

54:4-3.80 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:4-3.80 et al

(Homestead rebate program-- extend to residents of life care communities)

CHAPTER 66

Laws Of: 1987

Bill No: S752

Sponsor(s): Haines

Date Introduced: Pre-filed

Committee: Assembly: Senior Citizens

Senate: Revenue, Finance and Appropriations

Amended during passage: Yes according to Governor's recommendations

Amendments denoted by asterisks

Date of Passage: Assembly:

September 11, 1986 Re-enacted 2-19-87

Senate:

March 3, 1987 Re-enacted 2-26-87

Date of Approval: March 11, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: Yes

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

See newspaper clipping--attached:

"Kean enacts reforms in 'caps' spending law..." 3-12-87 Star Ledger.

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3-11-87

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SENATE, No. 752**STATE OF NEW JERSEY**

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator HAINES

AN ACT extending homestead rebates **and homestead refunds or credits** to residents of life care retirement communities, amending P. L. 1976, c. 72, P. L. 1976, c. 63, P. L. 1977, c. 242 *, P. L. 1985, c. 304* and N. J. S. 54A:4-3.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 1 of P. L. 1976, c. 72 (C. 54:4-3.80) is amended to read
2 as follows:

3 1. a. Every citizen and resident of this State shall be entitled,
4 annually, to a homestead rebate on a dwelling house and the land
5 upon which such dwelling house is situated, or on a dwelling house
6 assessed as real estate situated on land owned by another or others
7 which constitutes the place of domicile and which is owned and used
8 by the citizen and resident as a principal residence. If such citizen
9 and resident of this State is of the age of 65 or more years, or is less
10 than 65 years of age yet permanently and totally disabled, as
11 "disabled" is defined in the "New Jersey Gross Income Tax Act"
12 (**N. J. S.** 54A:1-2f.), or is the surviving spouse of a deceased
13 citizen and resident of this State who**,** while alive**,**
14 received a real property tax deduction pursuant to this act or P. L.
15 1963, c. 172 (C. 54:4-8.40 et seq.), upon the same conditions, with
16 respect to real property, notwithstanding that said surviving spouse
17 is under the age of 65 is not permanently and totally disabled,
18 provided that said surviving spouse was 55 years of age or older
19 at the time of death of said citizen and resident and remains un-
20 married, said taxpayer shall annually, upon proper claim being

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted February 24, 1986.

**—Senate amendments adopted in accordance with Governor's recommendations February 19, 1987.

21 made therefor, be entitled to an additional rebate as set forth in
 22 section 2 of this act. The said requirement of ownership shall be
 23 satisfied by the holding of the beneficial interest where the legal
 24 title thereto is held by another for the benefit of the said citizen
 25 and resident, or for a resident shareholder in a cooperative or
 26 mutual housing corporation as defined herein.

27 A person who is a tenant for life or a tenant under a lease for 99
 28 years or more or a person who is entitled to and actually takes
 29 possession of the land and dwelling house under an executory con-
 30 tract for the sale thereof or under an agreement with a lending
 31 institution which holds title as security for a loan****[.]**** shall be
 32 deemed to be an owner for the purpose of this act.

33 *A person who resides in a ****[life]**** **continuing** care retire-*
 34 *ment community **pursuant to a contract for the provision of con-*
 34A *tinuing care for the life of that person** shall be deemed to be an*
 34B *owner of the unit he occupies for the purpose of this act**, provided*
 34C *that the contract also requires the resident to bear, separately from*
 34D *any other charges, the proportionate share of property taxes*
 34E *attributable to the unit that the resident occupies**.*

35 b. As used in this act "dwelling house" includes any residential
 36 property assessed as real property consisting of not more than
 37 four units of which not more than one may be used for business or
 38 commercial purposes.

39 c. As used in this act "residential shareholder in a cooperative"
 40 means a tenant-stockholder in a cooperative housing corporation
 41 who may deduct property taxes on his federal tax return pursuant
 42 to the provisions of section 216 of the Internal Revenue Code of
 43 1954 as of the date of this amendatory act.

44 d. As used in this act "mutual housing corporation" means a
 45 corporation not-for-profit incorporated under the laws of New
 46 Jersey on a mutual or cooperative basis within the scope of section
 47 607 of the Lanham Act (National Defense Housing)**,** P. L. 849,
 48 76th Congress; 54 Stat. 1125, 42 U. S. C. **§**1521 et seq., as
 49 amended, which acquired a National Defense Housing Project pur-
 49A suant to said act.

50 e. *As used in this act "*****[life]**** **continuing** care retirement*
 51 *community" means a residential facility primarily for retired per-*
 52 *sons where ****[pursuant to a life care contract each resident receives***
 53 *full room and board and medical care in exchange for a capital*
 54 *entrance fee and monthly charge and each unit bears it propor-*
 55 *tionate share of the property taxes of the facility, but where no*
 56 *resident has a proprietary interest in the property or assets of the*

57 facility] ** *lodging and nursing, medical or other health related*
 58 *services at the same or another location are provided as continuing*
 59 *care to an individual pursuant to an agreement effective for the*
 60 *life of the individual or for a period greater than one year, includ-*
 61 *ing mutually terminable contracts, and in consideration of the pay-*
 62 *ment of an entrance fee with or without other periodic charges**.*

1 2. Section 7 of P. L. 1976, c. 72 (C. 54:4-3.86) is amended to
 2 read as follows:

3 7. Where title to property as to which a homestead rebate is
 4 claimed is held by claimant and other or others, either as tenants
 5 in common or as joint tenants, claimant shall not be allowed a
 6 homestead rebate in an amount in excess of his proportionate share
 7 of the taxes assessed against said property, which proportionate
 8 share, for the purposes of this act, shall be deemed to be equal to
 9 that of each of the other tenants, unless it is shown that the interests
 10 in question are not equal, in which event claimant's proportionate
 11 share shall be as shown. Nothing herein shall preclude more than
 12 one tenant, whether title be held in common or joint tenancy, from
 13 claiming a homestead rebate but no more than the equivalent of one
 14 full homestead rebate shall be allowed in any year, and in any
 15 case in which the claimants cannot agree as to the apportionment
 16 thereof, such rebate shall be apportioned between or among them
 17 in proportion to their interest. Property held by husband and
 18 wife, as tenants by the entirety, shall be deemed wholly owned by
 19 each tenant, but no more than one homestead rebate in regard to
 20 such property shall be allowed in any year. Right to claim a home-
 21 stead rebate hereunder shall extend to property the title to which
 22 is held by a partnership, to the extent of the claimant's interest
 23 as a partner therein, and by a guardian, trustee, committee, con-
 24 servator or other fiduciary for any person who would otherwise be
 25 entitled to claim such rebate hereunder, but not to property the
 26 title to which is held by a corporation, except as [heretofore] pro-
 27 vided in section 1 of [this amendatory act] P. L. 1976, c. 72 (C.
 28 54:4-3.80).

1 3. Section 2 of P. L. 1976, c. 63 (C. 54:4-6.3) is amended to read
 2 as follows:

3 2. As used in this act unless the context clearly indicates a
 4 different meaning:

5 a. "Qualified real rental property" means any real property
 6 containing a mobile home park or two or more spaces which are
 7 rented or leased or offered for rent or lease for occupancy by
 8 mobile homes, or any building or structure or complex of buildings

9 or structures in which housing units are rented or leased or offered
 10 for rental or lease for residential purposes except hotels, motels
 11 or other guesthouses serving transient or seasonal guests, residents
 12 of a residential cooperative [or], mutual housing corporation or
 13 ****[life]**** ****continuing**** care retirement community who are
 14 entitled to a homestead rebate pursuant to section 1 of P. L. 1976,
 15 c. 72 (C. 54:4-3.80), and owner-occupied structures of three units
 15A or less.

16 b. "Property tax reduction" means 0.65 times the difference
 17 between the amount of property tax paid or payable in any year on
 18 any qualified real rental property, exclusive of improvements not
 19 included in the assessment on the real property for the base year,
 20 and the amount of property tax paid in the base year, but such
 21 calculations for the property tax reduction shall exclude reduc-
 22 tions resulting from judgments entered by county boards of taxa-
 23 tion, the tax court, or by courts of competent jurisdiction. "Prop-
 24 erty tax reduction" shall also include 0.65 times any rebate or re-
 25 fund of school property taxes which may be provided pursuant
 26 to P. L. 1976, c. 113. "Property tax reduction" shall not include
 27 any amount in excess of that which is identified herein. Any such
 28 amount shall be retained by the property owner.

29 c. "Base year" means, for qualified real rental property rented
 30 or leased or offered for rent or lease on the effective date of this
 31 act, the calendar year prior to the year in which this act takes effect,
 32 and for qualified real rental property which is first rented or leased
 33 or offered for rent or lease after the effective date of this act, the
 34 calendar year in which it is first offered for rent or lease.

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

2 54A:4-3. Homestead credit for tenant. a. Any qualified resi-
 3 dential tenant or shareholder in a cooperative, other than residents
 4 of a residential cooperative [or], mutual housing corporation or
 5 ****[life]**** ****continuing**** care retirement community who are en-
 6 titled to a homestead [exemption] rebate pursuant to section 1 of
 7 P. L. 1976, c. 72 (C. 54:4-3.80), shall be entitled to a homestead
 8 credit of \$65.00 against the tax otherwise due hereunder. Any
 9 qualified residential tenant or shareholder in a cooperative not
 10 eligible for a homestead [exemption] rebate shall be entitled to an
 11 additional homestead credit of \$35.00 if such resident is (1) perma-
 12 nently and totally disabled, (2) 65 years of age or over, or (3) a
 13 surviving spouse of a person qualified under (2) above who has
 14 remained unmarried since becoming a widow or widower at the age
 14A of 55 years or over.

15 b. Husband and wife. A married couple who elect to file separate
 16 New Jersey returns shall each be entitled to one-half of the credit
 17 otherwise allowable under subsection a.

18 c. Special limitations. (1) If more than one qualified resident
 19 tenant, other than a husband and wife, qualify for the credit allowed
 20 under this section by reason of their having occupied the same
 21 rented homestead, it shall be presumed that the tenant's credit
 22 otherwise allowed under this section shall be equally divided
 23 among such taxpayers. A tenant, however, may claim a credit which
 24 shall bear the same proportion as the rent he pays to the total rent
 25 paid by all members of the unit.

26 (2) A taxpayer shall not be entitled to more than one homestead
 27 credit in any one year. A taxpayer who claims a homestead credit
 28 under this section may not claim a homestead **[exemption]** *rebate*
 29 for the same year under any other law **[except as provided in**
 30 *section 8 of this amendatory and supplementary act].*

31 (3) The amount of the homestead credit shall be prorated in the
 32 proportion that the number of days the qualified tenant occupied
 33 residential property in the year bears to 365 days.

34 (4) Where more than one tenant occupies a single dwelling unit
 35 not more than one qualified tenant credit shall be claimed. No
 36 tenant homestead credit shall be allowed for occupants of rooming
 37 houses, hotels or motels unless the rooms rented to the tenant are
 38 equipped with kitchen and bathroom facilities and unless such
 39 person is a permanent resident thereof.

40 d. If the credit against the tax allowed pursuant to subsection a.
 41 of this section reduces tax liability to zero, the remaining amount
 42 of the credit, if any, shall be considered an overpayment of the tax
 43 and shall be refunded.

1 5. Section 6 of P. L. 1977, c. 242 (C. 54:4-3.80a) is amended to
 2 read as follows:

3 6. a. Each application filed pursuant to section 1 of P. L. 1976,
 4 c. 72 (C. 54:4-3.80) shall set forth such information as the director
 5 shall prescribe and shall include, without limitation, the name and
 6 address of the cooperative **[or]**, mutual housing corporation *or*
 7 ****[life]**** ***continuing** care retirement community*, location of
 8 the property and the amount of real property taxes attributed to
 9 the cooperative **[or]**, mutual housing residential unit *or* ****[life]****
 10 ***continuing** care retirement **community** residential unit*, as
 11 indicated in the official notice furnished by the cooperative **[or]**,
 12 mutual housing ***corporation*** *or* ****[life]**** ***continuing** care*
 12A *retirement* ****[owner]**** ***community*** for the same year, as

12^B in the case of all other homestead rebate applicants. Each such
 13 applicant must meet all prerequisites for the homestead rebate as
 14 prescribed in P. L. 1976, c. 72 (C. 54:4-3.80 et seq.).

15 b. A local tax assessor shall determine from the application filed
 16 with him the assumed assessed value of the cooperative [or],
 17 mutual housing residential unit or ***[life]** **continuing** care*
 18 *retirement **community** residential unit* by dividing the amount
 19 of real property taxes reported under paragraph a. hereof by the
 20 general local property tax rate for the same tax year.

21 c. In the event that the [nonprofit] cooperative [or], mutual
 22 housing corporation or ***[life]** **continuing** care retirement*
 23 *community* is delinquent in the payment of its property taxes as
 24 prescribed in P. L. 1976, c. 72 (C. 54:4-3.80 et seq.), any rebate that
 25 may be due any individual residents shall be withheld until the tax
 26 delinquency has been satisfied. If such delinquency has not been
 27 satisfied by December 31, 1977 and thereafter by the dates pre-
 28 scribed in section 13 of P. L. 1976, c. 72 (C. 54:4-3.92), the State
 29 Treasurer shall pay over to the tax collector of the municipality,
 30 within 30 days thereafter, the amount of all rebates due to the
 31 individual residents. The tax collector shall credit the property
 32 owner with such payments and the property owner shall, in turn,
 33 credit the individual unit owners to the extent of their rebate. The
 34 tax collector shall notify the property owner of the amount to be
 35 credited.

36 ***d. On or before October 15 of the pretax year, each residential*
 37 *cooperative housing corporation, mutual housing corporation and*
 38 *continuing care retirement community shall provide the Director*
 39 *of the Division of Taxation with a listing setting forth, as of October*
 40 *1 of the pretax year, the names and addresses of all residents*
 41 *qualified to receive homestead rebates, the unit number, the amount*
 42 *of real property taxes attributed to each unit and any other in-*
 43 *formation the Director may require by regulation as may be*
 44 *necessary to determine eligibility for the homestead rebate.***

1 *6. Section 2 of P. L. 1985, c. 304 (C. 54A:3A-2) is amended to
 2 read as follows:

3 2. As used in this act:

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

7 b. "Cooperative" means a housing corporation or association
 8 which entitles the holder of a share or membership interest thereof
 9 to possess and occupy for dwelling purposes a house, apartment,

10 manufactured or mobile home or other unit of housing owned or
 11 leased by the corporation or association, or to lease or purchase a
 12 unit of housing constructed or to be constructed by the corporation
 13 or association.

14 c. "Director" means the Director of the Division of Taxation in
 15 the Department of the Treasury.

16 d. "Dwelling house" means any residential property assessed as
 17 real property which consists of not more than four units, of which
 18 not more than one may be used for commercial purposes, but shall
 19 not include a unit in a condominium, cooperative, horizontal
 20 property regime or mutual housing corporation.

21 e. "Homestead" means and includes:

22 (1) (a) a dwelling house and the land on which that dwell-
 23 ing house is located which constitutes the place of the claimant's
 24 domicile and is owned and used by the claimant as his principal
 25 residence;

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

30 (c) a condominium unit or a unit in a horizontal property
 31 regime *or a **[life]** **continuing** care **retirement***
 32 *community* which constitutes the place of the claimant's
 33 domicile and is owned and used by the claimant as his principal
 33A residence[;].

34 A person shall be deemed to have ownership of a home-
 35 stead under this paragraph (1) if that person is a tenant for
 36 life or a tenant under a lease for 99 years or more [and], is
 37 entitled to and actually takes possession of the homestead
 38 under an executory contract for the sale thereof or under an
 39 agreement with a lending institution which holds title as
 40 security for a loan, *or is a resident of a **[life]** **continu-*
 40A *ing** care **retirement** community **pursuant to a contract*
 40B *for continuing care for the life of that person which requires*
 40C *the resident to bear, separately from any other charges, the*
 40D *proportionate share of property taxes attributable to the unit*
 40E *that the resident occupies**;*

41 (2) a unit in a cooperative or mutual housing corporation
 42 which constitutes the place of domicile of a residential share-
 43 holder or lessee therein, or of a lessee or shareholder who is
 44 not a residential shareholder therein, as his principal residence;
 45 and a unit of residential rental property**, ** which unit con-

46 stitutes the place of the claimant's domicile and is used by the
47 claimant as his principal residence.

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

51 g. "Mutual housing corporation" means a corporation not-for-
52 profit, incorporated under the laws of this State on a mutual or
53 cooperative basis within the scope of section 607 of the Lanham Act
54 (National Defense Housing), Pub. L. 849, 76th Congress (42 U. S. C.
55 § 1521 et seq.), as amended, which acquired a National Defense
56 Housing Project pursuant to that act.

57 h. "Principal residence" means a homestead actually and con-
58 tinually occupied by a claimant as his permanent residence, as
59 distinguished from a vacation home, property owned and rented
60 or offered for rent by the claimant, and other secondary real prop-
61 erty holdings.

62 i. "Residential rental property" means and includes:

63 (1) any building or structure or complex of buildings or
64 structures in which dwelling units are rented or leased or
65 offered for rental or lease for residential purposes;

66 (2) a rooming house, hotel or motel, if the rooms constituting
67 the homestead are equipped with kitchen and bathroom facili-
68 ties; and

69 (3) any building or structure or complex of buildings or
70 structures constructed under the following sections of the
71 National Housing Act (Pub. L. 73-479) as amended and
72 supplemented: section 202, Housing Act of 1959 (Pub. L.
73 86-372) and as subsequently amended, [and] section 231, Hous-
74 ing Act of 1959.

75 j. "Residential shareholder in a cooperative or mutual housing
76 corporation" means a tenant or holder of a membership interest
77 in that cooperative or corporation, whose residential unit therein
78 constitutes the place of his domicile and his [principle] *principal*
79 residence, and who may deduct real property taxes on his federal
80 income tax return pursuant to section 216 of the Internal Revenue
81 Code of 1954[:].

82 k. "Rent constituting property taxes" means 18% of the rent
83 paid by the claimant during the taxable year on a unit of residential
84 rental property which constitutes the claimant's homestead.

85 l. "***[Life]** *Continuing*** care *retirement*** community"
86 means a residential facility primarily for retired persons where
87 **[pursuant to a life care contract each resident receives full room

88 *and board and medical care in exchange for a capital entrance fee*
 89 *and monthly charge and each unit bears its proportionate share of*
 90 *the property taxes of the facility, but where no resident has a pro-*
 91 *prietary interest in the property or assets of the facility】** **lodg-*
 92 *ing and nursing, medical or other health related services at the same*
 93 *or another location are provided as continuing care to an individual*
 94 *pursuant to an agreement effective for the life of the individual or*
 95 *for a period greater than one year, including mutually terminable*
 96 *contracts, and in consideration of the payment of an entrance fee*
 97 *with or without other periodic charges**.**

1 ***[6.]*** *7.* This act shall take effect immediately.

TAXATION — PROPERTY

Extends eligibility for homestead rebates to residents of life care communities.

STATEMENT

This bill extends the homestead rebate to residents of life care retirement communities. These residents have no proprietary interest in the property or assets of the community, but pay a substantial capital entrance fee and a monthly charge and each unit bears its proportionate share of the community's property tax. The bill treats these individuals as homeowners for purposes of homestead rebates.

These individuals are, apparently, currently qualified for the tenant credit under the New Jersey Gross Income Tax Act.

5752 (1987)

ASSEMBLY SENIOR CITIZENS COMMITTEE

STATEMENT TO

SENATE, No. 752

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 12, 1986

The Assembly Senior Citizens Committee reports favorably Senate Bill No. 752 OCR.

The purpose of this bill is to expand the State homestead rebate program to include residents of life care communities. Currently, under P. L. 1976, c. 72 (C. 54:4-3.80 et seq.), rebates are allowed for homeowners, as a means of providing property tax relief.

As originally enacted, the homestead rebate statute applied primarily to taxpayers who owned dwelling houses and the land on which the houses were situated, or who occupied such property under a lifetime or 99 year lease. Since the original enactment, however, the Legislature has amended the statute in order to provide rebates to homeowners who were inadvertently overlooked, or whose property tax status changed over time.

At present, residents of life care communities do not qualify for homestead rebates because, statutorily, they are not specifically among those citizens deemed to have a proprietary interest in their dwelling units. However, these residents generally pay a substantial capital entrance fee for the use of their units, as well as a monthly service charge and a proportionate amount of the community's property taxes.

This bill provides that a person who resides in a life care community shall be deemed the owner of his dwelling unit for the purposes of homestead rebate eligibility. The bill defines "life care community" as a residential facility primarily for retired persons, where a resident enters into a life care contract in exchange for a capital entrance fee and monthly charges, and where each unit bears its proportionate share of the facility's property taxes. A resident shall be eligible for a homestead rebate on the basis of property taxes attributable to his unit, as indicated on a notice supplied by the owner of the facility. The bill also provides that a life care community resident who is eligible for a rebate shall not receive a tenant's income tax credit or other tenant property tax benefits.

Finally, the bill clarifies that a resident of a life care community shall be eligible for an income tax deduction or refund, on the basis of property taxes allocatable to his unit, under the "Homestead Tax Relief Act," P. L. 1985, c. 304 (C. 54A:3A-1 et al.). This deduction or refund shall be in addition to the residents' homestead rebate, as in the case with all other citizens and residents similarly qualified.

According to the Senate Revenue, Finance and Appropriations Committee, fiscal estimates on this bill indicate that the cost may range from \$3555,530.00 to \$1,236,000.00 depending on the number of persons found residing in life care retirement communities as these communities are identified. The estimated number of qualified residents varies from 1,150 to 4,000. The cost is based on an average homestead rebate of \$244.00 and an average homestead deduction or refund at \$65.00.

The Senate Revenue, Finance and Appropriations committee noted that the cost estimate represents the gross cost range of the homestead rebates, but must be offset by the value of tenant credits that should be available to those in life care retirement communities who are required to file income tax returns. The committee estimated the net cost to be in the range of \$261,750.00 to \$910,000.00.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE, No. 752

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 24, 1986

The Senate Revenue, Finance and Appropriations Committee reported Senate Bill No. 752 favorably, with amendments.

This bill extends the State homestead rebate program to include residents of life care communities. Currently, under P. L. 1976, c. 72 (C. 54:4-3.80 et seq.), rebates are allowed for homeowners, as a means of providing property tax relief. The rebate program was instituted under Article 8, Section 1, paragraph 5 of the State Constitution, which authorizes the Legislature to enact a "homestead statute" to provide rebates or credits for property taxes "paid by or allocable to" homeowners and certain tenants. Tenants' credits are provided under the "New Jersey Gross Income Tax Act" (N. J. S. 54A:1-1 et seq.).

As originally enacted, the homestead rebate statute applied primarily to taxpayers who owned dwelling houses and the land on which the houses were situated, or who occupied such property under a lifetime or 99 year lease. Since the original enactment, however, the Legislature has amended the statute in order to provide rebates to homeowners who were inadvertently overlooked, or whose property tax status changed over time. That the Constitution generally empowers the Legislature to determine what constitutes a "homestead" for the purposes of the rebate program has been determined by the courts, on other issues, in the case of *Rubin v. Glaser*, 166 N.J. Super. 258 (App. Div., 1979), *aff'd*. 83 N.J. 299 (1981), *app. disp.* 499 U.S. 977 (1982).

At present, residents of life care communities do not qualify for homestead rebates because, statutorily, they are not specifically among those citizens deemed to have a proprietary interest in their dwelling units (*MacMillan v. Taxation Division Director*, 180 N.J. Super. 175 (App. Div., 1981), *aff'd*. 89 N.J. 216 (1982)). As noted by the sponsor, however, these residents generally pay a substantial capital entrance fee for the use of their units, as well as a monthly service charge and a proportionate amount of the community's property taxes. In certain respects, this arrangement is analogous to the occupation of units in

most cooperatives and in mutual housing corporations, the residents of which are entitled to rebates under P. L. 1977, c. 241. In other respects, as noted in the dissenting Supreme Court opinion in the *MacMillan* case, life care contracts closely resemble lifetime tenancies.

This bill provides that a person who resides in a life care community shall be deemed the owner of his dwelling unit for the purposes of homestead rebate eligibility. The bill defines "life care community" as a residential facility primarily for retired persons, where a resident enters into a life care contract in exchange for a capital entrance fee and monthly charges, and where each unit bears its proportionate share of the facility's property taxes. A resident shall be eligible for a homestead rebate on the basis of property taxes attributable to his unit, as indicated on a notice supplied by the owner of the facility. Finally, the bill provides that a life care community resident who is eligible for a rebate shall not receive a tenant's income tax credit or other tenant property tax benefits.

COMMITTEE AMENDMENTS

The Senate committee amendments clarify that a resident of a life care community shall be eligible for an income tax deduction or refund, on the basis of property taxes allocable to his unit, under the "Homestead Tax Relief Act," P. L. 1985, c. 304 (C. 54A:3A-1 et al.). This deduction or refund shall be in addition to the residents' homestead rebate, as is the case with all other citizens and residents similarly qualified.

Attached to the amendments are printer's notes which effectuate the technical review required of pre-filed bills.

FISCAL IMPACT

Estimates on this bill, as amended, indicate a cost range of \$355,530.00 to \$1,236,000.00 depending on the number of persons found residing in life care retirement communities as these communities are identified. The estimated number of residents qualified varies from 1,150 to 4,000. The cost is based on an average homestead rebate of \$244.00, and an average homestead deduction or refund of \$65.00.

The committee notes that the cost estimate represents the gross cost range of the homestead rebates, but must be offset by the value of tenant credits that should be available to those in life care retirement communities who are required to file income tax returns. The committee estimates the net cost to be in the range of \$261,750.00 to \$910,000.00.
