

# **Bond Case Briefs**

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## **TAX - NEW JERSEY**

### **Savage Mills Enterprises, L.L.C. v. Borough of Little Silver**

**Tax Court of New Jersey - June 21, 2016 - N.J.Tax - 2016 WL 3440588**

Savage Mill Enterprises, LLC brought suit against the Borough of Little Silver, arguing that the subject property was entitled to a partial exemption for the portion being used by its 99-year ground lease tenant, which is an undisputed tax-exempt entity, and which owns and uses the building on that land for undisputed charitable purposes.

Borough sought to dismiss the complaint on grounds this court lacks subject-matter jurisdiction because Savage Mills, a for-profit entity, is contractually obligated to pay local property taxes on property, and thus could not seek a partial exemption for the same.

The Tax Court held that:

- Savage Mills, as fee owner of the subject property, had standing to challenge the amount and methodology underlying the subject property's assessment, which can include a claim for exemption;
- However, this standing does not equate to a grant of the exemption sought because exemption statutes are strictly construed, thus, require full compliance with the statutorily imposed qualifications for an exemption;
- Savage Mills failed to meet the statutory qualifications for a partial exemption, since the plain language of the statute affords a partial exemption only when the landlord is the non-profit entity and the tenant is the for-profit entity.