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1. [N.J. Stat. § 54:4-3.6](#)

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[N.J. Stat. § 54:4-3.6](#)

This section is current through New Jersey 219th First Annual Session, L. 2020, c. 28

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§ 54:4-3.6. Tax exempt property

The following property shall be exempt from taxation under this chapter: all buildings actually used for colleges, schools, academies or seminaries, provided that if any portion of such buildings are leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, said portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used for historical societies, associations or exhibitions, when owned by the State, county or any political subdivision thereof or when located on land owned by an educational institution which derives its primary support from State revenue; all buildings actually and exclusively used for public libraries, asylum or schools for adults and children with intellectual disabilities; all buildings used exclusively by any association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals; all buildings actually and exclusively used and owned by volunteer first-aid squads, which squads are or shall be incorporated as associations not for pecuniary profit; all buildings actually used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, provided that if any portion of a building used for that purpose is leased to profit-making organizations or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used in the work of associations and corporations organized exclusively for religious purposes, including religious worship, or charitable purposes, provided that if any portion of a building used for that purpose is leased to a profit-making organization or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion shall be exempt from taxation, and provided further that if any portion of a building is used for a different exempt use by an exempt entity, that portion shall also be exempt from taxation; all buildings actually used in the work of associations and corporations organized exclusively for hospital purposes, provided that if any portion of a building used for hospital purposes is leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings owned or held by an association or corporation created for the purpose of holding the title to such buildings as are actually and exclusively used in the work of two or more associations or corporations organized exclusively for the moral and mental improvement of men, women and children; all buildings owned by a corporation created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes and actually and exclusively used in the work of one or more associations or corporations organized exclusively for charitable or religious purposes, which associations or corporations may or may not pay rent for the use of the premises or the portions of the premises used by them; the buildings, not exceeding two, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State, together with the accessory buildings located on the same premises; the land whereon any of the buildings hereinbefore mentioned are erected, and which may be necessary for the fair enjoyment thereof, and which is devoted to the purposes above mentioned and to no other purpose and does not exceed five acres in extent; the furniture and personal

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property in said buildings if used in and devoted to the purposes above mentioned; all property owned and used by any nonprofit corporation in connection with its curriculum, work, care, treatment and study of men, women, or children with intellectual disabilities shall also be exempt from taxation, provided that such corporation conducts and maintains research or professional training facilities for the care and training of men, women, or children with intellectual disabilities; provided, in case of all the foregoing, the buildings, or the lands on which they stand, or the associations, corporations or institutions using and occupying them as aforesaid, are not conducted for profit, except that the exemption of the buildings and lands used for charitable, benevolent or religious purposes shall extend to cases where the charitable, benevolent or religious work therein carried on is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided the building is wholly controlled by and the entire income therefrom is used for said charitable, benevolent or religious purposes; and any tract of land purchased pursuant to subsection (n) of section 21 of P.L.1971, c.199 ([C.40A:12-21](#)), and located within a municipality, actually used for the cultivation and sale of fresh fruits and vegetables and owned by a duly incorporated nonprofit organization or association which includes among its principal purposes the cultivation and sale of fresh fruits and vegetables, other than a political, partisan, sectarian, denominational or religious organization or association. The foregoing exemption shall apply only where the association, corporation or institution claiming the exemption owns the property in question and is incorporated or organized under the laws of this State and authorized to carry out the purposes on account of which the exemption is claimed or where an educational institution, as provided herein, has leased said property to a historical society or association or to a corporation organized for such purposes and created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes.

As used in this section "hospital purposes" includes health care facilities for the elderly, such as nursing homes; residential health care facilities; assisted living residences; facilities with a Class C license pursuant to P.L.1979, c.496 ([C.55:13B-1](#) et al.), the "Rooming and Boarding House Act of 1979"; similar facilities that provide medical, nursing or personal care services to their residents; and that portion of the central administrative or service facility of a continuing care retirement community that is reasonably allocable as a health care facility for the elderly.

History

Amended 1941, c. 243; 1949, c. 85; 1960, c. 119; 1962, c. 154, § 1; 1964, c. 42; 1966, c. 318; 1977, c. 370; 1983, c. 224; 1985, c. 395; [1993, c. 166](#); [2001, c. 18](#), § 1, eff. Jan. 29, 2001, retroactive to Sept. 30, 1999; [2010, c. 50](#), § 81, eff. Nov. 14, 2010; [2011, c. 35](#), § 4, eff. Mar. 1, 2011; [2011, c. 171](#), § 4, eff. Jan. 5, 2012.

Annotations

LexisNexis® Notes

Notes

Editor's Note:

Construction of L. [2010, c. 50](#), see [30:6D-32.5](#).

Findings, declarations relative to lease, sale of certain property to nonprofits for certain purposes, see [40A:12-15.1](#).

Effective Dates:

Section 2 of L. [2001, c. 18](#) provides: “This act shall take effect immediately and section 1 shall be retroactive to September 30, 1999.” Chapter 18, L. 2001, was approved on January 29, 2001.

Section 85 of L. [2010, c. 50](#) provides: “This act shall take effect on the 90th day following enactment.” Chapter 50, L. 2010, was approved on August 16, 2010.

Amendment Note:

2010 amendment, by Chapter 50, in the first paragraph, substituted “adults and children with intellectual disabilities” for “feeble-minded or idiotic persons and children”, and twice substituted “men, women, or children with intellectual disabilities” for “feeble-minded, mentally retarded, or idiotic men, women, or children.”

2011 amendment, by Chapter 35, added “and any tract of land purchased pursuant to subsection (n) of section 21 of P.L.1971, c.199 (C.40A:12-21), and located within a city of the first, second, third or fourth class, actually used for the cultivation and sale of fresh fruits and vegetables and owned by a duly incorporated nonprofit organization or association which includes among its principal purposes the cultivation and sale of fresh fruits and vegetables, other than a political, partisan, sectarian, denominational or religious organization or association” to the end of the first sentence of the first paragraph.

2011 amendment, by Chapter 171, near the end of the first sentence in the first paragraph, substituted “municipality” for “city of the first, second, third or fourth class” preceding “actually used for the cultivation and sale of fresh fruits and vegetables.”

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Business & Corporate Law: Foreign Businesses: General Overview

N.J. Stat. § 54:4-3.6

Where a nonprofit broadcaster that qualified for a tax exemption in all other respects was denied an exemption as a nonprofit organization from state real and personal property taxes on its land and facilities, and N. J. Stat. Ann. § [54:4-3.6](#) exempted only those nonprofit corporations incorporated in New Jersey, § [54:4-3.6](#) denied the broadcaster equal protection of the laws in violation of the [U.S. Const., amend. XIV](#) solely because of its foreign incorporation. [WHYY, Inc. v. Glassboro, 393 U.S. 117, 89 S. Ct. 286, 21 L. Ed. 2d 242, 1968 U.S. LEXIS 329 \(U.S. 1968\)](#).

Business & Corporate Law: Nonprofit Corporations & Organizations: General Overview

Nonprofit corporation's property was not tax exempt under N.J. Stat. Ann. § [54:4-3.6](#) because 1) the commingling of effort and entanglement of activities by the corporation and its profit-making affiliates was significant and substantial, and 2) all of the benefit flowed from the corporation to the for-profit entities. [International Schools Services, Inc. v. West Windsor Tp., 207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\)](#).

Amendment to N.J. Stat. Ann. § [54:4-3.6](#) that eliminated the exclusivity-of-use requirement for buildings and property does not allow a nonprofit entity to engage in for-profit activities that are not conducted so as to be evident, readily ascertainable, and separately accountable for taxing purposes. Rather, the legislative change that permitted some for-profit activity to take place in an exempt entity's building or on its property presumes an ability to identify it, segregate it, and measure it for local taxing purposes. [International Schools Services, Inc. v. West Windsor Tp., 207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\)](#).

Non-profit corporation's property was not tax-exempt under N.J. Stat. Ann. § [54:4-3.6](#) because it failed to prove that the operation and use of the property was not conducted for profit. The record showed that a portion of its profit subsidized the operations of its profit-making affiliates through the provision of professional services that were not "charged back," below-market rents, and unsecured loans that did not appear to have been timely repaid. [International Schools Services, Inc. v. West Windsor Tp., 412 N.J. Super. 511, 991 A.2d 848, 2010 N.J. Super. LEXIS 59 \(App.Div. 2010\)](#), aff'd, [207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\)](#).

That a non-profit corporation provided services to schools and not directly to the public was not fatal to its qualification for a tax exemption under the second prong of the test articulated in [Paper Mill Playhouse v. Millburn Township, 95 N.J. 503 \(1984\)](#)—that the property was actually used for a tax exempt purpose—as the evidence demonstrated that it fulfilled its legitimate public purpose goals and that the activities were conducted by its trained staff at the subject property. [International Schools Services, Inc. v. West Windsor Tp., 412 N.J. Super. 511, 991 A.2d 848, 2010 N.J. Super. LEXIS 59 \(App.Div. 2010\)](#), aff'd, [207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\)](#).

Fact that a religious organization did not offer the names of individual congregants did not foreclose it from claiming the parsonage exemption under N.J. Stat. Ann. § [54:4-3.6](#), as a rabbi's testimony regarding the number of congregants paying annual dues and making contributions, the congregation's financial records, and photos of the size of the area in which religious services took place all supported the finding that the organization maintained a congregation at its property. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Nothing in N.J. Stat. Ann. § [54:4-3.6](#) or relevant judicial precedents requires that a religious organization seeking a parsonage exemption name the individual members of its congregation. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

In order to claim the parsonage exemption, there is no requirement in N.J. Stat. Ann. § [54:4-3.6](#) that a house of worship occupy the entire building in which it is located. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

As the evidence established that a religious organization's primary purpose in buying two homes was to provide housing for its rabbis, and that the houses were not profit centers for the congregation, its collection of rent on the

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premises did not vitiate the parsonage exemption. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Although a religious organization's synagogue was in the same building as its religious school, it was on a separate floor, had a separate entrance, and was maintained with contributions from congregation members. Therefore, the organization maintained a separate house of worship and was thus entitled to a parsonage exemption under N.J. Stat. Ann. § [54:4-3.6](#) for two homes occupied by its rabbis. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

As one rabbi devoted about 25 hours per week to a synagogue, and the second rabbi fulfilled all rabbinical duties when the first rabbi was unable to do so, both were officiating clergyman for purposes of N.J. Stat. Ann. § [54:4-3.6](#). Therefore, the religious organization that rented houses to them was entitled to the parsonage exemption. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Manner in which properties were actually and exclusively used was consistent with and in furtherance of a nonprofit corporation's stated charitable purpose, to give mentally disabled individuals incapable of functioning on their own an opportunity to live as close to a normal life as possible; since it was organized for a charitable purpose and its properties were not used for profit, those properties qualified for property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#). [Community Access Unlimited Inc. v. City of Elizabeth, 21 N.J. Tax 604, 2003 N.J. Tax LEXIS 20 \(Tax Ct. Oct. 6, 2003\)](#).

Reversal of the trial court's judgment denying theater's request for tax exempt status from local property taxes under N.J. Stat. Ann. § [54:4-3.6](#) was required when theater's operations were not conducted for profit and where the operations furthered the public's moral and mental improvement. [Paper Mill Playhouse v. Millburn Township, 95 N.J. 503, 472 A.2d 517, 1984 N.J. LEXIS 2406 \(N.J. 1984\)](#).

Plaintiff association failed in its burden of proving tax exempt status as a non-profit organization under N.J. Stat. Ann. § [54:4-3.6](#) where it displayed that much of its activity went to a for profit enterprise. [Dawn Bible Students Ass'n v. East Rutherford, 3 N.J. Super. 71, 65 A.2d 532, 1949 N.J. Super. LEXIS 880 \(App.Div. 1949\)](#).

Where a college claimed that its real and personal property was exempt from taxation on the ground that it was established and operated as a fundamentally charitable and philanthropic institution and not for profit, the college was not exempt; it had failed to clearly and convincingly demonstrate that it operated as a not for profit institution. [Trenton v. State Board of Tax Appeals, 127 N.J.L. 105, 21 A.2d 644, 1941 N.J. Sup. Ct. LEXIS 104 \(N.J. Sup. Ct. 1941\)](#), aff'd, [131 N.J. Eq. 404, 25 A.2d 630, 1942 N.J. Ch. LEXIS 80 \(Ch. 1942\)](#).

Under N.J. Stat. Ann. § [54:4-3.6](#), the burden is on a hospital to show its right to exemption as a hospital not conducted for profit on the date of an assessment. [Fairmount Hospital, Inc. v. State Board of Tax Appeals, 122 N.J.L. 8, 4 A.2d 67, 1939 N.J. Sup. Ct. LEXIS 239 \(N.J. Sup. Ct.\)](#), aff'd, [123 N.J.L. 201, 8 A.2d 273, 1939 N.J. LEXIS 354 \(E. & A. 1939\)](#).

Business & Corporate Law: Nonprofit Corporations & Organizations: Formation

Non-profit organization was found to be organized exclusively for religious and charitable purposes via its operation of a Christian retreat house for girls and women and, therefore, entitled to exemption from local property taxes in accordance with N.J.S.A. § [54:4-3.6](#) despite it offering its retreat house to the general public when its members were not using it. [Girls Friendly Soc. of Pennsylvania v. Cape May City, 26 N.J. Tax 549, 2012 N.J. Tax LEXIS 18 \(Tax Ct. Oct. 26, 2012\)](#).

Tenure for school business administrators is not a vehicle for the moral and mental improvement of the general public under N.J. Stat. Ann. § [54:4-3.6](#). [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

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An organization is not organized exclusively for the purpose of the moral and mental improvement of men, women, and children under N.J. Stat. Ann. § [54:4-3.6](#) if its corporate purposes are not designed to provide moral and mental improvement “directly.” [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

Moral and mental improvement of men, women, and children is required to be an organization’s exclusive purpose under N.J. Stat. Ann. § [54:4-3.6](#). [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

To determine whether a not-for-profit corporation was exempt from property taxes under N.J. Stat. Ann. § [54:32B-9\(b\)](#) for the moral and mental improvement exemption, it applied the three-prong Paper Mill Playhouse test; the corporation was required to demonstrate that it was organized exclusively for the moral and mental improvement of men, women, and children, the subject property was actually used for the tax-exempt purpose, and the operation and use of its property was not conducted for profit. [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

New Jersey not-for-profit corporation that was qualified under I.R.C. § [503\(c\)\(3\)](#) and exempt from sales and use taxes under N.J. Stat. Ann. § [54:32B-9\(b\)](#) was not exempt from property taxes under N.J. Stat. Ann. § [54:4-3.6](#); the corporation was organized to provide educational services only to its members and other school district employees and not exclusively for the “general public.” [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

Civil Procedure: Justiciability: Standing: Personal Stake

Standing to claim an exemption does not equate to a right to, or a grant of, the same; rather, entitlement to an exemption is solely dependent upon full compliance with the exemption statute's requirements. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

Civil Procedure: Summary Judgment: General Overview

Summary judgment order in favor of a township denying a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) was error where the tax judge failed to resolve all doubts in favor of the organization in his interpretation of the organization’s certificate of incorporation and failed to resort to relevant extrinsic evidence. [International Schools Services, Inc. v. West Windsor Tp., 381 N.J. Super. 383, 886 A.2d 204, 22 N.J. Tax 659, 2005 N.J. Super. LEXIS 347 \(App.Div. 2005\)](#).

Civil Procedure: Summary Judgment: Partial Summary Judgments

Because a nursing home’s certificate of incorporation did not state that it specifically limited its activities to those conducted in support of and integration with the hospital whose operations were contended to be integrated with those of the nursing home, the nursing home could not be considered a hospital and entitled to an exemption; hence, the township who made the tax assessments was properly granted partial summary judgment in the nursing home’s suit contesting the same. [Mega Care, Inc. v. Township of Union, 22 N.J. Tax 604, 2004 N.J. Tax LEXIS 34 \(App.Div. Nov. 30, 2004\)](#).

Civil Procedure: Summary Judgment: Standards: General Overview

In a case involving a tax exemption for certain property, the city’s motion for summary judgment was granted because the non-profit organization failed to prove that its activity qualified as an actual and exclusive use for a charitable purpose and failed to demonstrate that its operation of the property relieved the government of any burden; there was no evidence that the organization’s rental fee was lower than market rent, that the organization served disabled persons who were not supported by government subsidies, or that the organization accepted elderly or disabled tenants, regardless of the person’s ability to pay. [Essex Props. Urban Renewal Assocs. v. City of Newark, 20 N.J. Tax 360, 2002 N.J. Tax LEXIS 20 \(Tax Ct. Sept. 4, 2002\)](#).

Constitutional Law: Bill of Rights: Fundamental Rights: Procedural Due Process: Scope of Protection

Where a nonprofit broadcaster that qualified for a tax exemption in all other respects was denied an exemption as a nonprofit organization from state real and personal property taxes on its land and facilities, and N. J. Stat. Ann. § [54:4-3.6](#) exempted only those nonprofit corporations incorporated in New Jersey, § [54:4-3.6](#) denied the broadcaster equal protection of the laws in violation of the [U.S. Const., amend. XIV](#) solely because of its foreign incorporation. [WHYY, Inc. v. Glassboro, 393 U.S. 117, 89 S. Ct. 286, 21 L. Ed. 2d 242, 1968 U.S. LEXIS 329 \(U.S. 1968\)](#).

Education Law: Administration & Operation: Property

Portion of a public university's building plaintiff operated as a restaurant was subject to local property tax because the restaurant was a profit-making commercial enterprise, and plaintiff's payment to a university foundation did not make the premises occupied by the restaurant a building "actually used for [a] college" under this section, as there was a direct link between the gross revenues derived from plaintiff's for-profit operation of the restaurant and the amount remitted to the foundation, which was paid a preferred rate of return when the restaurant generated more gross revenues. [Gourmet Dining, LLC v. Union Tp., 30 N.J. Tax 381, 2018 N.J. Tax LEXIS 6 \(Tax Ct. Mar. 14, 2018\)](#), rev'd, [459 N.J. Super. 323, 210 A.3d 917, 2019 N.J. Super. LEXIS 75 \(App.Div. 2019\)](#).

Evidence: Procedural Considerations: Burdens of Proof: Allocation

In an action wherein taxpayers challenged tax exemptions granted to a university, the court denied the university's motion seeking to place the burden of proof on the taxpayers because the court held that the taxpayer seeking the exemption under N.J. Stat. Ann. § [54:4-3.6](#) bore the burden of proof as the claimant of the exemption. [Fields v. Trustees of Princeton University, 28 N.J. Tax 574, 2015 N.J. Tax LEXIS 17 \(Tax Ct. Nov. 5, 2015\)](#).

Governments: Courts: Authority to Adjudicate

Court does not have the authority to write into N.J. Stat. Ann. § [54:4-3.6](#), which provides an exemption from local property taxation for parsonages, additional limitations to the exemption grant where the parsonage provision is clear and unambiguous. [Plainfield v. Goodwill Home & Missions, Inc., 4 N.J. Tax 537, 1982 N.J. Tax LEXIS 23 \(Tax Ct. Aug. 6, 1982\)](#).

Healthcare Law: Business Administration & Organization: Tax Exemptions

With the sole exceptions of the auditorium, fitness center, and the visitors' garage, a hospital's claim for property tax exemption was denied because the subject property was being used substantially for profit since it failed the profit test on several grounds and, therefore, failed to qualify for property tax exemption for tax years 2006, 2007, and 2008 pursuant to [N.J. Stat. Ann. § 54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

In a case of first impression, the New Jersey Tax Court holds that the operation and function of modern non-profit hospitals do not meet the current criteria for property tax exemption under [N.J. Stat. Ann. § 54:4-3.6](#) and the applicable case law. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

New Jersey Tax Court is satisfied that non-profit hospitals today bear little, if any, resemblance to hospitals in the 18th, 19th, and early 20th centuries of their early origins as charitable alms houses providing free medical treatment to the infirm poor as they are now sophisticated centers of medical care, providing a litany of medical services regardless of a patient's ability to pay. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Tax Court of New Jersey recognizes in *AHS Hospital Corp.*, and reiterates, that [N.J. Stat. Ann. § 54:4-3.6](#) and case law are applicable to the legal determination of property tax exemption in New Jersey. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Real property tax exemption considerations addressed by the New Jersey Supreme Court in *Kimberly School* have been incorporated into the three-prong test of *Paper Mill Playhouse*, which is now the standard; clearly there is more recent, more relevant, and more authoritative case law since *Kimberly School*. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Healthcare Law: Business Administration & Organization: Tax Exemptions: General Overview

Because a nursing home's certificate of incorporation did not state that it specifically limited its activities to those conducted in support of and integration with the hospital whose operations were contended to be integrated with those of the nursing home, the nursing home could not be considered a hospital and entitled to an exemption; hence, the township who made the tax assessments was properly granted partial summary judgment in the nursing home's suit contesting the same. [Mega Care, Inc. v. Township of Union, 22 N.J. Tax 604, 2004 N.J. Tax LEXIS 34 \(App.Div. Nov. 30, 2004\)](#).

Where a corporation owned property on which was operated a nursing home, the property was not entitled to the tax exemption for entities organized exclusively for hospital purposes, even though the nursing home operations were integrated with those of a hospital operated under common ownership and control, because hospital purposes were not recited in the corporation's certificate of incorporation. [Mega Care v. Union Twp., 15 N.J. Tax 566, 1996 N.J. Tax LEXIS 14 \(Tax Ct. Feb. 1, 1996\)](#), aff'd, [22 N.J. Tax 604, 2004 N.J. Tax LEXIS 34 \(App.Div. Nov. 30, 2004\)](#).

Healthcare Law: Business Administration & Organization: Tax Exemptions: Hospitals

Since a town's evidence demonstrated that there was a genuine issue as to whether the use of a non-profit corporation's main hospital building, cardiovascular institute, and garage was conducted for profit, the corporation was not entitled to partial summary judgment declaring those portions of its property tax exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\)](#).

As a non-profit hospital's lease of space to a cafe provided both with an opportunity to net a profit, the cafe space was leased to a "profit making organization" and thus was not tax exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\)](#).

As office space a non-profit corporation rented to private physicians was used to conduct their private practices, and as they were not the corporation's employees, a presumption arose that they derived profit from their use of that office space; therefore, that space was not tax-exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\)](#).

Hospital's physical therapy (PT) facility was not entitled to the "hospital purpose" tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), as 1) the hospital failed to show that PT services were required or provided pre-admission, during a hospital stay, or post-admission; 2) the degree of supervision by the hospital's medical personnel over the PT facility was substantially less than that their supervision of the hospital's cardiopulmonary rehabilitation facility, and the hospital treated the two facilities differently for administrative purposes; and 3) the hospital failed to establish that the PT facility primarily served hospital patients referred there for continuation of treatment. [Hunterdon Medical Center v. Township of Readington, 24 N.J. Tax 421, 2009 N.J. Tax LEXIS 16 \(Tax Ct. Mar. 26, 2009\)](#), rev'd, [416 N.J. Super. 127, 3 A.3d 593, 2010 N.J. Super. LEXIS 182 \(App.Div. 2010\)](#).

That a hospital's physical therapy (PT) facility was not available to patients on-site (N.J. Admin. Code § 8:43G-29.6(a)), lacked a separate lavatory facility exclusively for patient use (N.J. Admin. Code § 8:43G-29.8(c)), and that the hospital failed to show that it did not deny admission to the PT facility to patients on the basis of their inability to pay (N.J. Admin. Code § 8:43G-5.2(c)), while not conclusive as to whether the PT facility constituted a "hospital

N.J. Stat. § 54:4-3.6

purpose” under N.J. Stat. Ann. § [54:4-3.6](#), did illustrate the deviation of the facility from standards applicable to hospitals. [Hunterdon Medical Center v. Township of Readington, 24 N.J. Tax 421, 2009 N.J. Tax LEXIS 16 \(Tax Ct. Mar. 26, 2009\)](#), rev'd, [416 N.J. Super. 127, 3 A.3d 593, 2010 N.J. Super. LEXIS 182 \(App.Div. 2010\)](#).

Nonprofit hospital's off-site wellness center provided physical therapy (PT), which presumptively constituted a core “hospital purpose” under N.J. Stat. Ann. § [54:4-3.6](#). Therefore, the tax court, before denying an exemption to the portion of the center devoted solely to PT, had to consider, inter alia, (1) the degree to which the center's activities operationally were integrated and supervised by hospital personnel; and (2) whether the PT facility served primarily hospital patients and employees or primarily members of the general public. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Where hospital-used property is situated away from the main hospital campus, to determine whether such property is entitled to a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), factors to consider are (1) whether the facility serves primarily hospital patients and employees or primarily members of the general public; and (2) when the hospital's off-site activity is not one for which the hospital has been licensed, whether the facility competes with like commercial facilities. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Any medical or diagnostic service that a hospital patient may require, whether pre-admission, during a hospital stay, or postadmission, presumptively constitutes a core “hospital purpose” under N.J. Stat. Ann. § [54:4-3.6](#). When an off-site facility provides such services, the test for tax exemption also requires consideration of the degree to which the off-site facility's activities operationally are integrated and supervised by hospital personnel. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Tax Court properly denied local property taxation exemptions to a hospital for portions of an offsite building it owned and operated as a wellness center, a physical therapy service, and a pediatric practice as those uses did not meet the statutory use test to qualify for hospital purposes, and the pediatric practice also failed to meet the statutory not-for-profit requirement. [Hunterdon Medical Center v. Township of Readington, 391 N.J. Super. 434, 918 A.2d 675, 23 N.J. Tax 536, 2007 N.J. Super. LEXIS 88 \(App.Div. 2007\)](#), aff'd in part and rev'd in part, [195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Healthcare Law: Business Administration & Organization: Tax Exemptions: Nonhospital Organizations

Exemption provision of N.J. Stat. Ann. § [54:4-3.6](#) from real estate taxation for assisted living facilities is not unconstitutional under the Exemption Clause, N.J. Const. art. VIII, § [1, para. 2](#), as the framers of the 1947 New Jersey Constitution clearly understood “hospital purposes” to be part of the charitable, religious, and educational tradition encompassed within the brief language of the Exemption Clause. The types of exemptions recognized by the New Jersey Legislature at the time of the 1947 Constitution did not require that they provide their services on a charitable basis; rather, it merely required that providers recognized as worthy of exemption not be operated for a profit. [Presbyterian Home at Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, [201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 \(N.J. 2010\)](#).

Tax Court judge erred by adding a charitable component to N.J. Stat. Ann. § [54:4-3.6](#) by holding that an assisted living facility had to provide charity care to qualify for the hospital exemption from real estate taxation as no such qualification existed in the plain language of the statute. [Presbyterian Home at Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, [201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 \(N.J. 2010\)](#).

Legislative history language and the plain language of N.J. Stat. Ann. § [54:4-3.6](#), which declares that the real property of various health care providers is exempt from local property taxes, contains no qualification that an assisted living facility must provide charity care in order to qualify for the exemption. [Presbyterian Home at](#)

[Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, 201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 (N.J. 2010).

Public Health & Welfare Law: Social Services: Mentally Ill & Mentally Retarded Individuals: Housing

New Jersey Supreme Court rejects the New Jersey Tax Court's conclusion that organizations which have both residency and services/counseling components, must have some institutional aspect to the housing program to qualify for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#); that an organization does not require its residents to participate in services does not count against conferring tax-exempt status. [Advance Housing, Inc. v. Township of Teaneck, 215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

Organization that provides residences for individuals with psychiatric disabilities established that it was a not-for-profit corporation, entitling them to tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#), because the properties for which it sought tax exemptions were actually used for the charitable purpose of providing supportive housing for the mentally disabled; that the organization did not require its residents to participate in services did not count against conferring tax-exempt status. [Advance Housing, Inc. v. Township of Teaneck, 215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

Real Property Law: Adverse Possession: General Overview

Community theater's title of ownership of an additional lot, acquired by adverse possession under N.J. Stat. Ann. § [2A:14-30](#), was the equivalent of ownership as used in N.J. Stat. Ann. § [54:4-3.6](#). [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

Real Property Law: Estates: General Overview

Nonprofit entity that leased property from a county for a period of 115 years was treated as an owner because such interest was considered a freehold interest under N.J. Stat. Ann. § [46:15-5\(a\)](#), (c) for purposes of seeking a real property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), if it met all of the other qualifications necessary for such an exemption. [Ctr. for Molecular Med. & Immunology v. Twp. of Belleville, 357 N.J. Super. 41, 813 A.2d 1243, 2003 N.J. Super. LEXIS 18 \(App.Div. 2003\)](#).

Real Property Law: Ownership & Transfer: General Overview

N.J. Stat. Ann. § [54:4-3.6b](#) pronounces the right of an exempt purchaser of exempt property to continue the exemption, and requires that the new owner file the initial statement for the subsequent tax year to claim its exemption, and then file an initial statement for the current partial tax year in order to obtain the extension. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

N.J. Stat. Ann. § [54:4-3.6b](#) does not require that a tax-exempt purchaser own other tax-exempt property for the exemption to continue. Rather, it recognizes the continuation of a property tax exemption upon the transfer from one qualified tax-exempt entity to another and clarifies the filing requirement for those occasions when the transfer occurs after October 1 to permit the exemption to continue uninterrupted. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

As the legislature, in enacting N.J. Stat. Ann. § [54:4-3.6b](#), clearly wanted to continue the tax exemption when the property was transferred between two exempt organizations or taxpayers, a city erred in denying an exempt entity's claim for an exemption during the tax year when it bought the property from another exempt entity. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

[Emanuel Missionary Baptist Church v. City of Newark, 1 N.J. Tax 264 \(Tax 1980\)](#), which held that property transferred from one exempt entity to another may retain the exemption provided that the exempt use is not interrupted, remains viable law after the enactment of N.J. Stat. Ann. § [54:4-3.6b](#), as it does not contradict the

intent and purpose of § [54:4-3.6b](#). [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

Real Property Law: Property Valuation

If a tax-exempt cemetery association causes, suffers, or permits its real estate to be used by a profit-making business, the real estate is not exempt from taxation; otherwise, the profit-making business is not bearing its fair share of the tax burden as required by law. [Greenwood Cemetery Asso. v. Millville, 1 N.J. Tax 408, 1980 N.J. Tax LEXIS 38 \(Tax Ct. July 30, 1980\)](#).

Where a cemetery caretaker's wife operated a business selling bronze plaques from a residence located on the cemetery grounds, this was considerable business activity resulting in profit to a private individual and was not a non-exempt activity of an inconsequential or de minimus character so as to permit the cemetery from obtaining tax exemption for its otherwise tax-exempt property. [Greenwood Cemetery Asso. v. Millville, 1 N.J. Tax 408, 1980 N.J. Tax LEXIS 38 \(Tax Ct. July 30, 1980\)](#).

Real Property Law: Water Rights: General Overview

Underwater lands adjacent to upland property that was exempt from taxes pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was not merely an enhancement to the exempt property, but was property to which the taxpayer had full ownership and legal title; thus assessment of such land was proper and the taxes payable, subject to the taxpayer's claim of exemptions. [Island Heights v. Presbyterian Camps & Conferences, Inc., 68 N.J. Super. 291, 172 A.2d 228, 1961 N.J. Super. LEXIS 587 \(App.Div. 1961\)](#).

Real Property Law: Zoning & Land Use: Building & Housing Codes

Church was not entitled to claim an exemption of an uncompleted church building from local property taxes, despite having used the building for some prayer services, where denial of the exemption discouraged use of uncompleted and unsafe structures; in addition, prior to the issuance of a certificate of occupancy, whether temporary or permanent, the church's use of the property, while under construction, constituted a violation of the Uniform Construction Code. [Grace & Peace Fellowship Church, Inc. v. Cranford Township, 4 N.J. Tax 391, 1982 N.J. Tax LEXIS 34 \(Tax Ct. June 10, 1982\)](#).

Tax Law: Federal Taxpayer Groups: Exempt Organizations: Charitable, Religious & Scientific Organizations

In a case in which a community theater, which was exempt from taxes under N.J. Stat. Ann. § [54:4-3.6](#), was destroyed by arson, the well-established rule that October 1 of the pretax year was the controlling date to determine a property's exemption, pursuant to N.J. Stat. Ann. § [54:4-23](#) and N.J. Stat. Ann. § [54:4-35](#), did not apply because the issue was not whether an exemption was predicated upon construction of a new building on previously non-exempt property, but rather whether an exemption could be granted during the course of reconstruction on property that was previously exempt. [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

Community theater's title of ownership of an additional lot, acquired by adverse possession under N.J. Stat. Ann. § [2A:14-30](#), was the equivalent of ownership as used in N.J. Stat. Ann. § [54:4-3.6](#). [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

After arson destroyed a theater building previously found to be exempt from local property tax under N.J. Stat. Ann. § [54:4-3.6](#), the exempt status of the theater building was not lost during the course of reconstruction. [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

Corporation founded for the moral and mental improvement of schizophrenics was properly denied a nonprofit exemption under N.J. Stat. Ann. § [54:4-3.6](#) because, although the corporation was founded under N.J. Stat. Ann. § [15A:1-1](#) et seq., for the original purpose of providing research and community assistance, and was operated by the

N.J. Stat. § 54:4-3.6

Department of Institutions and Agencies, pursuant to N.J. Stat. Ann. § [30:4-177.12](#) et seq., the property was currently also used for the medical treatment of 1,000 patients a year who paid fees similar to those paid to medical professionals in private practice. [Schizophrenia Foundation of New Jersey v. Montgomery Township, 6 N.J. Tax 594, 1984 N.J. Tax LEXIS 21 \(Tax Ct. Sept. 26, 1984\)](#).

Nursing and retirement home was not entitled to an exemption under N.J. Stat. Ann. § [54:4-3.6](#) because the organization running the home earned a profit, even though those profits were used for religious purposes, and because the patients and the residents bore the costs of operating the home and were charged competitive rates. [Christian Research Institute v. Dover, 5 N.J. Tax 376, 1983 N.J. Tax LEXIS 35 \(Tax Ct. May 26, 1983\)](#).

Tax Law: Federal Taxpayer Groups: Exempt Organizations: Conditions & Restrictions (IRC secs. 501-505, 521, 526-530)

New Jersey not-for-profit corporation that was qualified under I.R.C. § [503\(c\)\(3\)](#) and exempt from sales and use taxes under N.J. Stat. Ann. § [54:32B-9\(b\)](#) was not exempt from property taxes under N.J. Stat. Ann. § [54:4-3.6](#); the corporation was organized to provide educational services only to its members and other school district employees and not exclusively for the “general public.” [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

Court concluded that the documents and artifacts maintained by the religious organization related either to the churches or were of a religious nature; therefore, such storage space was consistent with the religious purposes exemption under N.J. Stat. Ann. § [54:4-3.6](#), and would not have effected the exemption for the remainder of the property. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

Under N.J. Stat. Ann. § [54:4-3.6](#), religious organizations are entitled to the exemption if they demonstrate that the property is actually used for a religious purpose, and that the amount of use, though minimal, is sufficient to sustain the exemption. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

N.J. Stat. Ann. § [54:4-3.6](#) only requires actual and exclusive use, and does not impose a de minimis test on entitlement to religious worship or religious purposes exemptions. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

N.J. Stat. Ann. § [54:4-3.6](#) requires both actual and exclusive religious use as a condition to obtaining an exemption from taxation. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

Tax Law: State & Local Taxes: Administration & Proceedings: General Overview

Tax court granted the religious organization's motion for summary judgment on the issue of whether the religious organization should receive a continued tax exemption for three tax years on property it held and leased to the United States Postal Service for use as a post office and parking lot; the tax court concluded that the intent of a recent statutory amendment was that use of exempt property for a non-profit purpose and without a taxation consequence, such as would be true for use of the property by the United States Postal Service, was authorized. [Catholic Community Services v. City of Newark, 21 N.J. Tax 633, 2004 N.J. Tax LEXIS 24 \(Tax Ct. Sept. 14, 2004\)](#), aff'd, [23 N.J. Tax 57, 2006 N.J. Tax LEXIS 5 \(App.Div. Jan. 18, 2006\)](#).

Claimant's failure to comply with N.J. Stat. Ann. § [54:4-4.4](#) requiring an exempt organization to file a triennial statement with the assessor did not bar its claim to exemption under N.J. Stat. Ann. § [54:4-3.6](#) because the filing of the triennial statement was not a condition precedent to exemption under N.J. Stat. Ann. § [54:4-3.6](#) and, thus, the

failure to file the statement had no effect upon the claimant's entitlement to exemption. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\).](#)

Existence of a zoning barrier is not a basis upon which qualification for exemption can be denied. [Ski Haus, Inc. v. Taxation Div. Director, 5 N.J. Tax 26, 1982 N.J. Tax LEXIS 73 \(Tax Ct. Nov. 3, 1982\).](#)

Housing supplied by a hospital to resident physicians, surgical students, nurses, both registered and licensed practical, a biomedical technician, three laboratory technicians, and eight X-ray technology students was exempt from local property tax. [Ski Haus, Inc. v. Taxation Div. Director, 5 N.J. Tax 26, 1982 N.J. Tax LEXIS 73 \(Tax Ct. Nov. 3, 1982\).](#)

Retirement community was not exempt from taxation under N.J. Stat. Ann. § [54:4-3.6](#) because the charging of fees and rentals to elderly residents negated any charitable purpose and was more related to the bargaining of the commercial marketplace. [Presbyterian Homes of Synod v. Division of Tax Appeals, 55 N.J. 275, 261 A.2d 143, 1970 N.J. LEXIS 144 \(N.J. 1970\).](#)

Tax Law: State & Local Taxes: Administration & Proceedings: Assessments

Fraternal association was not entitled to an exemption from local property tax because it did not meet its burden of demonstrating that it was organized for educational purposes, as required under N.J. Stat. Ann. § [54:4-3.26](#), or that the fraternity house at issue was actually used for colleges, as required under N.J. Stat. Ann. § [54:4-3.6](#). [Nu Beta Alumni Asso. of Phi Gamma Delta v. New Brunswick, 7 N.J. Tax 379, 1984 N.J. Tax LEXIS 40 \(Tax Ct. May 22, 1984\)](#), aff'd, [7 N.J. Tax 658, 1985 N.J. Tax LEXIS 36 \(App.Div. Apr. 10, 1985\).](#)

In light of the purpose of exemptions, the language in N.J. Stat. Ann. § [54:4-3.6](#) can reasonably be construed to mean that the exemption is not to be allowed unless the institution actually is in a position to provide the services or benefits deemed important enough to cause the exception from the rule of taxation. [Grace & Peace Fellowship Church, Inc. v. Cranford Township, 4 N.J. Tax 391, 1982 N.J. Tax LEXIS 34 \(Tax Ct. June 10, 1982\).](#)

Church was not entitled to claim an exemption of an uncompleted church building from local property taxes, despite having used the building for some prayer services, where denial of the exemption discouraged use of uncompleted and unsafe structures; in addition, prior to the issuance of a certificate of occupancy, whether temporary or permanent, the church's use of the property, while under construction, constituted a violation of the Uniform Construction Code. [Grace & Peace Fellowship Church, Inc. v. Cranford Township, 4 N.J. Tax 391, 1982 N.J. Tax LEXIS 34 \(Tax Ct. June 10, 1982\).](#)

Religious taxpayer was not entitled to a tax exemption for the tax year based on its intended religious and charitable uses of property under N.J. Stat. Ann. § [54:4-3.6](#), because it did not own the property on October 1 of the prior tax year nor was it "actually using" the property for exempt purposes during the tax year as required by N.J. Stat. Ann. § [54:4-23](#), although it was renovating the building for an exempt use; timely filing of an "Initial Statement," as required by N.J. Stat. Ann. § [54:4-4.4](#), could not cure the taxpayer's lack of ownership on the assessing date. [Holy Cross Precious Zion Glorious Church of God v. Trenton City, 2 N.J. Tax 352, 1981 N.J. Tax LEXIS 81 \(Tax Ct. Mar. 31, 1981\).](#)

Year-round residence at a nonprofit summer camp was exempt from local property tax because it was predominantly used as an integral part of the operation of the camp and was reasonably necessary for the proper and efficient operation of the camp. [Clinton v. Camp Brett-Endeavor, Inc., 1 N.J. Tax 54, 1980 N.J. Tax LEXIS 69 \(Tax Ct. Mar. 7, 1980\).](#)

Standard for exemption in connection with residential premises of a religious, charitable or hospital organization is strict; residential premises of religious, charitable or hospital organizations must be actually and exclusively used in the work of the organization, and residences at colleges, schools, academies or seminaries need only be actually used for institutional purposes [Clinton v. Camp Brett-Endeavor, Inc., 1 N.J. Tax 54, 1980 N.J. Tax LEXIS 69 \(Tax Ct. 1980\).](#)

Tax Law: State & Local Taxes: Administration & Proceedings: Judicial Review

Plaintiff, as fee owner of the subject real property, had standing to challenge the amount and methodology underlying its assessment, which can include a claim for exemption, but failed to meet the statutory qualifications for an exemption since the plain language of [N.J. Stat. Ann. § 54:4-3.6](#) afforded a partial exemption only when the landlord/lessor, such as plaintiff, was the non-profit entity and the tenant was the for-profit entity. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

Organization was granted a partial real property tax exemption for a 100 square foot area of office space in its arts center utilized for tax exempt purposes by an environmental resource center but was denied the exemption for the rest of the building since it was used for profit during the tax year and did not qualify for the exemption under N.J. Stat. Ann. § [54:4-3.6](#) or case law factors as the evidence established that services and activities were not gratis, works of art were created and sold, and classes were taught for-profit. [Phillipsburg Riverview Organization, Inc. v. Town of Phillipsburg, 26 N.J. Tax 167, 2011 N.J. Tax LEXIS 12 \(Tax Ct. Dec. 16, 2011\)](#), aff'd, [27 N.J. Tax 188, 2013 N.J. Tax LEXIS 9 \(App.Div. Apr. 30, 2013\)](#).

New Jersey Tax Court erred by denying the taxpayers real property tax exemptions for charitable organizations under N.J. Stat. Ann. § [54:4-3.6](#) because the taxpayers provided housing and supportive services to individuals with psychiatric disabilities on a non-profit basis and the property was actually and exclusively used for such charitable activity. [Advance Housing, Inc. v. Township of Teaneck, 422 N.J. Super. 317, 28 A.3d 841, 2011 N.J. Super. LEXIS 183 \(App.Div. 2011\)](#), aff'd, [215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

Order affirming the revocation of a school's long-standing tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) on property it owned in a city that consisted of a house it used for offices was reversed as the unambiguous language of the statute did not require that the property comply with the city's zoning ordinance, which required a conditional use permit for a school to operate in that residential zone. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\)](#).

Real estate tax exemption provided by N.J. Stat. Ann. § [54:4-3.6](#) does not require, as a prerequisite, compliance with the municipal zoning ordinance. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\)](#).

Year-round residence at a nonprofit summer camp was exempt from local property tax because it was predominantly used as an integral part of the operation of the camp and was reasonably necessary for the proper and efficient operation of the camp. [Clinton v. Camp Brett-Endeavor, Inc., 1 N.J. Tax 54, 1980 N.J. Tax LEXIS 69 \(Tax Ct. Mar. 7, 1980\)](#).

Tax Law: State & Local Taxes: Income Tax: Corporations & Unincorporated Associations: General Overview

Theater was entitled to tax exempt status as a nonprofit corporation where it was established to promote the general welfare of the community through the arts; the theater was not involved in a money-making venture, its ticket sales served only to offset one-half of its expenses, and the fact that actors and staff members were paid salaries did not mean that the theater was designed to make a profit. [New Brunswick v. George Street Playhouse, Inc., 2 N.J. Tax 407, 1981 N.J. Tax LEXIS 78 \(Tax Ct. Apr. 20, 1981\)](#).

To determine whether a nonprofit corporation qualifies for a tax exemption, the court must make a pragmatic inquiry into the question of nonprofitability; the court's sole function is to determine on all the facts, present and past, whether the institution in question was being run for the purpose of making money. [New Brunswick v. George Street Playhouse, Inc., 2 N.J. Tax 407, 1981 N.J. Tax LEXIS 78 \(Tax Ct. Apr. 20, 1981\)](#).

To qualify for a tax exemption for nonprofit corporations, the corporation must: (1) be organized exclusively for the moral and mental improvement of men, women and children; and (2) not be conducted for profit. [New Brunswick v. George Street Playhouse, Inc., 2 N.J. Tax 407, 1981 N.J. Tax LEXIS 78 \(Tax Ct. Apr. 20, 1981\)](#).

Tax Law: State & Local Taxes: Income Tax: Corporations & Unincorporated Associations: Imposition of Tax

Garage parking facility operated by a nonprofit hospital with permission pursuant to N.J. Stat. Ann. § [26:2H-8](#), which charged fees for parking and which was primarily used by hospital staff, patients, and visitors, was exempt from tax; the garage was reasonably necessary to the hospital's operation. [Overlook Hospital Asso. v. Summit, 6 N.J. Tax 90, 1983 N.J. Tax LEXIS 13 \(Tax Ct. Sept. 22, 1983\)](#), aff'd, [6 N.J. Tax 350, 1984 N.J. Tax LEXIS 66 \(App.Div. Mar. 29, 1984\)](#).

Tax Law: State & Local Taxes: Income Tax: Corporations & Unincorporated Associations: Limitations

Where one building on property owned by a religious corporation organized pursuant to N.J. Stat. Ann. § [16:1-1](#) was used as a parsonage and the other was rented out for nonexempt purposes, the portion used as a parsonage was exempt from property tax under N.J. Stat. Ann. § [54:4-3.6](#). [Greater Emmanuel Apostolic Faith Tabernacles v. Montclair, 4 N.J. Tax 618, 1982 N.J. Tax LEXIS 13 \(Tax Ct. Sept. 24, 1982\)](#).

Boy Scout campground was entitled to dual exemptions under both the Green Acres tax exemption, N.J. Stat. Ann. § [54:4-3.64](#), and the non-profit corporation exemption, N.J. Stat. Ann. § [54:4-3.6](#); therefore, the taxpayer was able to avoid rollback taxes under N.J. Stat. Ann. § [54:4-3.69](#) when the property was sold to a developer for profit purposes. [Camp Alpine of Greater New York Councils v. Norwood, 178 N.J. Super. 98, 428 A.2d 122, 2 N.J. Tax 223, 1981 N.J. Tax LEXIS 97 \(Tax Ct. 1981\)](#), aff'd, [183 N.J. Super. 13, 443 A.2d 213, 1982 N.J. Super. LEXIS 690 \(App.Div. 1982\)](#).

Tax Law: State & Local Taxes: Personal Property Tax: Exempt Property: General Overview

Summary judgment order in favor of a township denying a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) was error where the tax judge failed to resolve all doubts in favor of the organization in his interpretation of the organization's certificate of incorporation and failed to resort to relevant extrinsic evidence. [International Schools Services, Inc. v. West Windsor Tp., 381 N.J. Super. 383, 886 A.2d 204, 22 N.J. Tax 659, 2005 N.J. Super. LEXIS 347 \(App.Div. 2005\)](#).

Because a nursing home's certificate of incorporation did not state that it specifically limited its activities to those conducted in support of and integration with the hospital whose operations were contended to be integrated with those of the nursing home, the nursing home could not be considered a hospital and entitled to an exemption; hence, the township who made the tax assessments was properly granted partial summary judgment in the nursing home's suit contesting the same. [Mega Care, Inc. v. Township of Union, 22 N.J. Tax 604, 2004 N.J. Tax LEXIS 34 \(App.Div. Nov. 30, 2004\)](#).

Property tax exemption for facilities for the "feeble-minded" was not restricted to large institutions; it also included a group home, operated by a nonprofit, that provided a residence and some supervision and training for mentally disabled adults. [Disabilities Resource Center/Atlantic and Cape May, Inc. v. City of Somers Point, 371 N.J. Super. 1, 851 A.2d 792, 21 N.J. Tax 469, 2004 N.J. Super. LEXIS 253 \(App.Div. 2004\)](#).

Where the retired rabbi resided in a parsonage and the rabbi's residence was not contingent upon the performance of religious duties, but the rabbi continued to be available for counseling 30 hours a week and officiated at various religious services, the synagogue was entitled to summary judgment pursuant to *N.J. Ct. R. 4:46-2* in its action against the City alleging that the City improperly imposed property taxes on the property; the rabbi's duties were those performed by congregational leaders as required for the property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), and the fact that the rabbi's residence in the parsonage was not contingent upon the rabbi's services was inconsequential since the rabbi continued to function in the role of officiating clergy. [Temple Emanu-El v. Englewood City, 21 N.J. Tax 462, 2004 N.J. Tax LEXIS 16 \(Tax Ct. June 29, 2004\)](#).

Given the cantor's importance in the congregation's worship services, his role at weddings and funerals, and his general level of intimate participation in congregational life, the parsonage exemption was not denied on the basis of a categorical restriction of its availability, in the case of Jewish congregations, to rabbis; rather, as with other

N.J. Stat. § 54:4-3.6

members of the clergy, the character and extent of an individual's activities within the congregation determined if the exemption applied. Under the circumstances, entitlement to the exemption under N.J. Stat. Ann. § [54:4-3.6](#) was demonstrated. [Congregation Ahavath Torah v. Englewood City, 21 N.J. Tax 318, 2004 N.J. Tax LEXIS 4 \(Tax Ct. Jan. 23, 2004\)](#).

Where defendant hospital owned certain parcels of property, the hospital was properly found to have been entitled to tax exempt status under N.J. Stat. Ann. § [54:4-3.6](#) where the hospital housed various categories of its personnel on the parcels that included various physician-students, some of whom were engaged in the study of radiology and x-ray technology, registered nurses, and licensed practical nurses; however, the tax exemption did not apply to a parcel that housed a mechanical maintenance man. *Summit v. Overlook Hospital Ass'n*, 1984 N.J. Super. LEXIS 1376.

Congregation's use of a building, which otherwise qualified for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), to store personal property used in the operation of the religious organization was consistent with the exemption of property used for religious purposes and did not destroy the exemption. [City of Long Branch v. Ohel Yaacob Congregation, 20 N.J. Tax 511, 2003 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 21, 2003\)](#), aff'd, [21 N.J. Tax 268, 2003 N.J. Tax LEXIS 40 \(App.Div. Dec. 15, 2003\)](#).

Though a congregation's building was not exempt as a "parsonage," it was exempt as "reasonably necessary for its operation"; its membership expanded from 60 to 80 families to up to 500 families in the summer, and it used the building to house visiting clergy needed to handle the larger membership. [City of Long Branch v. Ohel Yaacob Congregation, 20 N.J. Tax 511, 2003 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 21, 2003\)](#), aff'd, [21 N.J. Tax 268, 2003 N.J. Tax LEXIS 40 \(App.Div. Dec. 15, 2003\)](#).

For most of the year, a congregation's visiting clergy did not perform those duties customarily performed by the congregational leaders, and thus were not "officiating clergy"; therefore, the congregation's building used to house the visiting clergy was not a tax-exempt parsonage. [City of Long Branch v. Ohel Yaacob Congregation, 20 N.J. Tax 511, 2003 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 21, 2003\)](#), aff'd, [21 N.J. Tax 268, 2003 N.J. Tax LEXIS 40 \(App.Div. Dec. 15, 2003\)](#).

In a case involving a tax exemption for certain property, the city's motion for summary judgment was granted because the non-profit organization failed to prove that its activity qualified as an actual and exclusive use for a charitable purpose and failed to demonstrate that its operation of the property relieved the government of any burden; there was no evidence that the organization's rental fee was lower than market rent, that the organization served disabled persons who were not supported by government subsidies, or that the organization accepted elderly or disabled tenants, regardless of the person's ability to pay. [Essex Props. Urban Renewal Assocs. v. City of Newark, 20 N.J. Tax 360, 2002 N.J. Tax LEXIS 20 \(Tax Ct. Sept. 4, 2002\)](#).

That the taxpayer, a medical facility, received 85 percent of its revenues from government funds, and received few charitable contributions, did not disqualify it from a property tax exemption, as it was organized for charitable purposes, and the government funds were not grants but fees for services rendered. [Southern Jersey Family Med. Ctrs. Inc. v. City of Pleasantville, 351 N.J. Super. 262, 798 A.2d 120, 2002 N.J. Super. LEXIS 260 \(App.Div. 2002\)](#), aff'd, [176 N.J. 184, 821 A.2d 1147, 2003 N.J. LEXIS 481 \(N.J. 2003\)](#).

Plaintiff taxpayer was ineligible for a charitable purpose property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) for the 1996 tax year where the statements of purpose in plaintiff's bylaws, which were clearly intended only to provide for an exemption under I.R.C. § [501\(c\)\(3\)](#), were insufficient to warrant a property tax exemption under § [54:4-3.6](#). [Black United Fund of N.J. v. City of E. Orange, 339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\)](#).

Taxpayer's bylaws referred only to an entitlement to an exemption from federal income taxation and made no mention of any New Jersey statutes; accordingly, those statements, without more, were clearly intended only to provide for an exemption under I.R.C. § [501\(c\)\(3\)](#) and were insufficient to warrant a property tax exemption under

N.J. Stat. § 54:4-3.6

N.J. Stat. Ann. § [54:4-3.6](#). [Black United Fund of N.J. v. City of E. Orange, 339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\).](#)

Taxpayer's records did not reveal an intent to be organized exclusively for an exempt purpose under N.J. Stat. Ann. § [54:4-3.6](#) where the taxpayer's stated purpose was to solicit and raise funds to distribute to certain nonprofit agencies and, because making distributions to an entity exempt from federal income tax was not one of the enumerated exempt purposes in N.J. Stat. Ann. § [54:4-3.6](#), the taxpayer's primary stated purpose failed to bring the entity within the ambit of the exemption statute and the Tax Court properly denied a tax exemption on certain real property on that basis. [Black United Fund of N.J. v. City of E. Orange, 339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\).](#)

It is well-established that the standards under I.R.C. § [501\(c\)\(3\)](#) have no relation to New Jersey law governing property tax exemption, and nonprofit status cannot be equated with charitableness and is but one factor that merits consideration in the determination of whether property is being used for charitable purposes; therefore, without more, statements of purpose which are clearly intended only to provide for an exemption under § 501(c)(3), and make no mention of the exempt purposes under N.J. Stat. Ann. § [54:4-3.6](#), are insufficient to warrant a property tax exemption under § [54:4-3.6](#). [Black United Fund of N.J. v. City of E. Orange, 339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\).](#)

Making distributions to an entity exempt from federal income tax is not one of the enumerated exempt purposes in N.J. Stat. Ann. § [54:4-3.6](#). [Black United Fund of N.J. v. City of E. Orange, 339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\).](#)

Partially constructed assisted living facility, owned by a hospital corporation to be used for non-profit hospital purposes, was entitled to a property tax exemption because the improvement was subject to the continued exempt character of the corporation's other buildings. [Job Haines Home for the Aged v. Township of Bloomfield, 19 N.J. Tax 408, 2001 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 16, 2001\)](#), aff'd, [20 N.J. Tax 137, 2002 N.J. Tax LEXIS 38 \(App.Div. May 29, 2002\)](#).

Tax exempt nursing home was entitled to a property tax exemption for the construction of an addition to its facility where the uncompleted improvement was entitled to the continued exempt character exception under N.J. Stat. Ann. § [54:4-3.6](#) from the statutory actual use requirement, unless the addition changed the tax exempt status of the facility, and then the taxing municipality could use the added assessment law under N.J. Stat. Ann. § [54:4-23](#) to recapture lost property tax dollars. [Job Haines Home for the Aged v. Township of Bloomfield, 19 N.J. Tax 408, 2001 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 16, 2001\)](#), aff'd, [20 N.J. Tax 137, 2002 N.J. Tax LEXIS 38 \(App.Div. May 29, 2002\)](#).

Tax exempt status of church property was upheld on appeal where the use of the church properties for the storage of religious artifacts and records, meetings of priests from different parishes, and Catholic Youth Organization basketball was an integral part of the operations of the active parishes and thus reasonably necessary for the archdiocese's religious purposes. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

To obtain a property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), an applicant must be organized exclusively for an exempt purpose; the property must be actually and exclusively used for the exempt purpose, and the applicant must not operate or use its property for profit. [Abunda Life Church of Body, Mind & Spirit v. City of Asbury Park, 18 N.J. Tax 483, 1999 N.J. Tax LEXIS 36 \(App.Div. Nov. 10, 1999\)](#).

Nonprofit corporation's articles of incorporation allowed it to engage in activities other than operation of the hospital; therefore, it was not entitled to the exemption under N.J. Stat. Ann. § [54:4-3.6](#), even though its subsidiary used the subject property for hospital purposes. [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

N.J. Stat. § 54:4-3.6

N.J. Stat. Ann. § [54:4-3.6](#) directly confers a property tax exemption on buildings and only derivatively, to the extent necessary for the fair enjoyment thereof, on land; thus, where there is no building, land is not exempt. [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

Use of property for hospital purposes is not alone sufficient to qualify the property for exemption; thus, N.J. Stat. Ann. § [54:4-3.6](#) specifically allows exemption only where the association, corporation, or institution claiming the exemption owns the property in question. [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

Where a portion of a medical center was used as a fitness center, which occupied approximately 4,850 square feet of the total building area of approximately 60,000 square feet and was used by medical and management staff of the medical center, its employees, and certain out-patients participating in a cardiac rehabilitation program that was also housed in the building, but, in addition, persons having no relation to the hospital could for a fee use the fitness center, the portion of the building used for the fitness center did not qualify for exemption under N.J. Stat. Ann. § [54:4-3.6](#). [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

An owner of land used as a parking area was not exempt from property taxation under N.J. Stat. Ann. § [54:4-3.6](#) during a period of construction of an addition to a medical center, where the general rule was that exemption required an actual use of property for exempt purposes and not merely an intended or projected use; further, because § [54:4-3.6](#) conferred an exemption on buildings and only derivatively, to the extent necessary for the fair enjoyment thereof, on land, and where there was no building, land was not exempt, when the parking area on which the addition was being constructed ceased to support the medical center buildings across the street, there was unquestionably an interruption in exempt use. [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

Because N.J. Stat. Ann. § [54:4-3.6](#) specifically allowed a property tax exemption only where the association, corporation, or institution claiming the exemption owned the property in question, where the operations of a not-for-profit corporate owner of the property at issue were not by its own certificate of incorporation restricted to support of its subsidiary medical center, the property was not exempt, even though it was used by the medical center. [Hillcrest Health Serv. Sys. v. Hackensack City, 18 N.J. Tax 38, 1998 N.J. Tax LEXIS 36 \(Tax Ct. Nov. 20, 1998\)](#).

Where an organization's certificate of incorporation and by-laws provided that its purpose was to create a fund or funds that were to be distributed through grants or otherwise to other federally tax-exempt organizations that supported the African-American community, the purpose was not identified as an exempt purpose in N.J. Stat. Ann. § [54:4-3.6](#), and, ergo, the property of the organization did not qualify for the charitable purposes or moral and mental improvement property tax exemption of § [54:4-3.6](#). [Black United Fund v. City of E. Orange, 17 N.J. Tax 446, 1998 N.J. Tax LEXIS 18 \(Tax Ct. July 20, 1998\)](#), aff'd, [339 N.J. Super. 462, 772 A.2d 65, 19 N.J. Tax 480, 2001 N.J. Super. LEXIS 202 \(App.Div. 2001\)](#).

Court concluded that the documents and artifacts maintained by the religious organization related either to the churches or were of a religious nature; therefore, such storage space was consistent with the religious purposes exemption under N.J. Stat. Ann. § [54:4-3.6](#), and would not have effected the exemption for the remainder of the property. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

Under N.J. Stat. Ann. § [54:4-3.6](#), religious organizations are entitled to the exemption if they demonstrate that the property is actually used for a religious purpose, and that the amount of use, though minimal, is sufficient to sustain the exemption. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

N.J. Stat. Ann. § [54:4-3.6](#) only requires actual and exclusive use, and does not impose a de minimis test on entitlement to religious worship or religious purposes exemptions. [Roman Catholic Archdiocese of Newark v. City of](#)

N.J. Stat. § 54:4-3.6

[E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

N.J. Stat. Ann. § [54:4-3.6](#) requires both actual and exclusive religious use as a condition to obtaining an exemption from taxation. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

Where a religious organization established that its properties were actually used for conducting religious services, properties that were also used for deanery meetings, youth basketball practice, and storage of religious artifacts were exclusively used for exempt purposes; however, a parcel of property lost its tax exemption when a part of the property was leased to an educational organization. [Roman Catholic Archdiocese of Newark v. City of E. Orange, 17 N.J. Tax 298, 1998 N.J. Tax LEXIS 27 \(Tax Ct. May 27, 1998\)](#), aff'd, [18 N.J. Tax 649, 2000 N.J. Tax LEXIS 35 \(App.Div. Mar. 21, 2000\)](#).

Fact that a church did not have a certificate of occupancy did not preclude it from the tax exemptions in N.J. Stat. Ann. § [54:4-3.6](#) where it was shown that the church used the property for non-profit purposes during the relevant period. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Although a church qualified for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) on the basis that its premises were used for non-profit purposes, the taxes assessed against it were affirmed pursuant to N.J. Stat. Ann. § [54:3-21](#) because the church failed to file timely appeals of the assessments. Under N.J. Stat. Ann. § [54:51A-1\(a\)](#), the failure to timely challenge the assessments was fatal to the church's claim of tax exemption. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Religious organization was allowed exemption for only two of its four parsonages located in New Jersey because the legislative intent of the limitation in N.J. Stat. Ann. § [54:4-3.6](#) was to lessen the burden on municipalities. [Deal Yeshiva, Inc. v. Deal Borough, 16 N.J. Tax 599, 1997 N.J. Tax LEXIS 25 \(Tax Ct. Aug. 20, 1997\)](#).

Housing corporation did not satisfy the organized- exclusively-for-charitable-purposes test for purposes of derivative tax exemption of its supervisor's residence under N.J. Stat. Ann. § [54:4-3.6](#) as its housing complex was not used exclusively for a charitable purpose given that, inter alia, the complex's operation did not relieve the government of any burden, and it received at least fair-market rent for each apartment of the complex. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\)](#).

Where the property owner has an exemption from federal income taxation, that exemption does not determine whether or not the owner's property is tax exempt under state property law. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\)](#).

Certificate of incorporation did not satisfy the organized-exclusively-for-charitable-purposes test for purposes of derivative tax exemption of its supervisor's residence because a charitable purpose was neither expressed, contemplated, nor required by the certificate. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\)](#).

For corporate taxpayers claiming charitable exemptions to satisfy the organized-exclusively requirement, the corporations' certificates of incorporation must provide that their purposes are solely charitable. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\)](#).

Derivative claim for tax exemption for a supervisor's residence made under N.J. Stat. Ann. § [54:4-3.6](#) by the housing corporation failed to satisfy the requirements for exemption of N.J. Stat. Ann. § [54:4-3.6](#) and was denied because under [Paper Mill Playhouse v. Millburn Township, 95 N.J. 503 \(1984\)](#) to qualify the corporation had to be organized exclusively for charitable purposes, and the property had to be used exclusively for such purposes.

[Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

There is a two-part test to be applied where there is an application for exemption involving a residential property owned and used by a religious, charitable, or hospital organization whose other property is exempt from local property tax; the second part is whether or not the provision of the residence is reasonably necessary for the proper, efficient operation of the exempt organization. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

There is a two-part test to be applied where there is an application for exemption involving a residential property owned and used by a religious, charitable, or hospital organization whose other property is exempt from local property tax; the first part is whether or not the residence is predominantly used as an integral part of the operation of the exempt organization rather than being primarily a convenience to the tenant. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

Additional qualifying test applied to plaintiff housing corporation's tax-exemption claim because the superintendent's residence sought to be exempted could qualify for exemption under N.J. Stat. Ann. § [54:4-3.6](#) only derivatively based on the operations of the housing complex the superintendent supervised. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

Because the housing complex of a housing corporation did not qualify for charitable exemption under N.J. Stat. Ann. § [54:4-3.6](#), the residence of the superintendent of the complex, which was on separate realty, could not on a derivative basis qualify. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

Generally, to secure an exemption for its realty, a corporation must meet the following three criteria: (1) it must be organized exclusively for charitable purposes; (2) its property must be actually and exclusively used for the tax-exempt purpose, and (3) its operation and use of the property must not be conducted for profit. [Pompton Lakes Senior Citizens Hous. Corp. v. Borough of Pompton Lakes, 16 N.J. Tax 331, 1997 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 25, 1997\).](#)

Training facility for apprentice carpenters was not a "school" and therefore was not entitled to tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#) where the facility was operated primarily to benefit a particular profit-making sector of the economy, the construction industry, rather than for the public. [New Jersey Carpenters Apprentice Training & Educ. Fund v. Borough of Kenilworth, 147 N.J. 171, 685 A.2d 1309, 1996 N.J. LEXIS 1088 \(N.J. 1996\)](#), cert. denied, 520 U.S. 1241, 117 S. Ct. 1845, 137 L. Ed. 2d 1048, 1997 U.S. LEXIS 3276 (U.S. 1997).

Tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#) as property organized exclusively for the moral and mental improvement of men, women, and children or as an institution that cared for the feeble-minded was properly denied because all exemptions in § [54:4-3.6](#) required that neither the claimant nor the property for which exemption was claimed be operated for profit and the taxpayer did not bring itself squarely within the exemption by failing to produce any financial data to establish that neither the taxpayer itself nor the building in question were operated for profit. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\).](#)

Fact that an entity may operate at a profit or loss does not establish that either the entity or the building is not conducted for profit; the question is whether the property is operated for charitable purposes or to make a profit. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\).](#)

Tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#) as property organized exclusively for the moral and mental improvement of men, women, and children or as an institution that cared for the feeble-minded was properly denied because the party seeking an exemption has the burden of bringing itself clearly within the exempting statute and, by failing to fit its stated corporate purposes within the exempt purposes set forth at § [54:4-3.6](#), the taxpayer had

N.J. Stat. § 54:4-3.6

not brought itself clearly within the exempting statute. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\)](#).

Burden of proving a tax-exempt status is upon the claimant and the party seeking an exemption has the burden of bringing itself clearly within the exempting statute. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\)](#).

Statutes granting exemption from taxation represent a departure and, consequently, they are construed most strongly against those claiming exemption. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\)](#).

Tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#) as property organized exclusively for the moral and mental improvement of men, women, and children or as an institution that cared for the feebleminded was properly denied because the taxpayer's certificate of incorporation indicated that providing housing to consumers of mental health services was not one of the taxpayer's purposes where, as shown by the introductory clause "in pursuance of the foregoing purposes," providing such housing was the means of accomplishing plaintiff's charitable or educational purposes; in short, the taxpayer was organized for charitable purposes and not for the moral and mental improvement of men, women and children. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\)](#).

To qualify for tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) as a property used for the moral and mental improvement of men, women and children, a property must generally meet four criteria: (1) the entity owning the property must be organized exclusively for the moral and mental improvement of men, women and children, and whether the first requirement is met is to be determined by the statement of purposes in the owning entity's certificate of incorporation; (2) the property must be used in the work of the entity organized for moral and mental improvement; (3) neither the owning entity nor the property may be operated for profit; and (4) the entity claiming the exemption must own the property and be authorized to carry out the purposes on account of which the exemption is claimed. [1711 Third Ave. v. City of Asbury Park, 16 N.J. Tax 174, 1996 N.J. Tax LEXIS 34 \(Tax Ct. Oct. 16, 1996\)](#).

Where a corporation owned property on which was operated a nursing home, the property was not entitled to the tax exemption for entities organized exclusively for hospital purposes, even though the nursing home operations were integrated with those of a hospital operated under common ownership and control, because hospital purposes were not recited in the corporation's certificate of incorporation. [Mega Care v. Union Twp., 15 N.J. Tax 566, 1996 N.J. Tax LEXIS 14 \(Tax Ct. Feb. 1, 1996\)](#), aff'd, [22 N.J. Tax 604, 2004 N.J. Tax LEXIS 34 \(App.Div. Nov. 30, 2004\)](#).

Properties at issue qualified for local property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), because they were used for charitable purposes, and the receipt of government support on a fee-for-service basis did not vitiate the charitable use under the facts. [Salt & Light Co. v. Mount Holly Township, 15 N.J. Tax 274, 1995 N.J. Tax LEXIS 30 \(Tax Ct. Nov. 8, 1995\)](#), aff'd, [16 N.J. Tax 40, 1996 N.J. Tax LEXIS 55 \(App.Div. Sept. 4, 1996\)](#).

Properties were not conducted for profit, nor were its buildings operated for profit for the purposes of N.J. Stat. Ann. § [54:4-3.6](#), even though its 1994 financial statements revealed an excess of revenue over expenses and an increase in cash flow. [Salt & Light Co. v. Mount Holly Township, 15 N.J. Tax 274, 1995 N.J. Tax LEXIS 30 \(Tax Ct. Nov. 8, 1995\)](#), aff'd, [16 N.J. Tax 40, 1996 N.J. Tax LEXIS 55 \(App.Div. Sept. 4, 1996\)](#).

Property that was personally owned by a rabbi and his wife was not a parsonage and was not exempt from taxation because it was not owned by a nonprofit entity. [Ehrlich v. Passaic City, 15 N.J. Tax 561, 1995 N.J. Tax LEXIS 37 \(Tax Ct. Aug. 11, 1995\)](#).

Where religious mission conducted services daily and had a director who lived on the mission property and performed pastoral, administrative, and social needs services, it was entitled to a real property tax exemption as a

N.J. Stat. § 54:4-3.6

parsonage, pursuant to N.J. Stat. Ann. § [54:4-3.6](#). [Goodwill Home & Missions v. Garwood Borough, 281 N.J. Super. 596, 658 A.2d 1330, 1995 N.J. Super. LEXIS 202 \(App.Div. 1995\)](#).

There was substantial credible evidence to support the finding that the tax exemptions for the residential cottages were not satisfied because the nonprofit organization failed to show that the people staying in the cottages were engaged in activities for the moral and mental improvement of others. Also, the organization was not organized exclusively for religious and charitable purposes, and the properties were neither actually, nor actually and exclusively, used for any tax exempt purpose under N.J. Stat. Ann. § [54:4-3.6](#). [City of Ventnor City v. Interdenominational Foreign Missionary Soc., 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 \(App.Div. Nov. 29, 1994\)](#).

Church failed to show that property providing access to a cemetery and serving as a residence for the church's caretaker was property that was reasonably necessary for the operation of the church and exempt under N.J. Stat. Ann. § [54:4-3.6](#). [St. Ann's Catholic Church v. Borough of Hampton, 14 N.J. Tax 88, 1994 N.J. Tax LEXIS 10 \(Tax Ct. May 16, 1994\)](#).

Taxpayer was not organized exclusively for the moral and mental improvement of men, women and children, and its claim for an exemption from local property taxation failed, as the taxpayer's certificate of incorporation revealed that it was an organization primarily concerned with the professional interest of its members by providing effective and practical uniform admissions test programs for secondary schools and to carry on research in such matters; the moral and mental improvement exemption was limited to organizations that directly seek to uplift the general public morally and mentally, and the taxpayer's activities contributed only indirectly. [Secondary Sch. Admissions Test Bd. v. Princeton Borough, 13 N.J. Tax 467, 1993 N.J. Tax LEXIS 14 \(Tax Ct. Dec. 20, 1993\)](#).

In order to obtain an exemption from local property taxation under the "organized exclusively for the moral and mental improvement of men, women and children" exemption, the taxpayer must meet three criteria: (1) the taxpayer must be organized exclusively for the moral and mental improvement of men, women and children; (2) the taxpayer's property must be actually used for the tax-exempt purpose; and (3) the operation and use of the property must not be for profit. [Secondary Sch. Admissions Test Bd. v. Princeton Borough, 13 N.J. Tax 467, 1993 N.J. Tax LEXIS 14 \(Tax Ct. Dec. 20, 1993\)](#).

Taxpayer was not authorized to carry out the purposes on account of which the exemption was claimed and, therefore, did not qualify for tax-exempt status under the "college, school, academy or seminary" exemption provision where the taxpayer was not controlled by a school, college, academy or seminary, there was no indication in the taxpayer's certificate of incorporation or its corporate bylaws that it was owned by the member schools, and, while the taxpayer might have been influenced by its member schools, there was no indication that it was solely or exclusively controlled by the member schools. [Secondary Sch. Admissions Test Bd. v. Princeton Borough, 13 N.J. Tax 467, 1993 N.J. Tax LEXIS 14 \(Tax Ct. Dec. 20, 1993\)](#).

Statutory criteria for the "college, school, academy or seminary" exemption under N.J. Stat. Ann. § [54:4-3.6](#) is twofold: (1) the organization claiming the exemption must own the property in question and be authorized to carry out the purposes on account of which the exemption is claimed; and (2) the building or buildings at issue must actually be used for colleges, schools, academies or seminaries. The first requisite relates to the nature and function of the organization making the exemption claim, while the second relates to the use of the property. [Secondary Sch. Admissions Test Bd. v. Princeton Borough, 13 N.J. Tax 467, 1993 N.J. Tax LEXIS 14 \(Tax Ct. Dec. 20, 1993\)](#).

Claimant's failure to comply with N.J. Stat. Ann. § [54:4-4.4](#) requiring an exempt organization to file a triennial statement with the assessor did not bar its claim to exemption under N.J. Stat. Ann. § [54:4-3.6](#) because the filing of the triennial statement was not a condition precedent to exemption under N.J. Stat. Ann. § [54:4-3.6](#) and, thus, the failure to file the statement had no effect upon the claimant's entitlement to exemption. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\)](#).

N.J. Stat. § 54:4-3.6

Exemption from local property tax under N.J. Stat. Ann. § [54:4-3.6](#) extended to all three contiguous parcels of land, where: (1) four buildings were located on one lot and contained classrooms and storage areas used by the nursery school that occupied the buildings; (2) playground equipment was located in the courtyard on the property; (3) the children attending the nursery school played in all three lots; (4) activities that were part of the school program, such as nature walks, were conducted on two of the lots; and (5) N.J. Stat. Ann. § [54:4-3.6](#) has been construed to extend the exemption to five acres multiplied by the number of buildings, and the total area of the three lots was less than 16 acres. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\).](#)

Merely because an association leases out a portion of its property does not necessarily mean that it is no longer exclusively used for one of the purposes enumerated in N.J. Stat. Ann. § [54:4-3.6](#); if the property being leased is used for one of the purposes in the statute, then the lessor is entitled to maintain its exemption and the lessee shoulders the tax burden. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\).](#)

Claimant that owned land on which buildings housing a nursery school were located was entitled to an exemption from local property taxation under N.J. Stat. Ann. § [54:4-3.6](#) because the nursery school (a non-profit federally exempt organization) was a school or academy within the contemplation of N.J. Stat. Ann. § [54:4-3.6](#), and its use and occupancy of the buildings on the subject property qualified for an exemption under the statute; the fact that the nursery school was a tenant of the claimant, not the owner, was irrelevant since it is the use of property, not the status or character of its owner, that determines entitlement to exemption from local property tax. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\).](#)

All property must bear its just share of the public burden of taxation and, thus, statutes granting exemption from this burden are strongly construed against those claiming an exemption; thus, the burden of proving tax exempt status is always upon the claimant, even when the taxing district initiates the action to overturn a county board judgment. [West Orange Township v. Joseph Kushner Hebrew Academy, 13 N.J. Tax 48, 1993 N.J. Tax LEXIS 1 \(Tax Ct. Jan. 6, 1993\).](#)

Parsonage exemption cannot reasonably be applied to every home occupied by a minister. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

Residence in question was not a parsonage occupied by an officiating clergyman pursuant to N.J. Stat. Ann. § [54:4-3.6](#) where the building was occupied by a deacon, who was just under the priesthood, the vast bulk of religious services for the congregation were conducted by a priest, the priest testified that he was the superintendent and spiritual overseer of the congregation, and that he resided in the parsonage and chapel building. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

Burden of proof is upon the taxpayer to establish that person occupying the building as a parsonage is the officiating clergyman for its church. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

To be accorded tax exemption as a parsonage pursuant to N.J. Stat. Ann. § [54:4-3.6](#), the building must be occupied as a parsonage by the officiating clergyman of the religious corporation. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

In order for an exemption to be granted under N.J. Stat. Ann. § [54:4-3.6](#), the building must not only be a "parsonage" but it must also be occupied by the "officiating clergyman" of the religious corporation. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

Burden to establish tax exempt status is upon the claimant. [Shrine of Our Lady of Fatima v. Mantua Township, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

N.J. Stat. § 54:4-3.6

Land on which church deacon lived was not exclusively devoted to the use of the parsonage buildings where services were conducted at the property only two days per month and the property was regularly and continuously utilized as the base for the deacon's window treatment business. [*Shrine of Our Lady of Fatima v. Mantua Township*, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

Statutes granting exemption from real property taxes must be strictly construed against those claiming such exemption. [*Shrine of Our Lady of Fatima v. Mantua Township*, 12 N.J. Tax 392, 1992 N.J. Tax LEXIS 12 \(Tax Ct. Apr. 22, 1992\).](#)

To constitute a charity, an institution had to give substantially more to the public than it received. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

Residential buildings operated by a charitable organization did not qualify for tax exempt status pursuant to the "charitable purposes" exception found in N.J. Stat. Ann. § [54:4-3.6](#) based on evidence that a substantial application fee was required and that monthly rents could be adjusted in order to offset all operating costs of the facility, as well as the lack of evidence showing that the residents could not afford to pay the rentals of comparable accommodations, that the general public would be required to support the residents if the organization could not provide the services, or that the residents' upkeep was partially supported by charitable monetary donations. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

Charitable organization's residential and nursing care facility building did not qualify for tax exempt status pursuant to the "charitable purposes" exception found in N.J. Stat. Ann. § [54:4-3.6](#), because the fees charged by the organization, the income received, the small percentage of charitable contributions actually made by the organization, and the organization's failure to seek the admission of below average income or indigent patients negated a finding that the building was operated for charitable purposes. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

"Charitable purposes" as used in N.J. Stat. Ann. § [54:4-3.6](#), is a multi-faceted term that is not exactly definable; the determination of whether property is devoted to charitable purposes depends upon the facts and circumstances of each case. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

To be tax-exempt under the "charitable purposes" portion of N.J. Stat. Ann. § [54:4-3.6](#), a claimant must establish that the buildings for which the exemption is sought are actually and exclusively used for charitable purposes; the exemption from taxation is tested by exclusiveness both of purpose of the organization and of use of the property. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

Charitable organization was not entitled to a "hospital purposes" exemption from taxation, pursuant to N.J. Stat. Ann. § [54:4-3.6](#), because the organization was created to provide boarding care to aged persons, rather than exclusively for hospital purposes; further, the building housing the organization's residential and nursing care facility was not actually used for hospital purposes. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

Sheer fact that a hospital provides a particular service does not make any facility which provides that same service exist for "hospital purposes," as contemplated by N.J. Stat. Ann. § [54:4-3.6](#), unless that facility provides the service for the benefit of a hospital. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

Term "hospital" in N.J. Stat. Ann. § [54:4-3.6](#) is an adjective that modifies and qualifies the purpose which the facility seeking exemption must serve to obtain exempt status; the statute does not exempt a facility that provides hospital-type services, but does exempt facilities whose services are provided to advance the functioning of a hospital, whether or not the services are medical care or health care in nature. [*Woodstown Borough v. Friends Home*, 12 N.J. Tax 197, 1992 N.J. Tax LEXIS 2 \(Tax Ct. Jan. 24, 1992\).](#)

N.J. Stat. § 54:4-3.6

Because the organized purposes of a taxpayer, organized as a non-profit corporation pursuant to the New Jersey Non-Profit Corporation Act, N.J.Stat. Ann. § [15A:1-1](#) et seq., and the use and occupancy of its property were in compliance with the requirements of that portion of N.J.Stat. Ann. § [54:4-3.6](#) pertaining to the care and training of mentally disabled persons, its property was entitled to tax-exempt status. The property was used and occupied by the taxpayer exclusively in connection with its curriculum, work, care, treatment and study of mentally retarded persons; the taxpayer conducted a professional training facility for the care and training of those disabled persons; the subject buildings and lands were not used or occupied for profit; the buildings were wholly controlled by the taxpayer; and the entire income from the buildings was used for providing training, care, shelter and basic living necessities to the residents. [Mary's Manor v. Galloway Township, 12 N.J. Tax 189, 1991 N.J. Tax LEXIS 23 \(Tax Ct. Dec. 18, 1991\)](#).

Tax court did not err in denying a tax exemption to a nonprofit corporation and its parent corporation because the building for which they sought a tax exemption was not an integral part of a functioning hospital as required by N.J. Stat. Ann. § [54:4-3.6](#) and the nonprofit corporation's stated corporate purposes did not include operating a hospital. [Intercare Health Sys. v. Cedar Grove, 12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 \(App.Div. Oct. 18, 1991\)](#), certif. denied, 127 N.J. 558, 606 A.2d 369, 1992 N.J. LEXIS 341 (N.J. 1992).

College was entitled to an exemption under the tax code for land that was leased to a private corporation where most of the land was still being used for educational purposes and during the lease college was still able to enjoy the physical use of both the buildings and the land. [Hoboken v. Trustees of Stevens Inst., 247 N.J. Super. 215, 588 A.2d 1262, 1991 N.J. Super. LEXIS 97 \(App.Div.\)](#), certif. denied, 126 N.J. 336, 598 A.2d 893, 1991 N.J. LEXIS 623 (N.J. 1991).

Court concluded that what facially appeared to be a lease was nothing more than an agreement to enter into a lease at some indefinite future date provided governmental approvals were obtained; therefore, since the agreement did not change the taxpayer's use or ownership of the property, the taxpayer did not lose its exemption status under N.J. Stat. Ann. § [54:4-3.6](#). [Hoboken v. Trustees of Stevens Inst., 11 N.J. Tax 70, 1990 N.J. Tax LEXIS 16 \(Tax Ct. Apr. 6, 1990\)](#), aff'd, [247 N.J. Super. 215, 588 A.2d 1262, 1991 N.J. Super. LEXIS 97 \(App.Div. 1991\)](#).

Church was denied a property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) by the tax assessor for the borough, because two nonprofit organizations operating on church's property billed their clients for individual counseling services and their activities were similar to those in the private sector. [Church Contribution Trust v. Mendham Borough, 224 N.J. Super. 643, 541 A.2d 249, 1988 N.J. Super. LEXIS 157 \(App.Div. 1988\)](#).

Reversal of the trial court's judgment denying theater's request for tax exempt status from local property taxes under N.J. Stat. Ann. § [54:4-3.6](#) was required when theater's operations were not conducted for profit and where the operations furthered the public's moral and mental improvement. [Paper Mill Playhouse v. Millburn Township, 95 N.J. 503, 472 A.2d 517, 1984 N.J. LEXIS 2406 \(N.J. 1984\)](#).

Basis for statutory exemption from taxation has been stated to be the benefit conferred upon the public by such religious, charitable or other similar institutions and the consequent relief, to some extent, of the burden imposed on the state of New Jersey to care for and advance the interest of its citizens; the exemption is granted in recognition of the benefit which the public derives from the fulfillment of the exempt organization's activities and objectives. [Plainfield v. Goodwill Home & Missions, Inc., 4 N.J. Tax 537, 1982 N.J. Tax LEXIS 23 \(Tax Ct. Aug. 6, 1982\)](#).

Land transferred on December 1, 1975, from a non-exempt owner to a non-profit organization exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was subject to property taxes for 1976 because the property was assessable based upon its ownership and use on October 1 of the pretax year, precluding it from exemption pursuant to § [54:4-3.6](#). Under N.J. Stat. Ann. § [54:4-1](#), the date for determining the tax status of the property was October 1, 1975, and the property was owned by the non-exempt entity on that date. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\)](#).

N.J. Stat. § 54:4-3.6

Failure to file an initial statement on November 1 as required under N.J. Stat. Ann. § [54:4-4.4](#) for property that is exempt under N.J. Stat. Ann. § [54:4-3.6](#) by virtue of its ownership and use by an exempt taxpayer on October 1 of the pre-tax year may not vitiate the exemption because the filing requirement under N.J. Stat. Ann. § [54:4-4.4](#) is not a condition precedent to the allowance of an exemption under N.J. Stat. Ann. § [54:4-3.6](#). However if there is no qualification for exemption under N.J. Stat. Ann. § [54:4-3.6](#) in the first place by ownership and use on October 1, the property is not entitled to exempt status for the tax year in question. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\)](#).

Twenty units of condominium owned by a hospital and used for the housing of resident and intern physicians and their families were properly exempted from taxation under N.J. Stat. Ann. § [54:4-3.6](#). [Perth Amboy General Hospital v. Perth Amboy, 176 N.J. Super. 307, 422 A.2d 1331, 1980 N.J. Super. LEXIS 730 \(App.Div. 1980\)](#), certif. denied, 87 N.J. 352, 434 A.2d 96, 1981 N.J. LEXIS 2214 (N.J. 1981).

Property owned by church as a summer residence or vacation spot for its employees, nuns, was not tax-exempt for religious or charitable purposes under N.J. Stat. Ann. § [54:4-3.6](#). [Harvey Cedars v. Sisters of Charity of St. Elizabeth, 163 N.J. Super. 564, 395 A.2d 518, 1978 N.J. Super. LEXIS 1201 \(App.Div. 1978\)](#).

Buildings and land on which the buildings were located were exempt from local real property assessments and taxes in accordance with N.J. Stat. Ann. § [54:4-3.6](#). [Boys' Club of Clifton, Inc. v. Jefferson, 72 N.J. 389, 371 A.2d 22, 1977 N.J. LEXIS 246 \(N.J. 1977\)](#), limited, [Atlantic City v. Moltich, 3 N.J. Tax 147, 1981 N.J. Tax LEXIS 45 \(Tax Ct. 1981\)](#).

Apartments furnished to resident physicians, interns and nurses at substantially lower rentals were an integral part of the hospital's facilities and "actually and exclusively used" for hospital purposes within the meaning of N.J. Stat. Ann. § [54:4-3.6](#). [Long Branch v. Monmouth Medical Center, 138 N.J. Super. 524, 351 A.2d 756, 1976 N.J. Super. LEXIS 1043 \(App.Div. 1976\)](#), aff'd, [73 N.J. 179, 373 A.2d 651, 1977 N.J. LEXIS 190 \(N.J. 1977\)](#).

Building occupied by church's youth director and his wife did not meet the terms of N.J. Stat. Ann. § [54:4-3.6](#) as an exempt parsonage; the youth director was not one of the officiating clergymen of the church and the building was not being devoted exclusively to religious purposes in the ongoing work of the church. [Cresskill v. Northern Valley Evangelical Free Church, 125 N.J. Super. 585, 312 A.2d 641, 1973 N.J. Super. LEXIS 494 \(App.Div. 1973\)](#).

Property owned by a religious charity should not have been exempt from taxation, but a charitable nursing home was properly exempt from taxes when it was used exclusively for the care of the aged, ill, infirm and was open to all people regardless of race, creed, color, or ability to pay. [Catholic Charities of Diocese v. Pleasantville, 109 N.J. Super. 475, 263 A.2d 803, 1970 N.J. Super. LEXIS 576 \(App.Div.\)](#), certif. denied, 56 N.J. 474, 267 A.2d 56, 1970 N.J. LEXIS 330 (N.J. 1970), overruled, [Boys' Club of Clifton, Inc. v. Jefferson, 72 N.J. 389, 371 A.2d 22, 1977 N.J. LEXIS 246 \(N.J. 1977\)](#).

Retirement community was not exempt from taxation under N.J. Stat. Ann. § [54:4-3.6](#) because the charging of fees and rentals to elderly residents negated any charitable purpose and was more related to the bargaining of the commercial marketplace. [Presbyterian Homes of Synod v. Division of Tax Appeals, 55 N.J. 275, 261 A.2d 143, 1970 N.J. LEXIS 144 \(N.J. 1970\)](#).

Where a nonprofit broadcaster that qualified for a tax exemption in all other respects was denied an exemption as a nonprofit organization from state real and personal property taxes on its land and facilities, and N. J. Stat. Ann. § [54:4-3.6](#) exempted only those nonprofit corporations incorporated in New Jersey, § [54:4-3.6](#) denied the broadcaster equal protection of the laws in violation of the [U.S. Const., amend. XIV](#) solely because of its foreign incorporation. [WHYY, Inc. v. Glassboro, 393 U.S. 117, 89 S. Ct. 286, 21 L. Ed. 2d 242, 1968 U.S. LEXIS 329 \(U.S. 1968\)](#).

Private academy did not engage in business ventures that precluded its tax-exempt status as a nonprofit corporation, where the academy operated a water department, opened its golf course to the public when students

N.J. Stat. § 54:4-3.6

were not using it, ran a summer tennis clinic when school was not in session, and used a catering company to furnish meals to students and faculty. [Blair Academy v. Blairstown, 95 N.J. Super. 583, 232 A.2d 178, 1967 N.J. Super. LEXIS 580 \(App.Div.\)](#), certif. denied, 50 N.J. 293, 234 A.2d 401, 1967 N.J. LEXIS 463 (N.J. 1967).

N.J. Stat. Ann. § [54:4-3.6](#) holds as tax-exempt, property which is actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women, and children. [Bloomfield v. Academy of Medicine, 47 N.J. 358, 221 A.2d 15, 1966 N.J. LEXIS 224 \(N.J. 1966\)](#).

Buildings and lands used to house school faculty were used for school purposes and were exempt from taxation; landlord-tenant relationship was secondary to primary purpose of providing faculty housing on campus and no profit was possible. [Pingry Corp. v. Hillside, 46 N.J. 457, 217 A.2d 868, 1966 N.J. LEXIS 274 \(N.J. 1966\)](#).

Non-profit missionary organization was not entitled to a tax exemption for a house used primarily as the residence of a minister employed by the organization as an office manager; house was neither actually and exclusively used in the organization's work nor a parsonage, because the minister's preaching was not related to the organization's work, and the minister was neither the incumbent minister of a parish, church, or congregation nor the officiating clergyman of the organization. [International Missions, Inc. v. Lincoln Park, 87 N.J. Super. 170, 208 A.2d 431, 1965 N.J. Super. LEXIS 400 \(App.Div. 1965\)](#).

Division of Tax Appeal's order that cancelled a tax assessment levied by a township on a building owned by a foundation was proper because a director's residence was an integral part of the institution's facilities, and therefore had to be considered as being actually and exclusively used in the work of the foundation within the meaning of a tax exemption specified in N.J. Stat. Ann. § [54:4-3.6](#). [Princeton v. Tenacre Foundation, 69 N.J. Super. 559, 174 A.2d 601, 1961 N.J. Super. LEXIS 558 \(App.Div. 1961\)](#).

N.J. Stat. Ann. § [54:4-3.6](#), which confers tax benefits upon non-profit organizations, applies by its terms to buildings used for schools, churches, hospitals, and the like and only exempts land as an incident of the exemption of the buildings upon it. There is no provision in that section for parks, playgrounds and the like, where the land itself is of primary importance and any buildings are of minor importance. [Englewood Cliffs v. Estate of Allison, 69 N.J. Super. 514, 174 A.2d 631, 1961 N.J. Super. LEXIS 555 \(App.Div. 1961\)](#).

Textile institute was properly denied non-profit tax status because its management was controlled by private companies and it was primarily designed to benefit the textile industry by conducting research, providing instruction, and disseminating information. [Textile Research Institute v. Princeton, 35 N.J. 218, 172 A.2d 417, 1961 N.J. LEXIS 152 \(N.J. 1961\)](#).

University press was not exempt from property tax assessment because it earned a profit by engaging in publishing work outside its non-profit mission in order to off-set losses incurred in publishing scholarly works; evidence showed that the press earned a profit. [Princeton University Press v. Princeton, 35 N.J. 209, 172 A.2d 420, 1961 N.J. LEXIS 151 \(N.J. 1961\)](#).

Underwater lands adjacent to upland property that was exempt from taxes pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was not merely an enhancement to the exempt property, but was property to which the taxpayer had full ownership and legal title; thus assessment of such land was proper and the taxes payable, subject to the taxpayer's claim of exemptions. [Island Heights v. Presbyterian Camps & Conferences, Inc., 68 N.J. Super. 291, 172 A.2d 228, 1961 N.J. Super. LEXIS 587 \(App.Div. 1961\)](#).

College was entitled to tax exemption for its property because it showed by the preponderance of the evidence that its corporate structure, control, and operation had changed so that it no longer was conducted for profit as required by N.J. Stat. Ann. § [54:4-3.6](#). [Trenton v. State, Div. of Tax Appeals, etc., 65 N.J. Super. 1, 166 A.2d 777, 1960 N.J. Super. LEXIS 632 \(App.Div. 1960\)](#).

N.J. Stat. § 54:4-3.6

Institute for Advanced Study was a college entitled to statutory tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) because the term “college” was not confined to the kind of institution where there were teachers and pupils, courses of instruction, a conferring of degrees, and an extended discipline. [Princeton v. Institute for Advanced Study, 59 N.J. Super. 46, 157 A.2d 136, 1960 N.J. Super. LEXIS 585 \(App.Div. 1960\)](#).

Charitable organization was entitled to a tax exemption for a home for its retired officers pursuant to N.J. Stat. Ann. § [54:4-3.6](#) because the operation of the home was authorized by the charity’s certificate of incorporation and was appropriate and incidental to the maintenance of its charitable work. [Asbury Park v. State, Div. of Tax Appeals, 41 N.J. Super. 504, 125 A.2d 411, 1956 N.J. Super. LEXIS 584 \(App.Div.\)](#), certif. denied, 22 N.J. 574, 126 A.2d 910, 1956 N.J. LEXIS 384 (N.J. 1956).

Religious congregation should have been granted property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) for the parcel used for parking because the portion of congregation’s property not built upon was part of the land whereon the synagogue was erected and the connection and unity of the land was not destroyed merely by supervening circumstances as a result of which a public easement was imposed on the scheme, severing a portion of the land from the rest. [Congregation B’Nai Yisroel v. Millburn, 35 N.J. Super. 67, 113 A.2d 182, 1955 N.J. Super. LEXIS 545 \(App.Div. 1955\)](#).

Lower court erred in granting local tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) to religious corporation because the buildings exempted were not parsonages and were not used actually and exclusively in the work of the religious corporation. [Teaneck v. Lutheran Bible Institute, 34 N.J. Super. 418, 112 A.2d 745, 1955 N.J. Super. LEXIS 642 \(App.Div.\)](#), aff’d, [20 N.J. 86, 118 A.2d 809, 1955 N.J. LEXIS 168 \(N.J. 1955\)](#).

Division of Tax Appeals improperly determined that a parsonage owned by a religious corporation was not entitled to a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), where the premises were used solely as the place of residence of the officiating clergyman of the religious corporation. [St. Matthew’s Lutheran Church for Deaf v. Division of Tax Appeals, 18 N.J. Super. 552, 87 A.2d 732, 1952 N.J. Super. LEXIS 1068 \(App.Div. 1952\)](#).

Tax assessment imposed on a building that was owned by an exempt charitable organization on the date of assessment, but subsequently conveyed to a non-exempt company, was entitled to exemption for the tax year under N.J. Stat. Ann. § [54:4-3.6](#). [Jabert Operating Corp. v. Newark, 16 N.J. Super. 505, 85 A.2d 216, 1951 N.J. Super. LEXIS 660 \(App.Div. 1951\)](#).

N.J. Stat. Ann. § [54:4-3.6](#) exempts all buildings actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, or for religious, charitable or hospital purposes, or for one or more of such purposes. [Dawn Bible Students Ass’n v. East Rutherford, 3 N.J. Super. 71, 65 A.2d 532, 1949 N.J. Super. LEXIS 880 \(App.Div. 1949\)](#).

Plaintiff association failed in its burden of proving tax exempt status as a non-profit organization under N.J. Stat. Ann. § [54:4-3.6](#) where it displayed that much of its activity went to a for profit enterprise. [Dawn Bible Students Ass’n v. East Rutherford, 3 N.J. Super. 71, 65 A.2d 532, 1949 N.J. Super. LEXIS 880 \(App.Div. 1949\)](#).

Private day school had tax-exempt status under the statute as an institution with a recognized public interest; the policy was to grant exemption from taxation to educational institutions when they were not run for the purposes of making a profit. [Kimberley School v. Montclair, 2 N.J. 28, 65 A.2d 500, 1949 N.J. LEXIS 227 \(N.J. 1949\)](#).

Exemption from property tax under N.J. Stat. Ann. § [54:4-3.6](#) on moose lodge’s buildings and land was disallowed because most of the property was used for social purposes; despite the national organization’s charitable activities very little, if any, of petitioner’s lands and building in the city were used for religious, charitable, or hospital purposes. [Camden Lodge, Loyal Order of Moose v. Camden, 135 N.J.L. 532, 53 A.2d 341, 1947 N.J. Sup. Ct. LEXIS 90 \(N.J. Sup. Ct. 1947\)](#).

N.J. Stat. § 54:4-3.6

College made out its claim for property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) of the land surrounding the dormitory because the land was reasonably required for the use of that building; the dormitory was a general utility building and the center for the social life of the college, and includes a music room, squash courts and locker rooms, meeting rooms for undergraduate clubs, and at commencement, space for parking. [Hoboken v. Division of Tax Appeals, 134 N.J.L. 594, 49 A.2d 587, 1946 N.J. Sup. Ct. LEXIS 60 \(N.J. Sup. Ct. 1946\)](#), aff'd in part and rev'd in part, [136 N.J.L. 328, 55 A.2d 290, 1947 N.J. LEXIS 266 \(E. & A. 1947\)](#).

Stadium built for the primary purpose of providing a place where the general public, on payment of an admission fee, could witness athletic contests was not exempt from property taxation under N.J. Stat. Ann. § [54:4-3.6](#) because the stadium's educational function was merely incidental to its primary purpose. [Trustees of Rutgers Univ. v. Township of Piscataway, 134 N.J.L. 85, 46 A.2d 56, 1946 N.J. Super. LEXIS 290 \(N.J. Super. Ct. 1946\)](#).

College failed to sustain its burden of proving its right to tax exemption status as a charitable institution by virtue of N.J. Stat. Ann. § [54:4-3.6](#) in regard to real and personal property that had been assessed. [College of Paterson v. State Board of Tax Appeals, 131 N.J.L. 57, 34 A.2d 740, 1943 N.J. Sup. Ct. LEXIS 38 \(N.J. Sup. Ct. 1943\)](#).

Where a college claimed that its real and personal property was exempt from taxation on the ground that it was established and operated as a fundamentally charitable and philanthropic institution and not for profit, the college was not exempt; it had failed to clearly and convincingly demonstrate that it operated as a not for profit institution. [Trenton v. State Board of Tax Appeals, 127 N.J.L. 105, 21 A.2d 644, 1941 N.J. Sup. Ct. LEXIS 104 \(N.J. Sup. Ct. 1941\)](#), aff'd, [131 N.J. Eq. 404, 25 A.2d 630, 1942 N.J. Ch. LEXIS 80 \(Ch. 1942\)](#).

Under N.J. Stat. Ann. § [54:4-3.6](#), the burden is on a hospital to show its right to exemption as a hospital not conducted for profit on the date of an assessment. [Fairmount Hospital, Inc. v. State Board of Tax Appeals, 122 N.J.L. 8, 4 A.2d 67, 1939 N.J. Sup. Ct. LEXIS 239 \(N.J. Sup. Ct.\)](#), aff'd, [123 N.J.L. 201, 8 A.2d 273, 1939 N.J. LEXIS 354 \(E. & A. 1939\)](#).

Tax Law: State & Local Taxes: Personal Property Tax: Exempt Property: Requirements for Exempt Status

Religious services organization did not lose its tax-exemption on a building and parking lot it leased to the United States Post Office because the intent of the legislature with regard to N.J. Stat. Ann. § [54:4-3.6](#) was to preserve a lessor organization's exemption when they leased property to another non-tax paying entity. [Catholic Community Services, Inc. v. City of Newark, 23 N.J. Tax 57, 2006 N.J. Tax LEXIS 5 \(App.Div. Jan. 18, 2006\)](#).

Label "tax exempt" used in N.J. Stat. Ann. § [54:4-3.6](#) is intended by the New Jersey Legislature to include "tax immune" organizations; with regard to the 2001 amendments made to N.J. Stat. Ann. § [54:4-3.6](#), the intent was to preserve the lessor organization's exemption when they leased property to another non-tax paying entity. [Catholic Community Services, Inc. v. City of Newark, 23 N.J. Tax 57, 2006 N.J. Tax LEXIS 5 \(App.Div. Jan. 18, 2006\)](#).

Real property on which was built low and moderate income housing for senior citizens was not entitled to exemption from taxation under N.J. Stat. Ann. § [54:4-3.6](#), because the property was not used exclusively for religious or charitable purposes. [St. Luke's Village v. Peapack & Gladstone Borough, 11 N.J. Tax 76, 1990 N.J. Tax LEXIS 15 \(Tax Ct. Apr. 20, 1990\)](#).

Tax Law: State & Local Taxes: Real Property Tax: General Overview

Religious services organization did not lose its tax-exemption on a building and parking lot it leased to the United States Post Office because the intent of the legislature with regard to N.J. Stat. Ann. § [54:4-3.6](#) was to preserve a lessor organization's exemption when they leased property to another non-tax paying entity. [Catholic Community Services, Inc. v. City of Newark, 23 N.J. Tax 57, 2006 N.J. Tax LEXIS 5 \(App.Div. Jan. 18, 2006\)](#).

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N.J. Stat. § 54:4-3.6

preserve the lessor organization's exemption when they leased property to another non-tax paying entity. [Catholic Community Services, Inc. v. City of Newark, 23 N.J. Tax 57, 2006 N.J. Tax LEXIS 5 \(App.Div. Jan. 18, 2006\)](#).

Summary judgment order in favor of a township denying a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) was error where the tax judge failed to resolve all doubts in favor of the organization in his interpretation of the organization's certificate of incorporation and failed to resort to relevant extrinsic evidence. [International Schools Services, Inc. v. West Windsor Tp., 381 N.J. Super. 383, 886 A.2d 204, 22 N.J. Tax 659, 2005 N.J. Super. LEXIS 347 \(App.Div. 2005\)](#).

Tenure for school business administrators is not a vehicle for the moral and mental improvement of the general public under N.J. Stat. Ann. § [54:4-3.6](#). [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

An organization is not organized exclusively for the purpose of the moral and mental improvement of men, women, and children under N.J. Stat. Ann. § [54:4-3.6](#) if its corporate purposes are not designed to provide moral and mental improvement "directly." [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

Moral and mental improvement of men, women, and children is required to be an organization's exclusive purpose under N.J. Stat. Ann. § [54:4-3.6](#). [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

To determine whether a not-for-profit corporation was exempt from property taxes under N.J. Stat. Ann. § [54:32B-9\(b\)](#) for the moral and mental improvement exemption, it applied the three-prong Paper Mill Playhouse test; the corporation was required to demonstrate that it was organized exclusively for the moral and mental improvement of men, women, and children, the subject property was actually used for the tax-exempt purpose, and the operation and use of its property was not conducted for profit. [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

New Jersey not-for-profit corporation that was qualified under I.R.C. § [503\(c\)\(3\)](#) and exempt from sales and use taxes under N.J. Stat. Ann. § [54:32B-9\(b\)](#) was not exempt from property taxes under N.J. Stat. Ann. § [54:4-3.6](#); the corporation was organized to provide educational services only to its members and other school district employees and not exclusively for the "general public." [New Jersey Ass'n of School Business Officials, Inc. v. Hamilton Tp., 22 N.J. Tax 467, 2005 N.J. Tax LEXIS 19 \(Tax Ct. Aug. 8, 2005\)](#).

Where taxpayer claimed tax-exempt status with respect to two properties used as nursing home facilities under N.J. Stat. Ann. § [54:4-3.6](#), municipality properly denied taxpayer's application for exempt status because taxpayer failed to comply with N.J. Stat. Ann. § [54:4-34](#), which required taxpayer to provide income and expense information to municipality's assessor and that inaction constituted a waiver of their right to challenge the determination. [Cascade Corp. v. Township of Middle, 323 N.J. Super. 184, 732 A.2d 564, 1999 N.J. Super. LEXIS 275 \(App.Div. 1999\)](#), certif. denied, 163 N.J. 11, 746 A.2d 457, 2000 N.J. LEXIS 83 (N.J. 2000).

Fact that a church did not have a certificate of occupancy did not preclude it from the tax exemptions in N.J. Stat. Ann. § [54:4-3.6](#) where it was shown that the church used the property for non-profit purposes during the relevant period. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Although a church qualified for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) on the basis that its premises were used for non-profit purposes, the taxes assessed against it were affirmed pursuant to N.J. Stat. Ann. § [54:3-21](#) because the church failed to file timely appeals of the assessments. Under N.J. Stat. Ann. § [54:51A-1\(a\)](#), the failure to timely challenge the assessments was fatal to the church's claim of tax exemption. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Residences for personnel of religious organizations at a great distance from their place of work and not necessary for the accomplishment of the purposes of the charity are not entitled to tax exemption. [City of Ventnor City v.](#)

N.J. Stat. § 54:4-3.6

Interdenominational Foreign Missionary Soc'y, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Test to be employed in determining whether property is actually and exclusively used for a tax exempt purpose is whether the property is reasonably necessary for such purpose. *City of Ventnor City v. Interdenominational Foreign Missionary Soc'y*, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Fact of incorporation under the non-pecuniary act is not conclusive proof that the corporation is a charitable institution; instead, the facts of each case determine the character of the corporation. *City of Ventnor City v. Interdenominational Foreign Missionary Soc'y*, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Four residential properties owned by a non-profit corporation were not exempt from local property taxation because the corporation was not organized exclusively for the moral and mental improvement of men, women and children nor organized exclusively for religious or charitable purposes where one of its purposes was to establish and maintain homes or residences in the State of New Jersey and elsewhere for the free use of missionaries on temporary leave of absence from their work; a corporation organized for the purpose of providing residences for people on temporary leave from their work could not be said to be organized exclusively for exempt purposes. *City of Ventnor City v. Interdenominational Foreign Missionary Soc'y*, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Term "charitable purpose" denotes the accomplishment of objectives that are beneficial to the community; organizations whose purpose is to promote the welfare of their members are benevolent, but not charitable. *City of Ventnor City v. Interdenominational Foreign Missionary Soc'y*, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Organizations whose work is for the public good and whose programs and activities are open to the general public are within the moral and mental improvement exemption. *City of Ventnor City v. Interdenominational Foreign Missionary Soc'y*, 13 N.J. Tax 445, 1993 N.J. Tax LEXIS 24 (Tax Ct. Dec. 1, 1993), aff'd, 15 N.J. Tax 160, 1994 N.J. Tax LEXIS 36 (App.Div. Nov. 29, 1994).

Long term care facility that rendered subacute care to patients with varied physical or mental ailments, and which had transfer agreements with several local hospitals and with a hospital owned by the facility's parent company, was not exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) because the transfer agreements were only cooperation agreements; the long term care facility agreed to accept patients from the hospitals, but each entity retained exclusive control over its own policies, institutions, management, and officers. Thus, the long term care facility was not sufficiently integrated with a hospital so that its building's use was an integral part of a functioning hospital. *Intercare Health Sys. v. Cedar Grove Township*, 11 N.J. Tax 423, 1990 N.J. Tax LEXIS 36 (Tax Ct. Dec. 14, 1990), aff'd, 12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 (App.Div. Oct. 18, 1991).

Test to be used to determine whether long term care facility building owned by a health care entity that also owned a hospital was exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was not the relationship between the corporate entities, but whether the long term care facility's operation was sufficiently integrated with a hospital so that the building's use was an integral part of operating a functioning hospital. *Intercare Health Sys. v. Cedar Grove Township*, 11 N.J. Tax 423, 1990 N.J. Tax LEXIS 36 (Tax Ct. Dec. 14, 1990), aff'd, 12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 (App.Div. Oct. 18, 1991).

Term "hospital purposes" in the definition of entities exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) does not mean hospital-type activities performed by nonhospital integrated entities; a hospital purpose is an activity that is integrated into an organized hospital operation. *Intercare Health Sys. v. Cedar Grove Township*, 11 N.J. Tax 423, 1990 N.J. Tax LEXIS 36 (Tax Ct. Dec. 14, 1990), aff'd, 12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 (App.Div. Oct. 18, 1991).

N.J. Stat. § 54:4-3.6

Word “exclusively,” which follows “organized” in the definition of entities exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) is intended to describe a full hospital operation, rather than a requirement that an entity confine its total activities to the operation of a hospital. [Intercare Health Sys. v. Cedar Grove Township, 11 N.J. Tax 423, 1990 N.J. Tax LEXIS 36 \(Tax Ct. Dec. 14, 1990\)](#), aff'd, [12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 \(App.Div. Oct. 18, 1991\)](#).

Since the nursing home does not function as an authorized hospital, and its building's use is not fully integrated into the functions of an authorized operating hospital, its building cannot qualify as being used for a hospital purpose. [Intercare Health Sys. v. Cedar Grove Township, 11 N.J. Tax 423, 1990 N.J. Tax LEXIS 36 \(Tax Ct. Dec. 14, 1990\)](#), aff'd, [12 N.J. Tax 273, 1991 N.J. Tax LEXIS 36 \(App.Div. Oct. 18, 1991\)](#).

Employee parking lot for approximately 276 vehicles that was located approximately four blocks from a tax-exempt hospital was not itself exempt from local property taxes because it did not adjoin the land on which the hospital buildings had been erected. [Hackensack v. Hackensack Medical Center, 228 N.J. Super. 310, 549 A.2d 869, 1988 N.J. Super. LEXIS 381 \(App.Div. 1988\)](#), certif. denied, [114 N.J. 498, 555 A.2d 619, 1989 N.J. LEXIS 898 \(N.J. 1989\)](#).

Fraternal association was not entitled to an exemption from local property tax because it did not meet its burden of demonstrating that it was organized for educational purposes, as required under N.J. Stat. Ann. § [54:4-3.26](#), or that the fraternity house at issue was actually used for colleges, as required under N.J. Stat. Ann. § [54:4-3.6](#). [Nu Beta Alumni Asso. of Phi Gamma Delta v. New Brunswick, 7 N.J. Tax 379, 1984 N.J. Tax LEXIS 40 \(Tax Ct. May 22, 1984\)](#), aff'd, [7 N.J. Tax 658, 1985 N.J. Tax LEXIS 36 \(App.Div. Apr. 10, 1985\)](#).

Nursing and retirement home was not entitled to an exemption under N.J. Stat. Ann. § [54:4-3.6](#) because the organization running the home earned a profit, even though those profits were used for religious purposes, and because the patients and the residents bore the costs of operating the home and were charged competitive rates. [Christian Research Institute v. Dover, 5 N.J. Tax 376, 1983 N.J. Tax LEXIS 35 \(Tax Ct. May 26, 1983\)](#).

Existence of a zoning barrier is not a basis upon which qualification for exemption can be denied. [Ski Haus, Inc. v. Taxation Div. Director, 5 N.J. Tax 26, 1982 N.J. Tax LEXIS 73 \(Tax Ct. Nov. 3, 1982\)](#).

Housing supplied by a hospital to resident physicians, surgical students, nurses, both registered and licensed practical, a biomedical technician, three laboratory technicians, and eight X-ray technology students was exempt from local property tax. [Ski Haus, Inc. v. Taxation Div. Director, 5 N.J. Tax 26, 1982 N.J. Tax LEXIS 73 \(Tax Ct. Nov. 3, 1982\)](#).

In order for an exemption to be granted under N.J. Stat. Ann. § [54:4-3.6](#), the building must not only be a “parsonage” but it must also be occupied by the “officiating clergyman” of the religious corporation; the word “parsonage” as used in § [54:4-3.6](#), is defined as the glebe (land) and house, or the house only, appropriated by a parish or ecclesiastical society to the maintenance or use of the incumbent or settled pastor or minister. [Trenton Church of Christ v. Trenton, 3 N.J. Tax 267, 1981 N.J. Tax LEXIS 36 \(Tax Ct. Aug. 26, 1981\)](#).

In order to qualify for an exemption as property used for religious worship or religious purposes, the property must be used “exclusively” for such purposes; a building that is used in the religious work of a church and that is additionally utilized as the residence of an employee of the religious corporation, other than one of the officiating clergymen, is not being devoted exclusively to religious purposes in the ongoing work of the church. [Trenton Church of Christ v. Trenton, 3 N.J. Tax 267, 1981 N.J. Tax LEXIS 36 \(Tax Ct. Aug. 26, 1981\)](#).

Although the first floor of a three-story house owned by a church was used for bible study classes, chapel, and neighborhood programs, the church was not entitled to an exception for the property based upon the assertion that the property was used for religious purposes or as a parsonage within the meaning of N.J. Stat. Ann. § [54:4-3.6](#) because the building also housed staff members and ministers, who used the building for social activities unrelated to church programs; the exemption was not applicable where the property was not actually or exclusively used for

religious purposes. [Trenton Church of Christ v. Trenton, 3 N.J. Tax 267, 1981 N.J. Tax LEXIS 36 \(Tax Ct. Aug. 26, 1981\)](#).

Land transferred on December 1, 1975, from a non-exempt owner to a non-profit organization exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was subject to property taxes for 1976 because the property was assessable based upon its ownership and use on October 1 of the pretax year, precluding it from exemption pursuant to § [54:4-3.6](#). Under N.J. Stat. Ann. § [54:4-1](#), the date for determining the tax status of the property was October 1, 1975, and the property was owned by the non-exempt entity on that date. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\)](#).

Failure to file an initial statement on November 1 as required under N.J. Stat. Ann. § [54:4-4.4](#) for property that is exempt under N.J. Stat. Ann. § [54:4-3.6](#) by virtue of its ownership and use by an exempt taxpayer on October 1 of the pre-tax year may not vitiate the exemption because the filing requirement under N.J. Stat. Ann. § [54:4-4.4](#) is not a condition precedent to the allowance of an exemption under N.J. Stat. Ann. § [54:4-3.6](#). However if there is no qualification for exemption under N.J. Stat. Ann. § [54:4-3.6](#) in the first place by ownership and use on October 1, the property is not entitled to exempt status for the tax year in question. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\)](#).

Use of property, not the status or character of its owner, determines entitlement to an exemption. Property was entitled to an exemption under N.J. Stat. Ann. § [54:4-3.6](#) because there was no interruption in the exempt use of the premises when title and possession were transferred from one tax exempt religious organization to another. [Emanuel Missionary Baptist Church v. Newark, 1 N.J. Tax 264, 1980 N.J. Tax LEXIS 65 \(Tax Ct. Apr. 2, 1980\)](#).

Church's acquisition of property after the assessment date did not vitiate the exemption under N.J. Stat. Ann. § [54:4-3.6](#). [Emanuel Missionary Baptist Church v. Newark, 1 N.J. Tax 264, 1980 N.J. Tax LEXIS 65 \(Tax Ct. Apr. 2, 1980\)](#).

Non-profit incorporated theatre group was entitled to an exemption from property taxes on its theatre because the groups' productions and dissemination of literary material through the dramatic arts and musical recitations advanced the intellectual and social bases of the public; therefore, the group was organized for the moral and mental improvement of men, women and children and was covered by the exemption. [Chester Theatre Group of Black River Playhouse v. Chester, 115 N.J. Super. 360, 279 A.2d 878, 1971 N.J. Super. LEXIS 564 \(App.Div. 1971\)](#).

N.J. Stat. Ann. § [54:4-3.6](#), which confers tax benefits upon non-profit organizations, applies by its terms to buildings used for schools, churches, hospitals, and the like and only exempts land as an incident of the exemption of the buildings upon it. There is no provision in that section for parks, playgrounds and the like, where the land itself is of primary importance and any buildings are of minor importance. [Englewood Cliffs v. Estate of Allison, 69 N.J. Super. 514, 174 A.2d 631, 1961 N.J. Super. LEXIS 555 \(App.Div. 1961\)](#).

Tax Law: State & Local Taxes: Real Property Tax: Assessment & Valuation: General Overview

Tax Court properly denied local property taxation exemptions to a hospital for portions of an offsite building it owned and operated as a wellness center, a physical therapy service, and a pediatric practice as those uses did not meet the statutory use test to qualify for hospital purposes, and the pediatric practice also failed to meet the statutory not-for-profit requirement. [Hunterdon Medical Center v. Township of Readington, 391 N.J. Super. 434, 918 A.2d 675, 23 N.J. Tax 536, 2007 N.J. Super. LEXIS 88 \(App.Div. 2007\)](#), aff'd in part and rev'd in part, [195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Partially constructed assisted living facility, owned by a hospital corporation to be used for non-profit hospital purposes, was entitled to a property tax exemption because the improvement was subject to the continued exempt character of the corporation's other buildings. [Job Haines Home for the Aged v. Township of Bloomfield, 19 N.J.](#)

N.J. Stat. § 54:4-3.6

[Tax 408, 2001 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 16, 2001\)](#), aff'd, [20 N.J. Tax 137, 2002 N.J. Tax LEXIS 38 \(App.Div. May 29, 2002\)](#).

Fact that a church did not have a certificate of occupancy did not preclude it from the tax exemptions in N.J. Stat. Ann. § [54:4-3.6](#) where it was shown that the church used the property for non-profit purposes during the relevant period. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Although a church qualified for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) on the basis that its premises were used for non-profit purposes, the taxes assessed against it were affirmed pursuant to N.J. Stat. Ann. § [54:3-21](#) because the church failed to file timely appeals of the assessments. Under N.J. Stat. Ann. § [54:51A-1\(a\)](#), the failure to timely challenge the assessments was fatal to the church's claim of tax exemption. [City of Newark v. Block 322, 17 N.J. Tax 103, 1997 N.J. Tax LEXIS 49 \(Tax Ct. Dec. 1, 1997\)](#).

Religious organization was allowed exemption for only two of its four parsonages located in New Jersey because the legislative intent of the limitation in N.J. Stat. Ann. § [54:4-3.6](#) was to lessen the burden on municipalities. [Deal Yeshiva, Inc. v. Deal Borough, 16 N.J. Tax 599, 1997 N.J. Tax LEXIS 25 \(Tax Ct. Aug. 20, 1997\)](#).

In testing entitlement to a tax exemption, legislative requirements must be strictly complied with because an exemption from taxation is a departure from the equitable principle that everyone should bear his just and equal share of the public tax burden; the burden is upon the claimant to bring itself within an exemption provision and all doubts are to be resolved against the exemption claimant. [TRU Urban Renewal Corp. v. Newark, 11 N.J. Tax 63, 1990 N.J. Tax LEXIS 17 \(Tax Ct. Mar. 26, 1990\)](#).

University's purpose is not merely to educate its students but to contribute to their moral and mental growth, both in the classroom and through the natural environment of the campus; because a university campus must be viewed as a whole in relation to its purpose and not merely as a composite of unrelated, individual buildings, it is neither necessary nor desirable to identify specific acres of the campus with specific buildings in considering tax exemption of university property. [Fairleigh Dickinson University v. Florham Park Borough, 5 N.J. Tax 343, 1983 N.J. Tax LEXIS 39 \(Tax Ct. May 3, 1983\)](#).

Taxpayer, a university, was entitled to the property tax education exemption of N.J. Stat. Ann. § [54:4-3.6](#), where the majority of the campus was necessary for fair enjoyment and educational use. [Fairleigh Dickinson University v. Florham Park Borough, 5 N.J. Tax 343, 1983 N.J. Tax LEXIS 39 \(Tax Ct. May 3, 1983\)](#).

Where one building on property owned by a religious corporation organized pursuant to N.J. Stat. Ann. § [16:1-1](#) was used as a parsonage and the other was rented out for nonexempt purposes, the portion used as a parsonage was exempt from property tax under N.J. Stat. Ann. § [54:4-3.6](#). [Greater Emmanuel Apostolic Faith Tabernacles v. Montclair, 4 N.J. Tax 618, 1982 N.J. Tax LEXIS 13 \(Tax Ct. Sept. 24, 1982\)](#).

Court does not have the authority to write into N.J. Stat. Ann. § [54:4-3.6](#), which provides an exemption from local property taxation for parsonages, additional limitations to the exemption grant where the parsonage provision is clear and unambiguous. [Plainfield v. Goodwill Home & Missions, Inc., 4 N.J. Tax 537, 1982 N.J. Tax LEXIS 23 \(Tax Ct. Aug. 6, 1982\)](#).

Basis for statutory exemption from taxation has been stated to be the benefit conferred upon the public by such religious, charitable or other similar institutions and the consequent relief, to some extent, of the burden imposed on the state of New Jersey to care for and advance the interest of its citizens; the exemption is granted in recognition of the benefit which the public derives from the fulfillment of the exempt organization's activities and objectives. [Plainfield v. Goodwill Home & Missions, Inc., 4 N.J. Tax 537, 1982 N.J. Tax LEXIS 23 \(Tax Ct. Aug. 6, 1982\)](#).

In light of the purpose of exemptions, the language in N.J. Stat. Ann. § [54:4-3.6](#) can reasonably be construed to mean that the exemption is not to be allowed unless the institution actually is in a position to provide the services or benefits deemed important enough to cause the exception from the rule of taxation. [Grace & Peace Fellowship Church, Inc. v. Cranford Township, 4 N.J. Tax 391, 1982 N.J. Tax LEXIS 34 \(Tax Ct. June 10, 1982\)](#).

N.J. Stat. § 54:4-3.6

Church was not entitled to claim an exemption of an uncompleted church building from local property taxes, despite having used the building for some prayer services, where denial of the exemption discouraged use of uncompleted and unsafe structures; in addition, prior to the issuance of a certificate of occupancy, whether temporary or permanent, the church's use of the property, while under construction, constituted a violation of the Uniform Construction Code. [Grace & Peace Fellowship Church, Inc. v. Cranford Township, 4 N.J. Tax 391, 1982 N.J. Tax LEXIS 34 \(Tax Ct. June 10, 1982\).](#)

Land transferred on December 1, 1975, from a non-exempt owner to a non-profit organization exempt from taxation pursuant to N.J. Stat. Ann. § [54:4-3.6](#) was subject to property taxes for 1976 because the property was assessable based upon its ownership and use on October 1 of the pretax year, precluding it from exemption pursuant to § [54:4-3.6](#). Under N.J. Stat. Ann. § [54:4-1](#), the date for determining the tax status of the property was October 1, 1975, and the property was owned by the non-exempt entity on that date. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\).](#)

Failure to file an initial statement on November 1 as required under N.J. Stat. Ann. § [54:4-4.4](#) for property that is exempt under N.J. Stat. Ann. § [54:4-3.6](#) by virtue of its ownership and use by an exempt taxpayer on October 1 of the pre-tax year may not vitiate the exemption because the filing requirement under N.J. Stat. Ann. § [54:4-4.4](#) is not a condition precedent to the allowance of an exemption under N.J. Stat. Ann. § [54:4-3.6](#). However if there is no qualification for exemption under N.J. Stat. Ann. § [54:4-3.6](#) in the first place by ownership and use on October 1, the property is not entitled to exempt status for the tax year in question. [Atlantic County New School, Inc. v. Pleasantville, 2 N.J. Tax 192, 1981 N.J. Tax LEXIS 98 \(Tax Ct. Feb. 5, 1981\).](#)

Owner of houses who leased the houses to college fraternities as living accommodations for fraternity members was not entitled to a property tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), as property used for educational purposes, because only fraternity members and not other students were permitted to live in the houses. [Trustees of Stevens Institute of Technology v. Hoboken, 1 N.J. Tax 602, 1980 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 12, 1980\).](#)

If a tax-exempt cemetery association causes, suffers, or permits its real estate to be used by a profit-making business, the real estate is not exempt from taxation; otherwise, the profit-making business is not bearing its fair share of the tax burden as required by law. [Greenwood Cemetery Asso. v. Millville, 1 N.J. Tax 408, 1980 N.J. Tax LEXIS 38 \(Tax Ct. July 30, 1980\).](#)

Where a cemetery caretaker's wife operated a business selling bronze plaques from a residence located on the cemetery grounds, this was considerable business activity resulting in profit to a private individual and was not a non-exempt activity of an inconsequential or de minimus character so as to permit the cemetery from obtaining tax exemption for its otherwise tax-exempt property. [Greenwood Cemetery Asso. v. Millville, 1 N.J. Tax 408, 1980 N.J. Tax LEXIS 38 \(Tax Ct. July 30, 1980\).](#)

Year-round residence at a nonprofit summer camp was exempt from local property tax because it was predominantly used as an integral part of the operation of the camp and was reasonably necessary for the proper and efficient operation of the camp. [Clinton v. Camp Brett-Endeavor, Inc., 1 N.J. Tax 54, 1980 N.J. Tax LEXIS 69 \(Tax Ct. Mar. 7, 1980\).](#)

Standard for exemption in connection with residential premises of a religious, charitable or hospital organization is strict; residential premises of religious, charitable or hospital organizations must be actually and exclusively used in the work of the organization, and residences at colleges, schools, academies or seminaries need only be actually used for institutional purposes [Clinton v. Camp Brett-Endeavor, Inc., 1 N.J. Tax 54, 1980 N.J. Tax LEXIS 69 \(Tax Ct. 1980\).](#)

Tax Law: State & Local Taxes: Real Property Tax: Assessment & Valuation: Assessment Methods & Timing

Church was not entitled to local property tax exemption for the 2013 tax year for the subject property because the former commercial warehouse, converted to a large sanctuary, offices, and meeting space, was not in actual use as

N.J. Stat. § 54:4-3.6

of the October 1, 2012 assessing date and was not ready for occupancy nor open to the public yet as it was still under construction. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

Underlying viewpoint of N.J. Stat. Ann. § [54:4-3.6](#) requires a real property tax exempt use to exist on the October 1 assessing date in order to permit taxing districts to prepare budgets based upon the current tax assessment rolls. Any reduction in the assessment roll during the tax year would interfere with that budget preparation procedure. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

In general, absent acquisition of a property by the State or a State Agency, demolition or destruction of a building, or the levying of an added, omitted added, or omitted real property assessment, New Jersey's enabling statutes do not permit assessors to re-examine and re-cast the tax status of a property after the October 1st valuation date. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

New Jersey courts have declared that, in the context of strictly construing the exemption, the property must be actually used by the public or must be actually available for such use. A goal, intent, or objective to furnish, on some future date, a tax-exempt purpose for the benefit of the public is insufficient to establish the requisite quid pro quo. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

Actual use and not intended use controls in the determination of a real property tax exemption. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

Parcel's exempt status is determined by its use and not by the owner's compliance with exemption claim procedures. [Wellington v. Township of Hillsborough, 27 N.J. Tax 37, 2012 N.J. Tax LEXIS 17 \(Tax Ct. Oct. 24, 2012\)](#).

New Jersey courts have analogized eligibility for farmland assessment to eligibility for exemption under the real estate exemption statute, N.J. Stat. Ann. § [54:4-3.6](#), thus, distinctions between the Farmland Assessment Act, N.J. Stat. Ann. §§ [54:4-23.1](#) to [54:4-23.23](#), and the exemption statute are without legal significance. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\)](#).

In a case in which a community theater, which was exempt from taxes under N.J. Stat. Ann. § [54:4-3.6](#), was destroyed by arson, the well-established rule that October 1 of the pretax year was the controlling date to determine a property's exemption, pursuant to N.J. Stat. Ann. § [54:4-23](#) and N.J. Stat. Ann. § [54:4-35](#), did not apply because the issue was not whether an exemption was predicated upon construction of a new building on previously non-exempt property, but rather whether an exemption could be granted during the course of reconstruction on property that was previously exempt. [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

Corporation founded for the moral and mental improvement of schizophrenics was properly denied a nonprofit exemption under N.J. Stat. Ann. § [54:4-3.6](#) because, although the corporation was founded under N.J. Stat. Ann. § [15A:1-1](#) et seq., for the original purpose of providing research and community assistance, and was operated by the Department of Institutions and Agencies, pursuant to N.J. Stat. Ann. § [30:4-177.12](#) et seq., the property was currently also used for the medical treatment of 1,000 patients a year who paid fees similar to those paid to medical professionals in private practice. [Schizophrenia Foundation of New Jersey v. Montgomery Township, 6 N.J. Tax 594, 1984 N.J. Tax LEXIS 21 \(Tax Ct. Sept. 26, 1984\)](#).

Property belonging to a nonprofit corporation organized for religious and charitable purposes and used as a residence for an ordained minister who ran the corporation's spiritual program qualified for a property tax exemption

N.J. Stat. § 54:4-3.6

for parsonages. [Plainfield v. Goodwill Home & Missions, Inc., 4 N.J. Tax 537, 1982 N.J. Tax LEXIS 23 \(Tax Ct. Aug. 6, 1982\)](#).

Taxpayer, a church, was not entitled to a property tax exemption on an adjacent, vacant 5.08 acre parcel; the exemption statute specifically limited the exemption to five acres, and this requirement was not altered because an ordinance required the church to have 10 acres. [New Jersey Stake of The Church of Jesus Christ of Latter Day St. v. Morris Township, 3 N.J. Tax 572, 1981 N.J. Tax LEXIS 8 \(Tax Ct. Nov. 25, 1981\)](#).

Religious taxpayer was not entitled to a tax exemption for the tax year based on its intended religious and charitable uses of property under N.J. Stat. Ann. § [54:4-3.6](#), because it did not own the property on October 1 of the prior tax year nor was it “actually using” the property for exempt purposes during the tax year as required by N.J. Stat. Ann. § [54:4-23](#), although it was renovating the building for an exempt use; timely filing of an “Initial Statement,” as required by N.J. Stat. Ann. § [54:4-4.4](#), could not cure the taxpayer’s lack of ownership on the assessing date. [Holy Cross Precious Zion Glorious Church of God v. Trenton City, 2 N.J. Tax 352, 1981 N.J. Tax LEXIS 81 \(Tax Ct. Mar. 31, 1981\)](#).

Salvation Army was entitled to an exemption for its buildings and land adjacent to its summer camp because the children used hiking trails throughout the camp, and the farming activity was an important part of the education the Salvation Army offered to city children; the court disallowed the exemption with respect to 12.65 acres of the 120-acre parcel because there were no structures to support these acres; tent platforms were not “structures.” [Salvation Army v. Alexandria, 2 N.J. Tax 292, 1981 N.J. Tax LEXIS 87 \(Tax Ct. Mar. 2, 1981\)](#).

Educational institution’s use of two floors of a building as a residence for the institution’s treasurer and his family at no profit was used for educational purposes within the meaning of N.J. Stat. Ann. § [54:4-3.6](#); therefore, the property was entitled to an exemption from property tax. [Trustees of Stevens Institute of Technology v. Hoboken, 1 N.J. Tax 598, 1980 N.J. Tax LEXIS 13 \(Tax Ct. Nov. 10, 1980\)](#).

Tax Law: State & Local Taxes: Real Property Tax: Assessment & Valuation: Valuation

Community theater’s title of ownership of an additional lot, acquired by adverse possession under N.J. Stat. Ann. § [2A:14-30](#), was the equivalent of ownership as used in N.J. Stat. Ann. § [54:4-3.6](#). [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

After arson destroyed a theater building previously found to be exempt from local property tax under N.J. Stat. Ann. § [54:4-3.6](#), the exempt status of the theater building was not lost during the course of reconstruction. [Paper Mill Playhouse v. Millburn, 7 N.J. Tax 78, 1984 N.J. Tax LEXIS 11 \(Tax Ct. Nov. 14, 1984\)](#).

Tax Law: State & Local Taxes: Real Property Tax: Exemptions

Portion of a public university’s building plaintiff operated as a restaurant was subject to local property tax because the restaurant was a profit-making commercial enterprise, and plaintiff’s payment to a university foundation did not make the premises occupied by the restaurant a building “actually used for [a] college” under this section, as there was a direct link between the gross revenues derived from plaintiff’s for-profit operation of the restaurant and the amount remitted to the foundation, which was paid a preferred rate of return when the restaurant generated more gross revenues. [Gourmet Dining, LLC v. Union Tp., 30 N.J. Tax 381, 2018 N.J. Tax LEXIS 6 \(Tax Ct. Mar. 14, 2018\)](#), rev’d, [459 N.J. Super. 323, 210 A.3d 917, 2019 N.J. Super. LEXIS 75 \(App.Div. 2019\)](#).

Church was not entitled to local property tax exemption for the 2013 tax year for the subject property because the former commercial warehouse, converted to a large sanctuary, offices, and meeting space, was not in actual use as of the October 1, 2012 assessing date and was not ready for occupancy nor open to the public yet as it was still under construction. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff’d, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

N.J. Stat. § 54:4-3.6

Underlying viewpoint of N.J. Stat. Ann. § [54:4-3.6](#) requires a real property tax exempt use to exist on the October 1 assessing date in order to permit taxing districts to prepare budgets based upon the current tax assessment rolls. Any reduction in the assessment roll during the tax year would interfere with that budget preparation procedure. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

In general, absent acquisition of a property by the State or a State Agency, demolition or destruction of a building, or the levying of an added, omitted added, or omitted real property assessment, New Jersey's enabling statutes do not permit assessors to re-examine and re-cast the tax status of a property after the October 1st valuation date. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

New Jersey courts have declared that, in the context of strictly construing the exemption, the property must be actually used by the public or must be actually available for such use. A goal, intent, or objective to furnish, on some future date, a tax-exempt purpose for the benefit of the public is insufficient to establish the requisite quid pro quo. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

Actual use and not intended use controls in the determination of a real property tax exemption. [Christian Mission John 316 v. Passaic City, 30 N.J. Tax 357, 2018 N.J. Tax LEXIS 5 \(Tax Ct. Feb. 28, 2018\)](#), aff'd, [2019 N.J. Super. Unpub. LEXIS 1842 \(App.Div. Aug. 30, 2019\)](#).

Most obvious purpose of [N.J. Stat. Ann. § 54:4-3.6](#)'s requirement that the nonprofit entity own the property for it to be exempt is to prevent individuals or entities involved in business from avoiding real estate taxes by leasing their property for customary periods to entities which would otherwise qualify for the exemption. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

[N.J. Stat. Ann. § 54:4-3.6](#) provides that if any portion of a building used for a charitable purpose is leased to profit-making organizations, then the exemption is limited to only the non-leased portion. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

Plain language of [N.J. Stat. Ann. § 54:4-3.6](#) grants partial exemption where the lessor, landlord, is the tax-exempt entity and the lessee/tenant is a for-profit lessor, not the converse. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

Plaintiff, as fee owner of the subject real property, had standing to challenge the amount and methodology underlying its assessment, which can include a claim for exemption, but failed to meet the statutory qualifications for an exemption since the plain language of [N.J. Stat. Ann. § 54:4-3.6](#) afforded a partial exemption only when the landlord/lessor, such as plaintiff, was the non-profit entity and the tenant was the for-profit entity. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

Standing to claim an exemption does not equate to a right to, or a grant of, the same; rather, entitlement to an exemption is solely dependent upon full compliance with the exemption statute's requirements. [Savage Mills Enters. v. Borough of Little Silver, 29 N.J. Tax 295, 2016 N.J. Tax LEXIS 12 \(Tax Ct. June 21, 2016\)](#).

In an action wherein taxpayers challenged tax exemptions granted to a university, the court denied the university's motion seeking to place the burden of proof on the taxpayers because the court held that the taxpayer seeking the exemption under N.J. Stat. Ann. § [54:4-3.6](#) bore the burden of proof as the claimant of the exemption. [Fields v. Trustees of Princeton University, 28 N.J. Tax 574, 2015 N.J. Tax LEXIS 17 \(Tax Ct. Nov. 5, 2015\)](#).

With the sole exceptions of the auditorium, fitness center, and the visitors' garage, a hospital's claim for property tax exemption was denied because the subject property was being used substantially for profit since it failed the profit test on several grounds and, therefore, failed to qualify for property tax exemption for tax years 2006, 2007, and 2008

pursuant to [N.J. Stat. Ann. § 54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

In a case of first impression, the New Jersey Tax Court holds that the operation and function of modern non-profit hospitals do not meet the current criteria for property tax exemption under [N.J. Stat. Ann. § 54:4-3.6](#) and the applicable case law. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

New Jersey Tax Court is satisfied that non-profit hospitals today bear little, if any, resemblance to hospitals in the 18th, 19th, and early 20th centuries of their early origins as charitable alms houses providing free medical treatment to the infirm poor as they are now sophisticated centers of medical care, providing a litany of medical services regardless of a patient's ability to pay. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Tax Court of New Jersey recognizes in AHS Hospital Corp., and reiterates, that [N.J. Stat. Ann. § 54:4-3.6](#) and case law are applicable to the legal determination of property tax exemption in New Jersey. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Real property tax exemption considerations addressed by the New Jersey Supreme Court in Kimberly School have been incorporated into the three-prong test of Paper Mill Playhouse, which is now the standard; clearly there is more recent, more relevant, and more authoritative case law since Kimberly School. [AHS Hosp. Corp. v. Town of Morristown, 28 N.J. Tax 456, 2015 N.J. Tax LEXIS 12 \(Tax Ct. June 25, 2015\)](#).

Religious organization was entitled to a property tax exemption under this section's religious use provision; as a large quantity of religious artifacts were stored in its church, no reasonable storage alternative was available, and the use of the church to store goods in connection with a charitable foundation was a valid charitable purpose that advanced the organization's religious mission, the church was reasonably necessary for the organization's religious purpose and therefore satisfied the actual use test. [Borough of Hamburg v. Trustees of Presbytery of Newton, 28 N.J. Tax 311, 2015 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 11, 2015\)](#).

Religious organization was entitled to property tax exemption for its manse; as the manse was used to store its records, and to occasionally store the records of a charitable foundation, the use of the manse was consistent with the religious purposes exemption. [Borough of Hamburg v. Trustees of Presbytery of Newton, 28 N.J. Tax 311, 2015 N.J. Tax LEXIS 4 \(Tax Ct. Feb. 11, 2015\)](#).

New Jersey Supreme Court rejects the New Jersey Tax Court's conclusion that organizations which have both residency and services/counseling components, must have some institutional aspect to the housing program to qualify for a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#); that an organization does not require its residents to participate in services does not count against conferring tax-exempt status. [Advance Housing, Inc. v. Township of Teaneck, 215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

Organization that provides residences for individuals with psychiatric disabilities established that it was a not-for profit corporation, entitling them to tax-exempt status under N.J. Stat. Ann. § [54:4-3.6](#), because the properties for which it sought tax exemptions were actually used for the charitable purpose of providing supportive housing for the mentally disabled; that the organization did not require its residents to participate in services did not count against conferring tax-exempt status. [Advance Housing, Inc. v. Township of Teaneck, 215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

N.J. Stat. § 54:4-3.6

Non-profit organization was found to be organized exclusively for religious and charitable purposes via its operation of a Christian retreat house for girls and women and, therefore, entitled to exemption from local property taxes in accordance with N.J.S.A. § [54:4-3.6](#) despite it offering its retreat house to the general public when its members were not using it. [Girls Friendly Soc. of Pennsylvania v. Cape May City, 26 N.J. Tax 549, 2012 N.J. Tax LEXIS 18 \(Tax Ct. Oct. 26, 2012\)](#).

Parcel's exempt status is determined by its use and not by the owner's compliance with exemption claim procedures. [Wellington v. Township of Hillsborough, 27 N.J. Tax 37, 2012 N.J. Tax LEXIS 17 \(Tax Ct. Oct. 24, 2012\)](#).

Organization was granted a partial real property tax exemption for a 100 square foot area of office space in its arts center utilized for tax exempt purposes by an environmental resource center but was denied the exemption for the rest of the building since it was used for profit during the tax year and did not qualify for the exemption under N.J. Stat. Ann. § [54:4-3.6](#) or case law factors as the evidence established that services and activities were not gratis, works of art were created and sold, and classes were taught for-profit. [Phillipsburg Riverview Organization, Inc. v. Town of Phillipsburg, 26 N.J. Tax 167, 2011 N.J. Tax LEXIS 12 \(Tax Ct. Dec. 16, 2011\)](#), aff'd, [27 N.J. Tax 188, 2013 N.J. Tax LEXIS 9 \(App.Div. Apr. 30, 2013\)](#).

New Jersey Tax Court erred by denying the taxpayers real property tax exemptions for charitable organizations under N.J. Stat. Ann. § [54:4-3.6](#) because the taxpayers provided housing and supportive services to individuals with psychiatric disabilities on a non-profit basis and the property was actually and exclusively used for such charitable activity. [Advance Housing, Inc. v. Township of Teaneck, 422 N.J. Super. 317, 28 A.3d 841, 2011 N.J. Super. LEXIS 183 \(App.Div. 2011\)](#), aff'd, [215 N.J. 549, 74 A.3d 876, 2013 N.J. LEXIS 947 \(N.J. 2013\)](#).

N.J. Stat. Ann. § [54:4-3.6b](#) pronounces the right of an exempt purchaser of exempt property to continue the exemption, and requires that the new owner file the initial statement for the subsequent tax year to claim its exemption, and then file an initial statement for the current partial tax year in order to obtain the extension. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

N.J. Stat. Ann. § [54:4-3.6b](#) does not require that a tax-exempt purchaser own other tax-exempt property for the exemption to continue. Rather, it recognizes the continuation of a property tax exemption upon the transfer from one qualified tax-exempt entity to another and clarifies the filing requirement for those occasions when the transfer occurs after October 1 to permit the exemption to continue uninterrupted. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

As the legislature, in enacting N.J. Stat. Ann. § [54:4-3.6b](#), clearly wanted to continue the tax exemption when the property was transferred between two exempt organizations or taxpayers, a city erred in denying an exempt entity's claim for an exemption during the tax year when it bought the property from another exempt entity. [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

[Emanuel Missionary Baptist Church v. City of Newark, 1 N.J. Tax 264 \(Tax 1980\)](#), which held that property transferred from one exempt entity to another may retain the exemption provided that the exempt use is not interrupted, remains viable law after the enactment of N.J. Stat. Ann. § [54:4-3.6b](#), as it does not contradict the intent and purpose of § [54:4-3.6b](#). [Community League, Inc. v. City of Newark, 26 N.J. Tax 139, 2011 N.J. Tax LEXIS 9 \(Tax Ct. Sept. 30, 2011\)](#).

Nonprofit corporation's property was not tax exempt under N.J. Stat. Ann. § [54:4-3.6](#) because 1) the commingling of effort and entanglement of activities by the corporation and its profit-making affiliates was significant and substantial, and 2) all of the benefit flowed from the corporation to the for-profit entities. [International Schools Services, Inc. v. West Windsor Tp., 207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\)](#).

Amendment to N.J. Stat. Ann. § [54:4-3.6](#) that eliminated the exclusivity-of-use requirement for buildings and property does not allow a nonprofit entity to engage in for-profit activities that are not conducted so as to be evident,

N.J. Stat. § 54:4-3.6

readily ascertainable, and separately accountable for taxing purposes. Rather, the legislative change that permitted some for-profit activity to take place in an exempt entity's building or on its property presumes an ability to identify it, segregate it, and measure it for local taxing purposes. [International Schools Services, Inc. v. West Windsor Tp., 207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\).](#)

New Jersey courts have analogized eligibility for farmland assessment to eligibility for exemption under the real estate exemption statute, N.J. Stat. Ann. § [54:4-3.6](#), thus, distinctions between the Farmland Assessment Act, N.J. Stat. Ann. §§ [54:4-23.1](#) to [54:4-23.23](#), and the exemption statute are without legal significance. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\).](#)

Order affirming the revocation of a school's long-standing tax exemption under N.J. Stat. Ann. § [54:4-3.6](#) on property it owned in a city that consisted of a house it used for offices was reversed as the unambiguous language of the statute did not require that the property comply with the city's zoning ordinance, which required a conditional use permit for a school to operate in that residential zone. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\).](#)

Real estate tax exemption provided by N.J. Stat. Ann. § [54:4-3.6](#) does not require, as a prerequisite, compliance with the municipal zoning ordinance. [Society of the Holy Child Jesus v. City of Summit, 418 N.J. Super. 365, 13 A.3d 886, 2011 N.J. Super. LEXIS 31 \(App.Div. 2011\).](#)

Since a town's evidence demonstrated that there was a genuine issue as to whether the use of a non-profit corporation's main hospital building, cardiovascular institute, and garage was conducted for profit, the corporation was not entitled to partial summary judgment declaring those portions of its property tax exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\).](#)

As a non-profit hospital's lease of space to a cafe provided both with an opportunity to net a profit, the cafe space was leased to a "profit making organization" and thus was not tax exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\).](#)

As office space a non-profit corporation rented to private physicians was used to conduct their private practices, and as they were not the corporation's employees, a presumption arose that they derived profit from their use of that office space; therefore, that space was not tax-exempt under N.J. Stat. Ann. § [54:4-3.6](#). [AHS Hosp. Corp. v. Town of Morristown, 25 N.J. Tax 374, 2010 N.J. Tax LEXIS 7 \(Tax Ct. May 4, 2010\).](#)

Non-profit corporation's property was not tax-exempt under N.J. Stat. Ann. § [54:4-3.6](#) because it failed to prove that the operation and use of the property was not conducted for profit. The record showed that a portion of its profit subsidized the operations of its profit-making affiliates through the provision of professional services that were not "charged back," below-market rents, and unsecured loans that did not appear to have been timely repaid. [International Schools Services, Inc. v. West Windsor Tp., 412 N.J. Super. 511, 991 A.2d 848, 2010 N.J. Super. LEXIS 59 \(App.Div. 2010\),](#) aff'd, [207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\).](#)

That a non-profit corporation provided services to schools and not directly to the public was not fatal to its qualification for a tax exemption under the second prong of the test articulated in [Paper Mill Playhouse v. Millburn Township, 95 N.J. 503 \(1984\)](#)—that the property was actually used for a tax exempt purpose—as the evidence demonstrated that it fulfilled its legitimate public purpose goals and that the activities were conducted by its trained staff at the subject property. [International Schools Services, Inc. v. West Windsor Tp., 412 N.J. Super. 511, 991 A.2d 848, 2010 N.J. Super. LEXIS 59 \(App.Div. 2010\),](#) aff'd, [207 N.J. 3, 21 A.3d 1166, 2011 N.J. LEXIS 696 \(N.J. 2011\).](#)

Exemption provision of N.J. Stat. Ann. § [54:4-3.6](#) from real estate taxation for assisted living facilities is not unconstitutional under the Exemption Clause, N.J. Const. art. VIII, § [1, para. 2](#), as the framers of the 1947 New Jersey Constitution clearly understood "hospital purposes" to be part of the charitable, religious, and educational

tradition encompassed within the brief language of the Exemption Clause. The types of exemptions recognized by the New Jersey Legislature at the time of the 1947 Constitution did not require that they provide their services on a charitable basis; rather, it merely required that providers recognized as worthy of exemption not be operated for a profit. [Presbyterian Home at Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, 201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 (N.J. 2010).

Tax Court judge erred by adding a charitable component to N.J. Stat. Ann. § [54:4-3.6](#) by holding that an assisted living facility had to provide charity care to qualify for the hospital exemption from real estate taxation as no such qualification existed in the plain language of the statute. [Presbyterian Home at Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, 201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 (N.J. 2010).

Legislative history language and the plain language of N.J. Stat. Ann. § [54:4-3.6](#), which declares that the real property of various health care providers is exempt from local property taxes, contains no qualification that an assisted living facility must provide charity care in order to qualify for the exemption. [Presbyterian Home at Pennington, Inc. v. Borough of Pennington, 409 N.J. Super. 166, 976 A.2d 413, 25 N.J. Tax 249, 2009 N.J. Super. LEXIS 196 \(App.Div. 2009\)](#), certif. denied, 201 N.J. 143, 988 A.2d 563, 2010 N.J. LEXIS 78 (N.J. 2010).

Hospital's physical therapy (PT) facility was not entitled to the "hospital purpose" tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), as 1) the hospital failed to show that PT services were required or provided pre-admission, during a hospital stay, or post-admission; 2) the degree of supervision by the hospital's medical personnel over the PT facility was substantially less than that of their supervision of the hospital's cardiopulmonary rehabilitation facility, and the hospital treated the two facilities differently for administrative purposes; and 3) the hospital failed to establish that the PT facility primarily served hospital patients referred there for continuation of treatment. [Hunterdon Medical Center v. Township of Readington, 24 N.J. Tax 421, 2009 N.J. Tax LEXIS 16 \(Tax Ct. Mar. 26, 2009\)](#), rev'd, [416 N.J. Super. 127, 3 A.3d 593, 2010 N.J. Super. LEXIS 182 \(App.Div. 2010\)](#).

That a hospital's physical therapy (PT) facility was not available to patients on-site (N.J. Admin. Code § 8:43G-29.6(a)), lacked a separate lavatory facility exclusively for patient use (N.J. Admin. Code § 8:43G-29.8(c)), and that the hospital failed to show that it did not deny admission to the PT facility to patients on the basis of their inability to pay (N.J. Admin. Code § 8:43G-5.2(c)), while not conclusive as to whether the PT facility constituted a "hospital purpose" under N.J. Stat. Ann. § [54:4-3.6](#), did illustrate the deviation of the facility from standards applicable to hospitals. [Hunterdon Medical Center v. Township of Readington, 24 N.J. Tax 421, 2009 N.J. Tax LEXIS 16 \(Tax Ct. Mar. 26, 2009\)](#), rev'd, [416 N.J. Super. 127, 3 A.3d 593, 2010 N.J. Super. LEXIS 182 \(App.Div. 2010\)](#).

Fact that a religious organization did not offer the names of individual congregants did not foreclose it from claiming the parsonage exemption under N.J. Stat. Ann. § [54:4-3.6](#), as a rabbi's testimony regarding the number of congregants paying annual dues and making contributions, the congregation's financial records, and photos of the size of the area in which religious services took place all supported the finding that the organization maintained a congregation at its property. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Nothing in N.J. Stat. Ann. § [54:4-3.6](#) or relevant judicial precedents requires that a religious organization seeking a parsonage exemption name the individual members of its congregation. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

In order to claim the parsonage exemption, there is no requirement in N.J. Stat. Ann. § [54:4-3.6](#) that a house of worship occupy the entire building in which it is located. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

As the evidence established that a religious organization's primary purpose in buying two homes was to provide housing for its rabbis, and that the houses were not profit centers for the congregation, its collection of rent on the

premises did not vitiate the parsonage exemption. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Although a religious organization's synagogue was in the same building as its religious school, it was on a separate floor, had a separate entrance, and was maintained with contributions from congregation members. Therefore, the organization maintained a separate house of worship and was thus entitled to a parsonage exemption under N.J. Stat. Ann. § [54:4-3.6](#) for two homes occupied by its rabbis. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

As one rabbi devoted about 25 hours per week to a synagogue, and the second rabbi fulfilled all rabbinical duties when the first rabbi was unable to do so, both were officiating clergyman for purposes of N.J. Stat. Ann. § [54:4-3.6](#). Therefore, the religious organization that rented houses to them was entitled to the parsonage exemption. [Mesivta Ohr Torah of Lakewood v. Township of Lakewood, 24 N.J. Tax 314, 2008 N.J. Tax LEXIS 25 \(Tax Ct. Dec. 10, 2008\)](#).

Nonprofit hospital's off-site wellness center provided physical therapy (PT), which presumptively constituted a core "hospital purpose" under N.J. Stat. Ann. § [54:4-3.6](#). Therefore, the tax court, before denying an exemption to the portion of the center devoted solely to PT, had to consider, inter alia, (1) the degree to which the center's activities operationally were integrated and supervised by hospital personnel; and (2) whether the PT facility served primarily hospital patients and employees or primarily members of the general public. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Where hospital-used property is situated away from the main hospital campus, to determine whether such property is entitled to a tax exemption under N.J. Stat. Ann. § [54:4-3.6](#), factors to consider are (1) whether the facility serves primarily hospital patients and employees or primarily members of the general public; and (2) when the hospital's off-site activity is not one for which the hospital has been licensed, whether the facility competes with like commercial facilities. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Any medical or diagnostic service that a hospital patient may require, whether pre-admission, during a hospital stay, or postadmission, presumptively constitutes a core "hospital purpose" under N.J. Stat. Ann. § [54:4-3.6](#). When an off-site facility provides such services, the test for tax exemption also requires consideration of the degree to which the off-site facility's activities operationally are integrated and supervised by hospital personnel. [Hunterdon Medical Center v. Township of Readington, 195 N.J. 549, 951 A.2d 931, 2008 N.J. LEXIS 890 \(N.J. 2008\)](#).

Research References & Practice Aids

Cross References:

Fee imposed on construction resulting in non-residential development; exemptions, see [40:55D-8.4](#).

Exemption of public property; Morris Canal and Banking Company property, see [54:4-3.3](#).

Exemption of property of certain young people's associations; limitation, see [54:4-3.24](#).

Continuation on transfer from one to another nonprofit organization, see [54:4-3.6b](#).

N.J. Stat. § 54:4-3.6

Charitable or religious associations or corporations; failure to file timely claim; refund; ordinance of municipality, see [54:4-3.6c](#).

Lease of tax exempt property, see [54:4-3.6d](#).

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