

54:4-8,57
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(Homestead
Rebate Act)

LAWS OF: 1990

CHAPTER: 61

Bill No: A3607/3609

Sponsor(s): Bryant and others

Date Introduced: May 24, 1990

Committee: Assembly: Appropriations

Senate: -----

Amended during passage: No Assembly Committee Substitute
enacted.

Date of Passage: Assembly: June 19, 1990

Senate: June 20, 1990

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Following statements are attached if available:

Sponsor statement: Yes

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Fiscal Note: No

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Hearings: No

KBG/SLJ

ASSEMBLY, No. 3607
STATE OF NEW JERSEY

INTRODUCED MAY 24, 1990

By Assemblymen JACOBSON and ROBERTS

1 AN ACT concerning property tax relief for homesteads,
2 amending P.L.1981, c.239, supplementing Title 54 of the
3 Revised Statutes, Title 54A of the New Jersey Statutes and
4 repealing parts of the statutory law.

5

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

8 1. (New section) This act shall be known and may be cited as
9 the "Homestead Property Tax Rebate Act of 1990."

10 2. (New section) As used in this act:

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

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

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

29 "Director" means the Director of the Division of Taxation in
30 the Department of the Treasury;

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

36 "Homestead" means:

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

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.

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

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

9 (4) for purposes of this definition as provided in this
10 subsection, in addition to the generally accepted meaning of
11 owned or ownership, a homestead shall be deemed to be owned by
12 a person if that person is a tenant for life or a tenant under a
13 lease for 99 years or more and is entitled to and actually takes
14 possession of the homestead under an executory contract for the
15 sale thereof or under an agreement with a lending institution
16 which holds title as security for a loan, or is a resident of a
17 continuing care retirement community pursuant to a contract for
18 continuing care for the life of that person which requires the
19 resident to bear, separately from any other charges, the
20 proportionate share of property taxes attributable to the unit
21 that the resident occupies;

22 b. a unit in a cooperative or mutual housing corporation which
23 constitutes the place of domicile of a residential shareholder or
24 lessee therein, or of a lessee, or shareholder who is not a
25 residential shareholder therein, and which is used by the claimant
26 as the claimant's principal residence; and

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

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

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

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

46 "Principal residence" means a homestead actually and
47 continually occupied by a claimant as the claimant's permanent
48 residence, as distinguished from a vacation home, property owned
49 and rented or offered for rent by the claimant, and other

- 1 secondary real property holdings;
- 2 "Rent constituting property taxes" means 18% of the rent paid
3 by the claimant during the tax year on a unit of residential rental
4 property which constitutes the claimant's homestead;
- 5 "Resident" means an individual:
- 6 a. who is domiciled in this State, unless he maintains no
7 permanent place of abode in this State, maintains a permanent
8 place of abode elsewhere, and spends in the aggregate no more
9 than 30 days of the tax year in this State; or
- 10 b. who is not domiciled in this State but maintains a
11 permanent place of abode in this State and spends in the
12 aggregate more than 183 days of the tax year in this State, unless
13 the individual is in the Armed Forces of the United States;
- 14 "Residential rental property" means:
- 15 a. any building or structure or complex of buildings or
16 structures in which dwelling units are rented or leased or offered
17 for rental or lease for residential purposes;
- 18 b. a rooming house, hotel or motel, if the rooms constituting
19 the homestead are equipped with kitchen and bathroom facilities;
20 and
- 21 c. any building or structure or complex of buildings or
22 structures constructed under the following sections of the
23 National Housing Act (Pub.L.73-479) as amended and
24 supplemented: section 202, Housing Act of 1959 (Pub.L.86-372)
25 and as subsequently amended, section 231, Housing Act of 1959;
- 26 "Residential shareholder in a cooperative or mutual housing
27 corporation" means a tenant or holder of a membership interest
28 in that cooperative or corporation, whose residential unit therein
29 constitutes the place of his domicile and his principal residence,
30 and who may deduct real property taxes on his federal tax return
31 pursuant to section 216 of the federal Internal Revenue Code of
32 1986, 26 U.S.C. §216; and
- 33 "Tax year" means the calendar year in which property taxes
34 are due and payable.
- 35 3. (New section) a. A resident of this State, other than a
36 resident whose homestead is a residential rental property, shall
37 be allowed a rebate for the tax year equal to the amount by
38 which property taxes paid by the claimant in that tax year on the
39 claimant's homestead exceed 5% of the claimant's gross income,
40 up to a maximum rebate of \$500 (rounded to the nearest whole
41 dollar), provided that:
- 42 (1) in the case of a married couple filing a joint New Jersey
43 gross income tax return or an individual filing a return who
44 determines gross income tax pursuant to subsection a. of
45 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that
46 year;
- 47 (2) in the case of an unmarried individual who determines gross
48 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross
49 income does not exceed \$35,000 for that year;

1 (3) in the case of a married individual filing a separate New
2 Jersey gross income tax return, if the spouse of the claimant
3 maintains the same homestead as the claimant and also files a
4 separate gross income tax return in this State, the combined
5 gross income of both spouses does not exceed \$70,000, but in no
6 event shall the rebate claimed under this subsection exceed
7 one-half of the amount of the rebate allowable had the spouses
8 filed a joint return and rebate application; and

9 (4) in the case of a married individual filing a separate gross
10 income tax return and maintaining a homestead apart from that
11 individual's spouse, gross income does not exceed \$35,000.

12 b. A rebate shall be allowed pursuant to this section in relation
13 to the amount of the property taxes actually paid by or allocable
14 to a resident property taxpayer who is a claimant on more than
15 one homestead, but the aggregate amount of the property taxes
16 claimed shall not exceed the total of the proportionate amounts
17 of property taxes assessed and levied against or allocable to each
18 homestead for the portion of the tax year the claimant occupied
19 it as the claimant's principal residence.

20 c. If title to a homestead is held by more than one individual
21 as joint tenants or tenants in common, each individual shall be
22 allowed a rebate pursuant to this section only in relation to the
23 individual's proportionate share of the property taxes assessed
24 and levied against the homestead. The individual's proportionate
25 share of the property taxes paid on that homestead shall be equal
26 to the share of that individual's interest in the title. Title may
27 be presumed to be held in equal shares among all co-owners, but
28 if the conveyance under which the title is held provides for
29 unequal interests therein, a claimant's share of the property
30 taxes paid on that homestead shall be in proportion to the
31 claimant's interest in the title.

32 d. If the homestead of a claimant is a residential property
33 consisting of more than one unit, that claimant shall be allowed a
34 rebate only in relation to the proportionate share of the property
35 taxes assessed and levied against the residential unit occupied by
36 that claimant, as determined by the local tax assessor.

37 4. (New section) a. A resident of this State whose homestead
38 is a unit of residential rental property, shall be allowed a rebate
39 for the tax year equal to the amount by which the claimant's
40 rent constituting property taxes in that tax year exceeds 5% of
41 the claimant's gross income, up to a maximum rebate of \$500
42 (rounded to the nearest whole dollar), provided that:

43 (1) in the case of a married couple filing a joint New Jersey
44 gross income tax return or an individual filing a return who
45 determines gross income tax pursuant to subsection a. of
46 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that
47 year;

48 (2) in the case of an unmarried individual who determines gross
49 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross

1 income does not exceed \$35,000 for that year:

2 (3) in the case of a married individual filing a separate New
3 Jersey gross income tax return, if the spouse of the claimant
4 maintains the same homestead as the claimant and also files a
5 separate gross income tax return in this State, the combined
6 gross income of both spouses does not exceed \$70,000, but in no
7 event shall the rebate claimed under this subsection exceed
8 one-half of the amount of the rebate allowable had the spouses
9 filed a joint return and rebate application; and

10 (4) in the case of a married individual filing a separate gross
11 income tax return and maintaining a homestead apart from that
12 individual's spouse, gross income does not exceed \$35,000.

13 b. If more than one resident, other than a husband and wife,
14 qualify for a rebate by reason of their having occupied the same
15 unit of residential rental property as their homestead, it shall be
16 presumed that each claimant shall be allowed a rebate pursuant
17 to this section only in relation to the individual's proportionate
18 share of the total rent constituting property taxes paid by that
19 claimant which rebate shall be in proportion to the percentage
20 that the total rent paid by that claimant bears to the total rent
21 paid by all tenants of the same unit. For the purposes of a rebate
22 claimed by an individual subject to this subsection, the names and
23 social security numbers of each co-tenant shall be reported by
24 the claimant and the total rent paid shall be presumed to be paid
25 in equal parts among all co-tenants.

26 c. If a claimant for a rebate based upon rent constituting
27 property taxes pursuant to this section has no other homestead in
28 this State other than a unit of residential rental property, and
29 that claimant was not a resident of this State for the full tax
30 year, but paid rent for the full tax year for one or more units of
31 residential rental property in this State, the claimant's total
32 rebate otherwise calculated shall be prorated in the proportion
33 which the number of days the claimant occupied residential
34 rental property in this State as a homestead during the tax year
35 bears to 365 days.

36 5. (New section) A resident of this State for the full tax
37 year for which a rebate is claimed, whose homestead has been
38 other than a unit of residential rental property for a part of the
39 tax year and has been a unit of residential rental property for the
40 remainder of that year, shall be allowed a rebate for that tax
41 year equal to the amount by which the sum of the actual property
42 taxes paid by the claimant and the rent constituting property
43 taxes paid by the claimant in that tax year exceeds 5% of the
44 claimant's gross income, up to a maximum rebate of \$500
45 (rounded to the nearest whole dollar), provided that:

46 a. in the case of a married couple filing a joint New Jersey
47 gross income tax return or an individual filing a return who
48 determines gross income tax pursuant to subsection a. of
49 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that

1 year;

2 b. in the case of an unmarried individual who determines gross
3 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross
4 income does not exceed \$35,000 for that year;

5 c. in the case of a married individual filing a separate New
6 Jersey gross income tax return, if the spouse of the claimant
7 maintains the same homestead as the claimant and also files a
8 separate gross income tax return in this State, the combined
9 gross income of both spouses does not exceed \$70,000, but in no
10 event shall the rebate claimed under this subsection exceed
11 one-half of the amount of the rebate allowable had the spouses
12 filed a joint return and rebate application; and

13 d. in the case of a married individual filing a separate gross
14 income tax return and maintaining a homestead apart from that
15 individual's spouse, gross income does not exceed \$35,000.

16 6. (New section) a. No rebate shall be allowed pursuant to
17 this act except upon annual written application therefor, in a
18 manner and on a form prescribed by the director. The director
19 may require a claimant to attach to the rebate application a copy
20 of the appropriate property tax bill or proof of rent paid for the
21 prior tax year. The director may require such other verification
22 of eligibility for a rebate as the director may deem necessary.
23 The application form shall be submitted (1) as part of the
24 claimant's gross income tax return filed pursuant to the "New
25 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or , (2) on
26 any other form and at any time as the director shall prescribe if
27 (a) the claimant is not required to file a gross income tax return
28 or (b) the claimant has filed an application for extension of time
29 to file the claimant's gross income tax return. The director
30 shall, for good cause shown extend the time of any applicant to
31 file a claim for a rebate for a reasonable period, and in such case,
32 the application shall be processed and payment of a rebate made
33 in accordance with the procedures established in the case of
34 applications timely filed. The director may require sworn
35 applications. In the event that the director waives the
36 requirement of sworn applications, all declarations by claimants
37 shall be considered as if made under oath and claimants, as to
38 false declarations, shall be subject to the penalties as provided by
39 law for perjury.

40 b. Upon approval of rebate applications by the director, the
41 director shall prepare lists of persons entitled to a rebate,
42 together with the respective amounts due each claimant and shall
43 forward such list, on or before September 1, and on or before
44 September 30 with respect to rebate applications submitted
45 pursuant to (b) of subparagraph 2 of subsection a. of this section,
46 to the State Treasurer, the Director of the Division of Budget and
47 Accounting and any other officials as the director deems
48 appropriate. The director may inspect the records in the office
49 of the tax collector of a municipality with respect to claims for

1 rebates.

2 c. If a rebate application contains a claim for a rebate that is
3 incorrectly determined by the claimant or is based upon incorrect
4 or insufficient information from which the director is to approve
5 the claim, the director may determine the eligibility of the
6 claimant for a rebate and the correct amount of a rebate to be
7 paid to that claimant from such other information as may be
8 available to the director. In addition, the director may adjust the
9 amount of any rebate to which a claimant may be entitled by any
10 part of the amount of any previous rebate erroneously claimed by
11 and paid to that claimant.

12 d. In the case of a claimant whose homestead is a unit in a
13 cooperative, mutual housing corporation or continuing care
14 retirement community, the application shall include the name and
15 address of the location of the property and the amount of real
16 property taxes attributed to the cooperative, mutual housing
17 residential unit or continuing care retirement community
18 residential unit, as shall be indicated in an official notice which
19 shall be furnished by the cooperative, mutual housing corporation
20 or continuing care retirement community for the same year.

21 e. A rebate shall be allowed pursuant to this act for a claimant
22 whose ownership of an interest in a homestead is satisfied by the
23 holding of the beneficial interest if legal title thereto or share
24 therein is held by another for the benefit of the claimant.

25 7. (New section) The State Treasurer annually on or before
26 October 30, upon certification of the director and upon warrant
27 of the State Comptroller, shall pay and distribute the amount of
28 the rebate claimed for the prior tax year to each claimant whose
29 rebate is approved by the director.

30 8. (New section) a. The tax collector of each municipality
31 shall, on or before July 1 of each year, furnish the director with a
32 list of property taxpayers in the district delinquent for taxes due
33 and payable for the year immediately preceding and the amounts
34 of such delinquencies. The collector shall report on such list the
35 name and social security number of each owner to whom a
36 delinquency is attributable together with the amount of such
37 delinquency so identified. No rebate payment under this act shall
38 be made to a property owner while that property owner's
39 delinquency remains, provided however that for the purposes of
40 this act, property which is on appeal and for which the statutory
41 percentage of the tax as provided in R.S.54:3-27 has been paid
42 shall not be regarded as delinquent.

43 b. If a property tax delinquency remains for the preceding tax
44 year on July 1, the director shall ascertain the amount of the
45 rebate required to be withheld because of such delinquency in
46 each municipality in the State, and shall certify such amounts to
47 the State Treasurer as soon thereafter as may be practicable.

48 c. On or before November 15, the director shall notify each
49 rebate claimant whose rebate has been withheld because of

1 delinquency that the amount of the rebate to which the claimant
2 otherwise would have been entitled has been sent to the tax
3 collector in the municipality to be credited against the
4 claimant's delinquency.

5 d. Upon certification by the director as to the amount of
6 rebates required to be withheld because of delinquency in the
7 several municipalities, the State Treasurer upon the warrant of
8 the State Comptroller, shall pay such amount on or before
9 October 30 to the tax collector in each municipality.

10 e. The tax collector in each municipality shall credit the tax
11 delinquency of each property taxpayer who appears on the
12 delinquency list set forth in subsection a. of this section in the
13 amount that otherwise would have been returned to the property
14 taxpayer as a rebate. In the event that the amount so credited
15 exceeds the amount of delinquency, the tax collector may return
16 the difference to the taxpayer or credit such amount to the
17 subsequent property tax bill.

18 f. In the case of delinquency in the payment of property taxes
19 by a cooperative, mutual housing corporation or continuing care
20 retirement community, a rebate that may be due an individual
21 resident shall be paid by the State Treasurer to the tax collector
22 of the municipality. The tax collector shall credit the property
23 owner with such payment and the property owner shall, in turn,
24 credit the individual unit owner to the extent of the rebate. The
25 tax collector shall notify the property owner of the amount to be
26 credited.

27 9. (New section) The director is empowered to promulgate
28 rules and regulations in accordance with the "Administrative
29 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and to
30 prescribe forms to administer the provisions of this act.

31 10. (New section) The property tax rebate authorized under
32 this act shall not be subject to garnishment, attachment,
33 execution or other legal process, except as provided in section 1
34 of P.L.1981, c.239 (C.54A:9-8.1) or except for an income
35 withholding order issued pursuant to P.L.1981, c.417
36 (C.2A:17-56.7 et seq.), nor shall the payment thereof be
37 anticipated.

38 11. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to
39 read as follows:

40 1. Whenever any taxpayer or homeowner shall be entitled to
41 any refund of taxes pursuant to the "New Jersey Gross Income
42 Tax" (N.J.S. 54A:1-1 et seq.) or a [homestead rebate pursuant to
43 P.L.1976, c.72 (C.54:4-3.80 et seq.)] homestead property tax
44 rebate pursuant to P.L. . . , c. . . (C. . . .)(now pending before the
45 Legislature as this bill), and at the same time the taxpayer or
46 homeowner shall be indebted to any agency or institution of State
47 Government or for child support under Title IV-A, Title IV-D, or
48 Title IV-E of the federal Social Security Act (42 U.S.C. §601 et
49 seq.), the Department of the Treasury shall apply or cause to be

1 applied the refund or rebate, or both, or so much of either or both
2 as shall be necessary, to satisfy the indebtedness. Child support
3 indebtedness shall take precedence over all other indebtedness.
4 The Department of the Treasury shall retain a percentage of the
5 proceeds of any collection setoff as shall be necessary to provide
6 for any expenses of the collection effort.

7 (cf: P.L.1985, c.278, s.12)

8 12. (New section) a. A claimant aggrieved by the disapproval
9 of a claim for a rebate or a determination of the amount of a
10 rebate by the director, may, within 30 days after notification of
11 such decision indicating the reason therefor, appeal therefrom to
12 the tax court in accordance with the provisions of the State Tax
13 Uniform Procedure Law, R.S.54:48-1 et seq. The tax court shall
14 render its judgment within 90 days from the date the appeal is
15 filed.

16 b. The appeal provided by this section shall be the exclusive
17 remedy available to a claimant for review of a decision of the
18 director in respect of the denial of or determination of the
19 amount of a rebate.

20 13. (New section) a. A resident taxpayer who is entitled to a
21 rebate in an amount of \$35 or less pursuant to the "Homestead
22 Property Tax Rebate Act of 1990," P.L....., c..... (C.....) (now
23 pending before the Legislature as this bill), in lieu of application
24 for and payment of a rebate pursuant to the procedures
25 established in that act, shall be allowed a credit against the tax
26 otherwise due under the "New Jersey Gross Income Tax Act,"
27 N.J.S.54A:1-1 et seq., in the amount of that rebate, which credit
28 shall be applied against the taxpayer's gross income tax liability
29 for the taxable year.

30 b. A husband and wife maintaining the same homestead and
31 electing to file separate income tax returns pursuant to the "New
32 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall each
33 be entitled to one-half of the credit for which they may be
34 jointly eligible pursuant to subsection a. of this section.

35 c. The amount by which the credit reduces the tax liability
36 below zero shall be considered an overpayment of tax and shall be
37 refunded. To the extent that a claimant for a credit under this
38 section does not have tax liability against which to apply any part
39 of the amount of the credit, any unused amount of the credit
40 shall be considered an overpayment of tax and shall be refunded.
41 Such refunds shall be paid in the same manner as other refunds
42 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et
43 seq.

44 d. If a resident of this State who is not required to file a gross
45 income tax return is eligible for a rebate in an amount of \$35 or
46 less, the claimant shall file a claim for the payment of the rebate
47 on or before the date upon which a gross income tax return would
48 otherwise be due, upon such form as the director shall prescribe.
49 The rebate shall be considered an overpayment of tax and shall be

1 refunded in the same manner as other refunds under the "New
2 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et. seq.

3 14. The following are repealed:

4 P.L.1976, c.72 (C.54:4-3.80 through 54:4-3.94);

5 Section 6 of P.L.1977, c.242 (C.54:4-3.80a);

6 Sections 13 and 14 of P.L.1977, c.17 (C.54:4-3.89a and
7 C.54:4-3.92a);

8 N.J.S.54A:4-3; and

9 Sections 1 through 14 of P.L.1985, c.304 (C.54A:3A-1
10 through 54A:3A-14).

11 15. Sections 1 through 13 of this act and this section shall take
12 effect January 1 next following enactment and shall first apply to
13 annual rebates payable pursuant to this act on or before October
14 30 next following the effective date. Section 14 shall take effect
15 immediately and the repeal of the several provisions of statutory
16 law provided in that section shall first apply to homestead tax
17 relief deductions and credits, tenant credits and homestead
18 rebates applied for, claimed or payable after the effective date
19 of that section; provided however that the repeal of those
20 provisions shall not affect the right of a taxpayer to obtain a
21 credit or refund for any overpayment as a result of the failure to
22 properly claim or otherwise calculate a homestead tax relief
23 deduction or credit or tenant credit prior to the effective date of
24 that section, and shall not affect the right of a claimant to obtain
25 a homestead rebate as a result of the failure to properly claim or
26 otherwise appeal the denial of a homestead rebate prior to the
27 effective date of that section.

28

29

30

STATEMENT

31

32 This bill provides individual property tax relief to homeowners
33 and residential tenants in New Jersey.

34 The "Homestead Property Tax Rebate Act of 1990" effectively
35 caps an individual's property tax payment at an amount equal to
36 5% of that individual's income. The cap would apply to all
37 married taxpayers and heads of households whose New Jersey
38 gross income is less than \$70,000 and single taxpayers whose
39 gross income is less than \$35,000.

40 Under the provisions of the bill, a homeowner would be
41 required to pay property taxes and would apply for a payment
42 from the State for the amount that the individual's property
43 taxes exceeded 5% of the individual's gross income. A
44 residential tenant would also be eligible for a payment; 18% of
45 rent would be considered payment for property taxes.

46 A property taxpayer would file for the payment when filing a
47 New Jersey gross income tax return. Payments would be made to
48 most taxpayers in October, although those entitled to less than a
49 \$35 benefit would calculate their benefit as a credit on the gross

1 income tax return. The maximum homestead benefit is \$500.

2 This program will replace the current homestead rebate
3 program and the homestead tax relief deduction and homestead
4 tenant credit under the gross income tax. Eligible senior citizens
5 and disabled persons will still qualify to receive the additional
6 \$250 property tax deduction allowed under current law.
7 Revenues to fund this new rebate program will come from
8 changes in the State's gross income tax. This program will take
9 effect in 1991.

10 This program will provide more than \$400 million in individual
11 property tax relief in the first year. The program will grow each
12 year in relation to the statewide growth in personal income.
13 While total property tax relief benefits will increase each year,
14 the growth in the program will not outpace the state's ability to
15 pay for the program.

16 This program will help equalize the uneven burden of property
17 taxation throughout the State. It will decrease the negative
18 impact now felt by homeowners who improve their property and
19 will reduce some of the burden of local property tax revaluations.

20

21

22

LOCAL TAXATION

23

24 The "Homestead Property Tax Rebate Act of 1990."

ASSEMBLY, No. 3609

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1990

By Assemblyman BRYANT

1 AN ACT increasing gross income tax rates within certain
2 additional taxable income brackets, establishing separate tax
3 rate tables for certain filing categories, increasing the
4 exemption for dependents and amending various sections of
5 Title 54A of the New Jersey Statutes.

6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. N.J.S.54A:2-1 is amended to read as follows:

10 54A:2-1. Imposition of tax. There is hereby imposed a tax for
11 each taxable year (which shall be the same as the taxable year
12 for federal income tax purposes) on the New Jersey gross income
13 as herein defined of every individual, estate or trust (other than a
14 charitable trust or a trust forming part of a pension or
15 profit-sharing plan), subject to the deductions, limitations and
16 modifications hereinafter provided, determined in accordance
17 with the following [table] tables with respect to [the taxpayer's]
18 taxpayers' taxable income:

19 a. For married individuals filing a joint return and individuals
20 filing as head of household or as surviving spouse for federal
21 income tax purposes:

22

23 If the taxable income is: The tax is:
24 Not over \$20,000.00..... 2% of taxable income

25

26 Over \$20,000.00 but not
27 over \$50,000.00..... \$400.00 plus 2.5% of the
28 excess over \$20,000.00

29

30 Over \$50,000.00 but not
31 over \$70,000.00..... \$1,150.00 plus 3.5% of the
32 excess over \$50,000.00

33

34 Over \$70,000.00 but not
35 over \$80,000.00..... \$1,850.00 plus 5.0% of the
36 excess over \$70,000.00

37

38 Over \$80,000.00 but not
39 over \$150,000.00..... \$2,350.00 plus 6.5% of the
40 excess over \$80,000.00

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.

1 Over \$150,000.00..... \$6,900.00 plus 7.0% of the
 2 excess over \$150,000.00

3
 4 b. For married individuals filing separately, unmarried
 5 individuals other than individuals filing as head of household or as
 6 a surviving spouse for federal income tax purposes, and estates
 7 and trusts:

8
 9 If the taxable income is: The tax is:
 10 Not over \$20,000.00..... 2% of taxable income

11
 12 Over \$20,000.00 but not
 13 over \$35,000.00..... \$400.00 plus 2.5% of the
 14 excess over \$20,000.00

15
 16 Over \$35,000.00 but not
 17 over \$40,000.00..... \$775.00 plus 5.0% of the
 18 excess over \$35,000.00

19
 20 Over \$40,000.00 but not
 21 over \$75,000.00..... \$1,025.00 plus 6.5% of the
 22 excess over \$40,000.00

23
 24 Over \$75,000.00..... \$3,300.00 plus 7.0% of the
 25 excess over \$75,000.00

26
 27 c. For the purposes of this section, an individual who would be
 28 eligible to file as a head of household for federal income tax
 29 purposes but for the fact that such taxpayer is a nonresident
 30 alien, shall determine tax pursuant to subsection a. of this section.
 31 (cf: P.L.1982, c.229, s.1)

32 2. N.J.S.54A:3-1 is amended to read as follows:
 33 54A:3-1. Personal exemptions and deductions. Each taxpayer
 34 shall be allowed personal exemptions and deductions against his
 35 gross income as follows:

36 (a) Taxpayer. Each taxpayer shall be allowed a personal
 37 exemption of \$1,000.00 which may be taken as a deduction from
 38 his New Jersey gross income.

39 (b) Additional exemptions. In addition to the personal
 40 exemptions allowed in (a), the following additional personal
 41 exemptions shall be allowed as a deduction from gross income:

42 1. For the taxpayer's spouse who does not file separately -
 43 \$1,000.00.

44 2. For each dependent who qualifies as a dependent of the
 45 taxpayer during the taxable year for federal income tax purposes
 46 -- [\$1,000.00 plus, for each dependent child attending on a
 47 full-time basis an elementary or secondary educational
 48 institution not deriving its primary support from public moneys -
 49 \$1,000.00] \$1,500.00.

1 3. Taxpayer 65 years of age or over at the close of the taxable
2 year - \$1,000.00.

3 4. Taxpayer's spouse 65 years of age or over at the close of
4 the taxable year - \$1,000.00.

5 5. Blind or disabled taxpayer - \$1,000.00.

6 6. Blind or disabled spouse - \$1,000.00.

7 (c) Special Rule. The personal exemption allowed under this
8 section shall be limited to that percentage which the total
9 number of months within a taxpayer's taxable year under this act
10 bears to 12. For this purpose 15 days or more shall constitute a
11 month.

12 (d) Nonresidents. A nonresident taxpayer shall be allowed the
13 same deduction for personal exemptions as a resident taxpayer.
14 However, if (1) the nonresident's gross income which is subject to
15 tax under this act is exceeded by (2) his gross income which he
16 would be required to report under this act if he were a resident
17 by more than \$100.00, his deduction for personal exemptions shall
18 be limited by the percentage which (1) is to (2).

19 (cf: N.J.S.54A:3-1)

20 3. N.J.S.54A:2-4 is amended to read as follows:

21 54A:2-4. Minimum taxable income. Notwithstanding any other
22 provisions of this act, a taxpayer filing as an unmarried
23 individual, an estate or trust, a taxpayer determining tax
24 pursuant to subsection a. of N.J.S.54A:2-1, or a married couple
25 filing a joint return, with a gross income of \$3,000.00 or less
26 (\$1,500.00 or less in the case of a married person filing
27 separately), shall not be subject to tax under this act. In the case
28 of a nonresident, gross income shall mean gross income which
29 such nonresident would have reported if he had been a resident.

30 (cf: N.J.S.54A:2-4)

31 4. N.J.S.54A:8-3.1 is amended to read as follows:

32 54A:8-3.1. Persons required to file a. On or before the filing
33 date prescribed in section 1 of this chapter (C.54A:8-1), an
34 income tax return shall be made and filed by or for [every] an
35 individual, whether filing as unmarried or determining tax
36 pursuant to subsection a. of N.J.S.54A:2-1, an estate or trust,
37 having a gross income in excess of \$3,000.00, [or more] and by or
38 for a married couple filing a joint return and having joint gross
39 income in excess of \$3,000.00 (\$1,500.00 or more in the case of a
40 married person filing separately).

41 b. If the income tax liability of husband and wife is determined
42 on a separate return for federal income tax purposes, they shall
43 each also file a separate return for New Jersey income tax
44 purposes and their income tax liabilities under this act shall be
45 separate.

46 c. If the income tax liabilities of husband and wife are
47 determined on a joint return for federal income tax purposes,
48 they shall also file a joint return for New Jersey income tax
49 purposes and their tax liabilities under this act shall be joint and
50 several.

1 d. If either husband or wife is a resident and the other is a
2 nonresident, they shall file separate tax returns under this act on
3 such single or separate forms as may be required by the director
4 in which event their tax liabilities shall be separate unless both
5 elect to determine their joint taxable income as if both were
6 residents, in which event their liabilities shall be joint and several.

7 e. The return for any deceased individual shall be made and
8 filed by his fiduciary or other person charged with his property.

9 f. The return for an individual who is unable to make a return
10 by reason of minority or other disability shall be made and filed
11 by his fiduciary or other person charged with the care of his
12 person or property (other than a receiver in possession of only a
13 part of his property), or by his duly authorized agent.

14 g. Any tax under this act, and any increase, interest or penalty
15 thereon, shall, from the time it is due and payable, be a personal
16 debt of the person liable to pay the same, to the State of New
17 Jersey.

18 (cf: N.J.S.54A:8-3.1)

19 5. N.J.S.54A:6-10 is amended to read as follows:

20 54A:6-10. Pensions and annuities Gross income shall not include
21 that part of any amount received as an annuity under an annuity,
22 endowment, or life insurance contract which bears the same ratio
23 to such amount as the investment in the contract as of the
24 annuity starting date bears to the expected return under the
25 contract as of such date. Where (1) part of the consideration for
26 an annuity, endowment, or life insurance contract is contributed
27 by the employer, and (2) during the 3-year period beginning on
28 the date on which an amount is first received under the contract
29 as an annuity, the aggregate amount receivable by the employee
30 under the terms of the contract is equal to or greater than the
31 consideration for the contract contributed by the employee, then
32 all amounts received as an annuity under the contract shall be
33 excluded from gross income until there has been so excluded an
34 amount equal to the consideration for the contract contributed by
35 the employee.

36 In addition to that part of any amount received as an annuity
37 which is excludable from gross income as herein provided, gross
38 income shall not include payments of up to \$10,000.00 for a
39 married couple filing jointly, \$5,000.00 for a married person filing
40 separately, or \$7,500.00 for an individual filing as a single
41 taxpayer or an individual determining tax pursuant to subsection
42 a. of N.J.S.54A:2-1, which are received as an annuity, endowment
43 or life insurance contract, or payments of any such amounts
44 which are received as pension, disability, or retirement benefits,
45 under any public or private plan, whether the consideration
46 therefor is contributed by the employee or employer or both, by
47 any person who is 62 years of age or older or who, by virtue of
48 disability, is or would be eligible to receive payments under the
49 federal Social Security Act.

1 Gross income shall not include any amount received under any
2 public or private plan by reason of a permanent and total
3 disability.

4 Gross income shall not include distributions from an
5 employees' trust described in section 401(a) of the [1954] Internal
6 Revenue Code of 1986, as amended (hereinafter referred to as
7 "the Code"), which is exempt from tax under section 501(a) of
8 the Code if the distribution, except the portion representing the
9 employees' contributions, is rolled over in accordance with
10 section 402(a)(5) or section 403(a)(4) of the Code. The
11 distribution shall be paid in one or more installments which
12 constitute a lump-sum distribution within the meaning of section
13 402(e)(4)(A) (determined without reference to subsection
14 (e)(4)(B)), or be on account of a termination of a plan of which the
15 trust is a part or, in the case of a profit-sharing or stock bonus
16 plan, a complete discontinuance of contributions under such plan.
17 (cf: P.L.1979, c.79, s.1)

18 6. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to
19 read as follows:

20 3. Other retirement income a. Gross income shall not include
21 income of up to \$10,000.00 for a married couple filing jointly,
22 \$5,000.00 for a married person filing separately, or \$7,500.00 for
23 an individual filing as a single taxpayer or an individual
24 determining tax pursuant to subsection a. of N.J.S.54A:2-1, when
25 received in any tax year by a person aged 62 years or older who
26 received no income in excess of \$3,000.00 from one or more of
27 the sources enumerated in subsections a., b. and k. of
28 N.J.S.54A:5-1, provided, however, that the total exclusion under
29 this subsection and that allowable under N.J.S.54A:6-10 shall not
30 exceed the amounts of the exclusions set forth in this subsection.

31 b. In addition to the exclusion provided under N.J.S.54A:6-10
32 and subsection a. of this section, gross income shall not include
33 income of up to \$6,000.00 for a married couple filing jointly or an
34 individual determining tax pursuant to subsection a. of
35 N.J.S.54A:2-1, or \$3,000.00 for a single person or a married
36 person filing separately, who is not covered under N.J.S.54A:6-2
37 or N.J.S.54A:6-3, but who would be eligible in any year to receive
38 payments under either section if he or she were covered thereby.
39 (cf: P.L.1977, c.273, s.3)

40 7. This act shall take effect immediately and shall apply to
41 taxable years beginning on and after January 1, 1991.

42
43
44 STATEMENT

45
46 This bill further graduates the rates for the New Jersey gross
47 income tax in order to make those rates more consistent with
48 taxpayers' ability to pay.

49 The bill provides for marginal rates graduated from the current

1 2% for income under \$20,000 to 7% for income over \$75,000 for
 2 single filers and over \$150,000 for taxpayers who are married or
 3 single heads of households. Specifically, the rates would be set as
 4 follows:

5

6

SINGLES AND MARRIED FILING SEPARATELY

7

8

Not over \$20,000 2.0%

9

Over \$20,000 but not over \$35,000 2.5%

10

Over \$35,000 but not over \$40,000 5.0%

11

Over \$40,000 but not over \$75,000 6.5%

12

Over \$75,000 7.0%

13

14

15

MARRIED AND SINGLE HEADS OF HOUSEHOLDS

16

17

Not over \$20,000 2.0%

18

Over \$20,000 but not over \$50,000 2.5%

19

Over \$50,000 but not over \$70,000 3.5%

20

Over \$70,000 but not over \$80,000 5.0%

21

Over \$80,000 but not over \$150,000 6.5%

22

Over \$150,000 7.0%

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This bill also increases the deduction for children and other dependents from the current \$1,000 to \$1,500 per dependent. The bill also includes a technical change in the original language of the "New Jersey Gross Income Tax Act" to remove an inoperative special exemption for parents of private school students that was declared unconstitutional by the federal courts in Public Funds for Public Schools of New Jersey v. Byrne, 590 F.2d 514 (3rd Cir. 1979), aff'd 442 U.S. 907 (1980).

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STATE TAXATION

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Increases gross income tax rates within new income brackets, establishes separate tax rate tables for filing categories and increases the dependent exemption to \$1,500.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 3607 and 3609

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 3607 and 3609.

The Assembly Committee Substitute for Assembly Bill Nos. 3607 and 3609 provides individual property tax relief to homeowners and residential tenants in New Jersey through a revised homestead rebate program and increases gross income tax rates with separate rate schedules designated by filing status, in order to make that tax more consistent with taxpayers' ability to pay.

Sections 1 through 10 of the substitute, designated the "Homestead Property Tax Rebate Act of 1990," effectively cap an eligible State resident's annual property tax payments at an amount equal to 5% of the resident's gross income. This program will apply to the forms of home ownership that qualify for the current homestead rebate program, administered pursuant to P.L.1976, c.72 (C.54:4-3.80 et seq.). The revised rebate program will also apply to residential rental tenants.

Minimum rebates are preserved for most of the State's homeowners and tenants without regard to whether their property taxes exceed five percent of their gross income. A minimum rebate of \$150 will be available for homeowners with gross income of \$70,000 or less and \$100 for homeowners with gross income over \$70,000 but not over \$100,000. A minimum rebate of \$65 will be available for tenants with gross income of \$70,000 or less and \$35 for tenants with gross income over \$70,000 but not over \$100,000. Additionally, residents may obtain rebate payments based upon the amount by which their property taxes, or 18% of rent for tenants, exceed 5% of their gross income, up to a maximum rebate of \$500. Rebates up to \$500, based upon this excess property tax burden, will apply to married taxpayers filing joint tax returns, heads of households and those paying gross income tax as surviving spouses if their New Jersey gross income is \$70,000 or less and to single taxpayers and married taxpayers filing separate tax returns if their individual gross income is \$35,000 or less.

Under the provisions of the substitute, a homeowner meeting the appropriate income criteria will apply for a rebate payment from the State for the amount that the individual's property taxes exceed 5% of the individual's gross income or the minimum rebate. A residential tenant will also be eligible for a rebate payment based

upon 18% of rent being considered as payment of property taxes, or the minimum rebate. Rebate applications, based on the preceding year's property taxes or rent payments considered as property taxes, and gross income, will be made with New Jersey gross income tax returns and payments of rebates will be made to most taxpayers before November following the filing of the applications and tax returns. Homeowners and tenants not required to file gross income tax returns may complete separate rebate applications.

This program will replace the current homestead rebate program, homestead tax relief deduction and homestead tenant credit under the gross income tax which are repealed by the substitute. Eligible senior citizens and disabled persons will still qualify to receive the additional \$250 property tax deduction allowed under current law.

The program will take effect with rebates applied for and paid in 1991.

The substitute further graduates the rates for the gross income tax. It provides for marginal rates graduated from the current 2% for income under \$20,000 to 7% for income over \$75,000 for single filers and over \$150,000 for taxpayers who are married, single heads of households or file as surviving spouses for federal tax purposes. Specifically, the rates would be set as follows:

SINGLES AND MARRIED FILING SEPARATELY

Not over \$20,000	2.0%
Over \$20,000 but not over \$35,000	2.5%
Over \$35,000 but not over \$40,000	5.0%
Over \$40,000 but not over \$75,000	6.5%
Over \$75,000	7.0%

MARRIED FILING JOINTLY/SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS

Not over \$20,000	2.0%
Over \$20,000 but not over \$50,000	2.5%
Over \$50,000 but not over \$70,000	3.5%
Over \$70,000 but not over \$80,000	5.0%
Over \$80,000 but not over \$150,000	6.5%
Over \$150,000	7.0%

This substitute increases the deduction for children and other dependents from the current \$1,000 to \$1,500 per dependent. The substitute also includes a technical change in the original language of the "New Jersey Gross Income Tax Act" to remove an inoperative special exemption for parents of private school students that was declared unconstitutional by the federal courts

in Public Funds for Public Schools of New Jersey v. Byrne, 590 F.2d 514 (3rd Cir. 1979), aff'd 442 U.S. 907 (1980).

The pension and other retirement income exclusions of up to \$7,500 provided to eligible single taxpayers are extended to those eligible taxpayers filing as heads of households and surviving spouses.

The new gross income tax rates will go into effect on January 1, 1991.

FISCAL IMPACT

This revised rebate program is estimated to provide more than \$596 million in individual property tax relief in the first year. The program is expected to increase each year in relation to the Statewide growth in personal income. While total property tax rebate payments will increase each year, the growth in the program is not expected to outpace the State's ability to pay for the program from revenues generated from the gross income tax.

The income tax portion of this measure is estimated to raise approximately \$1.25 billion to fund programs which provide permanent property tax reform. These programs include a new school aid formula, an individual property tax relief program and a municipal and county tax relief program.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 3607 and 3609

STATE OF NEW JERSEY

ADOPTED JUNE 14, 1990

Sponsored by Assemblymen BRYANT, WATSON and ROBERTS

1 AN ACT concerning the gross income tax and property tax relief
2 for individuals, amending P.L.1981, c.239, P.L.1977, c.273,
3 N.J.S.54A:2-1, 54A:8-3.1, 54A:2-4, 54A:3-1, 54A:6-10,
4 supplementing Title 54 of the Revised Statutes and repealing
5 various parts of the statutory law.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. (New section) Sections 1 through 10 of this act shall be
10 known and may be cited as the "Homestead Property Tax Rebate
11 Act of 1990."

12 2. (New section) As used in sections 2 through 10 of this act:

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

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

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

31 "Director" means the Director of the Division of Taxation in
32 the Department of the Treasury;

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

38 "Homestead" means:

39 a. (1) a dwelling house and the land on which that dwelling

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.

1 house is located which constitutes the place of the claimant's
2 domicile and is owned and used by the claimant as the claimant's
3 principal residence;

4 (2) a dwelling house situated on land owned by a person other
5 than the claimant which constitutes the place of the claimant's
6 domicile and is owned and used by the claimant as the claimant's
7 principal residence;

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

12 (4) for purposes of this definition as provided in this
13 subsection, in addition to the generally accepted meaning of
14 owned or ownership, a homestead shall be deemed to be owned by
15 a person if that person is a tenant for life or a tenant under a
16 lease for 99 years or more and is entitled to and actually takes
17 possession of the homestead under an executory contract for the
18 sale thereof or under an agreement with a lending institution
19 which holds title as security for a loan, or is a resident of a
20 continuing care retirement community pursuant to a contract for
21 continuing care for the life of that person which requires the
22 resident to bear, separately from any other charges, the
23 proportionate share of property taxes attributable to the unit
24 that the resident occupies;

25 b. a unit in a cooperative or mutual housing corporation which
26 constitutes the place of domicile of a residential shareholder or
27 lessee therein, or of a lessee, or shareholder who is not a
28 residential shareholder therein, and which is used by the claimant
29 as the claimant's principal residence; and

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

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

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

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

1 "Principal residence" means a homestead actually and
2 continually occupied by a claimant as the claimant's permanent
3 residence, as distinguished from a vacation home, property owned
4 and rented or offered for rent by the claimant, and other
5 secondary real property holdings:

6 "Rent constituting property taxes" means 18% of the rent paid
7 by the claimant during the tax year on a unit of residential rental
8 property which constitutes the claimant's homestead:

9 "Resident" means an individual:

10 a. who is domiciled in this State, unless he maintains no
11 permanent place of abode in this State, maintains a permanent
12 place of abode elsewhere, and spends in the aggregate no more
13 than 30 days of the tax year in this State; or

14 b. who is not domiciled in this State but maintains a
15 permanent place of abode in this State and spends in the
16 aggregate more than 183 days of the tax year in this State, unless
17 the individual is in the Armed Forces of the United States:

18 "Residential rental property" means:

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

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

25 c. any building or structure or complex of buildings or
26 structures constructed under the following sections of the
27 National Housing Act (Pub.L.73-479) as amended and
28 supplemented: section 202, Housing Act of 1959 (Pub.L.86-372)
29 and as subsequently amended, section 231, Housing Act of 1959:

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

37 "Tax year" means the calendar year in which property taxes
38 are due and payable.

39 3. (New section) a. Except for a resident of this State who is
40 allowed a rebate pursuant to subsection b. of this section which
41 exceeds the minimum rebate provided for in this subsection, or
42 who is allowed a rebate pursuant to section 4 or 5 of this act, a
43 resident of this State shall be allowed:

44 (1) a minimum rebate of \$150 for property taxes paid on one
45 homestead for the tax year if the claimant's gross income does
46 not exceed \$70,000 for that year; or

47 (2) a minimum rebate of \$100 for property taxes paid on one
48 homestead for the tax year if the claimant's gross income

1 exceeds \$70,000 but does not exceed \$100,000 for that year.

2 If a claimant who is eligible for the minimum rebate pursuant
3 to this subsection paid property taxes on homesteads maintained
4 as such in this State for less than the full tax year, the minimum
5 rebate shall be prorated in the proportion which the number of
6 days that the homesteads were maintained during the tax year
7 bears to 365 days. A claim for the minimum rebate pursuant to
8 this subsection shall be subject to any further proportionate
9 reduction as may be required pursuant to subsections d. and e. of
10 this section. A minimum rebate subject to any proportionate
11 reduction shall be rounded to the nearest whole dollar. A claim
12 for a minimum rebate based upon a homestead maintained by
13 both spouses shall be determined based upon the combined gross
14 income of both spouses regardless of whether the claimants filed
15 a joint New Jersey gross income tax return or separate New
16 Jersey gross income tax returns for the tax year.

17 b. Except for a resident of this State who is allowed a rebate
18 pursuant to subsection a. of this section, or who is allowed a
19 rebate pursuant to section 4 or 5 of this act, a resident of this
20 State shall be allowed a rebate for the tax year equal to the
21 amount by which property taxes paid by the claimant in that tax
22 year on the claimant's homestead exceed 5% of the claimant's
23 gross income, up to a maximum rebate of \$500 (rounded to the
24 nearest whole dollar), provided that:

25 (1) in the case of a married couple filing a joint New Jersey
26 gross income tax return or an individual filing a return who
27 determines gross income tax pursuant to subsection a. of
28 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that
29 year;

30 (2) in the case of an unmarried individual who determines gross
31 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross
32 income does not exceed \$35,000 for that year;

33 (3) in the case of a married individual filing a separate New
34 Jersey gross income tax return, if the spouse of the claimant
35 maintains the same homestead as the claimant and also files a
36 separate gross income tax return in this State, the combined
37 gross income of both spouses does not exceed \$70,000, but in no
38 event shall the rebate claimed under this subsection exceed
39 one-half of the amount of the rebate allowable had the spouses
40 filed a joint return and rebate application; and

41 (4) in the case of a married individual filing a separate gross
42 income tax return and maintaining a homestead apart from that
43 individual's spouse, gross income does not exceed \$35,000.

44 c. A rebate shall be allowed pursuant to subsection b. of this
45 section in relation to the amount of the property taxes actually
46 paid by or allocable to a resident property taxpayer who is a
47 claimant on more than one homestead, but the aggregate amount
48 of the property taxes claimed shall not exceed the total of the

1 proportionate amounts of property taxes assessed and levied
2 against or allocable to each homestead for the portion of the tax
3 year the claimant occupied it as the claimant's principal
4 residence.

5 d. If title to a homestead is held by more than one individual
6 as joint tenants or tenants in common, each individual shall be
7 allowed a rebate pursuant to this section only in relation to the
8 individual's proportionate share of the property taxes assessed
9 and levied against the homestead. The individual's proportionate
10 share of the property taxes on that homestead shall be equal to
11 the share of that individual's interest in the title. Title may be
12 presumed to be held in equal shares among all co-owners, but if
13 the conveyance under which the title is held provides for unequal
14 interests therein, a claimant's share of the property taxes paid
15 on that homestead shall be in proportion to the claimant's
16 interest in the title.

17 e. If the homestead of a claimant is a residential property
18 consisting of more than one unit, that claimant shall be allowed a
19 rebate pursuant to this section only in relation to the
20 proportionate share of the property taxes assessed and levied
21 against the residential unit occupied by that claimant, as
22 determined by the local tax assessor.

23 f. Nothing in this section shall preclude a co-owner, other than
24 a husband or wife claiming a rebate on the same homestead, from
25 claiming a minimum rebate pursuant to subsection a. of this
26 section if another co-owner claims a rebate pursuant to
27 subsection b. of this section, provided however, that each such
28 claim shall be separately subject to the provisions of subsections
29 d. and e. of this section.

30 4. (New section) a. Except for a resident of this State who is
31 allowed a rebate pursuant to subsection b. of this section which
32 exceeds the minimum rebate provided for in this subsection, or
33 who is allowed a rebate pursuant to section 3 or 5 of this act, a
34 resident of this State whose homestead is a unit of residential
35 rental property shall be allowed:

36 (1) a minimum rebate of \$65 for property taxes paid through
37 rent on the homestead for the tax year if the claimant's gross
38 income does not exceed \$70,000 for that year; or

39 (2) a minimum rebate of \$35 for property taxes paid through
40 rent on the homestead for the tax year if the claimant's gross
41 income exceeds \$70,000 but does not exceed \$100,000 for that
42 year.

43 If a claimant who is eligible for the minimum rebate pursuant
44 to this subsection paid rent for less than the full tax year on one
45 or more homesteads in this State maintained as such for less than
46 the full tax year, the minimum rebate shall be prorated in the
47 proportion which the number of days that the homestead was
48 maintained during the tax year bears to 365 days. A claim for a

1 minimum rebate pursuant to this subsection shall be subject to
2 such further proportionate reduction as may be required pursuant
3 to subsections c. and d. of this section. A minimum rebate
4 subject to any proportionate reduction shall be rounded to the
5 nearest whole dollar. A claim for a minimum rebate based upon a
6 homestead maintained by both spouses shall be determined based
7 upon the combined gross income of both spouses regardless of
8 whether the claimants filed a joint New Jersey gross income tax
9 return or separate New Jersey gross income tax returns for the
10 tax year.

11 b. Except for a resident of this State who is allowed a rebate
12 pursuant to subsection a. of this section, or who is allowed a
13 rebate pursuant to section 3 or 5 of this act, a resident of this
14 State whose homestead is a unit of residential rental property
15 shall be allowed a rebate for the tax year equal to the amount by
16 which the claimant's rent constituting property taxes in that tax
17 year exceeds 5% of the claimant's gross income, up to a
18 maximum rebate of \$500 (rounded to the nearest whole dollar),
19 provided that:

20 (1) in the case of a married couple filing a joint New Jersey
21 gross income tax return or an individual filing a return who
22 determines gross income tax pursuant to subsection a. of
23 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that
24 year;

25 (2) in the case of an unmarried individual who determines gross
26 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross
27 income does not exceed \$35,000 for that year;

28 (3) in the case of a married individual filing a separate New
29 Jersey gross income tax return, if the spouse of the claimant
30 maintains the same homestead as the claimant and also files a
31 separate gross income tax return in this State, the combined
32 gross income of both spouses does not exceed \$70,000, but in no
33 event shall the rebate claimed under this subsection exceed
34 one-half of the amount of the rebate allowable had the spouses
35 filed a joint return and rebate application; and

36 (4) in the case of a married individual filing a separate gross
37 income tax return and maintaining a homestead apart from that
38 individual's spouse, gross income does not exceed \$35,000.

39 c. If more than one resident, other than a husband and wife,
40 qualify for a rebate by reason of their having occupied the same
41 unit of residential rental property as their homestead, it shall be
42 presumed that each claimant shall be allowed a rebate pursuant
43 to either subsection a. or subsection b. of this section only in
44 relation to the individual's proportionate share of the total rent
45 constituting property taxes paid by that claimant which rebate
46 shall be in proportion to the percentage that the total rent paid
47 by that claimant bears to the total rent paid by all tenants of the
48 same unit. For the purposes of a rebate claimed by an individual

1 subject to this subsection, the names and social security numbers
2 of each co-tenant shall be reported by the claimant and the total
3 rent paid shall be presumed to be paid in equal parts among all
4 co-tenants.

5 d. If a claimant for a rebate either pursuant to subsection a. or
6 subsection b. of this section has no other homestead in this State
7 other than a unit of residential rental property, and that claimant
8 was not a resident of this State for the full tax year, but paid
9 rent for the full tax year for one or more units of residential
10 rental property in this State, the claimant's total rebate
11 otherwise calculated pursuant to subsection a. or subsection b. of
12 this section shall be prorated in the proportion which the number
13 of days the claimant occupied residential rental property in this
14 State as a homestead during the tax year bears to 365 days.

15 e. Nothing in this section shall preclude a co-tenant, other
16 than a husband or wife claiming a rebate on the same homestead,
17 from claiming a minimum rebate pursuant to subsection a. of this
18 section if another co-tenant claims a rebate pursuant to
19 subsection b. of this section, provided however, that each such
20 claim shall be separately subject to the provisions of subsections
21 c. and d. of this section.

22 5. (New section) a. Except for a resident of this State who is
23 allowed a rebate pursuant to subsection b. of this section which
24 exceeds the minimum rebate provided for in this subsection, or
25 who is allowed a rebate pursuant to section 3 or 4 of this act, a
26 resident of this State for the full tax year for which a rebate is
27 claimed, who has paid property taxes on a homestead other than a
28 unit of residential rental property for a part of the tax year and
29 has paid property taxes through rent on a unit of residential
30 rental property for the remainder of that year, shall be allowed a
31 minimum rebate for that tax year equal to:

32 (1) the sum of that portion of \$150 which the number of days
33 that the claimant's homestead was other than a unit of
34 residential rental property bears to 365 days and that portion of
35 \$65 which the number of days that the claimant's homestead was
36 a unit of residential rental property bears to 365 days, if the
37 claimant's gross income does not exceed \$70,000 for that year; or

38 (2) the sum of that portion of \$100 which the number of days
39 that the claimant's homestead was other than a unit of
40 residential rental property bears to 365 days and that portion of
41 \$35 which the number of days that the claimant's homestead was
42 a unit of residential rental property bears to 365 days, if the
43 claimant's gross income exceeds \$70,000 but does not exceed
44 \$100,000 for that year.

45 A claim for a minimum rebate pursuant to this subsection shall
46 first be subject to such further proportionate reductions to the
47 respective portions of the sums determined pursuant to
48 paragraphs (1) or (2) hereinabove as may be required pursuant to

1 subsections d. and e. of section 3 and subsections c. and d. of
2 section 4 of this act. A minimum rebate determined pursuant to
3 this subsection shall be rounded to the nearest whole dollar. A
4 claim for a minimum rebate based upon a homestead maintained
5 by both spouses shall be determined based upon the combined
6 gross income of both spouses regardless of whether the claimants
7 filed a joint New Jersey gross income tax return or separate New
8 Jersey gross income tax returns for the tax year.

9 b. Except for a resident of this State who is allowed a rebate
10 pursuant to subsection a. of this section, or who is allowed a
11 rebate pursuant to section 3 or 4 of this act, a resident of this
12 State for the full tax year for which a rebate is claimed, whose
13 homestead has been other than a unit of residential rental
14 property for a part of the tax year and has been a unit of
15 residential rental property for the remainder of that year, shall
16 be allowed a rebate for that tax year equal to the amount by
17 which the sum of the actual property taxes paid by the claimant
18 and the rent constituting property taxes paid by the claimant in
19 that tax year exceeds 5% of the claimant's gross income, up to a
20 maximum rebate of \$500 (rounded to the nearest whole dollar),
21 provided that:

22 (1) in the case of a married couple filing a joint New Jersey
23 gross income tax return or an individual filing a return who
24 determines gross income tax pursuant to subsection a. of
25 N.J.S.54A:2-1, gross income does not exceed \$70,000 for that
26 year;

27 (2) in the case of an unmarried individual who determines gross
28 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross
29 income does not exceed \$35,000 for that year;

30 (3) in the case of a married individual filing a separate New
31 Jersey gross income tax return, if the spouse of the claimant
32 maintains the same homestead as the claimant and also files a
33 separate gross income tax return in this State, the combined
34 gross income of both spouses does not exceed \$70,000, but in no
35 event shall the rebate claimed under this subsection exceed
36 one-half of the amount of the rebate allowable had the spouses
37 filed a joint return and rebate application; and

38 (4) in the case of a married individual filing a separate gross
39 income tax return and maintaining a homestead apart from that
40 individual's spouse, gross income does not exceed \$35,000.

41 6. (New section) a. No rebate shall be allowed pursuant to
42 this act except upon annual written application therefor, in a
43 manner and on a form prescribed by the director. The director
44 may require a claimant to attach to the rebate application a copy
45 of the appropriate property tax bill or proof of rent paid for the
46 prior tax year. The director may require such other verification
47 of eligibility for a rebate as the director may deem necessary.
48 The application form shall be submitted (1) as part of the

1 claimant's gross income tax return filed pursuant to the "New
2 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or (2) on
3 any other form and at any time as the director shall prescribe if
4 (a) the claimant is not required to file a gross income tax return
5 or (b) the claimant has filed an application for extension of time
6 to file the claimant's gross income tax return. The director
7 shall, for good cause shown extend the time of any applicant to
8 file a claim for a rebate for a reasonable period, and in such case,
9 the application shall be processed and payment of a rebate made
10 in accordance with the procedures established in the case of
11 applications timely filed. The director may require sworn
12 applications. In the event that the director waives the
13 requirement of sworn applications, all declarations by claimants
14 shall be considered as if made under oath and claimants, as to
15 false declarations, shall be subject to the penalties as provided by
16 law for perjury.

17 b. Upon approval of rebate applications by the director, the
18 director shall prepare lists of persons entitled to a rebate,
19 together with the respective amounts due each claimant and shall
20 forward such list, on or before September 1, and on or before
21 September 30 with respect to rebate applications submitted
22 pursuant to (b) of subparagraph 2 of subsection a. of this section,
23 to the State Treasurer, the Director of the Division of Budget and
24 Accounting and any other officials as the director deems
25 appropriate. The director may inspect the records in the office
26 of the tax collector of a municipality with respect to claims for
27 rebates.

28 c. If a rebate application contains a claim for a rebate that is
29 incorrectly determined by the claimant or is based upon incorrect
30 or insufficient information from which the director is to approve
31 the claim, the director may determine the eligibility of the
32 claimant for a rebate and the correct amount of a rebate to be
33 paid to that claimant from such other information as may be
34 available to the director. In addition, the director may adjust the
35 amount of any rebate to which a claimant may be entitled by any
36 part of the amount of any previous rebate erroneously claimed by
37 and paid to that claimant.

38 d. In the case of a claimant whose homestead is a unit in a
39 cooperative, mutual housing corporation or continuing care
40 retirement community, the application shall include the name and
41 address of the location of the property and the amount of real
42 property taxes attributed to the cooperative, mutual housing
43 residential unit or continuing care retirement community
44 residential unit, as shall be indicated in an official notice which
45 shall be furnished by the cooperative, mutual housing corporation
46 or continuing care retirement community for the same year.

47 e. A rebate shall be allowed pursuant to this act for a claimant
48 whose ownership of an interest in a homestead is satisfied by the

1 holding of the beneficial interest if legal title thereto or share
2 therein is held by another for the benefit of the claimant.

3 7. (New section) The State Treasurer annually on or before
4 October 31, upon certification of the director and upon warrant
5 of the State Comptroller, shall pay and distribute the amount of
6 the rebate claimed for the prior tax year to each claimant whose
7 rebate is approved by the director.

8 8. (New section) a. The tax collector of each municipality
9 shall, on or before July 1 of each year, furnish the director with a
10 list of property taxpayers in the district delinquent for taxes due
11 and payable for the year immediately preceding and the amounts
12 of such delinquencies. The collector shall report on such list the
13 name, lot and block number on the property tax duplicate as may
14 be applicable, and the address of each owner to whom a
15 delinquency is attributable together with the amount of such
16 delinquency so identified. No rebate payment under this act shall
17 be made to a property owner while that property owner's
18 delinquency remains, provided however that for the purposes of
19 this act, property which is on appeal and for which the statutory
20 percentage of the tax as provided in R.S.54:3-27 has been paid
21 shall not be regarded as delinquent.

22 b. If a property tax delinquency remains for the preceding tax
23 year on July 1, the director shall ascertain the amount of the
24 rebate required to be withheld because of such delinquency in
25 each municipality in the State, and shall certify such amounts to
26 the State Treasurer as soon thereafter as may be practicable.

27 c. On or before November 15, the director shall notify each
28 rebate claimant whose rebate has been withheld because of
29 delinquency that the amount of the rebate to which the claimant
30 otherwise would have been entitled has been sent to the tax
31 collector in the municipality to be credited against the
32 claimant's delinquency.

33 d. Upon certification by the director as to the amount of
34 rebates required to be withheld because of delinquency in the
35 several municipalities, the State Treasurer upon the warrant of
36 the State Comptroller, shall pay such amount on or before
37 October 30 to the tax collector in each municipality.

38 e. The tax collector in each municipality shall credit the tax
39 delinquency of each property taxpayer who appears on the
40 delinquency list set forth in subsection a. of this section in the
41 amount that otherwise would have been returned to the property
42 taxpayer as a rebate. In the event that the amount so credited
43 exceeds the amount of delinquency, the tax collector may return
44 the difference to the taxpayer or credit such amount to the
45 subsequent property tax bill.

46 f. In the case of delinquency in the payment of property taxes
47 by a cooperative, mutual housing corporation or continuing care
48 retirement community, a rebate that may be due an individual

1 resident shall be paid by the State Treasurer to the tax collector
2 of the municipality. The tax collector shall credit the property
3 owner with such payment and the property owner shall, in turn,
4 credit the individual unit owner to the extent of the rebate. The
5 tax collector shall notify the property owner of the amount to be
6 credited.

7 9. (New section) The property tax rebate authorized under
8 this act shall not be subject to garnishment, attachment,
9 execution or other legal process, except as provided in section 1
10 of P.L.1981, c.239 (C.54A:9-8.1), or except for an income
11 withholding order issued pursuant to P.L.1981, c.417
12 (C.2A:17-56.7 et seq.), nor shall the payment thereof be
13 anticipated.

14 10. (New section) a. A claimant aggrieved by the disapproval
15 of a claim for a rebate or a determination of the amount of a
16 rebate by the director, may, within 30 days after notification of
17 such decision indicating the reason therefor, appeal therefrom to
18 the tax court in accordance with the provisions of the State Tax
19 Uniform Procedure Law, R.S.54:48-1 et seq. The tax court shall
20 render its judgment within 90 days from the date the appeal is
21 filed.

22 b. The appeal provided by this section shall be the exclusive
23 remedy available to a claimant for review of a decision of the
24 director in respect of the denial of or determination of the
25 amount of a rebate.

26 11. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to
27 read as follows:

28 1. Whenever any taxpayer or homeowner shall be entitled to
29 any refund of taxes pursuant to the "New Jersey Gross Income
30 Tax" (N.J.S.54A:1-1 et seq.) or a [homestead rebate pursuant to
31 P.L.1976, c.72 (C.54:4-3.80 et seq.)] homestead property tax
32 rebate pursuant to P.L. . . , c. . . (C. . .)(now pending before the
33 Legislature as this bill), and at the same time the taxpayer or
34 homeowner shall be indebted to any agency or institution of State
35 Government or for child support under Title IV-A, Title IV-D, or
36 Title IV-E of the federal Social Security Act (42 U.S.C. §601 et
37 seq.), the Department of the Treasury shall apply or cause to be
38 applied the refund or rebate, or both, or so much of either or both
39 as shall be necessary, to satisfy the indebtedness. Child support
40 indebtedness shall take precedence over all other indebtedness.
41 The Department of the Treasury shall retain a percentage of the
42 proceeds of any collection setoff as shall be necessary to provide
43 for any expenses of the collection effort.

44 (cf: P.L.1985, c.278, s.12)

45 12. N.J.S.54A:2-1 is amended to read as follows:

46 54A:2-1. Imposition of tax. There is hereby imposed a tax for
47 each taxable year (which shall be the same as the taxable year
48 for federal income tax purposes) on the New Jersey gross income

1 as herein defined of every individual, estate or trust (other than a
 2 charitable trust or a trust forming part of a pension or
 3 profit-sharing plan), subject to the deductions, limitations and
 4 modifications hereinafter provided, determined in accordance
 5 with the following [table] tables with respect to [the taxpayer's]
 6 taxpayers' taxable income:

7 a. For married individuals filing a joint return and individuals
 8 filing as head of household or as surviving spouse for federal
 9 income tax purposes:

11 If the taxable income is:	11 The tax is:
12 Not over \$20,000.00.....	2% of taxable income
13	
14 <u>Over \$20,000.00 but not</u>	
15 <u>over \$50,000.00.....</u>	<u>\$400.00 plus 2.5% of the</u>
16	<u>excess over \$20,000.00</u>
17	
18 <u>Over \$50,000.00 but not</u>	
19 <u>over \$70,000.00.....</u>	<u>\$1,150.00 plus 3.5% of the</u>
20	<u>excess over \$50,000.00</u>
21	
22 <u>Over \$70,000.00 but not</u>	
23 <u>over \$80,000.00.....</u>	<u>\$1,850.00 plus 5.0% of the</u>
24	<u>excess over \$70,000.00</u>
25	
26 <u>Over \$80,000.00 but not</u>	
27 <u>over \$150,000.00.....</u>	<u>\$2,350.00 plus 6.5% of the</u>
28	<u>excess over \$80,000.00</u>
29	
30 <u>Over \$150,000.00.....</u>	<u>\$6,900.00 plus 7.0% of the</u>
31	<u>excess over \$150,000.00</u>
32	

33 b. For married individuals filing separately, unmarried
 34 individuals other than individuals filing as head of household or as
 35 a surviving spouse for federal income tax purposes, and estates
 36 and trusts:

38 <u>If the taxable income is:</u>	38 <u>The tax is:</u>
39 <u>Not over \$20,000.00.....</u>	<u>2% of taxable income</u>
40	
41 <u>Over \$20,000.00 but not</u>	
42 <u>over \$35,000.00.....</u>	<u>\$400.00 plus 2.5% of the</u>
43	<u>excess over \$20,000.00</u>
44	
45 <u>Over \$35,000.00 but not</u>	
46 <u>over \$40,000.00.....</u>	<u>\$775.00 plus 5.0% of the</u>
47	<u>excess over \$35,000.00</u>

1 Over \$40,000.00 but not
 2 over \$75,000.00..... \$1,025.00 plus 6.5% of the
 3 excess over \$40,000.00

4
 5 Over \$75,000.00..... \$3,300.00 plus 7.0% of the
 6 excess over \$75,000.00

7
 8 c. For the purposes of this section, an individual who would be
 9 eligible to file as a head of household for federal income tax
 10 purposes but for the fact that such taxpayer is a nonresident
 11 alien, shall determine tax pursuant to subsection a. of this section.
 12 (cf: P.L.1982, c.229, s.1)

13 13. N.J.S.54A:3-1 is amended to read as follows:

14 54A:3-1. Personal exemptions and deductions. Each taxpayer
 15 shall be allowed personal exemptions and deductions against his
 16 gross income as follows:

17 (a) Taxpayer. Each taxpayer shall be allowed a personal
 18 exemption of \$1,000.00 which may be taken as a deduction from
 19 his New Jersey gross income.

20 (b) Additional exemptions. In addition to the personal
 21 exemptions allowed in (a), the following additional personal
 22 exemptions shall be allowed as a deduction from gross income:

23 1. For the taxpayer's spouse who does not file separately -
 24 \$1,000.00.

25 2. For each dependent who qualifies as a dependent of the
 26 taxpayer during the taxable year for federal income tax purposes
 27 -- [\$1,000.00 plus, for each dependent child attending on a
 28 full-time basis an elementary or secondary educational
 29 institution not deriving its primary support from public moneys -
 30 \$1,000.00] \$1,500.00.

31 3. Taxpayer 65 years of age or over at the close of the taxable
 32 year - \$1,000.00.

33 4. Taxpayer's spouse 65 years of age or over at the close of
 34 the taxable year - \$1,000.00.

35 5. Blind or disabled taxpayer - \$1,000.00.

36 6. Blind or disabled spouse - \$1,000.00.

37 (c) Special Rule. The personal exemptions allowed under this
 38 section shall be limited to that percentage which the total
 39 number of months within a taxpayer's taxable year under this act
 40 bears to 12. For this purpose 15 days or more shall constitute a
 41 month.

42 (d) Nonresidents. A nonresident taxpayer shall be allowed the
 43 same deduction for personal exemptions as a resident taxpayer.
 44 However, if (1) the nonresident's gross income which is subject to
 45 tax under this act is exceeded by (2) his gross income which he
 46 would be required to report under this act if he were a resident
 47 by more than \$100.00, his deduction for personal exemptions shall
 48 be limited by the percentage which (1) is to (2).

49 (cf: N.J.S.54A:3-1)

1 14. N.J.S.54A:2-4 is amended to read as follows:

2 54A:2-4. Minimum taxable income. Notwithstanding any other
3 provisions of this act, a taxpayer filing as an unmarried
4 individual, an estate or trust, a taxpayer determining tax
5 pursuant to subsection a. of N.J.S.54A:2-1, or a married couple
6 filing a joint return, with a gross income of \$3,000.00 or less
7 (\$1,500.00 or less in the case of a married person filing
8 separately), shall not be subject to tax under this act. In the case
9 of a nonresident, gross income shall mean gross income which
10 such nonresident would have reported if he had been a resident.
11 (cf: N.J.S.54A:2-4)

12 15. N.J.S.54A:8-3.1 is amended to read as follows:

13 54A:8-3.1. Persons required to file. a. On or before the filing
14 date prescribed in section 1 of this chapter (C.54A:8-1), an
15 income tax return shall be made and filed by or for [every] an
16 individual, whether filing as unmarried or determining tax
17 pursuant to subsection a. of N.J.S.54A:2-1, an estate or trust,
18 having a gross income in excess of \$3,000.00, [or more] and by or
19 for a married couple filing a joint return and having joint gross
20 income in excess of \$3,000.00 (\$1,500.00 or more in the case of a
21 married person filing separately).

22 b. If the income tax liability of husband and wife is determined
23 on a separate return for federal income tax purposes, they shall
24 each also file a separate return for New Jersey income tax
25 purposes and their income tax liabilities under this act shall be
26 separate.

27 c. If the income tax liabilities of husband and wife are
28 determined on a joint return for federal income tax purposes,
29 they shall also file a joint return for New Jersey income tax
30 purposes and their tax liabilities under this act shall be joint and
31 several.

32 d. If either husband or wife is a resident and the other is a
33 nonresident, they shall file separate tax returns under this act on
34 such single or separate forms as may be required by the director
35 in which event their tax liabilities shall be separate unless both
36 elect to determine their joint taxable income as if both were
37 residents, in which event their liabilities shall be joint and several.

38 e. The return for any deceased individual shall be made and
39 filed by his fiduciary or other person charged with his property.

40 f. The return for an individual who is unable to make a return
41 by reason of minority or other disability shall be made and filed
42 by his fiduciary or other person charged with the care of his
43 person or property (other than a receiver in possession of only a
44 part of his property), or by his duly authorized agent.

45 g. Any tax under this act, and any increase, interest or penalty
46 thereon, shall, from the time it is due and payable, be a personal
47 debt of the person liable to pay the same, to the State of New
48 Jersey.

49 (cf: N.J.S.54A:8-3.1)

1 16. N.J.S.54A:6-10 is amended to read as follows:
2 54A:6-10. Pensions and annuities. Gross income shall not
3 include that part of any amount received as an annuity under an
4 annuity, endowment, or life insurance contract which bears the
5 same ratio to such amount as the investment in the contract as of
6 the annuity starting date bears to the expected return under the
7 contract as of such date. Where (1) part of the consideration for
8 an annuity, endowment, or life insurance contract is contributed
9 by the employer, and (2) during the 3-year period beginning on
10 the date on which an amount is first received under the contract
11 as an annuity, the aggregate amount receivable by the employee
12 under the terms of the contract is equal to or greater than the
13 consideration for the contract contributed by the employee, then
14 all amounts received as an annuity under the contract shall be
15 excluded from gross income until there has been so excluded an
16 amount equal to the consideration for the contract contributed by
17 the employee.

18 In addition to that part of any amount received as an annuity
19 which is excludable from gross income as herein provided, gross
20 income shall not include payments of up to \$10,000.00 for a
21 married couple filing jointly, \$5,000.00 for a married person filing
22 separately, or \$7,500.00 for an individual filing as a single
23 taxpayer or an individual determining tax pursuant to subsection
24 a. of N.J.S.54A:2-1, which are received as an annuity, endowment
25 or life insurance contract, or payments of any such amounts
26 which are received as pension, disability, or retirement benefits,
27 under any public or private plan, whether the consideration
28 therefor is contributed by the employee or employer or both, by
29 any person who is 62 years of age or older or who, by virtue of
30 disability, is or would be eligible to receive payments under the
31 federal Social Security Act.

32 Gross income shall not include any amount received under any
33 public or private plan by reason of a permanent and total
34 disability.

35 Gross income shall not include distributions from an
36 employees' trust described in section 401(a) of the [1954] Internal
37 Revenue Code of 1986, as amended (hereinafter referred to as
38 "the Code"), which is exempt from tax under section 501(a) of
39 the Code if the distribution, except the portion representing the
40 employees' contributions, is rolled over in accordance with
41 section 402(a)(5) or section 403(a)(4) of the Code. The
42 distribution shall be paid in one or more installments which
43 constitute a lump-sum distribution within the meaning of section
44 402(e)(4)(A) (determined without reference to subsection
45 (e)(4)(B)), or be on account of a termination of a plan of which the
46 trust is a part or, in the case of a profit-sharing or stock bonus
47 plan, a complete discontinuance of contributions under such plan.
48 (cf: P.L.1979, c.79, s.1)

1 17. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to
2 read as follows:

3 3. Other retirement income. a. Gross income shall not
4 include income of up to \$10,000.00 for a married couple filing
5 jointly, \$5,000.00 for a married person filing separately, or
6 \$7,500.00 for an individual filing as a single taxpayer or an
7 individual determining tax pursuant to subsection a. of
8 N.J.S.54A:2-1, when received in any tax year by a person aged 62
9 years or older who received no income in excess of \$3,000.00
10 from one or more of the sources enumerated in subsections a., b.
11 and k. of N.J.S.54A:5-1, provided, however, that the total
12 exclusion under this subsection and that allowable under
13 N.J.S.54A:6-10 shall not exceed the amounts of the exclusions set
14 forth in this subsection.

15 b. In addition to the exclusion provided under N.J.S.54A:6-10
16 and subsection a. of this section, gross income shall not include
17 income of up to \$6,000.00 for a married couple filing jointly or an
18 individual determining tax pursuant to subsection a. of
19 N.J.S.54A:2-1, or \$3,000.00 for a single person or a married
20 person filing separately, who is not covered under N.J.S.54A:6-2
21 or N.J.S.54A:6-3, but who would be eligible in any year to receive
22 payments under either section if he or she were covered thereby.
23 (cf: P.L.1977, c.273, s.3)

24 18. (New section) The Director of the Division of Taxation in
25 the Department of the Treasury is empowered to promulgate
26 rules and regulations in accordance with the "Administrative
27 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and to
28 prescribe forms to administer the provisions of this act.

29 19. The following are repealed:

30 P.L.1976, c.72 (C.54:4-3.80 through 54:4-3.94);

31 Section 6 of P.L.1977, c.242 (C.54:4-3.80a);

32 Sections 13 and 14 of P.L.1977, c.17 (C.54:4-3.89a and
33 C.54:4-3.92a);

34 N.J.S.54A:4-3; and

35 Sections 1 through 14 of P.L.1985, c.304 (C.54A:3A-1
36 through 54A:3A-14);

37 provided however, that the repeal of the several provisions of
38 statutory law provided in this section shall first apply to
39 homestead tax relief deductions and credits, tenant credits and
40 homestead rebates applied for, claimed or payable after the
41 effective date of this section; provided further, however, that the
42 repeal of those provisions shall not affect the right of a taxpayer
43 to obtain a credit or refund for any overpayment as a result of
44 the failure to properly claim or otherwise calculate a homestead
45 tax relief deduction or credit or tenant credit prior to the
46 effective date of this section, and shall not affect the right of a
47 claimant to obtain a homestead rebate as a result of the failure
48 to properly claim or otherwise appeal the denial of a homestead

1 rebate for a tax year prior to the effective date of this section.
2 20. Sections 1 through 17 and section 19 of this act shall take
3 effect January 1, 1991. Sections 18 and 20 shall take effect
4 immediately.

5

6

7

STATE TAXATION

8

9 Revises property tax relief laws for homeowners and tenants.
10 increases gross income tax rates, provides separate rate tables
11 for filing categories, and increases dependent exemption to
12 \$1,500.