

Bond Case Briefs

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TAX - NEW JERSEY

Gourmet Dining, LLC v. Union Township

Supreme Court of New Jersey - June 30, 2020 - A.3d - 2020 WL 3525557

Operator of fine dining restaurant located on university campus sought judicial review of county tax board's dismissal of operator's challenges to property tax assessments.

The Tax Court denied operator's motion for summary judgment and granted township's motion for summary judgment. Operator appealed, and the Superior Court reversed and remanded. The Supreme Court granted petition for certification.

The Supreme Court held that:

- Commercial success, rather than public purpose, was paramount factor, and
- Restaurant was not a use of the building for the university.

Commercial success, rather than public purpose, was paramount factor in arrangement between university and operator of competitive high-end restaurant located on university's campus, and thus restaurant operator was not entitled to public property tax exemption; providing food services for students, or even faculty or administrators, was not the key purpose of the restaurant, which was not even promoted as a form of convenience for students and researchers at the building, or the university generally, benefits such as employment opportunities for students were incidental, and while portion of restaurant's revenue went to scholarships, that could not transform otherwise nonexempt purpose a public purpose.

High-end restaurant located in building on university campus was not a use of the building for the university but rather for the restaurant operator, and thus restaurant was not exempt from taxation on grounds it was used for college; profit, after all expenses were paid, went to restaurant.