  | 3,370                | 986                     | 5,243               |
| 0305 | Burlington City         | Burlington | 138,628   | 563                  | 2,804                | 1,919                   | 5,285               |
| 0301 | Bass River Township     | Burlington | 218,590   | 896                  | 3,626                | 818                     | 5,340               |
| 0333 | Southampton Township    | Burlington | 192,211   | 881                  | 3,807                | 826                     | 5,514               |
| 0319 | Maple Shade Township    | Burlington | 159,241   | 669                  | 3,423                | 1,435                   | 5,528               |
| 0330 | Riverside Township      | Burlington | 152,071   | 613                  | 3,176                | 1,746                   | 5,534               |
| 0312 | Edgewater Park Township | Burlington | 186,327   | 665                  | 3,278                | 1,656                   | 5,599               |
| 0314 | Fieldsboro Borough      | Burlington | 196,575   | 841                  | 3,691                | 1,115                   | 5,646               |
| 0302 | Beverly City            | Burlington | 125,583   | 518                  | 3,198                | 1,967                   | 5,683               |
| 0327 | Palmyra Borough         | Burlington | 147,580   | 633                  | 3,256                | 1,835                   | 5,724               |
| 0337 | Westampton Township     | Burlington | 241,348   | 999                  | 3,226                | 1,599                   | 5,824               |
| 0309 | Delanco Township        | Burlington | 190,193   | 802                  | 3,194                | 2,048                   | 6,044               |
| 0338 | Willingboro Township    | Burlington | 157,187   | 572                  | 2,866                | 2,809                   | 6,247               |
| 0324 | Mount Laurel Township   | Burlington | 237,552   | 950                  | 4,363                | 1,113                   | 6,427               |
| 0339 | Woodland Township       | Burlington | 256,972   | 956                  | 4,732                | 771                     | 6,459               |
| 0311 | Eastampton Township     | Burlington | 222,942   | 955                  | 3,875                | 1,966                   | 6,796               |
| 0306 | Burlington Township     | Burlington | 234,324   | 1,011                | 4,582                | 1,237                   | 6,830               |
| 0316 | Hainesport Township     | Burlington | 279,812   | 1,225                | 4,642                | 977                     | 6,844               |
| 0326 | North Hanover Township  | Burlington | 316,602   | 1,278                | 4,644                | 1,116                   | 7,038               |
| 0303 | Bordentown City         | Burlington | 202,568   | 858                  | 4,105                | 2,157                   | 7,121               |
| 0317 | Lumberton Township      | Burlington | 300,913   | 1,197                | 4,757                | 1,236                   | 7,190               |
| 0313 | Evesham Township        | Burlington | 272,683   | 1,155                | 5,190                | 1,236                   | 7,581               |
| 0308 | Cinnaminson Township    | Burlington | 234,078   | 1,029                | 5,262                | 1,482                   | 7,773               |
| 0310 | Delran Township         | Burlington | 211,294   | 951                  | 5,116                | 1,720                   | 7,787               |
| 0335 | Tabernacle Township     | Burlington | 264,729   | 1,163                | 5,454                | 1,171                   | 7,788               |
| 0304 | Bordentown Township     | Burlington | 241,923   | 1,189                | 5,193                | 1,421                   | 7,802               |
| 0318 | Mansfield Township      | Burlington | 251,007   | 1,222                | 5,681                | 1,257                   | 8,161               |
| 0334 | Springfield Township    | Burlington | 275,858   | 1,203                | 5,159                | 1,860                   | 8,222               |
| 0332 | Shamong Township        | Burlington | 308,498   | 1,315                | 6,919                | 355                     | 8,589               |
| 0331 | Riverton Borough        | Burlington | 246,838   | 1,135                | 5,618                | 2,108                   | 8,861               |
| 0321 | Medford Lakes Borough   | Burlington | 286,540   | 1,218                | 6,440                | 1,866                   | 9,524               |
| 0320 | Medford Township        | Burlington | 326,503   | 1,433                | 7,508                | 1,404                   | 10,344              |
| 0307 | Chesterfield Township   | Burlington | 391,375   | 1,621                | 8,412                | 1,329                   | 11,363              |
| 0322 | Moorestown Township     | Burlington | 455,654   | 1,973                | 7,757                | 1,931                   | 11,662              |

# CONCLUSION: FLORENCE TOWNSHIP HAS BENEFITED FROM PILOTS.

- ▶ It reaped \$2 million in 2019 which translates into 16 cents in the municipal tax rate – In essence, PILOTS stabilized taxes for 7 years.
- ▶ Florence was able to provide funding for various school, fire and township programs and projects.
- ▶ Florence is projected to reap \$36.3 million in total through 2033.
- ▶ It is all about fiscal responsibility provided to Florence Township taxpayers – Sound fiscal action combined with the careful use of PILOTS enabled Florence Township to keep taxes low while accomplishing various beneficial programs and projects