

LEGISLATIVE FISCAL ESTIMATE:

No

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:

HEARINGS:

NEWSPAPER ARTICLES:

Yes

"Murphy signs SALT deduction into law," NJBIZ, 5-4-2018

"Murphy signs workaround of federal tax overhaul into law," Associated Press State Wire: New Jersey, 5-4-2018

"Property-tax deduction bill signed by Gov. - But questions linger as to whether IRS will accept Murphy's maneuver," The Star-Ledger, 5-5-2018

"Murphy signs workaround to Trump tax code rewrite," The Record, 5-5-2018

"Governor moves to protect tax break, but will it work?" Hunterdon County Democrat, 5-6-2018

"Murphy signs bill in lieu of GOP tax overhaul - Towns now can create charitable funds that homeowners can contribute to in return for property tax credits," Burlington County Times, 5-6-2018

RWH/JA

§§1-7 -
C.54:4-66.6 to
54:4-66.12
§8 - C.54:4-65.1
§17 - Note

P.L. 2018, CHAPTER 11, *approved May 4, 2018*
Senate, No. 1893 (*First Reprint*)

1 AN ACT concerning local government charitable fund ¹and spillover
2 fund¹ management ¹,¹ and property tax credits and deductions,¹
3 supplementing Title 54 of the Revised Statutes ¹, and revising
4 various parts of the statutory law¹.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. (New section) As used in P.L. , c. (C.) (pending
10 before the Legislature as this bill):

11 “Annual credit-eligible¹ donation cap” means the cap on the
12 total value of local charitable donations that are eligible for a local
13 property¹ tax credit, as established pursuant to paragraph (1) of
14 subsection d. of section 2 of P.L. , c. (C.) (pending
15 before the Legislature as this bill).

16 “Charitable fund” means a fund established pursuant to section 2
17 of P.L. , c. (C.) (pending before the Legislature as this
18 bill).

19 “Commissioner” means the Commissioner of the Department of
20 Banking and Insurance.¹

21 “Director” means the Director of the Division of Local
22 Government Services in the Department of Community Affairs.

23 “Director of Taxation” means the Director of the Division of
24 Taxation in the Department of Treasury.¹

25 “Fund administrator” means the official or entity designated
26 pursuant to subsection b. of section 2 of P.L. , c. (C.)
27 (pending before the Legislature as this bill), to be responsible for
28 the collection, distribution, and administration of donations to
29 charitable funds ¹, and who shall be an official serving as the
30 custodian of public funds for the municipality, county, or school
31 district establishing the charitable fund¹.

32 “Local charitable donation” means a donation paid in money¹
33 by, or on behalf of ¹**[a]** real¹ property owned by ¹**[,]**¹ a local
34 property owner to a charitable fund established by a local unit.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted April 5, 2018.

1 “Local property owner” means a person or entity¹ who owns
2 real¹ property within the county, municipality, or school district,
3 with a charitable fund¹ to which the person offers¹ a local
4 charitable donation is made¹.

5 “Local unit” means a municipality, county, or school district.

6 “Mortgagee” means the holder of a mortgage loan.¹

7 “Property tax credit” means the credit established pursuant to
8 section 4 of P.L. , c. (C.) (pending before the Legislature
9 as this bill).

10 “Qualified donation” means a local charitable donation that
11 qualifies the associated may qualify real¹ property of the
12 donor¹ for a property¹ tax credit established pursuant to section 4
13 of P.L. , c. (C.) (pending before the Legislature as this
14 bill).

15 “Servicing organization” means a mortgagee or an agent of the
16 mortgagee, pursuant to a written agreement between the agent and
17 the mortgagee, which is responsible for one or more mortgage
18 escrow accounts.¹

19 “Spillover fund” means a fund established, pursuant to
20 subsection e. of section 2 of P.L. , c. (C.) (pending before
21 the Legislature as this bill), to temporarily capture hold¹
22 donations to charitable funds that have reached their annual credit-
23 eligible¹ donation cap.

24
25 2. (New section) a. A local unit may establish by ordinance, or
26 resolution, as appropriate, one or more charitable funds for specific
27 public purposes of the that¹ local unit. A charitable fund shall
28 be maintained held¹ in one or more bank accounts in the name
29 of the local unit¹, and shall be¹ kept separate from the other
30 accounts of the local unit. A charitable fund shall not be
31 administered jointly by more than one local unit. All such
32 charitable funds, spillover funds, and the moneys deposited into
33 such funds shall be governed by the "Governmental Unit Deposit
34 Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.) to the same
35 extent as the establishing local unit.¹ All moneys deposited into a
36 charitable fund shall be expended exclusively for public purposes
37 of the local unit that deposited such moneys¹ in accordance with
38 subsection d. of section 3 of P.L. , c. (C.) (pending before
39 the Legislature as this bill), and other applicable State law. These
40 moneys shall be equivalent to tax revenues for the purposes of State
41 aid formulae, local unit revenue calculations, local unit bonding
42 capacity, and similar State or municipal computation, and shall be
43 immediately available to the establishing local unit upon request to
44 the fund administrator for the payment of budgeted and emergency
45 mandatory expenses, to include debt service.¹

1 b. The ordinance or resolution establishing a charitable fund
2 shall designate ~~‘[a person or entity]’~~ the official serving as the local
3 unit’s custodian of public funds¹ to serve as the fund administrator.
4 The fund administrator shall assume responsibility for the collection
5 ‘, administration,’ and distribution of donations ~~‘[dedicated]’~~ made¹
6 to the charitable fund, and shall continually track the total of all
7 qualified donations with respect to a fiscal year. ‘The director may
8 promulgate regulations requiring additional or supplemental
9 bonding for a custodian of public funds that serves as a fund
10 administrator, except that the Commissioner of Education may
11 promulgate such regulations as he deems necessary with respect to
12 custodians of public funds for school districts.’¹

13 c. A charitable fund shall have ~~‘[a]’~~ one or more¹ specified
14 public ~~‘[purpose]’~~ purposes¹. The specified public ~~‘[purpose]’~~
15 purposes¹ shall be ~~‘[materially narrower]’~~ more limited¹ than the
16 general purposes of the local unit. The specified public ~~‘[purpose]’~~
17 purposes¹ shall be described in ~~‘[materials]’~~ documents and
18 records¹ made publicly available ~~‘[to the local community, and to~~
19 any other person who may wish to donate to the charitable fund]’¹.

20 d. (1) The ordinance or resolution establishing a charitable
21 fund shall establish an annual ‘credit-eligible’¹ donation cap,
22 ~~‘[which]’~~ establishing the maximum amount of credit-eligible
23 moneys the fund may collect. The ordinance or resolution
24 also¹ shall limit the total amount of money ~~‘[donated]’~~ a person or
25 entity may donate¹ through local charitable donations to a particular
26 charitable fund ‘or combination of charitable funds’¹ that may
27 qualify for a ‘local property’¹ tax credit. The ordinance or
28 resolution establishing a charitable fund shall establish an initial
29 annual ‘credit-eligible’¹ donation cap, and shall set an initial annual
30 limit on tax credit funding that shall be available as a result of local
31 charitable donations to the particular charitable fund. The annual
32 limit on ‘the’¹ available ‘local property’¹ tax credit funding shall
33 equal 90 percent of the annual ‘credit-eligible’¹ donation cap, or a
34 different percentage as determined appropriate by the director. The
35 ordinance or resolution establishing a charitable fund ~~‘[may]’~~ shall¹
36 also limit the extent to which ~~‘[a large]’~~ an eligible¹ local charitable
37 donation on behalf of ~~‘[an individual]’~~ a specific real¹ property may
38 count against the annual ‘credit-eligible’¹ donation cap. Both the
39 maximum amount of ‘local property’¹ tax credit funding made
40 available, and the annual ‘credit-eligible’¹ donation cap, shall be
41 established ~~‘[in]’~~ by¹ the ordinance or resolution adopted to
42 establish the charitable fund, but may be adjusted through
43 subsequent ordinances or resolutions, as applicable, of the
44 governing body of the local unit.

1 (2) The annual 'credit-eligible' donation cap shall be
2 established prior to the beginning of each fiscal year. However,
3 with regard to any fiscal year that begins in calendar year 2018, the
4 amount of 'local property' tax credits that may be **'[awarded]**
5 granted' for the remainder of calendar year 2018 shall be
6 established no later than the date on which **'[the] each'** charitable
7 fund begins to accept donations.

8 (3) The annual 'credit-eligible' donation cap shall not be
9 construed to limit all donations 'to the charitable fund'. The annual
10 'credit-eligible' donation cap shall only limit the 'amount of'
11 donations that are **'[creditable] credit-eligible'** in relation to
12 property tax payments.

13 '(4) The annual credit-eligible donation cap for a given year
14 shall be based upon the tax levy from the prior calendar year. The
15 annual credit-eligible donation cap established prior to the start of
16 the calendar year may not exceed 85 percent of the prior year
17 budget, unless otherwise authorized by the director. Upon
18 certification of a current-year budget tax levy, a local unit may
19 amend a charitable fund's credit-eligible donation cap to reflect the
20 estimate of the current year tax levy.'

21 e. The ordinance or resolution establishing a charitable fund
22 may establish a spillover fund, which shall **'[capture] hold'** local
23 charitable donations contributed after the annual 'credit-eligible'
24 donation cap 'to a given fund' has been reached, and local
25 charitable donations **'[that the local unit has designated as too large**
26 **to be fully creditable] in excess of the maximum local charitable**
27 **donation amount that the local unit shall accept with respect to a**
28 **specific real property and still be credit-eligible. Any spillover fund**
29 **established hereunder shall be administered by the fund**
30 **administrator of the charitable fund. The ordinance or resolution**
31 **establishing a spillover fund shall designate approved uses for**
32 **spillover funds for which uses funds shall be remitted by the**
33 **spillover fund upon appropriation by the local unit's governing**
34 **body. Approved uses shall include, but are not limited to the**
35 **payment of debt service, funding of capital reserves and the reserve**
36 **for uncollected taxes, emergency expenses, and the local unit's**
37 **operating expenses. Moneys in the spillover fund shall be utilized**
38 **by the local unit solely for the budget year corresponding to the**
39 **year in which the taxpayer will receive the credit'**.

40
41 3. (New section) a. **'[Anyone] Any person or entity'** may
42 donate to a charitable fund, regardless of property ownership or
43 location of residence 'by directing the payment to the fund
44 administrator of a charitable fund of a local unit'. A donation to a
45 charitable fund may be made **'[by or]'** on behalf of a local property
46 owner by directing the payment to the **'[appropriate]'** fund

1 administrator of a charitable fund of a local unit in which the local
2 property owner resides.

3 b. If a local property owner ¹~~intends to obtain a property tax~~
4 ~~credit in association with a local charitable donation, the owner~~
5 makes a donation to a local charitable fund that is eligible for a
6 property tax credit, that property owner¹ shall indicate ¹~~when~~
7 ~~making~~ at the time of¹ the donation ¹~~which~~ the¹ specific parcel
8 of property to which¹ the donation shall apply ¹~~to~~ in order for
9 such credit to issue¹. A donation may be credited ¹~~across~~ to¹
10 more than one ¹~~parcel~~ real property¹ in a manner indicated by the
11 local property owner. ¹If credited to more than one real property,
12 the local property owner shall indicate the amount of the donation
13 intended to be applied to each real property.¹

14 c. Following receipt of a local charitable donation, the fund
15 administrator shall:

16 (1) issue a receipt to the donor, confirming the amount of the
17 donation ¹~~,~~ and the size and anticipated timing of the associated
18 property tax credit and the real property associated with the
19 donation¹;

20 (2) notify the donor ¹that,¹ in the event that the annual ¹credit-
21 eligible¹ donation cap has been reached, ¹~~in order to inform the~~
22 ~~donor that~~¹ the donation is ¹~~either being moved to the spillover~~
23 ~~fund or is otherwise~~¹ being held by the local unit ¹in escrow¹,
24 awaiting the donor's direction. Following such notification, the
25 fund administrator shall provide the donor with ¹~~at least~~¹ 60 days
26 ¹, or a lesser amount of time if so specified by the director,¹
27 to direct the fund administrator to allocate the donation to another
28 charitable fund established by the local unit, or to rescind the
29 donation ¹, provided, however, that the donor's failure to provide
30 direction within the applicable timeframe shall result in the transfer
31 of the donation funds to the spillover fund or, if no spillover fund
32 has been established, in the return of the donation funds to the
33 donor¹; and

34 (3) notify the ¹~~appropriate~~ municipal¹ tax collector ¹, and
35 chief financial officer or business administrator of the local unit,¹
36 within five business days of the amount of the donation and the
37 ¹~~size~~ amount¹ of the credit made available as a result of the
38 donation. ¹Thereafter, the municipal tax collector shall notify the
39 donor of the amount of the available local property tax credit.¹

40 d. Charitable fund donations shall be used for the following
41 purposes:

42 (1) ¹for purposes as designated by the local unit pursuant to
43 section 2 of P.L. , c. (C.) (pending before the Legislature
44 as this bill);

1 (2)¹ the payment of any ¹administrative¹ fees ¹of the
2 municipality¹ that may be required by ¹[a tax collector] the
3 municipality¹ pursuant to subsection g. of section 4 of P.L. ,
4 c. (C.) (pending before the Legislature as this bill); ¹and¹
5 ¹[(2)] (3) the remainder of the funds shall be used for¹ the
6 payment of administrative costs associated with the establishment
7 and continued operation¹ of the fund ¹]; and
8 (3) the remainder of the funds shall be used for purposes
9 consistent with the specified charitable purpose of the fund, as
10 designated pursuant to subsection c. of section 2 of P.L. ,
11 c. (C.) (pending before the Legislature as this bill)]¹.
12 e. In regard to the local property tax credit established pursuant
13 to section 4 of P.L. , c. (C.) (pending before the Legislature
14 as this bill), only local charitable donations made to a charitable
15 fund established by a local unit pursuant to section 2 of P.L. ,
16 c. (C.) (pending before the Legislature as this bill) are eligible
17 to be credited on the property tax bill.¹
18
19 4. (New section) a. For fiscal years beginning on or after
20 January 1, 2018, the tax collector shall allow a local property owner
21 a credit to be applied to property taxes as hereinafter set forth.
22 b. The credit shall be equal to 90 percent of the amount of local
23 charitable donations contributed on behalf of the owner's specified
24 ¹[parcel of] local real¹ property to a charitable fund ¹established
25 pursuant to section 2 of P.L. , c. (C.) (pending before the
26 Legislature as this bill)¹ within the local unit, or a different
27 percentage as determined appropriate by the director ¹; provided,
28 however, that no credit shall issue to any owner of local real
29 property who owes local property tax or other delinquent municipal
30 charges at the time the donation to the charitable fund is made¹.
31 c. The tax collector shall apply the credit against the first
32 ¹local¹ property tax bill with respect to the specified ¹[parcel of]
33 local real¹ property that is assessed on or after the fifth business day
34 following receipt of the notification sent pursuant to paragraph (3)
35 of subsection c. section 3 of P.L. , c. (C.) (pending before
36 the Legislature as this bill) ¹; provided, however, that each
37 municipality shall impose a deadline by which the fund
38 administrator shall supply the municipal tax collector and the
39 municipal finance officer, as appropriate, with all donation amounts
40 received and the amount of the credits to be made available as a
41 result of those donations, in order for the credits to be applied to the
42 next annual property tax bill. Subject to rules and regulations
43 promulgated by the director, the municipality shall have the sole
44 discretion as to whether to establish a deadline by which donations
45 made to a charitable fund established by a local unit may be
46 credited against an annual property tax bill that already has been

1 issued, in which case the taxpayer shall have access to a statement
2 showing how the credit has been applied¹.

3 d. If the total amount of all local property¹ tax credits on
4 available for¹ a parcel of specific local real¹ property exceed the
5 amount of property tax owed for due during¹ the property
6 year in which the donation was made¹ to the local unit associated
7 with a charitable fund to which a local charitable donation was
8 made for the property, and the municipal¹ tax collector is unable to
9 apply all or a portion of a credit enabled under this section against
10 the local property tax¹ bill for the property¹, then the municipal¹
11 tax collector shall carry the remaining portion of the credit forward
12 to one or more future local property tax¹ bills. However, no tax
13 credit established under this section shall be carried forward for
14 more than five years from the date of the first local property tax
15 bill after the date the donation was made. For those properties
16 receiving a local property tax credit pursuant to section 2 of
17 P.L. , c. (C.) (pending before the Legislature as this bill),
18 any property tax refund owed shall be deducted from the total tax
19 bill resulting in the carry-forward of the tax credit, up to the total
20 tax credit amount, after which cash refunds shall be issued. No
21 cash refund of property tax shall be issued until the amount of the
22 property tax refund due exceeds the amount of tax credit issued for
23 the property¹.

24 e. The municipal¹ tax collector shall indicate on a local
25 property¹ tax bill the value of the tax credits that apply to the bill
26 pursuant to this section, and the value of tax credits that, pursuant to
27 this section, shall be applied to future bills.

28 f. The municipal¹ tax collector shall apply a local property¹
29 tax credit awarded granted¹ under this section to a specified
30 local¹ parcel of real¹ property, not to an individual person or
31 entity¹.

32 g. In association with For¹ each notification sent pursuant to
33 paragraph (3) of subsection c. of section 3 of P.L. , c. (C.)
34 (pending before the Legislature as this bill), the tax collector
35 municipality¹ may require a fee to be paid by the fund administrator
36 to be allocated towards the tax collector's municipality's¹
37 administrative expenses attributable to the municipal tax
38 collector's office and the municipal finance officer's office¹. The
39 amount collected by the municipal¹ tax collector through such fees
40 shall not be greater than necessary two percent of the funds
41 distributed for property tax credits¹ to compensate for reasonable
42 expenses associated with the municipal¹ tax collector's
43 responsibilities under this section unless otherwise authorized by
44 the director¹.

1 5. (New section) The provisions of P.L. , c. (C.)
 2 (pending before the Legislature as this bill) shall not be construed to
 3 prohibit a municipality or county from accepting bequests, legacies,
 4 or gifts pursuant to N.J.S.40A:5-29, or ¹to¹ prevent a local unit
 5 from accepting charitable donations in accordance with any other
 6 legal authority.

7
 8 ¹6. (New section) a. Notwithstanding any State law or
 9 regulation or contract terms to the contrary, no mortgagee or
 10 servicing organization shall be entitled to hold a local property
 11 owner liable for electing to meet his or her obligations to a local
 12 unit by means of a charitable donation and resulting property tax
 13 credit made and obtained in conformity with the provisions of
 14 P.L. , c. (C.) (pending before the Legislature as this
 15 bill).

16 b. Notwithstanding any State law, regulation, agreement, or
 17 contract terms to the contrary, no mortgagee shall be entitled to
 18 hold a servicing organization liable for complying with the election
 19 by a local property owner to meet his or her local real property tax
 20 due to a local unit by means of a charitable donation and resulting
 21 property tax credit made and obtained in conformity with the
 22 provisions of P.L. , c. (C.) (pending before the
 23 Legislature as this bill), including, but not limited to, actions a
 24 servicing organization takes to implement such election in
 25 accordance with P.L.1990, c.69 (C.17:16F-15 et seq.), and in
 26 accordance with any other applicable law or regulation.¹

27
 28 ¹[6.] 7.¹ Notwithstanding the provisions of the "Administrative
 29 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
 30 contrary, the State Treasurer ¹, the Director of the Division of
 31 Taxation, Commissioner of the Department of Banking and
 32 Insurance, Commissioner of Education,¹ and the Director of the
 33 Division of Local Government Services in the Department of
 34 Community Affairs may adopt immediately upon filing with the
 35 Office of Administrative Law such rules and regulations as ¹[the
 36 State Treasurer or the director determine] that official determines¹
 37 to be necessary to effectuate the purposes of this act ¹[, which] .
 38 Any¹ rules and regulations ¹so filed¹ shall be effective for a period
 39 not exceeding 360 days following the effective date of this act and
 40 may thereafter be amended, adopted, or readopted by ¹[the State
 41 Treasurer or the director] such official¹ in accordance with the
 42 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

43 a. The rules and regulations adopted by the ¹[director]
 44 Director of the Division of Local Government Services in the
 45 Department of Community Affairs¹ may include ¹, without
 46 limitation,¹ provisions to: (1) protect local units against the loss of

1 property tax revenues that may apply to a local unit due to operation
 2 of the property tax levy cap attributable to receipt of charitable
 3 donations; (2) establish ¹["standard operating"]¹ procedures for
 4 management of ¹the¹ charitable funds, and the establishment of
 5 appropriate timelines to coordinate the various responsibilities of
 6 fund administrators and tax collectors established under P.L. ,
 7 c. (C.) (pending before the Legislature as this bill); (3)
 8 provide guidance to tax collectors ¹["on"] as to¹ when a tax bill is
 9 deemed assessed for the purposes of subsection c. of section 4 of
 10 P.L. , c. (C.) (pending before the Legislature as this bill);
 11 (4) provide guidance ¹["for"] as to¹ how ¹["mortgagees who pay
 12 property taxes through escrow accounts"] servicing organizations¹
 13 shall ¹["be notified"] implement the election of a local property
 14 owner to meet his or her obligation to a local unit and obtain
 15 resulting local property tax credits in accordance with P.L.1990,
 16 c.69 (C.17:16F-15 et seq.), including, but not limited to, provisions
 17 for notice to the servicing organization¹ of credits awarded under
 18 P.L. , c. (C.) (pending before the Legislature as
 19 this bill); ¹["and"]¹ (5) adjust the percentage of the annual ¹credit-
 20 eligible¹ donation cap that may be credited against property tax
 21 payments pursuant to paragraph (1) of subsection d. of section 2 of
 22 P.L. , c. (C.) (pending before the Legislature as this bill), if
 23 deemed appropriate ¹; (6) establish standards for implementing
 24 local property tax credits for qualified charitable contributions
 25 toward a school district-established charitable fund where the
 26 municipality defers a portion of the school tax levy; and (7)
 27 harmonize to the extent necessary the provisions of P.L. ,
 28 c. (C.) (pending before the Legislature as this bill) with the
 29 provisions of the "Local Budget Law," N.J.S.40A:4-1 et seq., and
 30 the "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq¹.

31 b. The rules and regulations adopted by the State Treasurer
 32 may include ¹, without limitation,¹ guidance ¹["on"] as to¹ how
 33 qualified donations made pursuant to P.L. , c. (C.)
 34 (pending before the Legislature as this bill) shall impact payments
 35 allocated pursuant to the "Homestead Property Tax Credit Act,"
 36 P.L.1990, c.61 (C.54:4-8.57 et seq.), the "Property Tax Deduction
 37 Act," P.L.1996, c.60 (C.54A:3A-15 et seq.), and the homestead
 38 property tax reimbursement program, P.L.1997, c.348 (C.54:4-8.67
 39 et al.).

40
 41 ¹["7."] 8.¹ In addition to the information required by R.S.54:4-
 42 65, a property tax bill shall have printed thereon the information
 43 required pursuant to subsection e. of section 4 of P.L. ,
 44 c. (C.) (pending before the Legislature as this bill).

45
 46 ¹9. Section 1 of P.L.1970, c.236 (C.17:9-41) is amended to read
 47 as follows:

1 1. In this act, unless the context otherwise requires:

2 "Adequately capitalized" means, with respect to a public
3 depository, "adequately capitalized" as the term is defined in
4 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
5 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
6 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
7 U.S.C. s.1790d(c)), as applicable, and their implementing
8 regulations;

9 "Association" means any State or federally chartered savings and
10 loan association;

11 "Capital funds" means (a) in the case of a State bank or national
12 bank or capital stock savings bank, the aggregate of the capital
13 stock, surplus and undivided profits of the bank or savings bank; (b)
14 in the case of a mutual savings bank, the aggregate of the capital
15 deposits, if any, and the surplus of the savings bank; (c) in the case
16 of an association, the aggregate of all reserves required by any law
17 or regulation, and the undivided profits, if any, of the association;
18 and (d) in the case of a credit union, the aggregate of all reserves
19 required by any law or regulation, and the capital deposits of the
20 credit union;

21 "Commissioner" means the Commissioner of Banking and
22 Insurance;

23 "Credit union" means a credit union as defined by section 2 of
24 P.L.1984, c.171 (C.17:13-80);

25 "Critically undercapitalized" means, with respect to a public
26 depository, "critically undercapitalized" as the term is defined in
27 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
28 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
29 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
30 U.S.C. s.1790d(c)), as applicable, and their implementing
31 regulations;

32 "Defaulting depository" means a public depository as to which
33 an event of default has occurred;

34 "Eligible collateral" means:

35 (a) Obligations of any of the following:

36 (1) The United States;

37 (2) Any agency or instrumentality of the United States,
38 including, but not limited to, the Student Loan Marketing
39 Association, the Government National Mortgage Association, the
40 Federal Home Loan Mortgage Corporation, the Federal National
41 Mortgage Association, the Federal Housing Administration and the
42 Small Business Administration;

43 (3) The State of New Jersey or any of its political subdivisions;

44 (4) Any other governmental unit; or

45 (b) Obligations guaranteed or insured by any of the following,
46 to the extent of that insurance or guaranty:

47 (1) The United States;

1 (2) Any agency or instrumentality of the United States,
2 including, but not limited to, the Student Loan Marketing
3 Association, the Government National Mortgage Association, the
4 Federal Home Loan Mortgage Corporation, the Federal National
5 Mortgage Association, the Federal Housing Administration and the
6 Small Business Administration;

7 (3) The State of New Jersey or any of its political subdivisions;
8 or

9 (c) Obligations now or hereafter authorized by law as security
10 for public deposits;

11 (d) Obligations in which the State, political subdivisions of the
12 State, their officers, boards, commissions, departments and agencies
13 may invest pursuant to an express authorization under any law
14 authorizing the issuance of those obligations;

15 (e) Obligations, letters of credit, or other securities or evidence
16 of indebtedness constituting the direct and general obligation of a
17 federal home loan bank or federal reserve bank; or

18 (f) Any other obligations as may be approved by the
19 commissioner by regulation or by specific approval;

20 "Event of default" means issuance of an order of a supervisory
21 authority or of a receiver restraining a public depository from
22 making payments of deposit liabilities;

23 "Governmental unit" means any county, municipality, school
24 district or any public body corporate and politic created or
25 established under any law of this State by or on behalf of any one or
26 more counties or municipalities, or any board, commission,
27 department or agency of any of the foregoing having custody of
28 funds or any charitable funds established pursuant to section 2 of
29 P.L. , c. (C.) (pending before the Legislature as this bill),
30 or spillover funds established pursuant to subsection e. of section 2
31 of P.L. , c. (C.) (pending before the Legislature as this bill);

32 "Maximum liability" of a public depository means, with respect
33 to any event of default, a sum equal to 4% of the average daily
34 balance of collected public funds held on deposit by the depository
35 during the three-month period ending on the last day of the month
36 immediately preceding the occurrence of the event of default that
37 exceed the amount of such public fund deposits that are insured by
38 the Federal Deposit Insurance Corporation, the National Credit
39 Union Share Insurance Fund, or by any other agency of the United
40 States which insures deposits made in public depositories;

41 "Net deposit liability" means the deposit liability of a defaulting
42 depository to a governmental unit after deduction of any deposit
43 insurance with respect thereto;

44 "Obligations" means any bonds, notes, capital notes, bond
45 anticipation notes, tax anticipation notes, temporary notes, loan
46 bonds, mortgage related securities, or mortgages;

47 "Public depository" means a State or federally chartered bank,
48 savings bank, credit union, or an association located in this State or

1 a state or federally chartered bank, savings bank, credit union, or an
2 association located in another state with a branch office in this
3 State, the deposits of which are insured by the Federal Deposit
4 Insurance Corporation or the National Credit Union Share Insurance
5 Fund and which receives or holds public funds on deposit;

6 "Public funds" means the funds of any governmental unit,
7 including but not limited to moneys possessed or held by charitable
8 funds established pursuant to section 2 of P.L. , c. (C.)
9 (pending before the Legislature as this bill), spillover funds
10 established pursuant to subsection e. of section 2 of P.L. ,
11 c. (C.) (pending before the Legislature as this bill), or local
12 charitable donations as defined in section 1 of P.L. ,
13 c. (C.) (pending before the Legislature as this bill) or in
14 escrow related thereto, but does not include deposits held by the
15 State of New Jersey Cash Management Fund;

16 "Significantly undercapitalized" means, with respect to a public
17 depository, "significantly undercapitalized" as the term is defined in
18 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
19 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
20 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
21 U.S.C. s.1790d(c)), as applicable, and their implementing
22 regulations;

23 "Undercapitalized" means, with respect to a public depository,
24 "undercapitalized" as the term is defined in subsection (b) of section
25 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C.
26 s.1831o(b)), or subsection (c) of section 216 of title II of the
27 "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)),
28 as applicable, and their implementing regulations;

29 "Valuation date" means March 31, June 30, September 30, and
30 December 31;

31 "Well capitalized" means, with respect to a public depository,
32 "well capitalized" as the term is defined in subsection (b) of section
33 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C.
34 s.1831o(b)), or subsection (c) of section 216 of title II of the
35 "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)),
36 as applicable, and their implementing regulations.¹

37 (cf: P.L.2011, c.108, s.1)

38

39 ¹10. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to
40 read as follows:

41 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-
42 8.58 through 54:4-8.66) and sections 3 and 14 through 16 of
43 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

44 "Annualized rent" means, for tax years 2004 and thereafter, the
45 rent paid by the claimant during the tax year for which the
46 homestead rebate is being claimed, and if paid for a lease term
47 covering less than the full tax year, the actual rent paid for the days

1 during the term of the lease of the homestead proportionalized as if
2 the term of the lease had been for 365 days of the tax year;

3 "Arm's-length transaction" means a transaction in which the
4 parties are dealing from equal bargaining positions, neither party is
5 subject to the other's control or dominant influence, and the
6 transaction is entirely legal in all respects and is treated with
7 fairness and integrity;

8 "Condominium" means the form of real property ownership
9 provided for under the "Condominium Act," P.L.1969, c.257
10 (C.46:8B-1 et seq.);

11 "Continuing care retirement community" means a residential
12 facility primarily for retired persons where lodging and nursing,
13 medical or other health related services at the same or another
14 location are provided as continuing care to an individual pursuant to
15 an agreement effective for the life of the individual or for a period
16 greater than one year, including mutually terminable contracts, and
17 in consideration of the payment of an entrance fee with or without
18 other periodic charges;

19 "Cooperative" means a housing corporation or association which
20 entitles the holder of a share or membership interest thereof to
21 possess and occupy for dwelling purposes a house, apartment,
22 manufactured or mobile home or other unit of housing owned or
23 leased by the corporation or association, or to lease or purchase a
24 unit of housing constructed or to be constructed by the corporation
25 or association;

26 "Director" means the Director of the Division of Taxation in the
27 Department of the Treasury;

28 "Dwelling house" means any residential property assessed as real
29 property which consists of not more than four units, of which not
30 more than one may be used for commercial purposes, but shall not
31 include a unit in a condominium, cooperative, horizontal property
32 regime or mutual housing corporation;

33 "Homestead" means:

34 a. (1) a dwelling house and the land on which that dwelling
35 house is located which constitutes the place of the claimant's
36 domicile and is owned and used by the claimant as the claimant's
37 principal residence;

38 (2) a dwelling house situated on land owned by a person other
39 than the claimant which constitutes the place of the claimant's
40 domicile and is owned and used by the claimant as the claimant's
41 principal residence;

42 (3) a condominium unit or a unit in a horizontal property regime
43 which constitutes the place of the claimant's domicile and is owned
44 and used by the claimant as the claimant's principal residence;

45 (4) for purposes of this definition as provided in this subsection,
46 in addition to the generally accepted meaning of owned or
47 ownership, a homestead shall be deemed to be owned by a person if
48 that person is a tenant for life or a tenant under a lease for 99 years

1 or more and is entitled to and actually takes possession of the
2 homestead under an executory contract for the sale thereof or under
3 an agreement with a lending institution which holds title as security
4 for a loan, or is a resident of a continuing care retirement
5 community pursuant to a contract for continuing care for the life of
6 that person which requires the resident to bear a share of the
7 property taxes that are assessed upon the continuing care retirement
8 community, if a share is attributable to the unit that the resident
9 occupies;

10 b. a unit in a cooperative or mutual housing corporation which
11 constitutes the place of domicile of a residential shareholder or
12 lessee therein, or of a lessee, or shareholder who is not a residential
13 shareholder therein, and which is used by the claimant as the
14 claimant's principal residence; and

15 c. a unit of residential rental property which unit constitutes the
16 place of the claimant's domicile and is used by the claimant as the
17 claimant's principal residence;

18 "Horizontal property regime" means the form of real property
19 ownership provided for under the "Horizontal Property Act,"
20 P.L.1963, c.168 (C.46:8A-1 et seq.);

21 "Gross income" means all New Jersey gross income required to
22 be reported pursuant to the "New Jersey Gross Income Tax Act,"
23 N.J.S.54A:1-1 et seq., other than income excludable from the gross
24 income tax return, but before reduction thereof by any applicable
25 exemptions, deductions and credits, received during the taxable
26 year by the owner or residential shareholder in, or lessee of, a
27 homestead;

28 "Manufactured home" or "mobile home" means a unit of housing
29 which:

30 (1) Consists of one or more transportable sections which are
31 substantially constructed off site and, if more than one section, are
32 joined together on site;

33 (2) Is built on a permanent chassis;

34 (3) Is designed to be used, when connected to utilities, as a
35 dwelling on a permanent or nonpermanent foundation; and

36 (4) Is manufactured in accordance with the standards
37 promulgated for a manufactured home by the Secretary of the
38 United States Department of Housing and Urban Development
39 pursuant to the "National Manufactured Housing Construction and
40 Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et
41 seq.) and the standards promulgated for a manufactured or mobile
42 home by the commissioner pursuant to the "State Uniform
43 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.);

44 "Mobile home park" means a parcel of land, or two or more
45 parcels of land, containing no fewer than 10 sites equipped for the
46 installation of manufactured or mobile homes, where these sites are
47 under common ownership and control for the purpose of leasing
48 each site to the owner of a manufactured or mobile home for the

1 installation thereof, and where the owner or owners provide
2 services, which are provided by the municipality in which the park
3 is located for property owners outside the park, which services may
4 include but shall not be limited to:

- 5 (1) The construction and maintenance of streets;
- 6 (2) Lighting of streets and other common areas;
- 7 (3) Garbage removal;
- 8 (4) Snow removal; and
- 9 (5) Provisions for the drainage of surface water from home sites
10 and common areas;

11 "Mutual housing corporation" means a corporation not-for-profit,
12 incorporated under the laws of this State on a mutual or cooperative
13 basis within the scope of section 607 of the Lanham Act (National
14 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
15 seq.), as amended, which acquired a National Defense Housing
16 Project pursuant to that act;

17 "Principal residence" means a homestead actually and
18 continually occupied by a claimant as the claimant's permanent
19 residence, as distinguished from a vacation home, property owned
20 and rented or offered for rent by the claimant, and other secondary
21 real property holdings;

22 "Property tax" means payments to a municipality based upon an
23 assessment made by the municipality upon real property on an ad
24 valorem basis on land and improvements, and shall include the
25 amount of property tax credit as defined in section 1 of P.L. _____,
26 c. (C. _____) (pending before the Legislature as this bill), but shall
27 not include payments made in lieu of taxes;

28 "Rent" means the amount due in an arm's-length transaction
29 solely for the right of occupancy of a homestead that is a unit of
30 residential rental property. Rent shall not include any amount paid
31 under the federal Housing Choice Voucher (Section 8) Program or
32 paid as a rental assistance grant under section 1 of P.L.2004, c.140
33 (C.52:27D-287.1). If the director finds that the parties in a rental
34 transaction have not dealt with each other in an arm's-length
35 transaction and that the rent due was excessive, the director may,
36 for purposes of the homestead rebate claim, adjust the rent claimed
37 in the homestead rebate application to a reasonable amount of rent;

38 "Rent constituting property taxes" means 18% of the rent paid by
39 the homestead rebate claimant during the tax year on a unit of
40 residential rental property which constitutes the claimant's
41 homestead, and in the case of a manufactured home or mobile home
42 in a mobile home park which constitutes the claimant's homestead
43 means 18% of the site fee paid by the claimant during the tax year
44 to the owner of the mobile home park. Provided however, that for
45 tax year 2004 and for each tax year thereafter, rent constituting
46 property taxes shall equal 18% of annualized rent, and in the case of
47 a manufactured home or mobile home in a mobile home park rent

1 constituting property taxes shall equal 18% of a similarly
2 annualized site fee;

3 "Resident" means an individual:

4 a. who is domiciled in this State, unless he maintains no
5 permanent place of abode in this State, maintains a permanent place
6 of abode elsewhere, and spends in the aggregate no more than 30
7 days of the tax year in this State; or

8 b. who is not domiciled in this State but maintains a permanent
9 place of abode in this State and spends in the aggregate more than
10 183 days of the tax year in this State, unless the individual is in the
11 Armed Forces of the United States;

12 "Residential rental property" means:

13 a. any building or structure or complex of buildings or
14 structures in which dwelling units are rented or leased or offered for
15 rental or lease for residential purposes;

16 b. a rooming house, hotel or motel, if the rooms constituting
17 the homestead are equipped with kitchen and bathroom facilities;

18 c. any building or structure or complex of buildings or
19 structures constructed under the following sections of the National
20 Housing Act (Pub.L.73-479) as amended and supplemented: section
21 202, Housing Act of 1959 (Pub.L.86-372) and as subsequently
22 amended, section 231, Housing Act of 1959; and

23 d. a site in a mobile home park equipped for the installation of
24 manufactured or mobile homes, where these sites are under
25 common ownership and control for the purpose of leasing each site
26 to the owner of a manufactured or mobile home for the installation
27 thereof;

28 "Residential shareholder in a cooperative or mutual housing
29 corporation" means a tenant or holder of a membership interest in
30 that cooperative or corporation, whose residential unit therein
31 constitutes the tenant or holder's domicile and principal residence,
32 and who may deduct real property taxes for purposes of federal
33 income tax pursuant to section 216 of the federal Internal Revenue
34 Code of 1986, 26 U.S.C. s.216; and

35 "Tax year" means the calendar year in which property taxes are
36 due and payable.¹

37 (cf: P.L.2007, c.62, s.21)

38

39 ¹11. Section 1 of P.L.1997, c.348 (C.54:4-8.67) is amended to
40 read as follows:

41 1. As used in this act:

42 "Base year" means, in the case of a person who is an eligible
43 claimant on or before December 31, 1997, the tax year 1997; and in
44 the case of a person who first becomes an eligible claimant after
45 December 31, 1997, the tax year in which the person first becomes
46 an eligible claimant. In the case of an eligible claimant who
47 subsequently moves from the homestead for which the initial
48 eligibility was established, the base year shall be the first full tax

1 year during which the person resides in the new homestead.
2 Provided however, a base year for an eligible claimant after such a
3 move shall not apply to tax years commencing prior to January 1,
4 2009.

5 "Commissioner" means the Commissioner of Community
6 Affairs.

7 "Director" means the Director of the Division of Taxation.

8 "Condominium" means the form of real property ownership
9 provided for under the "Condominium Act," P.L.1969, c.257
10 (C.46:8B-1 et seq.).

11 "Cooperative" means a housing corporation or association which
12 entitles the holder of a share or membership interest thereof to
13 possess and occupy for dwelling purposes a house, apartment or
14 other unit of housing owned or leased by the corporation or
15 association, or to lease or purchase a unit of housing constructed or
16 to be constructed by the corporation or association.

17 "Disabled person" means an individual receiving monetary
18 payments pursuant to Title II of the federal Social Security Act (42
19 U.S.C. s.401 et seq.) on December 31, 1998, or on December 31 in
20 all or any part of the year for which a homestead property tax
21 reimbursement under this act is claimed.

22 "Dwelling house" means any residential property assessed as real
23 property which consists of not more than four units, of which not
24 more than one may be used for commercial purposes, but shall not
25 include a unit in a condominium, cooperative, horizontal property
26 regime or mutual housing corporation.

27 "Eligible claimant" means a person who:

28 is 65 or more years of age, or who is a disabled person;

29 is an owner of a homestead, or the lessee of a site in a mobile
30 home park on which site the applicant owns a manufactured or
31 mobile home;

32 has an annual income of less than \$17,918 in tax year 1998, less
33 than \$18,151 in tax year 1999, or less than \$37,174 in tax year
34 2000, if single, or, if married, whose annual income combined with
35 that of the spouse is less than \$21,970 in tax year 1998, less than
36 \$22,256 in tax year 1999, or less than \$45,582 in tax year 2000,
37 which income eligibility limits for single and married persons shall
38 be subject to adjustments in tax years 2001 through 2006 pursuant
39 to section 9 of P.L.1997, c.348 (C.54:4-8.68);

40 has an annual income of \$60,000 or less in tax year 2007,
41 \$70,000 or less in tax year 2008, or \$80,000 or less in tax year
42 2009, if single or married, which income eligibility limits shall be
43 subject to adjustments in subsequent tax years pursuant to section 9
44 of P.L.1997, c.348 (C.54:4-8.68);

45 as a renter or homeowner, has made a long-term contribution to
46 the fabric, social structure and finances of one or more communities
47 in this State, as demonstrated through the payment of property taxes
48 directly, or through rent, on any homestead or rental unit used as a

1 principal residence in this State for at least 10 consecutive years at
2 least three of which as owner of the homestead for which a
3 homestead property tax reimbursement is sought prior to the date
4 that an initial application for a homestead property tax
5 reimbursement is filed. A person who has been an eligible claimant
6 for a previous tax year shall qualify as an eligible claimant
7 beginning the second full tax year following a move to another
8 homestead in New Jersey, despite not meeting the three-year
9 minimum residency and ownership requirement required for initial
10 claimants under this paragraph; provided that the person satisfies
11 the income eligibility limits for the tax year. Provided however,
12 eligibility beginning in a second full tax year after such a move
13 shall not apply to tax years commencing prior to January 1, 2010.

14 "Homestead" means:

15 a dwelling house and the land on which that dwelling house is
16 located which constitutes the place of the eligible claimant's
17 domicile and is owned and used by the eligible claimant as the
18 eligible claimant's principal residence;

19 a site in a mobile home park equipped for the installation of
20 manufactured or mobile homes, where these sites are under
21 common ownership and control for the purpose of leasing each site
22 to the owner of a manufactured or mobile home for the installation
23 thereof and such site is used by the eligible claimant as the eligible
24 claimant's principal residence;

25 a dwelling house situated on land owned by a person other than
26 the eligible claimant which constitutes the place of the eligible
27 claimant's domicile and is owned and used by the eligible claimant
28 as the eligible claimant's principal residence;

29 a condominium unit or a unit in a horizontal property regime or a
30 continuing care retirement community which constitutes the place
31 of the eligible claimant's domicile and is owned and used by the
32 eligible claimant as the eligible claimant's principal residence.

33 In addition to the generally accepted meaning of "owned" or
34 "ownership," a homestead shall be deemed to be owned by a person
35 if that person is a tenant for life or a tenant under a lease for 99
36 years or more, is entitled to and actually takes possession of the
37 homestead under an executory contract for the sale thereof or under
38 an agreement with a lending institution which holds title as security
39 for a loan, or is a resident of a continuing care retirement
40 community pursuant to a contract for continuing care for the life of
41 that person which requires the resident to bear, separately from any
42 other charges, the proportionate share of property taxes attributable
43 to the unit that the resident occupies;

44 a unit in a cooperative or mutual housing corporation which
45 constitutes the place of domicile of a residential shareholder or
46 lessee therein, or of a lessee or shareholder who is not a residential
47 shareholder therein, which is used by the eligible claimant as the
48 eligible claimant's principal residence.

1 "Homestead property tax reimbursement" means payment of the
2 difference between the amount of property tax or site fee
3 constituting property tax due and paid in any year on any
4 homestead, exclusive of improvements not included in the
5 assessment on the real property for the base year, and the amount of
6 property tax or site fee constituting property tax due and paid in the
7 base year, when the amount paid in the base year is the lower
8 amount; but such calculations shall be reduced by any current year
9 property tax reductions or reductions in site fees constituting
10 property taxes resulting from judgments entered by county boards
11 of taxation or the State Tax Court.

12 "Horizontal property regime" means the form of real property
13 ownership provided for under the "Horizontal Property Act,"
14 P.L.1963, c.168 (C.46:8A-1 et seq.).

15 "Manufactured home" or "mobile home" means a unit of housing
16 which:

17 (1) Consists of one or more transportable sections which are
18 substantially constructed off site and, if more than one section, are
19 joined together on site;

20 (2) Is built on a permanent chassis;

21 (3) Is designed to be used, when connected to utilities, as a
22 dwelling on a permanent or nonpermanent foundation; and

23 (4) Is manufactured in accordance with the standards
24 promulgated for a manufactured home by the Secretary of the
25 United States Department of Housing and Urban Development
26 pursuant to the "National Manufactured Housing Construction and
27 Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et
28 seq.) and the standards promulgated for a manufactured or mobile
29 home by the commissioner pursuant to the "State Uniform
30 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.).

31 "Mobile home park" means a parcel of land, or two or more
32 parcels of land, containing no fewer than 10 sites equipped for the
33 installation of manufactured or mobile homes, where these sites are
34 under common ownership and control for the purpose of leasing
35 each site to the owner of a manufactured or mobile home for the
36 installation thereof, and where the owner or owners provide
37 services, which are provided by the municipality in which the park
38 is located for property owners outside the park, which services may
39 include but shall not be limited to:

40 (1) The construction and maintenance of streets;

41 (2) Lighting of streets and other common areas;

42 (3) Garbage removal;

43 (4) Snow removal; and

44 (5) Provisions for the drainage of surface water from home sites
45 and common areas.

46 "Mutual housing corporation" means a corporation not-for-profit,
47 incorporated under the laws of this State on a mutual or cooperative
48 basis within the scope of section 607 of the Langham Act (National

1 Defense Housing), Pub.L.849, (42 U.S.C. s.1521 et seq.), as
2 amended, which acquired a National Defense Housing Project
3 pursuant to that act.

4 "Income" means income as determined pursuant to P.L.1975,
5 c.194 (C.30:4D-20 et seq.).

6 "Principal residence" means a homestead actually and
7 continually occupied by an eligible claimant as his or her permanent
8 residence, as distinguished from a vacation home, property owned
9 and rented or offered for rent by the claimant, and other secondary
10 real property holdings.

11 "Property tax" means the general property tax due and paid as set
12 forth in this section, and shall include the amount of property tax
13 credit as defined in section 1 of P.L. , c. (C.) (pending
14 before the Legislature as this bill), on a homestead, but does not
15 include special assessments and interest and penalties for delinquent
16 taxes. For the sole purpose of qualifying for a benefit under
17 P.L.1997, c.348 (C.54:4-8.67 et seq.), property taxes paid by June 1
18 of the year following the year for which the benefit is claimed will
19 be deemed to be timely paid.

20 "Site fee constituting property tax" means 18 percent of the
21 annual site fee paid or payable to the owner of a mobile home park.

22 "Tax year" means the calendar year in which a homestead is
23 assessed and the property tax is levied thereon and it means the
24 calendar year in which income is received or accrued.¹

25 (cf: P.L.2012, c.17, s.431)

26

27 ¹12. R.S.54:4-66 is amended to read as follows:

28 54:4-66. a. Taxes for municipalities operating under the
29 calendar fiscal year shall be payable the first installment as
30 hereinafter provided on February 1, the second installment on May
31 1, the third installment on August 1 and the fourth installment on
32 November 1, after which dates if unpaid, **【they】** after subtracting
33 the amount of property tax credit as defined in section 1 of P.L. ,
34 c. (C.) (pending before the Legislature as this bill), the taxes
35 shall become delinquent and remain delinquent until such time as
36 all unpaid taxes, including taxes and other liens subsequently due
37 and unpaid, together with interest have been fully paid and
38 satisfied, which payment and satisfaction may be by property tax
39 credit as defined in section 1 of P.L. , c. (C.) (pending
40 before the Legislature as this bill);

41 b. From and after the respective dates hereinbefore provided
42 for taxes to become delinquent, the taxpayer or property assessed
43 shall be subject to the interest and penalties hereinafter prescribed;

44 c. The dates hereinbefore provided for payment of the first and
45 second installments of taxes being before the true amount of the tax
46 will have been determined, the amount to be payable as each of the
47 first two installments shall be one-quarter of the total tax finally
48 levied against the same property or taxpayer for the preceding year

1 or, if directed to do so for the tax year by resolution of the
 2 municipal governing body, one-half of the tax levied for the second
 3 half of the preceding tax year, as appropriate; and the amount to be
 4 payable for the third and fourth installments shall be the full tax as
 5 levied for the current year, less the amount charged as the first and
 6 second installments; the amount thus found to be payable as the last
 7 two installments shall be divided equally for and as each
 8 installment. An appropriate adjustment by way of discount shall be
 9 made, if it shall appear that the total of the first and second
 10 installments exceeded one-half of the total tax as levied for the
 11 year;

12 d. (Deleted by amendment, P.L.1994, c.72).

13 e. Taxes and applicable property tax credit, as defined in
 14 section 1 of P.L. , c. (C.) (pending before the Legislature
 15 as this bill), may be received and credited as payments at any time,
 16 even prior to the dates hereinbefore fixed for payment, from the
 17 property owners, their agents or lien holders; however, no interest
 18 shall accrue until the delinquency date. Up to and including the
 19 payment date for each quarter, priority of payment shall be given to
 20 the property owner when third party tax liens exist against the
 21 property.

22 f. Notwithstanding any law to the contrary, local property
 23 taxes due to a local unit shall be considered fully paid and satisfied
 24 if, with respect to that local unit, the amount of taxes paid for a
 25 specific local real property plus the amount of property tax credit as
 26 defined in section 1 of P.L. , c. (C.) (pending before the
 27 Legislature as this bill) applicable to that local real property equals
 28 or exceeds the amount of local property tax due.¹

29 (cf: P.L.1997, c.99, s.2)

30

31 ¹13. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to
 32 read as follows:

33 2. Taxes in municipalities operating under the State fiscal year
 34 shall be payable and shall be delinquent pursuant to the following
 35 provisions:

36 a. Taxes shall be payable in the first installment as hereinafter
 37 provided on February 1, the second installment on May 1, the third
 38 installment on August 1 and the fourth installment on November 1,
 39 after which dates if unpaid, **【they】** after subtracting the amount of
 40 property tax credit as defined in section 1 of P.L. , c. (C.)
 41 (pending before the Legislature as this bill), from the total local
 42 property taxes applicable to the local real property taxed, local
 43 property taxes due shall become delinquent and remain delinquent
 44 until such time as all unpaid taxes, including taxes and other liens
 45 subsequently due and unpaid, together with interest have been fully
 46 paid and satisfied;

1 b. From and after the respective dates hereinbefore provided
2 for taxes to become delinquent, the taxpayer or property assessed
3 shall be subject to the penalties hereinafter prescribed;

4 c. The following terms and phrases shall have the meaning
5 defined below when calculating taxes under this section:

6 "Assessed value" means the net valuation taxable of each parcel
7 of property in a municipality in the current tax year.

8 "Billing percentage" is used to calculate the amount required to
9 meet municipal and non-municipal fiscal obligations for the first six
10 months of the calendar year.

11 "Calendar year" means the current calendar year.

12 "Certification of tax billing levies" is the form and associated
13 procedures promulgated by the director on which the tax collector
14 calculates the appropriate billing amounts for the first and second
15 installments of the calendar year , including the amount of
16 applicable property tax credit as defined in section 1 of P.L. _____,
17 c. (C. _____) (pending before the Legislature as this bill).

18 "Director" means the director of the Division of Local
19 Government Services.

20 "Municipal tax levy" means the tax levy set in the municipal
21 budget for the current fiscal year.

22 "Non-municipal tax levy" means the total of all of the tax levies
23 certified by the county board of taxation for non-municipal
24 purposes for the calendar year.

25 "Preliminary municipal tax levy" is the amount certified by the
26 governing body for the purposes of third and fourth installment
27 municipal tax levy.

28 "Prior year" means the calendar year just previous to the quarters
29 being billed.

30 "Six month required non-municipal tax levy" means the amount
31 necessary to be paid by the municipality to the county and non-
32 municipal taxing districts for the first six months of the calendar
33 year.

34 "Total adjusted prior year taxes" means the prior year taxes
35 billed after adjustments are made to incorporate changes to tax bills
36 between tax billings.

37 "Total assessed value" means the total net valuation taxable for
38 the municipality pursuant to the most recent Table of Aggregates
39 promulgated by the County Board of Taxation.

40 d. The following formulas shall be utilized in calculating the
41 taxes for each parcel or property:

42 (1) the municipal rate shall be the preliminary municipal tax levy
43 divided by the total assessed value per one hundred dollars of
44 assessed valuation.

45 (2) the non-municipal rate shall be the non-municipal tax levy
46 divided by the total assessed value per one hundred dollars of
47 assessed value.

1 (3) "Municipal billing percentage" shall be the municipal tax
2 levy less the sum of the adjusted taxes billed for the prior year third
3 and fourth installments, divided by the total adjusted prior year
4 taxes.

5 (4) "Non-municipal billing percentage" shall be calculated by
6 dividing the six-month required non-municipal tax levy by the total
7 adjusted prior year taxes.

8 e. Taxes for each parcel or property shall be calculated as
9 follows:

10 (1) The tax collector shall prepare the certification of tax billing
11 levies and calculate the first and second installments by computing
12 the municipal portion, which shall be the municipal billing
13 percentage multiplied by the total adjusted prior year taxes; and
14 then the non-municipal portion, which shall be the non-municipal
15 billing percentage multiplied by the total adjusted prior year taxes.
16 The sum of the two shall be divided in half for each installment. A
17 copy of the certification shall be filed with the director and the
18 county board of taxation.

19 (2) The third and fourth installments shall be calculated by
20 computing the municipal portion, which shall be the product of the
21 municipal rate times the total assessed value per one hundred
22 dollars of assessed value, and subtracting the taxes billed for the
23 previous first and second installments; and then the non-municipal
24 portion which shall be the product of the non-municipal rate times
25 the total assessed value per one hundred dollars of assessed value,
26 and subtracting the taxes billed for the previous first and second
27 installments. The sum of the two shall be divided in half for each
28 installment.

29 f. Taxes and applicable property tax credit, as defined in
30 section 1 of P.L. _____, c. _____ (C. _____) (pending before the
31 Legislature as this bill), may be received and credited as payments
32 at any time, even prior to the dates hereinabove fixed for payment,
33 from the property owners, their agents or lien holders; however, no
34 interest shall accrue until the delinquency date. Up to and including
35 the payment date for each quarter, priority of payment shall be
36 given to the property owner when third party tax liens exist against
37 the property.¹

38 (cf: P.L.1997, c.99, s.3)

39
40 ¹14. R.S.54:4-67 is amended to read as follows:

41 54:4-67. a. (1) The governing body of each municipality may by
42 resolution fix the rate of discount to be allowed for the payment of
43 taxes or assessments previous to the date on which they would
44 become delinquent. The rate so fixed shall not exceed 6% per
45 annum, shall be allowed only in case of payment made on or before
46 the thirtieth day previous to the date on which the taxes or
47 assessments would become delinquent , after subtracting the
48 amount of applicable property tax credit as defined in section 1 of

1 P.L. , c. (C.) (pending before the Legislature as this bill).
2 No such discount shall apply to the purchaser of a total property tax
3 levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5). The
4 governing body may also fix the rate of interest to be charged for
5 the nonpayment of taxes, assessments, or other municipal liens or
6 charges, unless otherwise provided by law, on or before the date
7 when they would become delinquent, and may provide that no
8 interest shall be charged if payment of any installment is made
9 within the tenth calendar day following the date upon which the
10 same became payable. The rate so fixed shall not exceed 8% per
11 annum on the first \$1,500.00 of the delinquency and 18% per
12 annum on any amount in excess of \$1,500.00, to be calculated from
13 the date the tax was payable until the date that actual payment to the
14 tax collector is made.

15 (2) Notwithstanding the provisions of paragraph (1) of this
16 subsection regarding delinquent payments, in the case of a
17 municipality that has experienced a flood, hurricane, superstorm,
18 tornado, or other natural disaster, interest shall not be charged by
19 the municipality to a delinquent taxpayer if:

20 (a) a state of emergency has been declared as a result thereof by
21 the Governor less than 30 days prior to the date upon which a
22 property tax installment payment is payable pursuant to R.S.54:4-66
23 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

24 (b) the governing body of the municipality adopts a resolution
25 providing that interest shall not be charged to a delinquent taxpayer
26 if payment of the property tax installment , plus any available
27 property tax credit as defined in section 1 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill), is made
29 on or before the first day of the next calendar month from the date
30 upon which it became payable.

31 (3) The municipal clerk shall notify the Director of the Division
32 of Local Government Services in the Department of Community
33 Affairs of its adoption of the resolution not later than the third
34 business day next following the municipal governing body's
35 adoption of the resolution. If the municipality is under State
36 supervision pursuant to the provisions of Article 4 of the "Local
37 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
38 54 et seq.), is subject to the provisions of the "Municipal
39 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
40 (C.52:27BBB-1 et al.), or is otherwise subject to a memorandum of
41 understanding or similar agreement with the division as a condition
42 of receiving supplemental State aid, the resolution shall not be
43 effective unless it is approved by the director.

44 b. In any year when the governing body changes the rate of
45 interest to be charged for delinquent taxes, assessments or other
46 municipal charges, or to be charged for the end of the year penalty,
47 the governing body, after adoption of a resolution changing the rate
48 of interest, shall provide a notice to all taxpayers, prior to the date

1 taxes are next due or with the tax bill, stating the new rate or rates
2 to be charged and the date that the new rate or rates take effect.
3 The notice may be separate from the tax bill. No change in the rate
4 of interest or the end of year penalty shall take effect until the
5 required notice has been provided in accordance with this
6 subsection.

7 c. In municipalities that have sold their property tax levy
8 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
9 interest to be charged for the nonpayment of taxes, assessments or
10 other municipal liens or charges shall be the same interest or
11 delinquency rate or rates otherwise charged by the municipality, to
12 be calculated from the date the tax was payable until the date of
13 actual payment to the tax collector. The purchaser of the total
14 property tax levy shall be paid only those amounts attributable to
15 properties included in the total property tax levy purchase and
16 actually collected by the tax collector and which amounts shall not
17 include any delinquent interest collected by the municipal tax
18 collector prior to the time that the total property tax levy purchaser
19 makes the levy payment to the municipality.

20 d. Whenever the time period for a property tax installment
21 payment has been extended pursuant to the provisions of subsection
22 a. of this section, the Director of the Division of Local Government
23 Services in the Department of Community Affairs may, by
24 temporary order, extend the dates for payment of taxes by a
25 municipality due to a county pursuant to R.S.54:4-74, any school
26 district pursuant to R.S.54:4-75, and any other taxing district as
27 provided by law.

28 "Delinquency" means the sum of all taxes and municipal charges
29 due on a **[given parcel of]** specific real property, less the amount
30 of applicable property tax credit as defined in section 1 of P.L. _____,
31 c. (C. _____) (pending before the Legislature as this bill), covering
32 any number of quarters or years. The property shall remain
33 delinquent, as defined herein, until such time as all unpaid taxes,
34 including subsequent taxes and liens, together with interest thereon
35 shall have been fully paid and satisfied and all applicable property
36 tax credit, as defined in section 1 of P.L. _____, c. _____
37 (pending before the Legislature as this bill), has been credited. The
38 delinquency shall remain notwithstanding the issuance of a
39 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, the
40 payment of delinquent tax by the purchaser of the total property tax
41 levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5) and for
42 the purposes of satisfying the requirements for filing any tax appeal
43 with the county board of taxation or the State tax court. The
44 governing body may also fix a penalty to be charged to a taxpayer
45 with a delinquency in excess of \$10,000 who fails to pay that
46 delinquency as billed, less the amount of applicable property tax
47 credit as defined in section 1 of P.L. _____, c. _____
48 before the Legislature as this bill), prior to the end of the fiscal

1 year. If any fiscal year delinquency in excess of \$10,000 is paid by
2 the holder of an outstanding tax sale certificate or a total property
3 tax levy purchaser, the holder or purchaser, as appropriate, shall be
4 entitled to receive the amount of the penalty as part of the amount
5 required to redeem such certificate of sale providing the payment is
6 made by the tax lien holder or tax levy purchaser prior to the end of
7 the fiscal year. If the holder of the outstanding tax sale certificate
8 or the levy purchaser, as appropriate, does not make the payment in
9 full prior to the end of the fiscal year, then the holder or purchaser
10 shall be entitled to a pro rata share of the delinquency penalty upon
11 redemption, and the balance of the penalty shall inure to the benefit
12 of the municipality. The penalty so fixed shall not exceed 6% of
13 the amount of the delinquency with respect to each most recent
14 fiscal year only.¹

15 (cf: P.L.2015, c.203, s.1)

16

17 ¹15. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to
18 read as follows:

19 3. a. A resident taxpayer under the "New Jersey Gross Income
20 Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from
21 gross income for the amount of property tax credit as defined in
22 section 1 of P.L. _____, c. _____ (C. _____) (pending before the
23 Legislature as this bill) plus property taxes, the total of which shall
24 not [in excess of] exceed \$10,000, subject to the limitations of
25 subsection f. of this section [.] . Property taxes deductible under
26 this section shall be due and paid for the calendar year in which the
27 taxes are due and payable on the taxpayer's homestead.

28 b. A deduction for property taxes or property tax credits shall
29 be allowed pursuant to this section in relation to the amount of the
30 property taxes or property tax credits actually paid by or allocable
31 to a resident taxpayer who has more than one homestead, but the
32 aggregate amount of the property taxes or property tax credits
33 claimed shall not exceed the total of the proportionate amounts of
34 property taxes assessed and levied against or allocable to each
35 homestead for the portion of the taxable year for which the taxpayer
36 occupied it as the taxpayer's principal residence.

37 c. If title to a homestead is held by more than one individual as
38 joint tenants or tenants in common, each individual shall be allowed
39 a deduction pursuant to this section only in relation to the
40 individual's proportionate share of the property taxes assessed and
41 levied against the homestead. The proportionate share shall be
42 equal to that of all other individuals who hold the title, but if the
43 conveyance under which the title is held provides for unequal
44 interests therein, a taxpayer's share of the property taxes shall be in
45 proportion to the taxpayer's interest in the title.

46 d. If title to a homestead is held by a husband and wife who
47 own the homestead as tenants by the entirety, or if that husband and
48 wife are both residential shareholders of a cooperative or mutual

1 housing corporation and occupy the same homestead therein, and
2 who elect to file separate income tax returns pursuant to the "New
3 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband
4 and wife shall each be entitled to one-half of the deduction for
5 property taxes for which they may be jointly eligible pursuant to
6 this section.

7 e. If the homestead is a dwelling house consisting of more than
8 one unit, that taxpayer shall be allowed a deduction for property
9 taxes or property tax credits only in relation to the proportionate
10 share of the property taxes assessed and levied against the
11 residential unit occupied by the taxpayer, as determined by the local
12 tax assessor.

13 f. Notwithstanding the provisions of subsection a. of this
14 section to the contrary: (1) a resident taxpayer shall be allowed a
15 deduction for a taxpayer's taxable year beginning during 1996 based
16 on 50% of the property taxes not in excess of \$5,000 paid on the
17 taxpayer's homestead; and (2) a resident taxpayer shall be allowed a
18 deduction for a taxpayer's taxable year beginning during 1997 based
19 on 75% of the property taxes not in excess of \$7,500 paid on the
20 taxpayer's homestead.

21 g. Notwithstanding any other provision of this section, the
22 deduction allowed under this section to a resident taxpayer eligible
23 to receive a homestead property tax reimbursement pursuant to
24 P.L.1997, c.348 (C.54:4-8.67 et al.) shall not exceed that resident
25 taxpayer's base year property tax liability as determined pursuant to
26 P.L.1997, c.348 (C.54:4-8.67 et al.).

27 h. Notwithstanding any other provision of this section, for the
28 taxable year beginning January 1, 2009, a taxpayer who has gross
29 income for the taxable year of more than \$250,000 and is not:

- 30 (1) 65 years of age or older at the close of the taxable year; or
31 (2) allowed to claim a personal deduction as a blind or disabled
32 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not be
33 allowed a deduction pursuant to this section;

34 provided however, the deduction for a taxpayer who has gross
35 income for the taxable year of more than \$150,000 but not
36 exceeding \$250,000 and is not:

- 37 (1) 65 years of age or older at the close of the taxable year; or
38 (2) allowed to claim a personal deduction as a blind or disabled
39 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not
40 exceed \$5,000.¹

41 (cf: P.L.2009, c.69, s.2)

42

43 ¹16. Section 5 of P.L.1996, c.60 (C.54A:3A-19) is amended to
44 read as follows:

45 5. a. If a taxpayer who is eligible for a deduction for property
46 taxes under section 3 of this act for a part of the taxable year is also
47 eligible for a deduction for rent constituting property taxes under
48 section 4 of this act for a part of the taxable year, the taxpayer shall

1 be allowed a deduction, not in excess of \$10,000, subject to the
2 limitations of subsection b. of this section, the amount of which
3 shall be equal to the sum of the amount of property tax credit as
4 defined in section 1 of P.L. , c. (C.) (pending before the
5 Legislature as this bill) plus the amount of property taxes due and
6 paid for the calendar year in which the property taxes are due and
7 payable on a homestead that is not a unit of residential rental
8 property and the amount of rent constituting property taxes due and
9 paid for the calendar year in which the rent constituting property
10 taxes is due and payable for the occupancy of a homestead that is a
11 unit of residential rental property, provided however, that the
12 amount of property taxes and property tax credits shall be subject to
13 the limitations set forth in subsections b. through e. of section 3 and
14 the amount of rent constituting property taxes shall be subject to the
15 limitations set forth in subsections b. and c. of section 4 as may be
16 applicable.

17 b. Notwithstanding the provisions of subsection a. of this
18 section to the contrary: (1) a taxpayer who is eligible for a
19 deduction for property taxes under section 3 of this act for a part of
20 the taxable year and is also eligible for a deduction for rent
21 constituting property taxes under section 4 of this act for a part of
22 the taxable year, shall be allowed a deduction for the taxpayer's
23 taxable year beginning during 1996 based on 50% of an amount not
24 in excess of \$5,000, the amount of which shall be equal to the sum
25 of the amount of property taxes paid on a homestead that is not a
26 unit of residential rental property and the amount of rent
27 constituting property taxes paid for the occupancy of a homestead
28 that is a unit of residential rental property; and (2) a taxpayer who is
29 eligible for a deduction for property taxes under section 3 of this act
30 for a part of the taxable year and is also eligible for a deduction for
31 rent constituting property taxes under section 4 of this act for a part
32 of the taxable year, shall be allowed a deduction for the taxpayer's
33 taxable year beginning during 1997 based on 75% of an amount not
34 in excess of \$7,500, the amount of which shall be equal to the sum
35 of the amount of property taxes paid on a homestead that is not a
36 unit of residential rental property and the amount of rent
37 constituting property taxes paid for the occupancy of a homestead
38 that is a unit of residential rental property.¹

39 (cf: P.L.1996, c.60, s.5)

40

41 ¹**[8.] 17.**¹ This act shall take effect ¹**[immediately]** on the 60th
42 day following enactment, provided that the Commissioner of
43 Banking and Insurance, Commissioner of Community Affairs, the
44 State Treasurer, the Director of the Division of Local Government
45 Services, and the Director of the Division of Taxation may take
46 such anticipatory action as may be necessary to effectuate the
47 provisions of this act¹.

S1893 [1R]

29

1

2

3

4

5

Authorizes municipality, county or school district to establish charitable funds for specific purposes; permits property tax credit for certain donations.

SENATE, No. 1893

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED FEBRUARY 15, 2018

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Authorizes municipality, county or school district to establish charitable funds for specific purposes; permits property tax credit for certain donations.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning local government charitable fund management
2 and property tax credits and supplementing Title 54 of the
3 Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. As used in P.L. , c. (C.) (pending before the
9 Legislature as this bill):

10 “Annual donation cap” means the cap on the total value of local
11 charitable donations that are eligible for a tax credit, as established
12 pursuant to paragraph (1) of subsection d. of section 2 of P.L. ,
13 c. (C.) (pending before the Legislature as this bill).

14 “Charitable fund” means a fund established pursuant to section 2
15 of P.L. , c. (C.) (pending before the Legislature as this
16 bill).

17 “Director” means the Director of the Division of Local
18 Government Services in the Department of Community Affairs.

19 “Fund administrator” means the official or entity designated
20 pursuant to subsection b. of section 2 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), to be responsible for
22 the collection, distribution, and administration of donations to
23 charitable funds.

24 “Local charitable donation” means a donation by, or on behalf of
25 a property owned by, a local property owner to a charitable fund
26 established by a local unit.

27 “Local property owner” means a person who owns property
28 within the county, municipality, or school district, to which the
29 person offers a local charitable donation.

30 “Local unit” means a municipality, county, or school district.

31 “Property tax credit” means the credit established pursuant to
32 section 4 of P.L. , c. (C.) (pending before the Legislature
33 as this bill).

34 “Qualified donation” means a local charitable donation that
35 qualifies the associated property for a tax credit established
36 pursuant to section 4 of P.L. , c. (C.) (pending before the
37 Legislature as this bill).

38 “Spillover fund” means a fund established, pursuant to
39 subsection e. of section 2 of P.L. , c. (C.) (pending before
40 the Legislature as this bill), to temporarily capture donations to
41 charitable funds that have reached their annual donation cap.

42
43 2. a. A local unit may establish by ordinance, or resolution, as
44 appropriate, one or more charitable funds for specific public
45 purposes of the local unit. A charitable fund shall be maintained in
46 one or more bank accounts, and kept separate from the other
47 accounts of the local unit. A charitable fund shall not be
48 administered jointly by more than one local unit. All moneys

1 deposited into a charitable fund shall be expended exclusively for
2 public purposes in accordance with subsection d. of section 3 of
3 P.L. , c. (C.) (pending before the Legislature as this bill),
4 and other applicable State law.

5 b. The ordinance or resolution establishing a charitable fund
6 shall designate a person or entity to serve as the fund administrator.
7 The fund administrator shall assume responsibility for the collection
8 and distribution of donations dedicated to the charitable fund, and
9 shall continually track the total of all qualified donations with
10 respect to a fiscal year.

11 c. A charitable fund shall have a specified public purpose. The
12 specified public purpose shall be materially narrower than the
13 general purposes of the local unit. The specified public purpose
14 shall be described in materials made publicly available to the local
15 community, and to any other person who may wish to donate to the
16 charitable fund.

17 d. (1) The ordinance or resolution establishing a charitable
18 fund shall establish an annual donation cap, which shall limit the
19 total amount of money donated through local charitable donations
20 to a particular charitable fund that may qualify for a tax credit. The
21 ordinance or resolution establishing a charitable fund shall establish
22 an initial annual donation cap, and shall set an initial annual limit
23 on tax credit funding that shall be available as a result of local
24 charitable donations to the particular charitable fund. The annual
25 limit on available tax credit funding shall equal 90 percent of the
26 annual donation cap, or a different percentage as determined
27 appropriate by the director. The ordinance or resolution
28 establishing a charitable fund may also limit the extent to which a
29 large local charitable donation on behalf of an individual property
30 may count against the annual donation cap. Both the maximum
31 amount of tax credit funding made available, and the annual
32 donation cap, shall be established in the ordinance or resolution
33 adopted to establish the charitable fund, but may be adjusted
34 through subsequent ordinances or resolutions, as applicable, of the
35 governing body of the local unit.

36 (2) The annual donation cap shall be established prior to the
37 beginning of each fiscal year. However, with regard to any fiscal
38 year that begins in calendar year 2018, the amount of tax credits
39 that may be awarded for the remainder of calendar year 2018 shall
40 be established no later than the date on which the charitable fund
41 begins to accept donations.

42 (3) The annual donation cap shall not be construed to limit all
43 donations. The annual donation cap shall only limit the donations
44 that are creditable in relation to property tax payments.

45 e. The ordinance or resolution establishing a charitable fund
46 may establish a spillover fund, which shall capture local charitable
47 donations contributed after the annual donation cap has been

1 reached, and local charitable donations that the local unit has
2 designated as too large to be fully creditable.

3

4 3. a. Anyone may donate to a charitable fund, regardless of
5 property ownership or location of residence. A donation to a
6 charitable fund may be made by or on behalf of a local property
7 owner by directing the payment to the appropriate fund
8 administrator of a charitable fund of a local unit in which the local
9 property owner resides.

10 b. If a local property owner intends to obtain a property tax
11 credit in association with a local charitable donation, the owner
12 shall indicate when making the donation which specific parcel of
13 property the donation shall apply to. A donation may be credited
14 across more than one parcel in a manner indicated by the local
15 property owner.

16 c. Following receipt of a local charitable donation, the fund
17 administrator shall:

18 (1) issue a receipt to the donor, confirming the amount of the
19 donation, and the size and anticipated timing of the associated
20 property tax credit;

21 (2) notify the donor in the event that the annual donation cap has
22 been reached, in order to inform the donor that the donation is
23 either being moved to the spillover fund or is otherwise being held
24 by the local unit, awaiting the donor's direction. Following such
25 notification, the fund administrator shall provide the donor with at
26 least 60 days to direct the fund administrator to allocate the
27 donation to another charitable fund established by the local unit, or
28 to rescind the donation; and

29 (3) notify the appropriate tax collector within five business days
30 of the amount of the donation and the size of the credit made
31 available as a result of the donation.

32 d. Charitable fund donations shall be used for the following
33 purposes:

34 (1) the payment of any fees that may be required by a tax
35 collector pursuant to subsection g. of section 4 of P.L. ,
36 c. (C.) (pending before the Legislature as this bill);

37 (2) the payment of administrative costs associated with the
38 establishment of the fund; and

39 (3) the remainder of the funds shall be used for purposes
40 consistent with the specified charitable purpose of the fund, as
41 designated pursuant to subsection c. of section 2 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43

44 4. a. For fiscal years beginning on or after January 1, 2018, the
45 tax collector shall allow a local property owner a credit to be
46 applied to property taxes as hereinafter set forth.

47 b. The credit shall be equal to 90 percent of the amount of local
48 charitable donations contributed on behalf of the owner's specified

1 parcel of property to a charitable fund within the local unit, or a
2 different percentage as determined appropriate by the director.

3 c. The tax collector shall apply the credit against the first
4 property tax bill with respect to the specified parcel of property that
5 is assessed on or after the fifth business day following receipt of the
6 notification sent pursuant to paragraph (3) of subsection c. section 3
7 of P.L. , c. (C.) (pending before the Legislature as this
8 bill).

9 d. If the total amount of all tax credits on a parcel of property
10 exceed the amount of property tax owed for the property to the local
11 unit associated with a charitable fund to which a local charitable
12 donation was made for the property, and the tax collector is unable
13 to apply all or a portion of a credit enabled under this section
14 against the bill, then the tax collector shall carry the remaining
15 portion of the credit forward to one or more future bills. However,
16 no tax credit established under this section shall be carried forward
17 for more than five years.

18 e. The tax collector shall indicate on a tax bill the value of the
19 tax credits that apply to the bill pursuant to this section, and the
20 value of tax credits that, pursuant to this section, shall be applied to
21 future bills.

22 f. The tax collector shall apply a tax credit awarded under this
23 section to a parcel of property, not to an individual person.

24 g. In association with each notification sent pursuant to
25 paragraph (3) of subsection c. of section 3 of P.L. c. (C.)
26 (pending before the Legislature as this bill), the tax collector may
27 require a fee to be paid by the fund administrator to be allocated
28 towards the tax collector's administrative expenses. The amount
29 collected by the tax collector through such fees shall not be greater
30 than necessary to compensate for reasonable expenses associated
31 with the tax collector's responsibilities under this section.

32

33 5. The provisions of P.L. , c. (C.) (pending before the
34 Legislature as this bill) shall not be construed to prohibit a
35 municipality or county from accepting bequests, legacies, or gifts
36 pursuant to N.J.S.40A:5-29, or prevent a local unit from accepting
37 charitable donations in accordance with any other legal authority.

38

39 6. Notwithstanding the provisions of the "Administrative
40 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
41 contrary, the State Treasurer and the Director of the Division of
42 Local Government Services in the Department of Community
43 Affairs may adopt immediately upon filing with the Office of
44 Administrative Law such rules and regulations as the State
45 Treasurer or the director determine to be necessary to effectuate the
46 purposes of this act, which rules and regulations shall be effective
47 for a period not exceeding 360 days following the effective date of
48 this act and may thereafter be amended, adopted, or readopted by

1 the State Treasurer or the director in accordance with the
2 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

3 a. The rules and regulations adopted by the director may include
4 provisions to: (1) protect local units against the loss of property tax
5 revenues that may apply to a local unit due to operation of the
6 property tax levy cap attributable to receipt of charitable donations;
7 (2) establish standard operating procedures for management of
8 charitable funds, and the establishment of appropriate timelines to
9 coordinate the various responsibilities of fund administrators and
10 tax collectors established under P.L. , c. (C.) (pending
11 before the Legislature as this bill); (3) provide guidance to tax
12 collectors on when a tax bill is deemed assessed for the purposes of
13 subsection c. of section 4 of P.L. , c. (C.) (pending before
14 the Legislature as this bill); (4) provide guidance for how
15 mortgagees who pay property taxes through escrow accounts shall
16 be notified of credits awarded under P.L. , c. (C.) (pending
17 before the Legislature as this bill); and (5) adjust the percentage of
18 the annual donation cap that may be credited against property tax
19 payments pursuant to paragraph (1) of subsection d. of section 2 of
20 P.L. , c. (C.) (pending before the Legislature as this bill), if
21 deemed appropriate.

22 b. The rules and regulations adopted by the State Treasurer may
23 include guidance on how qualified donations made pursuant to
24 P.L. , c. (C.) (pending before the Legislature as this bill)
25 shall impact payments allocated pursuant to the "Homestead
26 Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.57 et seq.), the
27 "Property Tax Deduction Act," P.L.1996, c.60 (C.54A:3A-15 et
28 seq.), and the homestead property tax reimbursement program,
29 P.L.1997, c.348 (C.54:4-8.67 et al.).

30
31 7. In addition to the information required by R.S.54:4-65, a
32 property tax bill shall have printed thereon the information required
33 pursuant to subsection e. of section 4 of P.L. , c. (C.)
34 (pending before the Legislature as this bill).

35
36 8. This act shall take effect immediately.

37
38

39 STATEMENT

40
41 This bill permits a local unit, consisting of a municipality, county
42 or school district, to establish one or more charitable funds, each for
43 a specific public purpose, and permits property tax credits in
44 association with certain donations.

45 Once a charitable fund is established, the bill would allow
46 anyone to donate to it. However, if a donation is made on behalf of
47 a real property within the jurisdiction of the local unit, the property

1 could be entitled to a property tax credit on the next property tax
2 bill assessed after the donation is processed.

3 A local unit that intends to establish a charitable fund would do
4 so by ordinance or resolution of the governing body, as appropriate.
5 A charitable fund ordinance or resolution would designate a fund
6 administrator to assume responsibility for the collection and
7 distribution of donations to the fund. The ordinance or resolution
8 also would establish an annual limit on tax credit funding that may
9 be made available as a result of local charitable donations, and an
10 annual donation cap, which would be updated prior to the beginning
11 of each fiscal year. The limit on tax credit funding would equal 90
12 percent of the annual donation cap, or a different percentage as
13 determined appropriate by the Director of the Division of Local
14 Government Services (“DLGS”) in the Department of Community
15 Affairs. The annual donation cap would not limit all donations,
16 only donations that could be creditable in relation to property tax
17 payments. A charitable fund ordinance could also limit the extent
18 to which a large charitable donation on behalf of an individual
19 property owner could count against the annual donation cap.

20 Under the bill, a donation to a charitable fund could be made by
21 or on behalf of a local property owner by directing the payment to
22 the appropriate fund administrator. If the donor intends to obtain a
23 property tax credit in association with the donation, the donor
24 would indicate to which parcel of property the donation should
25 apply. A donation could be credited across more than one parcel.

26 Following receipt of a local charitable donation, the fund
27 administrator would issue a receipt to the donor. The fund
28 administrator would also notify the donor in the event that the
29 annual donation cap has been reached, in order to provide notice
30 that the donation is either being moved to the spillover fund or is
31 otherwise held by the local unit, awaiting the donor’s direction.
32 Following this notification, the fund administrator would provide
33 the donor with at least 60 days to direct the fund administrator to
34 instead allocate the donation to another charitable fund or to rescind
35 the donation. Following donation receipt, the fund administrator
36 also would notify the appropriate tax collector within five business
37 days of the amount of the donation and the size of the credit made
38 available as a result of the donation.

39 Under the bill, charitable fund donations could be used for the
40 payment of fees that may be required by a tax collector for their
41 responsibilities under the bill, and the payment of administrative
42 costs associated with the establishment of the fund. Charitable
43 funds also would be used for purposes consistent with the specified
44 charitable purpose, as designated in the ordinance or resolution
45 establishing the fund.

46 The bill directs municipal tax collectors to allow a local property
47 owner a credit to be applied to property taxes in association with
48 certain charitable donations. A credit would be equal to 90 percent

1 of the amount of donations contributed on behalf of the owner's
2 specified parcel of property to a charitable fund within the local
3 unit, or a different percentage as determined appropriate by DLGS.

4 The tax collector would apply the credit against the first property
5 tax bill with respect to the specified parcel of property that is
6 assessed on or after the fifth business day following receipt of the
7 notification sent by the fund administrator. If the total amount of
8 all tax credits on a property exceed the amount of tax owed for the
9 property to the local unit associated with a charitable fund, and the
10 tax collector is unable to apply a full credit against the bill, then the
11 tax collector would carry the remaining portion of the credit
12 forward to one or more future bills. However, no tax credit would
13 be carried forward for more than five years. The tax collector
14 would indicate on a tax bill the value of the tax credits that apply to
15 the bill and the value that would be applied to future bills. In
16 association with each credit, the bill permits the tax collector to
17 require a fee from the fund administrator to be allocated towards the
18 tax collector's administrative expenses.

19 Notwithstanding the provisions of the "Administrative Procedure
20 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill
21 directs the State Treasurer and DLGS to adopt immediately such
22 rules and regulations as the State Treasurer or the Director of the
23 Division of Local Government Services determine to be necessary
24 to effectuate the purposes of the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1893

with committee amendments

STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Assembly Appropriations Committee reports favorably Senate Bill No. 1893, with committee amendments.

As amended, this bill permits a local unit, consisting of a municipality, county or school district, to establish one or more charitable funds, each for specific public purposes, and permits property tax credits in association with certain donations.

Once a charitable fund is established, the bill would allow anyone to donate to it. However, if a donation is made on behalf of a real property within the jurisdiction of the local unit, the property could be entitled to a property tax credit on the next property tax bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do so by ordinance or resolution of the governing body, as appropriate. As amended, a charitable fund ordinance or resolution would designate a local official serving as custodian of public funds to serve as the fund administrator, to assume responsibility for the collection and distribution of donations to the fund. As amended, the ordinance or resolution also would establish an annual limit on tax credit funding that may be made available as a result of local charitable donations, and an annual credit-eligible donation cap, which would be updated prior to the beginning of each fiscal year. The limit on tax credit funding would equal 90 percent of the annual credit-eligible donation cap, or a different percentage as determined appropriate by the Director of the Division of Local Government Services (“DLGS”) in the Department of Community Affairs. The annual credit-eligible donation cap would not limit all donations, only donations that could be creditable in relation to property tax payments. A charitable fund ordinance could also limit the extent to which a large charitable donation on behalf of an individual property owner could count against the annual credit-eligible donation cap.

Under the bill, a donation to a charitable fund could be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator. If the donor intends to obtain a property tax credit in association with the donation, the donor

would indicate to which parcel of property the donation should apply. A donation could be credited across more than one parcel.

As amended, following receipt of a local charitable donation, the fund administrator would issue a receipt to the donor. The fund administrator would also notify the donor in the event that the annual credit-eligible donation cap has been reached, in order to provide notice that the donation is being held in escrow awaiting the donor's direction. Following this notification, the fund administrator would provide the donor with at least 60 days, or a lesser amount of time if so specified by the director, to direct the fund administrator to instead allocate the donation to another charitable fund or to rescind the donation. Following donation receipt, the fund administrator also would notify the municipal tax collector, and chief financial officer or business administrator of the local unit, within five business days of the amount of the donation and the size of the credit made available as a result of the donation. The tax collector would notify the donor of the amount of the available property tax credit.

Under the bill, as amended, charitable fund donations would be used for purposes consistent with the specified charitable purpose, as designated in the ordinance or resolution establishing the fund. Charitable funds, in accordance with applicable ordinances or resolutions of the local unit, could also be used for the payment of fees to a municipal tax collector and finance officer for their responsibilities under the bill, and the payment of administrative costs associated with the establishment of the fund. The bill directs municipal tax collectors to allow a local property owner a credit to be applied to property taxes in association with certain charitable donations. A credit would be equal to 90 percent of the amount of donations contributed on behalf of the owner's specified local real property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS.

The tax collector would apply the credit against the first property tax bill with respect to the specified local real property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the municipality to require a fee from the fund administrator to be allocated towards the

administrative expenses of the tax collector and municipal finance officer.

As amended, a property tax credit obtained in accordance with this bill would not impact the property owner's ability to qualify for a homestead property tax reimbursement or credit, or a deduction from State income taxes in association with the amount credited for a local charitable donation.

As amended, the bill directs that no local property owner, or servicing organization may be held liable because a local property owner addresses his property tax obligation by means of a charitable donation.

As amended, notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer, DLGS, the Director of the Division of Taxation, the Commissioner of Banking and Insurance, and the Commissioner of Education to adopt immediately such rules and regulations as the State Treasurer or the Director of the Division of Local Government Services determine to be necessary to effectuate the purposes of the bill.

COMMITTEE AMENDMENTS

The committee amended seven sections of the bill, and added nine new supplementary and amendatory sections. Specifically, the amendments accomplish the following:

- In section 1, the definitions section, add definitions of "commissioner," "director of taxation," "mortgagee," and "servicing organization."
- Redefine the "annual donation cap" as the "annual credit-eligible donation cap" to clarify what the cap applies to.
- Clarify in the "fund administrator" definition that this individual is required to be an official serving as the custodian of public funds for the local unit establishing the charitable fund.
- In subsection a. of section 2, specify that money in charitable funds, spillover funds, and the deposits into such funds will be governed by the "Governmental Unit Deposit Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.) to the same extent as the establishing local unit.
- Clarify, in subsection a. of section 2, that money in charitable funds will be equivalent to tax revenues for the purposes of state aid formulae, local unit revenue calculations, local unit bonding capacity and similar State or municipal computation, and will be immediately available to the establishing local unit upon request to the fund administrator for the payment of budgeted and emergency mandatory expenses, to include debt service.

- In subsection d. of section 2, specify that annual credit-eligible donation cap for a given year will be based upon the tax levy from the prior year, and that the annual credit-eligible donation cap established prior to the start of the year may not exceed 85 percent of the prior year budget, unless otherwise authorized by the Director of the Division of Local Government Services.
- In subsection e. of section 2, clarify that a spillover fund will be administered by the fund administrator, that moneys in the spillover fund shall only be used for the budget year corresponding to the year in which the taxpayer will receive the credit, and that the ordinance or resolution establishing the spillover fund shall designate its approved uses.
- In subsection b. of section 3, clarify that if a donation is credited to more than one real property, the local property owner shall indicate the amount of the donation intended to be applied to each real property.
- In subsection c. of section 3, require the municipal tax collector to notify the donor of the amount of the available local property tax credit.
- Add a new subsection e. to section 3 to specify that only local charitable donations made to a charitable fund established by a local unit pursuant to section 2 of this bill are eligible to be credited on the property tax bill.
- Specify in subsection b. of section 4 that no credit shall issue to any owner of local real property who owes local property tax or other delinquent municipal charges at the time the donation to the charitable fund is made.
- In subsection c. of section 4, clarify the municipality's authority to adjust the timeline for when donations must be made in order for credits to be issued.
- In subsection d. of section 4, clarify the application of the ability to carry forward a donation to future tax years, if the donation is too large to entirely be applied in one year.
- Add a new section 6 to the bill to specify that no servicing organization or mortgagee, meaning the holder of the mortgage loan, shall be entitled to hold a local property owner liable for electing to meet his or her obligations to a local unit by means of a charitable donation and resulting property tax credit.
- Also clarify through the new section 6 that no mortgagee shall be entitled to hold a servicing organization liable for complying with the election by a local property owner to meet their local real property tax due to a local unit by means of a charitable donation and resulting property tax credit.
- Renumber section 6 as section 7, and adjust its provisions to provide the Director of the Division of Taxation, the Commissioner of the Department of Banking and Insurance, and the Commissioner of Education authority to adopt

appropriate regulations in order to effectuate the provisions of the bill.

- Within the new section 7, direct the appropriate agencies to provide guidance as to how servicing organizations shall implement the election of a local property owner to meet his or her obligation to a local unit and obtain resulting local property tax credits in accordance with applicable mortgage escrow law.
- Within the new section 7, direct the appropriate agencies to establish standards for implementing local property tax credits for qualified charitable contributions toward a school district-established charitable fund where the municipality defers a portion of the school tax levy.
- Add a new section 9, to amend section 1 of the “Governmental Unit Deposit Protection Act” (“GUDPA”) P.L.1970, c.236 (C.17:9-41), to clarify that a “charitable fund,” established by the bill, is a type of “governmental unit,” and moneys maintained by the charitable fund are “public funds” for the purposes of the GUDPA.
- Add a new section 10 to amend section 2 of the "Homestead Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.58), to clarify that amounts granted in property tax credits under the bill shall fall within the definition of property taxes for purposes of qualifying for the homestead property tax credit.
- Add a new section 7 to amend section 1 of P.L.1997, c.348 (C.54:4-8.67), to clarify that amounts granted in property tax credits under the bill shall fall within the definition of property taxes for purposes of qualifying for a homestead property tax reimbursement.
- Add a new section 12 and 13 to amend R.S.54:4-66 and section 2 of P.L.1994, c.72 (C.54:4-66.1), to clarify the application of the bill to the timeline for property tax collection in municipalities operating under the calendar fiscal year, and the State fiscal year.
- Add a new section 14 to amend R.S.54:4-67, to clarify that a property owner shall not be categorized as delinquent in property tax payments as a result of their election to meet their local real property tax due to a local unit by means of a charitable donation and resulting property tax credit.
- Add new sections 15 and 16 to amend sections 3 and 5 of the “Property Tax Deduction Act,” P.L.1996, c.60 (C.54A:3A-17 and C.54A:3A-19) to clarify that a person may obtain a deduction from gross income for State income tax purposes for the amount of a property tax credit under the bill.
- Renumber section 8 as section 17, and amend the section to allow time to promulgate regulations prior to the bill taking effect.
- Make technical edits in various sections of the bill.

FISCAL IMPACT:

This bill is permissive in nature, so unless a county, municipality, or school district (local unit) chooses to adopt an ordinance or resolution to implement the bill's provisions, no local government fiscal impact will result from the bill.

To the extent that a local unit establishes charitable funds and receives charitable donations as authorized by the bill, the local unit may realize an increase in revenue because of the bill's limitation on property tax credits to 90 percent of any charitable received, or whatever lower percentage is determined by the Director of the Division of Local Government Services. In any local unit which establishes a charitable fund the amount by which revenue might increase (i.e., charitable donations in excess of the sum of property tax credits, tax collector fees, and fund administration costs) will be a function of charitable funds donation limits set by the local unit, actual donations received by the local unit, the property tax liabilities of the donors, and costs that will be assessed against donations. The Office of Legislative Services has no information upon which to base a forecast of any of those factors.

A local unit that establishes one or more charitable funds under the bill will incur costs of fund administration in indeterminate amounts. The tax collector of any municipality that creates a charitable fund, or is taxing district for any county or school district that creates a charitable fund, will incur a marginal increase in costs of tax bill and tax payment processing, also in indeterminate amounts. Tax collectors may charge fees to charitable fund administrators, to be paid from fund contributions, and fund administrators may also charge costs to fund contributions. These fees and charges should be equal, or nearly so, to actual costs incurred.

The OLS has insufficient information from which to conclude whether the Division of Local Government Services will incur marginal costs to promulgate rules and regulations as required by the bill, or can instead discharge that duty without a marginal increase in its current expenditure level.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 1893

STATE OF NEW JERSEY

DATED: MARCH 12, 2018

The Assembly State and Local Government Committee reports favorably Senate Bill No. 1893.

This bill permits a local unit, consisting of a municipality, county or school district, to establish one or more charitable funds, each for a specific public purpose, and permits property tax credits in association with certain donations.

Once a charitable fund is established, the bill would allow anyone to donate to it. However, if a donation is made on behalf of a real property within the jurisdiction of the local unit, the property could be entitled to a property tax credit on the next property tax bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do so by ordinance or resolution of the governing body, as appropriate. A charitable fund ordinance or resolution would designate a fund administrator to assume responsibility for the collection and distribution of donations to the fund. The ordinance or resolution also would establish an annual limit on tax credit funding that may be made available as a result of local charitable donations, and an annual donation cap, which would be updated prior to the beginning of each fiscal year. The limit on tax credit funding would equal 90 percent of the annual donation cap, or a different percentage as determined appropriate by the Director of the Division of Local Government Services (“DLGS”) in the Department of Community Affairs. The annual donation cap would not limit all donations, only donations that could be creditable in relation to property tax payments. A charitable fund ordinance could also limit the extent to which a large charitable donation on behalf of an individual property owner could count against the annual donation cap.

Under the bill, a donation to a charitable fund could be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator. If the donor intends to obtain a property tax credit in association with the donation, the donor would indicate to which parcel of property the donation should apply. A donation could be credited across more than one parcel.

Following receipt of a local charitable donation, the fund administrator would issue a receipt to the donor. The fund

administrator would also notify the donor in the event that the annual donation cap has been reached, in order to provide notice that the donation is either being moved to the spillover fund or is otherwise held by the local unit, awaiting the donor's direction. Following this notification, the fund administrator would provide the donor with at least 60 days to direct the fund administrator to instead allocate the donation to another charitable fund or to rescind the donation. Following donation receipt, the fund administrator also would notify the appropriate tax collector within five business days of the amount of the donation and the size of the credit made available as a result of the donation.

Under the bill, charitable fund donations could be used for the payment of fees that may be required by a tax collector for their responsibilities under the bill, and the payment of administrative costs associated with the establishment of the fund. Charitable funds also would be used for purposes consistent with the specified charitable purpose, as designated in the ordinance or resolution establishing the fund.

The bill directs municipal tax collectors to allow a local property owner a credit to be applied to property taxes in association with certain charitable donations. A credit would be equal to 90 percent of the amount of donations contributed on behalf of the owner's specified parcel of property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS.

The tax collector would apply the credit against the first property tax bill with respect to the specified parcel of property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the tax collector to require a fee from the fund administrator to be allocated towards the tax collector's administrative expenses.

Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer and DLGS to adopt immediately such rules and regulations as the State Treasurer or the Director of the Division of Local Government Services determine to be necessary to effectuate the purposes of the bill.

As reported, this bill is identical to Assembly Bill No. 3499, as reported by the committee.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1893

STATE OF NEW JERSEY

DATED: FEBRUARY 15, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1893.

This bill permits a local unit, consisting of a municipality, county or school district, to establish one or more charitable funds, each for a specific public purpose, and permits property tax credits in association with certain donations.

Once a charitable fund is established, the bill would allow anyone to donate to it. However, if a donation is made on behalf of a real property within the jurisdiction of the local unit, the property could be entitled to a property tax credit on the next property tax bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do so by ordinance or resolution of the governing body, as appropriate. A charitable fund ordinance or resolution would designate a fund administrator to assume responsibility for the collection and distribution of donations to the fund. The ordinance or resolution also would establish an annual limit on tax credit funding that may be made available as a result of local charitable donations, and an annual donation cap, which would be updated prior to the beginning of each fiscal year. The limit on tax credit funding would equal 90 percent of the annual donation cap, or a different percentage as determined appropriate by the Director of the Division of Local Government Services (“DLGS”) in the Department of Community Affairs. The annual donation cap would not limit all donations, only donations that could be creditable in relation to property tax payments. A charitable fund ordinance could also limit the extent to which a large charitable donation on behalf of an individual property owner could count against the annual donation cap.

Under the bill, a donation to a charitable fund could be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator. If the donor intends to obtain a property tax credit in association with the donation, the donor would indicate to which parcel of property the donation should apply. A donation could be credited across more than one parcel.

Following receipt of a local charitable donation, the fund administrator would issue a receipt to the donor. The fund administrator would also notify the donor in the event that the annual donation cap has been reached, in order to provide notice

that the donation is either being moved to the spillover fund or is otherwise held by the local unit, awaiting the donor's direction. Following this notification, the fund administrator would provide the donor with at least 60 days to direct the fund administrator to instead allocate the donation to another charitable fund or to rescind the donation. Following donation receipt, the fund administrator also would notify the appropriate tax collector within five business days of the amount of the donation and the size of the credit made available as a result of the donation.

Under the bill, charitable fund donations could be used for the payment of fees that may be required by a tax collector for their responsibilities under the bill, and the payment of administrative costs associated with the establishment of the fund. Charitable funds also would be used for purposes consistent with the specified charitable purpose, as designated in the ordinance or resolution establishing the fund.

The bill directs municipal tax collectors to allow a local property owner a credit to be applied to property taxes in association with certain charitable donations. A credit would be equal to 90 percent of the amount of donations contributed on behalf of the owner's specified parcel of property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS.

The tax collector would apply the credit against the first property tax bill with respect to the specified parcel of property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the tax collector to require a fee from the fund administrator to be allocated towards the tax collector's administrative expenses.

Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer and DLGS to adopt immediately such rules and regulations as the State Treasurer or the Director of DLGS determine to be necessary to effectuate the purposes of the bill.

FISCAL IMPACT:

This bill is permissive in nature, so unless a county, municipality or school district (local unit) chooses to adopt an ordinance or resolution to implement the bill's provisions, no local government

fiscal impact will result from the bill. To the extent that a local unit establishes charitable funds and receives charitable donations as authorized by the bill, the local unit may realize an increase in revenue because of the bill's limitation on property tax credits to 90% of any charitable donations received, or whatever lower percentage is determined by the Director of the Division of Local Government Services. In any local unit adopting the bill's provisions, the amount by which revenue might increase, i.e., charitable donations in excess of the sum of property tax credits, tax collector fees and fund administration costs, will be a function of charitable funds donation limits set by the local unit, actual donations received by local unit and the property tax liabilities of the donors, and costs that will be assessed against donations. The Office of Legislative Services (OLS) has no information upon which to base a forecast of any of those factors.

A local unit that establishes one or more charitable funds under the bill will incur costs of fund administration in indeterminate amounts. The tax collector of any municipality that creates a charitable fund, or is a taxing district for any county or school district that creates a charitable fund, will incur a marginal increase in costs of tax bill and tax payment processing, also in indeterminate amounts. Tax collectors may charge fees to charitable fund administrators, to be paid from fund contributions, and fund administrators may also charge costs to fund contributions. These fees and charges should be equal, or nearly so, to actual costs incurred.

The OLS has insufficient information from which to conclude whether the Division of Local Government Services will incur marginal costs to promulgate rules and regulations as required by the bill, or can instead discharge that duty without a marginal increase in its current expenditure level.

ASSEMBLY, No. 3499

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 5, 2018

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:

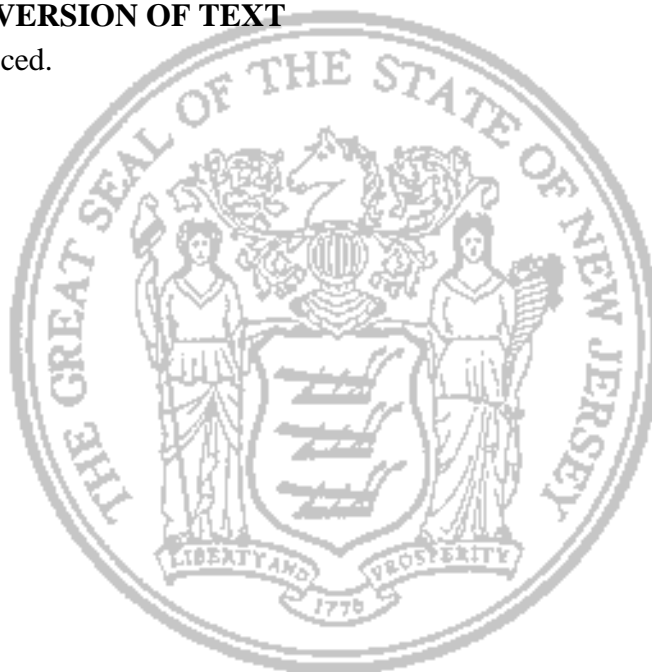
**Assemblyman Johnson, Assemblywoman Pintor Marin, Assemblyman
Zwicker, Assemblywoman Murphy, Assemblymen DeAngelo and Schaer**

SYNOPSIS

Authorizes municipality, county or school district to establish charitable funds for specific purposes; permits property tax credit for certain donations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/6/2018)

1 AN ACT concerning local government charitable fund management
2 and property tax credits and supplementing Title 54 of the
3 Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. As used in P.L. , c. (C.) (pending before the
9 Legislature as this bill):

10 “Annual donation cap” means the cap on the total value of local
11 charitable donations that are eligible for a tax credit, as established
12 pursuant to paragraph (1) of subsection d. of section 2 of P.L. ,
13 c. (C.) (pending before the Legislature as this bill).

14 “Charitable fund” means a fund established pursuant to section 2
15 of P.L. , c. (C.) (pending before the Legislature as this
16 bill).

17 “Director” means the Director of the Division of Local
18 Government Services in the Department of Community Affairs.

19 “Fund administrator” means the official or entity designated
20 pursuant to subsection b. of section 2 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), to be responsible for
22 the collection, distribution, and administration of donations to
23 charitable funds.

24 “Local charitable donation” means a donation by, or on behalf of
25 a property owned by, a local property owner to a charitable fund
26 established by a local unit.

27 “Local property owner” means a person who owns property
28 within the county, municipality, or school district, to which the
29 person offers a local charitable donation.

30 “Local unit” means a municipality, county, or school district.

31 “Property tax credit” means the credit established pursuant to
32 section 4 of P.L. , c. (C.) (pending before the Legislature
33 as this bill).

34 “Qualified donation” means a local charitable donation that
35 qualifies the associated property for a tax credit established
36 pursuant to section 4 of P.L. , c. (C.) (pending before the
37 Legislature as this bill).

38 “Spillover fund” means a fund established, pursuant to
39 subsection e. of section 2 of P.L. , c. (C.) (pending before
40 the Legislature as this bill), to temporarily capture donations to
41 charitable funds that have reached their annual donation cap.

42
43 2. a. A local unit may establish by ordinance, or resolution, as
44 appropriate, one or more charitable funds for specific public
45 purposes of the local unit. A charitable fund shall be maintained in
46 one or more bank accounts, and kept separate from the other
47 accounts of the local unit. A charitable fund shall not be
48 administered jointly by more than one local unit. All moneys

1 deposited into a charitable fund shall be expended exclusively for
2 public purposes in accordance with subsection d. of section 3 of
3 P.L. , c. (C.) (pending before the Legislature as this bill),
4 and other applicable State law.

5 b. The ordinance or resolution establishing a charitable fund
6 shall designate a person or entity to serve as the fund administrator.
7 The fund administrator shall assume responsibility for the collection
8 and distribution of donations dedicated to the charitable fund, and
9 shall continually track the total of all qualified donations with
10 respect to a fiscal year.

11 c. A charitable fund shall have a specified public purpose. The
12 specified public purpose shall be materially narrower than the
13 general purposes of the local unit. The specified public purpose
14 shall be described in materials made publicly available to the local
15 community, and to any other person who may wish to donate to the
16 charitable fund.

17 d. (1) The ordinance or resolution establishing a charitable
18 fund shall establish an annual donation cap, which shall limit the
19 total amount of money donated through local charitable donations
20 to a particular charitable fund that may qualify for a tax credit. The
21 ordinance or resolution establishing a charitable fund shall establish
22 an initial annual donation cap, and shall set an initial annual limit
23 on tax credit funding that shall be available as a result of local
24 charitable donations to the particular charitable fund. The annual
25 limit on available tax credit funding shall equal 90 percent of the
26 annual donation cap, or a different percentage as determined
27 appropriate by the director. The ordinance or resolution
28 establishing a charitable fund may also limit the extent to which a
29 large local charitable donation on behalf of an individual property
30 may count against the annual donation cap. Both the maximum
31 amount of tax credit funding made available, and the annual
32 donation cap, shall be established in the ordinance or resolution
33 adopted to establish the charitable fund, but may be adjusted
34 through subsequent ordinances or resolutions, as applicable, of the
35 governing body of the local unit.

36 (2) The annual donation cap shall be established prior to the
37 beginning of each fiscal year. However, with regard to any fiscal
38 year that begins in calendar year 2018, the amount of tax credits
39 that may be awarded for the remainder of calendar year 2018 shall
40 be established no later than the date on which the charitable fund
41 begins to accept donations.

42 (3) The annual donation cap shall not be construed to limit all
43 donations. The annual donation cap shall only limit the donations
44 that are creditable in relation to property tax payments.

45 e. The ordinance or resolution establishing a charitable fund
46 may establish a spillover fund, which shall capture local charitable
47 donations contributed after the annual donation cap has been

1 reached, and local charitable donations that the local unit has
2 designated as too large to be fully creditable.

3

4 3. a. Anyone may donate to a charitable fund, regardless of
5 property ownership or location of residence. A donation to a
6 charitable fund may be made by or on behalf of a local property
7 owner by directing the payment to the appropriate fund
8 administrator of a charitable fund of a local unit in which the local
9 property owner resides.

10 b. If a local property owner intends to obtain a property tax
11 credit in association with a local charitable donation, the owner
12 shall indicate when making the donation which specific parcel of
13 property the donation shall apply to. A donation may be credited
14 across more than one parcel in a manner indicated by the local
15 property owner.

16 c. Following receipt of a local charitable donation, the fund
17 administrator shall:

18 (1) issue a receipt to the donor, confirming the amount of the
19 donation, and the size and anticipated timing of the associated
20 property tax credit;

21 (2) notify the donor in the event that the annual donation cap has
22 been reached, in order to inform the donor that the donation is
23 either being moved to the spillover fund or is otherwise being held
24 by the local unit, awaiting the donor's direction. Following such
25 notification, the fund administrator shall provide the donor with at
26 least 60 days to direct the fund administrator to allocate the
27 donation to another charitable fund established by the local unit, or
28 to rescind the donation; and

29 (3) notify the appropriate tax collector within five business days
30 of the amount of the donation and the size of the credit made
31 available as a result of the donation.

32 d. Charitable fund donations shall be used for the following
33 purposes:

34 (1) the payment of any fees that may be required by a tax
35 collector pursuant to subsection g. of section 4 of P.L. ,
36 c. (C.) (pending before the Legislature as this bill);

37 (2) the payment of administrative costs associated with the
38 establishment of the fund; and

39 (3) the remainder of the funds shall be used for purposes
40 consistent with the specified charitable purpose of the fund, as
41 designated pursuant to subsection c. of section 2 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43

44 4. a. For fiscal years beginning on or after January 1, 2018,
45 the tax collector shall allow a local property owner a credit to be
46 applied to property taxes as hereinafter set forth.

47 b. The credit shall be equal to 90 percent of the amount of local
48 charitable donations contributed on behalf of the owner's specified

1 parcel of property to a charitable fund within the local unit, or a
2 different percentage as determined appropriate by the director.

3 c. The tax collector shall apply the credit against the first
4 property tax bill with respect to the specified parcel of property that
5 is assessed on or after the fifth business day following receipt of the
6 notification sent pursuant to paragraph (3) of subsection c. section 3
7 of P.L. , c. (C.) (pending before the Legislature as this
8 bill).

9 d. If the total amount of all tax credits on a parcel of property
10 exceed the amount of property tax owed for the property to the local
11 unit associated with a charitable fund to which a local charitable
12 donation was made for the property, and the tax collector is unable
13 to apply all or a portion of a credit enabled under this section
14 against the bill, then the tax collector shall carry the remaining
15 portion of the credit forward to one or more future bills. However,
16 no tax credit established under this section shall be carried forward
17 for more than five years.

18 e. The tax collector shall indicate on a tax bill the value of the
19 tax credits that apply to the bill pursuant to this section, and the
20 value of tax credits that, pursuant to this section, shall be applied to
21 future bills.

22 f. The tax collector shall apply a tax credit awarded under this
23 section to a parcel of property, not to an individual person.

24 g. In association with each notification sent pursuant to
25 paragraph (3) of subsection c. of section 3 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), the tax collector may
27 require a fee to be paid by the fund administrator to be allocated
28 towards the tax collector's administrative expenses. The amount
29 collected by the tax collector through such fees shall not be greater
30 than necessary to compensate for reasonable expenses associated
31 with the tax collector's responsibilities under this section.

32
33 5. The provisions of P.L. , c. (C.) (pending before the
34 Legislature as this bill) shall not be construed to prohibit a
35 municipality or county from accepting bequests, legacies, or gifts
36 pursuant to N.J.S.40A:5-29, or prevent a local unit from accepting
37 charitable donations in accordance with any other legal authority.

38
39 6. Notwithstanding the provisions of the "Administrative
40 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
41 contrary, the State Treasurer and the Director of the Division of
42 Local Government Services in the Department of Community
43 Affairs may adopt immediately upon filing with the Office of
44 Administrative Law such rules and regulations as the State
45 Treasurer or the director determine to be necessary to effectuate the
46 purposes of this act, which rules and regulations shall be effective
47 for a period not exceeding 360 days following the effective date of
48 this act and may thereafter be amended, adopted, or readopted by

1 the State Treasurer or the director in accordance with the
2 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

3 a. The rules and regulations adopted by the director may
4 include provisions to: (1) protect local units against the loss of
5 property tax revenues that may apply to a local unit due to operation
6 of the property tax levy cap attributable to receipt of charitable
7 donations; (2) establish standard operating procedures for
8 management of charitable funds, and the establishment of
9 appropriate timelines to coordinate the various responsibilities of
10 fund administrators and tax collectors established under P.L. ,
11 c. (C.) (pending before the Legislature as this bill); (3)
12 provide guidance to tax collectors on when a tax bill is deemed
13 assessed for the purposes of subsection c. of section 4 of P.L. ,
14 c. (C.) (pending before the Legislature as this bill); (4)
15 provide guidance for how mortgagees who pay property taxes
16 through escrow accounts shall be notified of credits awarded under
17 P.L. , c. (C.) (pending before the Legislature as
18 this bill); and (5) adjust the percentage of the annual donation cap
19 that may be credited against property tax payments pursuant to
20 paragraph (1) of subsection d. of section 2 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), if deemed appropriate.

22 b. The rules and regulations adopted by the State Treasurer
23 may include guidance on how qualified donations made pursuant to
24 P.L. , c. (C.) (pending before the Legislature as this bill)
25 shall impact payments allocated pursuant to the "Homestead
26 Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.57 et seq.), the
27 "Property Tax Deduction Act," P.L.1996, c.60 (C.54A:3A-15 et
28 seq.), and the homestead property tax reimbursement program,
29 P.L.1997, c.348 (C.54:4-8.67 et al.).

30
31 7. In addition to the information required by R.S.54:4-65, a
32 property tax bill shall have printed thereon the information required
33 pursuant to subsection e. of section 4 of P.L. , c. (C.)
34 (pending before the Legislature as this bill).

35
36 8. This act shall take effect immediately.

37

38

39

STATEMENT

40

41 This bill permits a local unit, consisting of a municipality, county
42 or school district, to establish one or more charitable funds, each for
43 a specific public purpose, and permits property tax credits in
44 association with certain donations.

45 Once a charitable fund is established, the bill would allow
46 anyone to donate to it. However, if a donation is made on behalf of
47 a real property within the jurisdiction of the local unit, the property

1 could be entitled to a property tax credit on the next property tax
2 bill assessed after the donation is processed.

3 A local unit that intends to establish a charitable fund would do
4 so by ordinance or resolution of the governing body, as appropriate.
5 A charitable fund ordinance or resolution would designate a fund
6 administrator to assume responsibility for the collection and
7 distribution of donations to the fund. The ordinance or resolution
8 also would establish an annual limit on tax credit funding that may
9 be made available as a result of local charitable donations, and an
10 annual donation cap, which would be updated prior to the beginning
11 of each fiscal year. The limit on tax credit funding would equal 90
12 percent of the annual donation cap, or a different percentage as
13 determined appropriate by the Director of the Division of Local
14 Government Services (“DLGS”) in the Department of Community
15 Affairs. The annual donation cap would not limit all donations,
16 only donations that could be creditable in relation to property tax
17 payments. A charitable fund ordinance could also limit the extent
18 to which a large charitable donation on behalf of an individual
19 property owner could count against the annual donation cap.

20 Under the bill, a donation to a charitable fund could be made by
21 or on behalf of a local property owner by directing the payment to
22 the appropriate fund administrator. If the donor intends to obtain a
23 property tax credit in association with the donation, the donor
24 would indicate to which parcel of property the donation should
25 apply. A donation could be credited across more than one parcel.

26 Following receipt of a local charitable donation, the fund
27 administrator would issue a receipt to the donor. The fund
28 administrator would also notify the donor in the event that the
29 annual donation cap has been reached, in order to provide notice
30 that the donation is either being moved to the spillover fund or is
31 otherwise held by the local unit, awaiting the donor’s direction.
32 Following this notification, the fund administrator would provide
33 the donor with at least 60 days to direct the fund administrator to
34 instead allocate the donation to another charitable fund or to rescind
35 the donation. Following donation receipt, the fund administrator
36 also would notify the appropriate tax collector within five business
37 days of the amount of the donation and the size of the credit made
38 available as a result of the donation.

39 Under the bill, charitable fund donations could be used for the
40 payment of fees that may be required by a tax collector for their
41 responsibilities under the bill, and the payment of administrative
42 costs associated with the establishment of the fund. Charitable
43 funds also would be used for purposes consistent with the specified
44 charitable purpose, as designated in the ordinance or resolution
45 establishing the fund.

46 The bill directs municipal tax collectors to allow a local property
47 owner a credit to be applied to property taxes in association with
48 certain charitable donations. A credit would be equal to 90 percent

1 of the amount of donations contributed on behalf of the owner's
2 specified parcel of property to a charitable fund within the local
3 unit, or a different percentage as determined appropriate by DLGS.

4 The tax collector would apply the credit against the first property
5 tax bill with respect to the specified parcel of property that is
6 assessed on or after the fifth business day following receipt of the
7 notification sent by the fund administrator. If the total amount of
8 all tax credits on a property exceed the amount of tax owed for the
9 property to the local unit associated with a charitable fund, and the
10 tax collector is unable to apply a full credit against the bill, then the
11 tax collector would carry the remaining portion of the credit
12 forward to one or more future bills. However, no tax credit would
13 be carried forward for more than five years. The tax collector
14 would indicate on a tax bill the value of the tax credits that apply to
15 the bill and the value that would be applied to future bills. In
16 association with each credit, the bill permits the tax collector to
17 require a fee from the fund administrator to be allocated towards the
18 tax collector's administrative expenses.

19 Notwithstanding the provisions of the "Administrative Procedure
20 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill
21 directs the State Treasurer and DLGS to adopt immediately such
22 rules and regulations as the State Treasurer or the Director of the
23 Division of Local Government Services determine to be necessary
24 to effectuate the purposes of the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3499

with committee amendments

STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3499, with committee amendments.

As amended, this bill permits a local unit, consisting of a municipality, county or school district, to establish one or more charitable funds, each for specific public purposes, and permits property tax credits in association with certain donations.

Once a charitable fund is established, the bill would allow anyone to donate to it. However, if a donation is made on behalf of a real property within the jurisdiction of the local unit, the property could be entitled to a property tax credit on the next property tax bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do so by ordinance or resolution of the governing body, as appropriate. As amended, a charitable fund ordinance or resolution would designate a local official serving as custodian of public funds to serve as the fund administrator, to assume responsibility for the collection and distribution of donations to the fund. As amended, the ordinance or resolution also would establish an annual limit on tax credit funding that may be made available as a result of local charitable donations, and an annual credit-eligible donation cap, which would be updated prior to the beginning of each fiscal year. The limit on tax credit funding would equal 90 percent of the annual credit-eligible donation cap, or a different percentage as determined appropriate by the Director of the Division of Local Government Services ("DLGS") in the Department of Community Affairs. The annual credit-eligible donation cap would not limit all donations, only donations that could be creditable in relation to property tax payments. A charitable fund ordinance could also limit the extent to which a large charitable donation on behalf of an individual property owner could count against the annual credit-eligible donation cap.

Under the bill, a donation to a charitable fund could be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator. If the donor intends to obtain a property tax credit in association with the donation, the donor

would indicate to which parcel of property the donation should apply. A donation could be credited across more than one parcel.

As amended, following receipt of a local charitable donation, the fund administrator would issue a receipt to the donor. The fund administrator would also notify the donor in the event that the annual credit-eligible donation cap has been reached, in order to provide notice that the donation is being held in escrow awaiting the donor's direction. Following this notification, the fund administrator would provide the donor with at least 60 days, or a lesser amount of time if so specified by the director, to direct the fund administrator to instead allocate the donation to another charitable fund or to rescind the donation. Following donation receipt, the fund administrator also would notify the municipal tax collector, and chief financial officer or business administrator of the local unit, within five business days of the amount of the donation and the size of the credit made available as a result of the donation. The tax collector would notify the donor of the amount of the available property tax credit.

Under the bill, as amended, charitable fund donations would be used for purposes consistent with the specified charitable purpose, as designated in the ordinance or resolution establishing the fund. Charitable funds, in accordance with applicable ordinances or resolutions of the local unit, could also be used for the payment of fees to a municipal tax collector and finance officer for their responsibilities under the bill, and the payment of administrative costs associated with the establishment of the fund. The bill directs municipal tax collectors to allow a local property owner a credit to be applied to property taxes in association with certain charitable donations. A credit would be equal to 90 percent of the amount of donations contributed on behalf of the owner's specified local real property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS.

The tax collector would apply the credit against the first property tax bill with respect to the specified local real property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the municipality to require a fee from the fund administrator to be allocated towards the

administrative expenses of the tax collector and municipal finance officer.

As amended, a property tax credit obtained in accordance with this bill would not impact the property owner's ability to qualify for a homestead property tax reimbursement or credit, or a deduction from State income taxes in association with the amount credited for a local charitable donation.

As amended, the bill directs that no local property owner, or servicing organization may be held liable because a local property owner addresses his property tax obligation by means of a charitable donation.

As amended, notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer, DLGS, the Director of the Division of Taxation, the Commissioner of Banking and Insurance, and the Commissioner of Education to adopt immediately such rules and regulations as the State Treasurer or the Director of the Division of Local Government Services determine to be necessary to effectuate the purposes of the bill.

COMMITTEE AMENDMENTS

The committee amended seven sections of the bill, and added nine new supplementary and amendatory sections. Specifically, the amendments accomplish the following:

- In section 1, the definitions section, add definitions of "commissioner," "director of taxation," "mortgagee," and "servicing organization."
- Redefine the "annual donation cap" as the "annual credit-eligible donation cap" to clarify what the cap applies to.
- Clarify in the "fund administrator" definition that this individual is required to be an official serving as the custodian of public funds for the local unit establishing the charitable fund.
- In subsection a. of section 2, specify that money in charitable funds, spillover funds, and the deposits into such funds will be governed by the "Governmental Unit Deposit Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.) to the same extent as the establishing local unit.
- Clarify, in subsection a. of section 2, that money in charitable funds will be equivalent to tax revenues for the purposes of state aid formulae, local unit revenue calculations, local unit bonding capacity and similar State or municipal computation, and will be immediately available to the establishing local unit upon request to the fund administrator for the payment of budgeted and emergency mandatory expenses, to include debt service.

- In subsection d. of section 2, specify that annual credit-eligible donation cap for a given year will be based upon the tax levy from the prior year, and that the annual credit-eligible donation cap established prior to the start of the year may not exceed 85 percent of the prior year budget, unless otherwise authorized by the Director of the Division of Local Government Services.
- In subsection e. of section 2, clarify that a spillover fund will be administered by the fund administrator, that moneys in the spillover fund shall only be used for the budget year corresponding to the year in which the taxpayer will receive the credit, and that the ordinance or resolution establishing the spillover fund shall designate its approved uses.
- In subsection b. of section 3, clarify that if a donation is credited to more than one real property, the local property owner shall indicate the amount of the donation intended to be applied to each real property.
- In subsection c. of section 3, require the municipal tax collector to notify the donor of the amount of the available local property tax credit.
- Add a new subsection e. to section 3 to specify that only local charitable donations made to a charitable fund established by a local unit pursuant to section 2 of this bill are eligible to be credited on the property tax bill.
- Specify in subsection b. of section 4 that no credit shall issue to any owner of local real property who owes local property tax or other delinquent municipal charges at the time the donation to the charitable fund is made.
- In subsection c. of section 4, clarify the municipality's authority to adjust the timeline for when donations must be made in order for credits to be issued.
- In subsection d. of section 4, clarify the application of the ability to carry forward a donation to future tax years, if the donation is too large to entirely be applied in one year.
- Add a new section 6 to the bill to specify that no servicing organization or mortgagee, meaning the holder of the mortgage loan, shall be entitled to hold a local property owner liable for electing to meet his or her obligations to a local unit by means of a charitable donation and resulting property tax credit.
- Also clarify through the new section 6 that no mortgagee shall be entitled to hold a servicing organization liable for complying with the election by a local property owner to meet their local real property tax due to a local unit by means of a charitable donation and resulting property tax credit.
- Renumber section 6 as section 7, and adjust its provisions to provide the Director of the Division of Taxation, the Commissioner of the Department of Banking and Insurance, and the Commissioner of Education authority to adopt

appropriate regulations in order to effectuate the provisions of the bill.

- Within the new section 7, direct the appropriate agencies to provide guidance as to how servicing organizations shall implement the election of a local property owner to meet his or her obligation to a local unit and obtain resulting local property tax credits in accordance with applicable mortgage escrow law.
- Within the new section 7, direct the appropriate agencies to establish standards for implementing local property tax credits for qualified charitable contributions toward a school district-established charitable fund where the municipality defers a portion of the school tax levy.
- Add a new section 9, to amend section 1 of the “Governmental Unit Deposit Protection Act” (“GUDPA”) P.L.1970, c.236 (C.17:9-41), to clarify that a “charitable fund,” established by the bill, is a type of “governmental unit,” and moneys maintained by the charitable fund are “public funds” for the purposes of the GUDPA.
- Add a new section 10 to amend section 2 of the "Homestead Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.58), to clarify that amounts granted in property tax credits under the bill shall fall within the definition of property taxes for purposes of qualifying for the homestead property tax credit.
- Add a new section 7 to amend section 1 of P.L.1997, c.348 (C.54:4-8.67), to clarify that amounts granted in property tax credits under the bill shall fall within the definition of property taxes for purposes of qualifying for a homestead property tax reimbursement.
- Add a new section 12 and 13 to amend R.S.54:4-66 and section 2 of P.L.1994, c.72 (C.54:4-66.1), to clarify the application of the bill to the timeline for property tax collection in municipalities operating under the calendar fiscal year, and the State fiscal year.
- Add a new section 14 to amend R.S.54:4-67, to clarify that a property owner shall not be categorized as delinquent in property tax payments as a result of their election to meet their local real property tax due to a local unit by means of a charitable donation and resulting property tax credit.
- Add new sections 15 and 16 to amend sections 3 and 5 of the “Property Tax Deduction Act,” P.L.1996, c.60 (C.54A:3A-17 and C.54A:3A-19) to clarify that a person may obtain a deduction from gross income for State income tax purposes for the amount of a property tax credit under the bill.
- Renumber section 8 as section 17, and amend the section to allow time to promulgate regulations prior to the bill taking effect.
- Make technical edits in various sections of the bill.

FISCAL IMPACT:

This bill is permissive in nature, so unless a county, municipality, or school district (local unit) chooses to adopt an ordinance or resolution to implement the bill's provisions, no local government fiscal impact will result from the bill.

To the extent that a local unit establishes charitable funds and receives charitable donations as authorized by the bill, the local unit may realize an increase in revenue because of the bill's limitation on property tax credits to 90 percent of any charitable received, or whatever lower percentage is determined by the Director of the Division of Local Government Services. In any local unit which establishes a charitable fund the amount by which revenue might increase (i.e., charitable donations in excess of the sum of property tax credits, tax collector fees, and fund administration costs) will be a function of charitable funds donation limits set by the local unit, actual donations received by the local unit, the property tax liabilities of the donors, and costs that will be assessed against donations. The Office of Legislative Services has no information upon which to base a forecast of any of those factors.

A local unit that establishes one or more charitable funds under the bill will incur costs of fund administration in indeterminate amounts. The tax collector of any municipality that creates a charitable fund, or is taxing district for any county or school district that creates a charitable fund, will incur a marginal increase in costs of tax bill and tax payment processing, also in indeterminate amounts. Tax collectors may charge fees to charitable fund administrators, to be paid from fund contributions, and fund administrators may also charge costs to fund contributions. These fees and charges should be equal, or nearly so, to actual costs incurred.

The OLS has insufficient information from which to conclude whether the Division of Local Government Services will incur marginal costs to promulgate rules and regulations as required by the bill, or can instead discharge that duty without a marginal increase in its current expenditure level.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3499

STATE OF NEW JERSEY

DATED: MARCH 12, 2018

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 3499.

This bill permits a local unit, consisting of a municipality, county or school district, to establish one or more charitable funds, each for a specific public purpose, and permits property tax credits in association with certain donations.

Once a charitable fund is established, the bill would allow anyone to donate to it. However, if a donation is made on behalf of a real property within the jurisdiction of the local unit, the property could be entitled to a property tax credit on the next property tax bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do so by ordinance or resolution of the governing body, as appropriate. A charitable fund ordinance or resolution would designate a fund administrator to assume responsibility for the collection and distribution of donations to the fund. The ordinance or resolution also would establish an annual limit on tax credit funding that may be made available as a result of local charitable donations, and an annual donation cap, which would be updated prior to the beginning of each fiscal year. The limit on tax credit funding would equal 90 percent of the annual donation cap, or a different percentage as determined appropriate by the Director of the Division of Local Government Services ("DLGS") in the Department of Community Affairs. The annual donation cap would not limit all donations, only donations that could be creditable in relation to property tax payments. A charitable fund ordinance could also limit the extent to which a large charitable donation on behalf of an individual property owner could count against the annual donation cap.

Under the bill, a donation to a charitable fund could be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator. If the donor intends to obtain a property tax credit in association with the donation, the donor would indicate to which parcel of property the donation should apply. A donation could be credited across more than one parcel.

Following receipt of a local charitable donation, the fund administrator would issue a receipt to the donor. The fund

administrator would also notify the donor in the event that the annual donation cap has been reached, in order to provide notice that the donation is either being moved to the spillover fund or is otherwise held by the local unit, awaiting the donor's direction. Following this notification, the fund administrator would provide the donor with at least 60 days to direct the fund administrator to instead allocate the donation to another charitable fund or to rescind the donation. Following donation receipt, the fund administrator also would notify the appropriate tax collector within five business days of the amount of the donation and the size of the credit made available as a result of the donation.

Under the bill, charitable fund donations could be used for the payment of fees that may be required by a tax collector for their responsibilities under the bill, and the payment of administrative costs associated with the establishment of the fund. Charitable funds also would be used for purposes consistent with the specified charitable purpose, as designated in the ordinance or resolution establishing the fund.

The bill directs municipal tax collectors to allow a local property owner a credit to be applied to property taxes in association with certain charitable donations. A credit would be equal to 90 percent of the amount of donations contributed on behalf of the owner's specified parcel of property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS.

The tax collector would apply the credit against the first property tax bill with respect to the specified parcel of property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the tax collector to require a fee from the fund administrator to be allocated towards the tax collector's administrative expenses.

Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer and DLGS to adopt immediately such rules and regulations as the State Treasurer or the Director of the Division of Local Government Services determine to be necessary to effectuate the purposes of the bill.

As reported, this bill is identical to Senate Bill No. 1893 as reported by the committee.



Home Administration ▾ Key Initiatives ▾ News and Events ▾ Social ▾ Contact Us ▾

Newark, N.J.

Governor Murphy Signs Legislation to Preserve Property Tax Deductibility for New Jersey Taxpayers

05/4/2018

East Rutherford – Protecting New Jersey taxpayers from an increase in the federal income tax as a result of the Trump Administration’s cap on the state and local tax deduction (SALT), Governor Phil Murphy today signed legislation allowing municipalities to establish charitable funds where taxpayers can donate in return for a property tax credit.

“What the Trump Administration enacted with the SALT cap was nothing more than a tax hike on our working and middle-class families and seniors,” **said Governor Murphy**. “With this legislation, New Jersey authorizes municipalities to allow their taxpayers to make charitable contributions toward important governmental goals in exchange for up to a dollar-per-dollar reduction in their taxes, joining 33 other states that have allowed credits in exchange for charitable contributions without IRS interference. Getting this right is one of our administration’s most important tasks in creating a stronger and fairer New Jersey.”

“President Trump and Congressional Republicans declared war on New Jersey when they cut the State and Local Tax Deduction, many of our residents depend upon, in order to pay for their massive corporate giveaway. And, while we didn’t start this fight, we are not about to back down and surrender. So, I’m proud to stand here with the Governor and other state leaders to say together, in one voice, that we will not take this lying down,” **said U.S. Senator Bob Menendez**. “I led the fight against the Trump Tax Bill and the SALT cap, in particular, by sponsoring an amendment in the Senate to fully reinstate the state and local tax deduction. I see no reason why these contributions shouldn’t be fully deductible, just like any other charitable contribution, and I plan to use my role as a senior member of the Senate Finance Committee that oversees the IRS and Treasury Department to fight for New Jersey.”

“We know that New Jersey families and communities will be among the hardest hit under the disastrous, partisan tax law, with potentially long-lasting effects on services, property value, education, and public safety,” **said U.S. Senator Cory Booker**. “I applaud Governor Murphy, Senators Sweeney and Sarlo, Assembly members McKeon, Jasey, and Freiman, and their colleagues for taking this important step to protect hardworking New Jersey families.”

“Congressional Republicans designed their tax bill to inflict financial pain on middle class people from New Jersey and other Northeastern states,” **Congressman Bill Pascrell said**. “New Jerseyans already pay more than their fair share. This proactive legislation can help protect local taxpayers from the effects of the Republican tax scam so that they aren’t squeezed for even more.”

“In Jersey, we don’t just take a punch and snake away to the corner. No, we stand up and fight,” **said Congressman Josh Gottheimer**. “I’m proud to have helped develop the framework for the New Jersey Tax Cut Bill, which today, fewer than four months after it was introduced, is being signed into law. Now, we must work

together to keep up the momentum. I've already requested a second meeting with the IRS. I'll also be holding a call this Wednesday, May 9, with Fifth District mayors, to help ensure the new law is put into action quickly to deliver real tax relief for New Jersey families and businesses."

The federal tax law will hurt many New Jersey taxpayers who pay more than \$10,000 in state and local property taxes. Estimates indicate that more than 1 in 10 New Jersey households will see an increase in their federal income taxes.

To mitigate the federal tax law, the legislation, S-1893, allows taxpayers to donate to a charitable fund established by their municipality, county, or school district. In return for their donation, the taxpayer receives a credit on their property tax bill of up to 90 percent of the donation.

Taxpayers would then be able to claim their donation as a charitable deduction on their federal income tax return, preserving the deduction homeowners enjoyed for the more than 100 years since the federal income tax was instituted in 1913.

The Division of Local Government Services within the Department of Community Affairs will be available to assist municipalities participating in the creation of charitable funds for their respective communities.

Sponsors of the legislation include: Senate President Steve Sweeney and Senator Paul Sarlo as well as Assembly Members John McKeon, Mila Jasey and Roy Freiman.

Mayoral Statements of Support

"As Mayor of Morristown, I fully support Governor Murphy's new State and Local Tax (SALT) legislation, which will create a framework for homeowners across New Jersey to continue deducting their property taxes. A significant number of Morristown homeowners will be negatively impacted by the recent changes in federal tax law, and I believe this SALT legislation will greatly benefit these individuals. Allowing local governments to accept property tax payments in the form of charitable contributions will let municipalities like Morristown provide tax credits to these property owners. These tax credits will offset the majority of their property tax bills and maintain the write-off on their federal income taxes. I'm proud that Governor Murphy and the leaders of New Jersey are working to preserve the current tax deductions and improve the financial stability of New Jersey homeowners."

Mayor Timothy Dougherty Morristown

"The Republican tax bill caps the state and local tax (SALT) deduction at \$10,000 even though #NJ sends billions of dollars more to DC than it receives in services. I support Governor Murphy's charitable tax fund legislation which is especially important for #Haledon's taxpayers."

Mayor Domenick Stampone Borough of Haledon

"As Mayor of West Milford, a CPA, and a lifelong NJ resident, I am completely supportive of the Governor's initiative to address the SALT limitations effective beginning 2018 and appreciate his speedy action. Assuming the township council agrees to create the Charitable Trust, this legislation will generate Federal income tax savings for 31% of West Milford residents currently paying over \$10,000 annually in property taxes. Of course, even more residents will see savings if their combined total state income tax & property tax exceeds that limit. Furthermore, this legislation protects the housing market, protects the long-term benefits of home ownership, and prevents a mass exodus from NJ."

Bettina Bieri Mayor West Milford Township

"Today, Governor Murphy is giving municipalities throughout the state a real choice on how to address the double taxation legislation that's come out of Washington. We have been researching this issue here in Parsippany, and look forward to having options for our residents to save tax dollars."

Mayor Michael Soriano Township of Parsippany-Troy Hills

“With the change in tax code and with new limits of \$10k in SALT deduction, many NJ towns are evaluating the option of setting Charitable funds. NJ State back in February of this year also approved a bill (1893) allowing towns to set up charitable bodies that can allow credit towards tax bill. I support the Governor 100% on this issue. (as long as it doesn’t affect our revenue stream)”

Mayor Jon Dunleavy
Borough of Bloomingdale

“Governor Murphy: I am sorry that I am unable to join you as you sign in to law the legislation that will enable our residents to preserve SALT deductions through charitable donations to their municipalities. The middle class in Madison and throughout our state have chosen New Jersey because of our commitment to strong education and excellent municipal services. Many families have stretched themselves to give their children the great life offered in our many communities. Now the middle class, who felt squeezed enough already face the limits put on the SALT deduction. This has put a tremendous strain on families who counted on this deduction including one in four homeowners in Madison. Your support of creating a donation/tax credit vehicle, which is already used by many states will greatly ease this burden.

“We must also continue to fight for the full restoration of the SALT deduction by congress. New Jersey was already getting only \$0.72 back on the dollar so we are subsidizing even more. Many states have made the choice of subsidizing low taxes on the backs of their teachers and quality education for their children. New Jersey will never lower our standards so the full SALT deduction is important to our middle class and protecting our high quality of life in the Garden State.”

Robert H Conley
Mayor - Borough of Madison

“The responsiveness of Governor Phil Murphy to the needs of the tax payers of NJ, after the unfair burden placed on them by the Trump Tax Bill, is another example that we have a true leader in Trenton. SALT will help many of our residents get their fair share of their taxes back to them so they can support the needs of their families.”

Mayor Mohamed T. Khairullah
Borough of Prospect Park

[Back to Top](#)

Powered by  [Translate](#) [Select Language](#)

[Translator Disclaimer](#)

Governor Phil Murphy

Statewide

Home

Key Initiatives

Social

Administration

[Governor Phil Murphy](#)

[Lt. Governor Sheila](#)

[Oliver](#)

[First Lady Tammy](#)

[Economy & Jobs](#)

[Education](#)

[Environment](#)

[Health](#)

[Law & Justice](#)

[Transportation](#)

[Facebook](#)

[Twitter](#)

[Instagram](#)

[Snapchat](#)

[YouTube](#)

[NJ Home](#)

[Services A to Z](#)

[Departments/Agencies](#)

[FAQs](#)

[Contact Us](#)

[Privacy Notice](#)

[Legal Statement &](#)

[Disclaimers](#)