



STEVEN M. FULOP
MAYOR OF JERSEY CITY

CITY OF JERSEY CITY
OFFICE OF THE MAYOR

CITY HALL | 280 GROVE STREET | JERSEY CITY, NJ 07302
P: 201 547 5500 | F: 201 547 5442



STEVEN M. FULOP
MAYOR OF JERSEY CITY

FOR IMMEDIATE RELEASE

Nov. 12, 2013

Contact: Jennifer Morrill
Press Secretary
201-547-4836
201-376-0699

Jersey City to Sue Port Authority for \$400 Million for Missed Tax Payments & Undue Economic Harm; Agency Has been Completely Unresponsive to City Requests

JERSEY CITY – Mayor Steven M. Fulop announced today that the city will file suit against the **Port Authority of New York and New Jersey** for **\$400 million for missed tax payments and undue economic harm** caused to the taxpayers of Jersey City by the bi-state transportation agency.

“This legal action is the result of economic damages caused by the Port Authority’s unfair and outdated tax agreements with the City that has resulted in the loss of hundreds of millions of tax dollars over several decades,” said **Mayor Fulop**. “The Port Authority has repeatedly failed to fulfill their legal obligations which has caused a severe negative impact on the Jersey City taxpayers.”

"Since taking office, I have reached out to officials at the Port Authority both formally and informally numerous times which has been documented, yet they have failed to respond," **continued Mayor Fulop**. "As they have been completely unresponsive, we have no other option but to act on the behalf of our residents."

A bi-state port district authority, the Port Authority does not pay traditional property taxes, but instead enters into PILOT agreements (payments in lieu of taxes) with the City of Jersey City. These PILOT agreements – many of which date back several decades – state that the payments equal the last tax amount paid into perpetuity.

For example, for Journal Square PATH Plaza, purchased by the Port Authority in 1967, the agency only pays \$87,000 in annual PILOT payments, whereas the current assessed tax rate \$9.5 million.

“For years, in fact decades, the Port Authority has been derelict as a property owner in Jersey City,” said **Mayor Fulop**. “If this was any other property owner, legal action would have been taken much sooner. But because of the political influence of the Port Authority, Jersey City taxpayers have suffered. We intend to right this wrong.”

(more)

(2)

“This is the same agency that while continuing to short change the people of Jersey City in property taxes, has repeatedly hiked PATH fares and tolls for our residents and all those in the New York metropolitan area,” added **Mayor Fulop**.

Currently, for all Jersey City properties owned by the Port Authority – excluding the Holland Tunnel which is tax exempt – the agency pays the City \$2.2 million annually. Those same properties are assessed at a rate that would result in \$18.2 million in property taxes annually to the City.

Some Port Authority properties do not have any PILOT agreements in place – which is a requirement. As such, the attorney will also review the City’s right to impose and enforce additional PILOT agreements that have not been enacted. A case in point is the office building at 2 Montgomery Street, which was purchased by the Port Authority in 2010 and for which the agency currently pays no taxes to the City. Taxes are estimated at \$1 million for the property, which is located in the city’s waterfront financial district.

The administration will introduce to the City Council at their next meeting a resolution authorizing the hiring of Weiner Lesniak LLP to begin legal proceedings against the Port Authority.

Previously, Weiner Lesniak, along with a forensic accounting firm, was able to obtain settlements on behalf of the City of Newark totaling in excess of one billion dollars in damages, as well as new revenues for the city, which included damages due to past underpayments of rent and fees plus additional new revenues for the remaining term of the leases and agreements. The law firm’s efforts in Newark also resulted in the Port Authority’s agreement to change the methodology by which it calculates its payments to City of Newark pursuant to its various agreements with the City.

All media inquiries should be directed to Jennifer Morrill, Press Secretary to Mayor Steven M. Fulop at 201-547-4836 or 201-376-0699.////