

# 54:4-8.59

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2001      **CHAPTER:** 159  
**NJSA:** 54:4-8.59      (Maximum homestead rebate)  
**BILL NO:** S1/S4      (Substituted for A3171)

**SPONSOR(S):** DiFrancesco and others

**DATE INTRODUCED:** October 23, 2000

**COMMITTEE:**      **ASSEMBLY:** Appropriations; Local Government

**SENATE:** Budget; Senior Citizens

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**      **ASSEMBLY**      June 28, 2001

**SENATE:**      March 26, 2001

**DATE OF APPROVAL:**      July 16, 2001

### FOLLOWING ARE ATTACHED IF AVAILABLE:

**FINAL TEXT OF BILL** (Senate Committee Substitute)

(Amendments during passage denoted by superscript numbers)

**S1/S4**

**SPONSORS STATEMENT (S1):** (Begins on page 9 of original bill)      Yes

**SPONSORS STATEMENT (S4):** (Begins on page 10 of original bill)      Yes

**COMMITTEE STATEMENT:**      **ASSEMBLY:**      Yes      5-3-2001 (Loc.  
Govt.)

6-21-2001 (Approp.)

**SENATE:**      Yes      12-14-2000  
(Senior Cit.)

2-26-2001 (Budget)

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

**A3171**

**SPONSORS STATEMENT:** (Begins on page 10 of original bill) Yes

Govt.) **COMMITTEE STATEMENT:** **ASSEMBLY:** Yes 5-3-2001 (Loc.  
6-21-2001 (Approp.)

Identical to Assembly Statements for S1

**SENATE:** No

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

Identical to the fiscal estimate for S1/S4

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Checks to go out soon," 7-17-2001 Home News and Tribune, p.a1

"Bigger home rebate checks will soon be in the mail," 7-17-2001 Star Ledger, p. 13

"A \$250 boost in Homestead Rebate Checks," 7-17-2001 Asbury Park Press, p.a1

# SENATE, No. 1

## STATE OF NEW JERSEY 209TH LEGISLATURE

INTRODUCED OCTOBER 23, 2000

**Sponsored by:**

**Senator DONALD T. DIFRANCESCO**

**District 22 (Middlesex, Morris, Somerset and Union)**

**Senator PETER A. INVERSO**

**District 14 (Mercer and Middlesex)**

**Co-Sponsored by:**

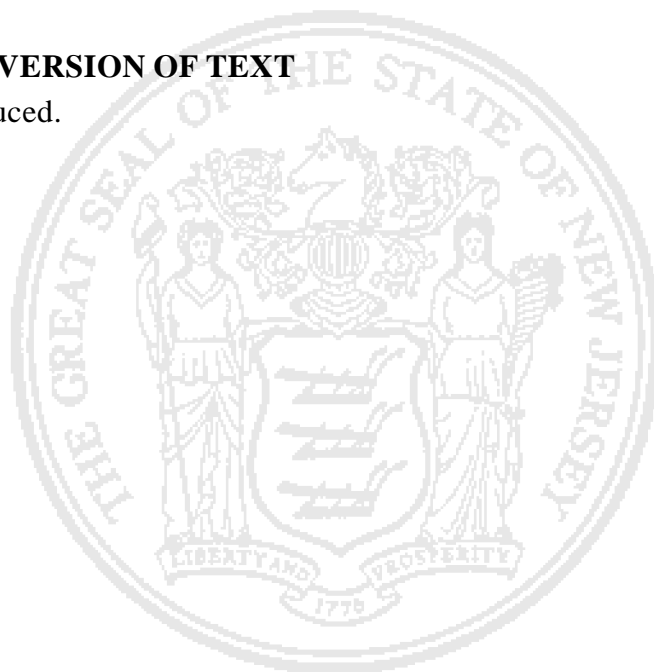
**Senators Matheussen, Kosco, Allen, Sinagra, Robertson, Bucco, Ciesla, Singer, Littell, Connors, Bassano, Palaia, Bennett, Kavanaugh, Cardinale, McNamara, Gormley, Cafiero, Bark and Kyrillos**

**SYNOPSIS**

Increases maximum homestead rebate benefit.

**CURRENT VERSION OF TEXT**

As introduced.



S1 DIFRANCESCO, INVERSO

2

1 AN ACT increasing maximum benefits under the Homestead Rebate  
2 programs and amending P.L.1990, c.61.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read as  
8 follows:

9 3. a. A resident of this State who is 65 years of age or older at the  
10 close of the tax year, or who is allowed to claim a personal deduction  
11 as a blind or disabled taxpayer pursuant to subsection b. of  
12 N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year  
13 equal to the amount by which property taxes paid by the claimant in  
14 that tax year on the claimant's homestead exceed 5% of the claimant's  
15 gross income, rounded to the nearest whole dollar, up to a maximum  
16 homestead rebate of \$500 [(rounded to the nearest whole dollar)] **for**  
17 **each tax year through the 1999 tax year and \$750 for each tax year**  
18 **thereafter**, provided that:

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

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

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

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

37 b. A homestead rebate shall be allowed pursuant to subsection a.  
38 of this section in relation to the amount of the property taxes actually  
39 paid by or allocable to a resident property taxpayer who is a claimant  
40 on more than one homestead, but the aggregate amount of the  
41 property taxes claimed shall not exceed the total of the proportionate  
42 amounts of property taxes assessed and levied against or allocable to  
43 each homestead for the portion of the tax year the claimant occupied

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

**Matter underlined thus is new matter.**

S1 DIFRANCESCO, INVERSO

1 it as the claimant's principal residence.

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

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

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

31 f. (1) Notwithstanding the provisions of subsection a. of this  
32 section to the contrary, a homestead rebate shall be allowed for a  
33 resident of this State who is 65 years of age or older at the close of the  
34 tax year, or who is allowed to claim a personal deduction as a blind or  
35 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has  
36 paid property taxes in that tax year on the claimant's homestead, which  
37 shall not be less than:

38 (a) \$150 for property taxes paid on one homestead for the tax year  
39 if the claimant's gross income does not exceed \$70,000 for that year;  
40 or

41 (b) \$100 for property taxes paid on one homestead for the tax year  
42 if the claimant's gross income exceeds \$70,000 but does not exceed  
43 \$100,000 for that year.

44 (2) If a claimant who is eligible to receive a homestead rebate in an  
45 amount set forth in paragraph (1) of this subsection paid property  
46 taxes on homesteads maintained as such in this State for less than the

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1 full tax year, the homestead rebate amount set forth in paragraph (1)  
2 shall be prorated in the proportion which the number of days that the  
3 homesteads were maintained during the tax year bears to 365 days.  
4 The homestead rebate amount set forth in paragraph (1) of this  
5 subsection shall be subject to any further proportionate reduction as  
6 may be applicable pursuant to subsections c. and d. of this section. The  
7 homestead rebate amount set forth in paragraph (1) of this subsection  
8 that is subject to any proportionate reduction shall be rounded to the  
9 nearest whole dollar. The homestead rebate amount set forth in  
10 paragraph (1) of this subsection that is claimed based upon a  
11 homestead maintained by both spouses shall be determined based upon  
12 the combined gross income of both spouses regardless of whether the  
13 claimants filed a joint New Jersey gross income tax return or separate  
14 New Jersey gross income tax returns for the tax year.

15 g. (1) A resident of this State who is not 65 years of age or older  
16 at the close of the tax year, and who is not allowed to claim a personal  
17 deduction as a blind or disabled taxpayer pursuant to subsection b. of  
18 N.J.S.54A:3-1, who maintains a homestead for which property taxes  
19 have been paid for the tax year, who has gross income for the tax year  
20 not in excess of \$40,000, shall be allowed a homestead rebate pursuant  
21 to this subsection of \$90, provided however, that the homestead rebate  
22 allowed pursuant to this subsection shall be subject to the limitations  
23 and reductions as may apply pursuant to the provisions of subsections  
24 b. through d. of this section.

25 (2) In the case of a claimant who is a married individual filing a  
26 separate New Jersey gross income tax return, if the spouse of the  
27 claimant maintains the same homestead as the claimant and also files  
28 a separate gross income tax return in this State: (a) if the combined  
29 gross income of both spouses exceeds \$40,000 then neither spouse  
30 shall be entitled to a rebate pursuant to this subsection; or (b) if the  
31 combined gross income of both spouses does not exceed \$40,000, then  
32 the maximum homestead rebate paid pursuant to this subsection to  
33 each spouse shall not exceed one-half of the amount of the homestead  
34 rebate allowable had the spouses filed a joint return and homestead  
35 rebate application.

36 (3) A rebate paid pursuant to this subsection shall be subject to  
37 such proportionate reductions in amount as relate to the claimant's  
38 number of days as an owner of the homestead during the tax year.

39 (cf: P.L.1999, c.63, s.5)

40

41 2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read as  
42 follows:

43 4. a. A resident of this State who is 65 years of age or older at the  
44 close of the tax year, or who is allowed to claim a personal deduction  
45 as a blind or disabled taxpayer pursuant to subsection b. of  
46 N.J.S.54A:3-1, whose homestead is a unit of residential rental

1 property shall be allowed a homestead rebate for the tax year equal to  
2 the amount by which the claimant's rent constituting property taxes in  
3 that tax year exceeds 5% of the claimant's gross income, rounded to  
4 the nearest whole dollar, up to a maximum homestead rebate of \$500  
5 [(rounded to the nearest whole dollar)] for each tax year through the  
6 1999 tax year and \$750 for each tax year thereafter provided that:

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

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

14 (3) in the case of a married individual filing a separate New Jersey  
15 gross income tax return, if the spouse of the claimant maintains the  
16 same homestead as the claimant and also files a separate gross income  
17 tax return in this State, the combined gross income of both spouses  
18 does not exceed \$70,000, but in no event shall the homestead rebate  
19 claimed under this subsection exceed one-half of the amount of the  
20 homestead rebate allowable had the spouses filed a joint return and  
21 homestead rebate application; and

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

25 b. If more than one resident, other than a husband and wife, qualify  
26 for a homestead rebate by reason of their having occupied the same  
27 unit of residential rental property as their homestead, it shall be  
28 presumed that each claimant shall be allowed a homestead rebate  
29 pursuant to this section only in relation to the individual's  
30 proportionate share of the total rent constituting property taxes paid  
31 by that claimant which homestead rebate shall be in proportion to the  
32 percentage that the total rent paid by that claimant bears to the total  
33 rent paid by all tenants of the same unit. For the purposes of a  
34 homestead rebate claimed by an individual subject to this subsection,  
35 the names and social security numbers of each co-tenant shall be  
36 reported by the claimant and the total rent paid shall be presumed to  
37 be paid in equal parts among all co-tenants.

38 c. If a claimant for a homestead rebate pursuant to this section has  
39 no other homestead in this State other than a unit of residential rental  
40 property, and that claimant was not a resident of this State for the full  
41 tax year, but paid rent for the full tax year for one or more units of  
42 residential rental property in this State, the claimant's total homestead  
43 rebate otherwise calculated pursuant to this section shall be prorated  
44 in the proportion which the number of days the claimant occupied  
45 residential rental property in this State as a homestead during the tax  
46 year bears to 365 days.

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1 d. Nothing in this section shall preclude a co-tenant, other than a  
2 husband or wife claiming a homestead rebate on the same homestead,  
3 from receiving a homestead rebate determined pursuant to subsection  
4 e. or f. of this section if another co-tenant claims a rebate pursuant to  
5 subsection a. of this section, provided however, that each such claim  
6 shall be separately subject to the provisions of subsections b. and c.  
7 of this section.

8 e. (1) Notwithstanding the provisions of subsection a. of this  
9 section to the contrary, a homestead rebate shall be allowed for a  
10 resident of this State who is 65 years of age or older at the close of the  
11 tax year, or who is allowed to claim a personal deduction as a blind or  
12 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose  
13 homestead is a unit of residential rental property which shall not be  
14 less than:

15 (a) the greater of either the amount determined pursuant to  
16 subsection f. of this section or \$65 for property taxes paid through  
17 rent on the homestead for the tax year if the claimant's gross income  
18 does not exceed \$70,000 for that year; or

19 (b) the greater of either the amount determined pursuant to  
20 subsection f. of this section or \$35 for property taxes paid through  
21 rent on the homestead for the tax year if the claimant's gross income  
22 exceeds \$70,000 but does not exceed \$100,000 for that year.

23 (2) If a claimant who is eligible to receive a homestead rebate in an  
24 amount set forth in paragraph (1) of this subsection paid rent for less  
25 than the full tax year on one or more homesteads in this State  
26 maintained as such for less than the full tax year, the homestead rebate  
27 amount set forth in paragraph (1) shall be prorated in the proportion  
28 which the number of days that the homestead was maintained during  
29 the tax year bears to 365 days. A claim for a homestead rebate in an  
30 amount set forth in paragraph (1) of this subsection shall be subject to  
31 such further proportionate reduction as may be required pursuant to  
32 subsections b. and c. of this section. A homestead rebate in an amount  
33 set forth in paragraph (1) of this subsection subject to any  
34 proportionate reduction shall be rounded to the nearest whole dollar.  
35 A claim for a homestead rebate in an amount set forth in paragraph (1)  
36 of this subsection based upon a homestead maintained by both spouses  
37 shall be determined based upon the combined gross income of both  
38 spouses regardless of whether the claimants filed a joint New Jersey  
39 gross income tax return or separate New Jersey gross income tax  
40 returns for the tax year.

41 f. (1) A resident of this State whose homestead is a unit of  
42 residential rental property, who has gross income for the tax year not  
43 in excess of \$100,000, shall be allowed a homestead rebate pursuant  
44 to this subsection of \$30 for property taxes paid through rent during  
45 the 1998 tax year, \$40 for property taxes paid through rent during the  
46 1999 tax year, [\$60 for property taxes paid through rent during the



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1 2000 tax year, \$80 for property taxes paid through rent during the  
2 2001 tax year,] and \$100 for property taxes paid through rent during  
3 any tax year thereafter, provided however, that the homestead rebate  
4 allowed pursuant to this subsection shall be subject to the limitations  
5 and reductions as may apply pursuant to the provisions of subsections  
6 b. and c. of this section and such proportionate reduction as may relate  
7 to the number of days the claimant was a tenant in a unit of residential  
8 rental property maintained as a homestead in this State during the tax  
9 year.

10 (2) The gross income limit imposed in paragraph (1) of this  
11 subsection for a claim for a homestead rebate made pursuant to this  
12 subsection that is based upon a homestead maintained by both spouses  
13 shall be based upon the combined gross income of both spouses if the  
14 claimants filed a joint New Jersey gross income tax return for the tax  
15 year. If a claim by a married individual for a homestead rebate made  
16 pursuant to this subsection is based upon a homestead maintained by  
17 both spouses who each file separate New Jersey gross income tax  
18 returns for the tax year, no homestead rebate for the tax year shall be  
19 paid to either spouse if their combined gross income exceeds the gross  
20 income limit imposed in paragraph (1) of this subsection. For such a  
21 claim, if the combined gross income of both spouses does not exceed  
22 the gross income limit imposed in paragraph (1) of this subsection,  
23 then each such spouse making a claim shall be allowed a homestead  
24 rebate amount equal to one-half of the homestead rebate amount  
25 otherwise allowed pursuant to this subsection.

26 (cf: P.L.1999, c.259, s.1)

27

28 3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read as  
29 follows:

30 5. a. A resident of this State who is 65 years of age or older at the  
31 close of the tax year, or who is allowed to claim a personal deduction  
32 as a blind or disabled taxpayer pursuant to subsection b. of  
33 N.J.S.54A:3-1, who is a resident of this State for the full tax year for  
34 which a homestead rebate is claimed, whose homestead has been other  
35 than a unit of residential rental property for a part of the tax year and  
36 has been a unit of residential rental property for the remainder of that  
37 year, shall be allowed a homestead rebate for that tax year equal to the  
38 amount by which the sum of the actual property taxes paid by the  
39 claimant and the rent constituting property taxes paid by the claimant  
40 in that tax year exceeds 5% of the claimant's gross income, rounded to  
41 the nearest whole dollar, up to a maximum homestead rebate of \$500  
42 [(rounded to the nearest whole dollar)] for each tax year through the  
43 1999 tax year and \$750 for each tax year thereafter provided that:

44 (1) in the case of a married couple filing a joint New Jersey gross  
45 income tax return or an individual filing a return who determines gross  
46 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income

1 does not exceed \$70,000 for that year;

2 (2) 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 income  
4 does not exceed \$35,000 for that year;

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

13 (4) 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 b. (1) Notwithstanding the provisions of subsection a. of this  
17 section to the contrary, a homestead rebate shall be allowed for a  
18 resident of this State who is 65 years of age or older at the close of the  
19 tax year, or who is allowed to claim a personal deduction as a blind or  
20 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is  
21 a resident of this State for the full tax year for which a homestead  
22 rebate is claimed, who has paid property taxes on a homestead other  
23 than a unit of residential rental property for a part of the tax year and  
24 has paid property taxes through rent on a unit of residential rental  
25 property for the remainder of that year, which shall not be less than:

26 (a) the sum of that portion of \$150 which the number of days that  
27 the claimant's homestead was other than a unit of residential rental  
28 property bears to 365 days and that portion of the amount determined  
29 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
30 c.61 (C.54:4-8.60) which the number of days that the claimant's  
31 homestead was a unit of residential rental property bears to 365 days,  
32 if the claimant's gross income does not exceed \$70,000 for that year;  
33 or

34 (b) the sum of that portion of \$100 which the number of days that  
35 the claimant's homestead was other than a unit of residential rental  
36 property bears to 365 days and that portion of the amount determined  
37 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
38 c.61 (C.54:4-8.60) which the number of days that the claimant's  
39 homestead was a unit of residential rental property bears to 365 days,  
40 if the claimant's gross income exceeds \$70,000 but does not exceed  
41 \$100,000 for that year.

42 (2) A claim for a homestead rebate pursuant to this subsection shall  
43 first be subject to such further proportionate reductions to the  
44 respective portions of the sums determined pursuant to subparagraph  
45 (a) or (b) of paragraph (1) of this subsection as may be required  
46 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61

1 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61  
2 (C.54:4-8.60). A homestead rebate determined pursuant to this  
3 subsection shall be rounded to the nearest whole dollar. A claim for  
4 a homestead rebate determined pursuant to this subsection based upon  
5 a homestead maintained by both spouses shall be determined based  
6 upon the combined gross income of both spouses regardless of  
7 whether the claimants filed a joint New Jersey gross income tax return  
8 or separate New Jersey gross income tax returns for the tax year.

9 c. A claim for a homestead rebate for a resident of this State who  
10 is not 65 years of age or older at the close of the tax year, and who is  
11 not allowed to claim a personal deduction as a blind or disabled  
12 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident  
13 of this State for the full tax year for which a homestead rebate is  
14 claimed, who has paid property taxes on a homestead other than a unit  
15 of residential rental property for a part of the tax year and has paid  
16 property taxes through rent on a unit of residential rental property for  
17 the remainder of that year shall be determined based upon the sum of:

18 (1) a homestead rebate determined under subsection g. of section  
19 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such  
20 proportionate reduction as relates to the number of days that the  
21 claimant's homestead was other than a unit of residential rental  
22 property bears to 365 days; and

23 (2) a homestead rebate determined under subsection f. of section  
24 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such  
25 proportionate reduction as relates to the number of days that the  
26 claimant's homestead was a unit of residential rental property bears to  
27 365 days.

28 (cf: P.L.1999, c.259, s.2)

29  
30 4. This act shall take effect immediately.

31  
32  
33 STATEMENT

34  
35 This bill increases the maximum benefit under the homestead rebate  
36 program.

37 Since 1990 the maximum benefit under the homestead rebate  
38 program has been \$500. This bill would increase the maximum to \$750  
39 beginning with the rebates paid in calendar year 2001. The bill would  
40 also set the maximum tenant homestead rebate paid in calendar year  
41 2001 at \$100 replacing the current three year phase-in of that \$100  
42 maximum to be paid under current law in calendar year 2003.

# SENATE, No. 4

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED OCTOBER 23, 2000

**Sponsored by:**

**Senator DIANE ALLEN**

**District 7 (Burlington and Camden)**

**Senator LOUIS F. KOSCO**

**District 38 (Bergen)**

**Co-Sponsored by:**

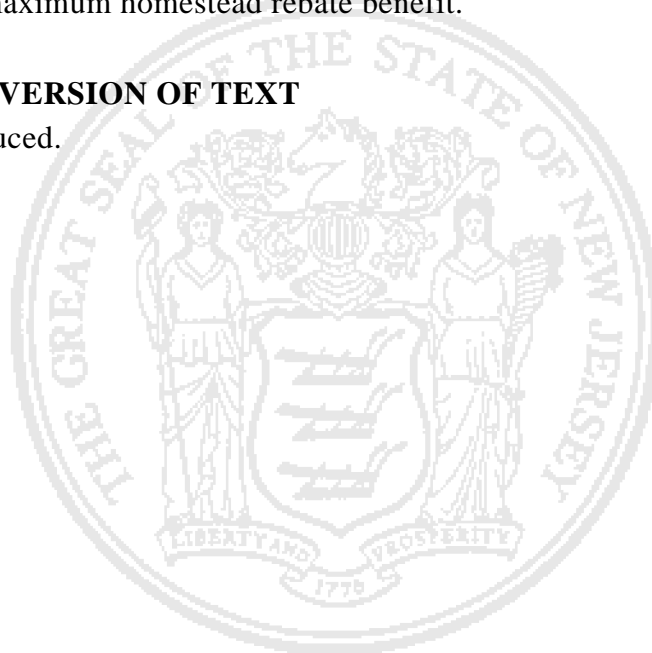
**Senators DiFrancesco, Sinagra, Matheussen, Singer, Inverso, Robertson, Bucco, Ciesla, Bennett, Connors, Bassano, Littell, Palaia, Kavanaugh, Cardinale, McNamara, Gormley, Cafiero, Bark, Kyrillos, Zane and Turner**

**SYNOPSIS**

Indexes maximum homestead rebate benefit.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/27/2001)**

1 AN ACT indexing maximum benefits under the Homestead Rebate  
2 program and amending P.L.1990, c.61.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read as  
8 follows:

9 3. a. A resident of this State who is 65 years of age or older at the  
10 close of the tax year, or who is allowed to claim a personal deduction  
11 as a blind or disabled taxpayer pursuant to subsection b. of  
12 N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year  
13 equal to the amount by which property taxes paid by the claimant in  
14 that tax year on the claimant's homestead exceed 5% of the claimant's  
15 gross income, rounded to the nearest whole dollar, up to a maximum  
16 homestead rebate of \$500 [(rounded to the nearest whole dollar)] for  
17 each tax year through the 2000 tax year and for each tax year  
18 thereafter the director shall recompute the maximum homestead rebate  
19 by multiplying the maximum homestead rebate allowed in the prior tax  
20 year by the cost-of-living adjustment, provided that:

21 (1) in the case of a married couple filing a joint New Jersey gross  
22 income tax return or an individual filing a return who determines gross  
23 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income  
24 does not exceed \$70,000 for that 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 income  
27 does not exceed \$35,000 for that year;

28 (3) in the case of a married individual filing a separate New Jersey  
29 gross income tax return, if the spouse of the claimant maintains the  
30 same homestead as the claimant and also files a separate gross income  
31 tax return in this State, the combined gross income of both spouses  
32 does not exceed \$70,000, but in no event shall the homestead rebate  
33 claimed under this subsection exceed one-half of the amount of the  
34 homestead rebate allowable had the spouses filed a joint return and  
35 homestead 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 b. A homestead rebate shall be allowed pursuant to subsection a.  
40 of this section in relation to the amount of the property taxes actually  
41 paid by or allocable to a resident property taxpayer who is a claimant  
42 on more than one homestead, but the aggregate amount of the  
43 property taxes claimed shall not exceed the total of the proportionate

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

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

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

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

33 f. (1) Notwithstanding the provisions of subsection a. of this  
34 section to the contrary, a homestead rebate shall be allowed for a  
35 resident of this State who is 65 years of age or older at the close of the  
36 tax year, or who is allowed to claim a personal deduction as a blind or  
37 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has  
38 paid property taxes in that tax year on the claimant's homestead, which  
39 shall not be less than:

40 (a) \$150 for property taxes paid on one homestead for the tax year  
41 if the claimant's gross income does not exceed \$70,000 for that year;  
42 or

43 (b) \$100 for property taxes paid on one homestead for the tax year  
44 if the claimant's gross income exceeds \$70,000 but does not exceed  
45 \$100,000 for that year.

46 (2) If a claimant who is eligible to receive a homestead rebate in an

1 amount set forth in paragraph (1) of this subsection paid property  
2 taxes on homesteads maintained as such in this State for less than the  
3 full tax year, the homestead rebate amount set forth in paragraph (1)  
4 shall be prorated in the proportion which the number of days that the  
5 homesteads were maintained during the tax year bears to 365 days.  
6 The homestead rebate amount set forth in paragraph (1) of this  
7 subsection shall be subject to any further proportionate reduction as  
8 may be applicable pursuant to subsections c. and d. of this section. The  
9 homestead rebate amount set forth in paragraph (1) of this subsection  
10 that is subject to any proportionate reduction shall be rounded to the  
11 nearest whole dollar. The homestead rebate amount set forth in  
12 paragraph (1) of this subsection that is claimed based upon a  
13 homestead maintained by both spouses shall be determined based upon  
14 the combined gross income of both spouses regardless of whether the  
15 claimants filed a joint New Jersey gross income tax return or separate  
16 New Jersey gross income tax returns for the tax year.

17 g. (1) A resident of this State who is not 65 years of age or older  
18 at the close of the tax year, and who is not allowed to claim a personal  
19 deduction as a blind or disabled taxpayer pursuant to subsection b. of  
20 N.J.S.54A:3-1, who maintains a homestead for which property taxes  
21 have been paid for the tax year, who has gross income for the tax year  
22 not in excess of \$40,000, shall be allowed a homestead rebate pursuant  
23 to this subsection of \$90, provided however, that the homestead rebate  
24 allowed pursuant to this subsection shall be subject to the limitations  
25 and reductions as may apply pursuant to the provisions of subsections  
26 b. through d. of this section.

27 (2) In the case of a claimant who is a married individual filing a  
28 separate New Jersey gross income tax return, if the spouse of the  
29 claimant maintains the same homestead as the claimant and also files  
30 a separate gross income tax return in this State: (a) if the combined  
31 gross income of both spouses exceeds \$40,000 then neither spouse  
32 shall be entitled to a rebate pursuant to this subsection; or (b) if the  
33 combined gross income of both spouses does not exceed \$40,000, then  
34 the maximum homestead rebate paid pursuant to this subsection to  
35 each spouse shall not exceed one-half of the amount of the homestead  
36 rebate allowable had the spouses filed a joint return and homestead  
37 rebate application.

38 (3) A rebate paid pursuant to this subsection shall be subject to  
39 such proportionate reductions in amount as relate to the claimant's  
40 number of days as an owner of the homestead during the tax year.

41 h. (1) For tax year 2001 and each tax year thereafter the director  
42 shall annually recompute the maximum homestead rebate by  
43 multiplying the maximum homestead rebate allowed in the prior tax  
44 year by the cost-of-living adjustment, and recomputing the new  
45 maximum homestead rebate for the current tax year. The director  
46 shall round the recomputed maximum homestead rebate amount to the

1 next highest multiple of \$5.

2 (2) "Cost-of-living adjustment" for any tax year means the factor  
3 calculated by dividing the consumer price index for all urban  
4 consumers for the nation, as prepared by the United States Department  
5 of Labor as of the close of the 12-month period ending on August 31  
6 of the tax year, by that index as of the close of the 12-month period  
7 ending on August 31 of the calendar year preceding the tax year in  
8 which the recomputation of the maximum homestead rebate is made.  
9 (cf: P.L.1999, c.63, s.5)

10

11 2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read as  
12 follows:

13 4. a. A resident of this State who is 65 years of age or older at the  
14 close of the tax year, or who is allowed to claim a personal deduction  
15 as a blind or disabled taxpayer pursuant to subsection b. of  
16 N.J.S.54A:3-1, whose homestead is a unit of residential rental  
17 property shall be allowed a homestead rebate for the tax year equal to  
18 the amount by which the claimant's rent constituting property taxes in  
19 that tax year exceeds 5% of the claimant's gross income, rounded to  
20 the nearest whole dollar, up to a maximum homestead rebate of \$500  
21 [(rounded to the nearest whole dollar)] for each tax year through the  
22 2000 tax year and for each tax year thereafter the director shall  
23 recompute the maximum homestead rebate by multiplying the  
24 maximum homestead rebate allowed in the prior tax year by the cost-  
25 of-living adjustment, provided that:

26 (1) in the case of a married couple filing a joint New Jersey gross  
27 income tax return or an individual filing a return who determines gross  
28 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income  
29 does not exceed \$70,000 for that 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 income  
32 does not exceed \$35,000 for that year;

33 (3) in the case of a married individual filing a separate New Jersey  
34 gross income tax return, if the spouse of the claimant maintains the  
35 same homestead as the claimant and also files a separate gross income  
36 tax return in this State, the combined gross income of both spouses  
37 does not exceed \$70,000, but in no event shall the homestead rebate  
38 claimed under this subsection exceed one-half of the amount of the  
39 homestead rebate allowable had the spouses filed a joint return and  
40 homestead 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 b. If more than one resident, other than a husband and wife, qualify  
45 for a homestead rebate by reason of their having occupied the same  
46 unit of residential rental property as their homestead, it shall be



1 presumed that each claimant shall be allowed a homestead rebate  
2 pursuant to this section only in relation to the individual's  
3 proportionate share of the total rent constituting property taxes paid  
4 by that claimant which homestead rebate shall be in proportion to the  
5 percentage that the total rent paid by that claimant bears to the total  
6 rent paid by all tenants of the same unit. For the purposes of a  
7 homestead rebate claimed by an individual subject to this subsection,  
8 the names and social security numbers of each co-tenant shall be  
9 reported by the claimant and the total rent paid shall be presumed to  
10 be paid in equal parts among all co-tenants.

11 c. If a claimant for a homestead rebate pursuant to this section has  
12 no other homestead in this State other than a unit of residential rental  
13 property, and that claimant was not a resident of this State for the full  
14 tax year, but paid rent for the full tax year for one or more units of  
15 residential rental property in this State, the claimant's total homestead  
16 rebate otherwise calculated pursuant to this section shall be prorated  
17 in the proportion which the number of days the claimant occupied  
18 residential rental property in this State as a homestead during the tax  
19 year bears to 365 days.

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

27 e. (1) Notwithstanding the provisions of subsection a. of this  
28 section to the contrary, a homestead rebate shall be allowed for a  
29 resident of this State who is 65 years of age or older at the close of the  
30 tax year, or who is allowed to claim a personal deduction as a blind or  
31 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose  
32 homestead is a unit of residential rental property which shall not be  
33 less than:

34 (a) the greater of either the amount determined pursuant to  
35 subsection f. of this section or \$65 for property taxes paid through  
36 rent on the homestead for the tax year if the claimant's gross income  
37 does not exceed \$70,000 for that year; or

38 (b) the greater of either the amount determined pursuant to  
39 subsection f. of this section or \$35 for property taxes paid through  
40 rent on the homestead for the tax year if the claimant's gross income  
41 exceeds \$70,000 but does not exceed \$100,000 for that year.

42 (2) If a claimant who is eligible to receive a homestead rebate in an  
43 amount set forth in paragraph (1) of this subsection paid rent for less  
44 than the full tax year on one or more homesteads in this State  
45 maintained as such for less than the full tax year, the homestead rebate  
46 amount set forth in paragraph (1) shall be prorated in the proportion

1 which the number of days that the homestead was maintained during  
2 the tax year bears to 365 days. A claim for a homestead rebate in an  
3 amount set forth in paragraph (1) of this subsection shall be subject to  
4 such further proportionate reduction as may be required pursuant to  
5 subsections b. and c. of this section. A homestead rebate in an amount  
6 set forth in paragraph (1) of this subsection subject to any  
7 proportionate reduction shall be rounded to the nearest whole dollar.  
8 A claim for a homestead rebate in an amount set forth in paragraph (1)  
9 of this subsection based upon a homestead maintained by both spouses  
10 shall be determined based upon the combined gross income of both  
11 spouses regardless of whether the claimants filed a joint New Jersey  
12 gross income tax return or separate New Jersey gross income tax  
13 returns for the tax year.

14 f. (1) A resident of this State whose homestead is a unit of  
15 residential rental property, who has gross income for the tax year not  
16 in excess of \$100,000, shall be allowed a homestead rebate pursuant  
17 to this subsection of \$30 for property taxes paid through rent during  
18 the 1998 tax year, \$40 for property taxes paid through rent during the  
19 1999 tax year, \$60 for property taxes paid through rent during the  
20 2000 tax year, \$80 for property taxes paid through rent during the  
21 2001 tax year, and \$100 for property taxes paid through rent during  
22 any tax year thereafter, provided however, that the homestead rebate  
23 allowed pursuant to this subsection shall be subject to the limitations  
24 and reductions as may apply pursuant to the provisions of subsections  
25 b. and c. of this section and such proportionate reduction as may relate  
26 to the number of days the claimant was a tenant in a unit of residential  
27 rental property maintained as a homestead in this State during the tax  
28 year.

29 (2) The gross income limit imposed in paragraph (1) of this  
30 subsection for a claim for a homestead rebate made pursuant to this  
31 subsection that is based upon a homestead maintained by both spouses  
32 shall be based upon the combined gross income of both spouses if the  
33 claimants filed a joint New Jersey gross income tax return for the tax  
34 year. If a claim by a married individual for a homestead rebate made  
35 pursuant to this subsection is based upon a homestead maintained by  
36 both spouses who each file separate New Jersey gross income tax  
37 returns for the tax year, no homestead rebate for the tax year shall be  
38 paid to either spouse if their combined gross income exceeds the gross  
39 income limit imposed in paragraph (1) of this subsection. For such a  
40 claim, if the combined gross income of both spouses does not exceed  
41 the gross income limit imposed in paragraph (1) of this subsection,  
42 then each such spouse making a claim shall be allowed a homestead  
43 rebate amount equal to one-half of the homestead rebate amount  
44 otherwise allowed pursuant to this subsection.

45 g. (1) For tax year 2001 and each tax year thereafter the director  
46 shall annually recompute the maximum homestead rebate by

1 multiplying the maximum homestead rebate allowed in the prior tax  
2 year by the cost-of- living adjustment, and recomputing the new  
3 maximum homestead rebate for the current tax year. The director  
4 shall round the recomputed maximum homestead rebate amount to the  
5 next highest multiple of \$5.

6 (2) "Cost-of-living adjustment" for any tax year means the factor  
7 calculated by dividing the consumer price index for all urban  
8 consumers for the nation, as prepared by the United States Department  
9 of Labor as of the close of the 12-month period ending on August 31  
10 of the tax year, by that index as of the close of the 12-month period  
11 ending on August 31 of the calendar year preceding the tax year in  
12 which the recomputation of the maximum homestead rebate is made.  
13 (cf: P.L.1999, c.259, s.1)

14  
15 3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read as  
16 follows:

17 5. a. A resident of this State who is 65 years of age or older at the  
18 close of the tax year, or who is allowed to claim a personal deduction  
19 as a blind or disabled taxpayer pursuant to subsection b. of  
20 N.J.S.54A:3-1, who is a resident of this State for the full tax year for  
21 which a homestead rebate is claimed, whose homestead has been other  
22 than a unit of residential rental property for a part of the tax year and  
23 has been a unit of residential rental property for the remainder of that  
24 year, shall be allowed a homestead rebate for that tax year equal to the  
25 amount by which the sum of the actual property taxes paid by the  
26 claimant and the rent constituting property taxes paid by the claimant  
27 in that tax year exceeds 5% of the claimant's gross income, rounded to  
28 the nearest whole dollar, up to a maximum homestead rebate of \$500  
29 [(rounded to the nearest whole dollar)] for each tax year through the  
30 2000 tax year and for each tax year thereafter the director shall  
31 recompute the maximum homestead rebate by multiplying the  
32 maximum homestead rebate allowed in the prior tax year by the cost-  
33 of-living adjustment, provided that:

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

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

41 (3) in the case of a married individual filing a separate New Jersey  
42 gross income tax return, if the spouse of the claimant maintains the  
43 same homestead as the claimant and also files a separate gross income  
44 tax return in this State, the combined gross income of both spouses  
45 does not exceed \$70,000, but in no event shall the homestead rebate  
46 claimed under this subsection exceed one-half of the amount of the

1 homestead rebate allowable had the spouses filed a joint return and  
2 rebate application; and

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

6 b. (1) Notwithstanding the provisions of subsection a. of this  
7 section to the contrary, a homestead rebate shall be allowed for a  
8 resident of this State who is 65 years of age or older at the close of the  
9 tax year, or who is allowed to claim a personal deduction as a blind or  
10 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is  
11 a resident of this State for the full tax year for which a homestead  
12 rebate is claimed, who has paid property taxes on a homestead other  
13 than a unit of residential rental property for a part of the tax year and  
14 has paid property taxes through rent on a unit of residential rental  
15 property for the remainder of that year, which shall not be less than:

16 (a) the sum of that portion of \$150 which the number of days that  
17 the claimant's homestead was other than a unit of residential rental  
18 property bears to 365 days and that portion of the amount determined  
19 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
20 c.61 (C.54:4-8.60) which the number of days that the claimant's  
21 homestead was a unit of residential rental property bears to 365 days,  
22 if the claimant's gross income does not exceed \$70,000 for that year;  
23 or

24 (b) the sum of that portion of \$100 which the number of days that  
25 the claimant's homestead was other than a unit of residential rental  
26 property bears to 365 days and that portion of the amount determined  
27 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
28 c.61 (C.54:4-8.60) which the number of days that the claimant's  
29 homestead was a unit of residential rental property bears to 365 days,  
30 if the claimant's gross income exceeds \$70,000 but does not exceed  
31 \$100,000 for that year.

32 (2) A claim for a homestead rebate pursuant to this subsection shall  
33 first be subject to such further proportionate reductions to the  
34 respective portions of the sums determined pursuant to subparagraph  
35 (a) or (b) of paragraph (1) of this subsection as may be required  
36 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61  
37 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61  
38 (C.54:4-8.60). A homestead rebate determined pursuant to this  
39 subsection shall be rounded to the nearest whole dollar. A claim for  
40 a homestead rebate determined pursuant to this subsection based upon  
41 a homestead maintained by both spouses shall be determined based  
42 upon the combined gross income of both spouses regardless of  
43 whether the claimants filed a joint New Jersey gross income tax return  
44 or separate New Jersey gross income tax returns for the tax year.

45 c. A claim for a homestead rebate for a resident of this State who  
46 is not 65 years of age or older at the close of the tax year, and who is

1 not allowed to claim a personal deduction as a blind or disabled  
2 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident  
3 of this State for the full tax year for which a homestead rebate is  
4 claimed, who has paid property taxes on a homestead other than a unit  
5 of residential rental property for a part of the tax year and has paid  
6 property taxes through rent on a unit of residential rental property for  
7 the remainder of that year shall be determined based upon the sum of:

8 (1) a homestead rebate determined under subsection g. of section  
9 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such  
10 proportionate reduction as relates to the number of days that the  
11 claimant's homestead was other than a unit of residential rental  
12 property bears to 365 days; and

13 (2) a homestead rebate determined under subsection f. of section  
14 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such  
15 proportionate reduction as relates to the number of days that the  
16 claimant's homestead was a unit of residential rental property bears to  
17 365 days.

18 d. (1) For tax year 2001 and each tax year thereafter the director  
19 shall annually recompute the maximum homestead rebate by  
20 multiplying the maximum homestead rebate allowed in the prior tax  
21 year by the cost-of-living adjustment, and recomputing the new  
22 maximum homestead rebate for the current tax year. The director  
23 shall round the recomputed maximum homestead rebate amount to the  
24 next highest multiple of \$5.

25 (2) "Cost-of-living adjustment" for any tax year means the factor  
26 calculated by dividing the consumer price index for all urban  
27 consumers for the nation, as prepared by the United States Department  
28 of Labor as of the close of the 12-month period ending on August 31  
29 of the tax year, by that index as of the close of the 12-month period  
30 ending on August 31 of the calendar year preceding the tax year in  
31 which the recomputation of the maximum homestead rebate is made.

32 (cf: P.L.1999, c.259, s.2)

33

34 4. This act shall take effect immediately.

35

36

37

#### STATEMENT

38

39 This bill indexes the maximum benefit under the homestead rebate  
40 program.

41 Since 1990 the maximum benefit under the homestead rebate  
42 program has been \$500. This bill beginning with the rebates paid in  
43 calendar year 2002 would index that maximum amount annually  
44 thereafter to the cost of living.

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 1 and 4**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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ADOPTED DECEMBER 14, 2000

**Sponsored by:**

**Senator DONALD T. DIFRANCESCO**

**District 22 (Middlesex, Morris, Somerset and Union)**

**Senator PETER A. INVERSO**

**District 14 (Mercer and Middlesex)**

**Senator DIANE ALLEN**

**District 7 (Burlington and Camden)**

**Senator LOUIS F. KOSCO**

**District 38 (Bergen)**

**Co-Sponsored by:**

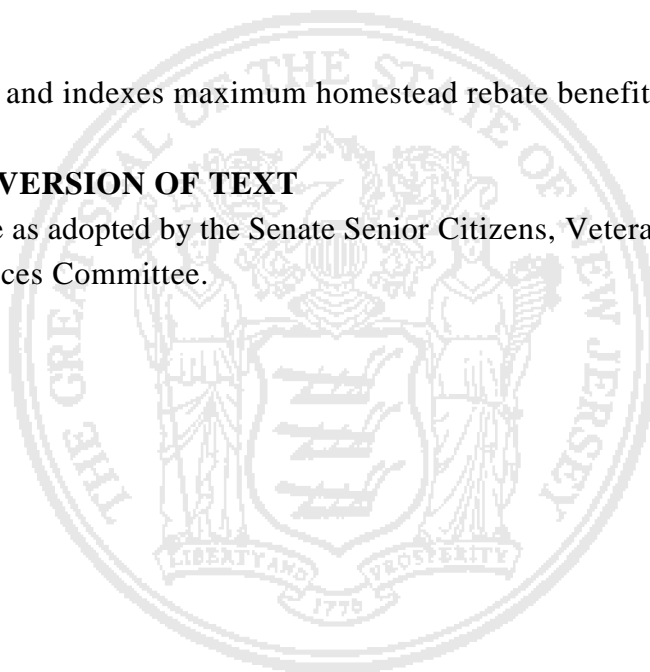
**Senators Matheussen, Sinagra, Robertson, Bucco, Ciesla, Singer, Littell, Connors, Bassano, Palaia, Bennett, Kavanaugh, Cardinale, McNamara, Gormley, Cafiero, Bark, Kyrillos, Turner, Zane, Bryant, Assemblymen Holzapfel, Wolfe, LeFevre, Blee, Gibson, Conaway, Geist, T.Smith and Thompson**

**SYNOPSIS**

Increases and indexes maximum homestead rebate benefit.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Senate Senior Citizens, Veterans' Affairs and Human Services Committee.



**(Sponsorship Updated As Of: 6/29/2001)**

1 AN ACT increasing and indexing maximum benefits under the  
2 Homestead Rebate programs and amending P.L.1990, c.61.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read  
8 as follows:

9 3. a. A resident of this State who is 65 years of age or older at the  
10 close of the tax year, or who is allowed to claim a personal deduction  
11 as a blind or disabled taxpayer pursuant to subsection b. of  
12 N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year  
13 equal to the amount by which property taxes paid by the claimant in  
14 that tax year on the claimant's homestead exceed 5% of the claimant's  
15 gross income, rounded to the nearest whole dollar, up to a maximum  
16 homestead rebate of \$500 [(rounded to the nearest whole dollar)] for  
17 each tax year through the 1999 tax year, \$750 for the 2000 tax year,  
18 and for each tax year thereafter the director shall recompute the  
19 maximum homestead rebate by multiplying the maximum homestead  
20 rebate allowed in the prior tax year by the cost-of-living adjustment,  
21 provided that:

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

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

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

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

40 b. A homestead rebate shall be allowed pursuant to subsection a.  
41 of this section in relation to the amount of the property taxes actually  
42 paid by or allocable to a resident property taxpayer who is a claimant  
43 on more than one homestead, but the aggregate amount of the

**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 property taxes claimed shall not exceed the total of the proportionate  
2 amounts of property taxes assessed and levied against or allocable to  
3 each homestead for the portion of the tax year the claimant occupied  
4 it as the claimant's principal residence.

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

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

24 e. Nothing in this section shall preclude a co-owner, other than a  
25 husband or wife claiming a homestead rebate on the same homestead,  
26 from receiving a homestead rebate determined pursuant to subsection  
27 f. or g. of this section if another co-owner claims a homestead rebate  
28 pursuant to subsection a. of this section, provided however, that each  
29 claim for a homestead rebate determined pursuant to subsections a.  
30 and f. of this section shall be separately subject to the provisions of  
31 subsections c. and d. of this section and each claim for a homestead  
32 rebate determined pursuant to subsection g. of this section shall be  
33 separately subject to the provisions of that subsection.

34 f. (1) Notwithstanding the provisions of subsection a. of this  
35 section to the contrary, a homestead rebate shall be allowed for a  
36 resident of this State who is 65 years of age or older at the close of the  
37 tax year, or who is allowed to claim a personal deduction as a blind or  
38 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has  
39 paid property taxes in that tax year on the claimant's homestead, which  
40 shall not be less than:

41 (a) \$150 for property taxes paid on one homestead for the tax year  
42 if the claimant's gross income does not exceed \$70,000 for that year;  
43 or

44 (b) \$100 for property taxes paid on one homestead for the tax  
45 year if the claimant's gross income exceeds \$70,000 but does not  
46 exceed \$100,000 for that year.



1 (2) If a claimant who is eligible to receive a homestead rebate in  
2 an amount set forth in paragraph (1) of this subsection paid property  
3 taxes on homesteads maintained as such in this State for less than the  
4 full tax year, the homestead rebate amount set forth in paragraph (1)  
5 shall be prorated in the proportion which the number of days that the  
6 homesteads were maintained during the tax year bears to 365 days.  
7 The homestead rebate amount set forth in paragraph (1) of this  
8 subsection shall be subject to any further proportionate reduction as  
9 may be applicable pursuant to subsections c. and d. of this section. The  
10 homestead rebate amount set forth in paragraph (1) of this subsection  
11 that is subject to any proportionate reduction shall be rounded to the  
12 nearest whole dollar. The homestead rebate amount set forth in  
13 paragraph (1) of this subsection that is claimed based upon a  
14 homestead maintained by both spouses shall be determined based upon  
15 the combined gross income of both spouses regardless of whether the  
16 claimants filed a joint New Jersey gross income tax return or separate  
17 New Jersey gross income tax returns for the tax year.

18 g. (1) A resident of this State who is not 65 years of age or older  
19 at the close of the tax year, and who is not allowed to claim a personal  
20 deduction as a blind or disabled taxpayer pursuant to subsection b. of  
21 N.J.S.54A:3-1, who maintains a homestead for which property taxes  
22 have been paid for the tax year, who has gross income for the tax year  
23 not in excess of \$40,000, shall be allowed a homestead rebate pursuant  
24 to this subsection of \$90, provided however, that the homestead rebate  
25 allowed pursuant to this subsection shall be subject to the limitations  
26 and reductions as may apply pursuant to the provisions of subsections  
27 b. through d. of this section.

28 (2) In the case of a claimant who is a married individual filing a  
29 separate New Jersey gross income tax return, if the spouse of the  
30 claimant maintains the same homestead as the claimant and also files  
31 a separate gross income tax return in this State: (a) if the combined  
32 gross income of both spouses exceeds \$40,000 then neither spouse  
33 shall be entitled to a rebate pursuant to this subsection; or (b) if the  
34 combined gross income of both spouses does not exceed \$40,000, then  
35 the maximum homestead rebate paid pursuant to this subsection to  
36 each spouse shall not exceed one-half of the amount of the homestead  
37 rebate allowable had the spouses filed a joint return and homestead  
38 rebate application.

39 (3) A rebate paid pursuant to this subsection shall be subject to  
40 such proportionate reductions in amount as relate to the claimant's  
41 number of days as an owner of the homestead during the tax year.

42 h. (1) For the 2001 tax year and each tax year thereafter, the  
43 director shall annually recompute the maximum homestead rebate by  
44 multiplying the maximum homestead rebate allowed in the prior tax  
45 year by the cost-of-living adjustment, and recomputing the new  
46 maximum homestead rebate for the current tax year. The director

1 shall round the recomputed maximum homestead rebate amount to the  
2 next highest multiple of \$5.

3 (2) "Cost-of-living adjustment" for any tax year means the factor  
4 calculated by dividing the consumer price index for all urban  
5 consumers for the nation, as prepared by the United States Department  
6 of Labor as of the close of the 12-month period ending on August 31  
7 of the tax year, by that index as of the close of the 12-month period  
8 ending on August 31 of the calendar year preceding the tax year in  
9 which the recomputation of the maximum homestead rebate is made.  
10 (cf: P.L.1999, c.63, s.5)

11

12 2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read  
13 as follows:

14 4. a. A resident of this State who is 65 years of age or older at the  
15 close of the tax year, or who is allowed to claim a personal deduction  
16 as a blind or disabled taxpayer pursuant to subsection b. of  
17 N.J.S.54A:3-1, whose homestead is a unit of residential rental  
18 property shall be allowed a homestead rebate for the tax year equal to  
19 the amount by which the claimant's rent constituting property taxes in  
20 that tax year exceeds 5% of the claimant's gross income, rounded to  
21 the nearest whole dollar, up to a maximum homestead rebate of \$500  
22 [(rounded to the nearest whole dollar)] for each tax year through the  
23 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
24 thereafter the director shall recompute the maximum homestead rebate  
25 by multiplying the maximum homestead rebate allowed in the prior tax  
26 year by the cost-of-living adjustment, provided that:

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

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

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

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

45 b. If more than one resident, other than a husband and wife,  
46 qualify for a homestead rebate by reason of their having occupied the

1 same unit of residential rental property as their homestead, it shall be  
2 presumed that each claimant shall be allowed a homestead rebate  
3 pursuant to this section only in relation to the individual's  
4 proportionate share of the total rent constituting property taxes paid  
5 by that claimant which homestead rebate shall be in proportion to the  
6 percentage that the total rent paid by that claimant bears to the total  
7 rent paid by all tenants of the same unit. For the purposes of a  
8 homestead rebate claimed by an individual subject to this subsection,  
9 the names and social security numbers of each co-tenant shall be  
10 reported by the claimant and the total rent paid shall be presumed to  
11 be paid in equal parts among all co-tenants.

12 c. If a claimant for a homestead rebate pursuant to this section has  
13 no other homestead in this State other than a unit of residential rental  
14 property, and that claimant was not a resident of this State for the full  
15 tax year, but paid rent for the full tax year for one or more units of  
16 residential rental property in this State, the claimant's total homestead  
17 rebate otherwise calculated pursuant to this section shall be prorated  
18 in the proportion which the number of days the claimant occupied  
19 residential rental property in this State as a homestead during the tax  
20 year bears to 365 days.

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

28 e. (1) Notwithstanding the provisions of subsection a. of this  
29 section to the contrary, a homestead rebate shall be allowed for a  
30 resident of this State who is 65 years of age or older at the close of the  
31 tax year, or who is allowed to claim a personal deduction as a blind or  
32 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose  
33 homestead is a unit of residential rental property which shall not be  
34 less than:

35 (a) the greater of either the amount determined pursuant to  
36 subsection f. of this section or \$65 for property taxes paid through  
37 rent on the homestead for the tax year if the claimant's gross income  
38 does not exceed \$70,000 for that year; or

39 (b) the greater of either the amount determined pursuant to  
40 subsection f. of this section or \$35 for property taxes paid through  
41 rent on the homestead for the tax year if the claimant's gross income  
42 exceeds \$70,000 but does not exceed \$100,000 for that year.

43 (2) If a claimant who is eligible to receive a homestead rebate in  
44 an amount set forth in paragraph (1) of this subsection paid rent for  
45 less than the full tax year on one or more homesteads in this State  
46 maintained as such for less than the full tax year, the homestead rebate

1 amount set forth in paragraph (1) shall be prorated in the proportion  
2 which the number of days that the homestead was maintained during  
3 the tax year bears to 365 days. A claim for a homestead rebate in an  
4 amount set forth in paragraph (1) of this subsection shall be subject to  
5 such further proportionate reduction as may be required pursuant to  
6 subsections b. and c. of this section. A homestead rebate in an amount  
7 set forth in paragraph (1) of this subsection subject to any  
8 proportionate reduction shall be rounded to the nearest whole dollar.  
9 A claim for a homestead rebate in an amount set forth in paragraph (1)  
10 of this subsection based upon a homestead maintained by both spouses  
11 shall be determined based upon the combined gross income of both  
12 spouses regardless of whether the claimants filed a joint New Jersey  
13 gross income tax return or separate New Jersey gross income tax  
14 returns for the tax year.

15 f. (1) A resident of this State whose homestead is a unit of  
16 residential rental property, who has gross income for the tax year not  
17 in excess of \$100,000, shall be allowed a homestead rebate pursuant  
18 to this subsection of \$30 for property taxes paid through rent during  
19 the 1998 tax year, \$40 for property taxes paid through rent during the  
20 1999 tax year, [\$60 for property taxes paid through rent during the  
21 2000 tax year, \$80 for property taxes paid through rent during the  
22 2001 tax year], [and] \$100 for property taxes paid through rent  
23 during the 2000 tax year and for any tax year thereafter, provided  
24 however, that the homestead rebate allowed pursuant to this  
25 subsection shall be subject to the limitations and reductions as may  
26 apply pursuant to the provisions of subsections b. and c. of this section  
27 and such proportionate reduction as may relate to the number of days  
28 the claimant was a tenant in a unit of residential rental property  
29 maintained as a homestead in this State during the tax year.

30 (2) The gross income limit imposed in paragraph (1) of this  
31 subsection for a claim for a homestead rebate made pursuant to this  
32 subsection that is based upon a homestead maintained by both spouses  
33 shall be based upon the combined gross income of both spouses if the  
34 claimants filed a joint New Jersey gross income tax return for the tax  
35 year. If a claim by a married individual for a homestead rebate made  
36 pursuant to this subsection is based upon a homestead maintained by  
37 both spouses who each file separate New Jersey gross income tax  
38 returns for the tax year, no homestead rebate for the tax year shall be  
39 paid to either spouse if their combined gross income exceeds the gross  
40 income limit imposed in paragraph (1) of this subsection. For such a  
41 claim, if the combined gross income of both spouses does not exceed  
42 the gross income limit imposed in paragraph (1) of this subsection,  
43 then each such spouse making a claim shall be allowed a homestead  
44 rebate amount equal to one-half of the homestead rebate amount  
45 otherwise allowed pursuant to this subsection.

46 g. (1) For the 2001 tax year and each tax year thereafter, the

1 director shall annually recompute the maximum homestead rebate set  
2 forth in subsection a. of this section by multiplying the maximum  
3 homestead rebate allowed in the prior tax year by the cost-of- living  
4 adjustment, and recomputing the new maximum homestead rebate for  
5 the current tax year. The director shall round the recomputed  
6 maximum homestead rebate amount to the next highest multiple of \$5.

7 (2) "Cost-of-living adjustment" for any tax year means the factor  
8 calculated by dividing the consumer price index for all urban  
9 consumers for the nation, as prepared by the United States Department  
10 of Labor as of the close of the 12-month period ending on August 31  
11 of the tax year, by that index as of the close of the 12-month period  
12 ending on August 31 of the calendar year preceding the tax year in  
13 which the recomputation of the maximum homestead rebate is made.  
14 (cf: P.L.1999, c.259, s.1)

15

16 3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read  
17 as follows:

18 5. a. A resident of this State who is 65 years of age or older at the  
19 close of the tax year, or who is allowed to claim a personal deduction  
20 as a blind or disabled taxpayer pursuant to subsection b. of  
21 N.J.S.54A:3-1, who is a resident of this State for the full tax year for  
22 which a homestead rebate is claimed, whose homestead has been other  
23 than a unit of residential rental property for a part of the tax year and  
24 has been a unit of residential rental property for the remainder of that  
25 year, shall be allowed a homestead rebate for that tax year equal to the  
26 amount by which the sum of the actual property taxes paid by the  
27 claimant and the rent constituting property taxes paid by the claimant  
28 in that tax year exceeds 5% of the claimant's gross income, rounded to  
29 the nearest whole dollar, up to a maximum homestead rebate of \$500  
30 [(rounded to the nearest whole dollar)] for each tax year through the  
31 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
32 thereafter the director shall recompute the maximum homestead rebate  
33 by multiplying the maximum homestead rebate allowed in the prior tax  
34 year by the cost-of-living adjustment, provided that:

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

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

42 (3) in the case of a married individual filing a separate New Jersey  
43 gross income tax return, if the spouse of the claimant maintains the  
44 same homestead as the claimant and also files a separate gross income  
45 tax return in this State, the combined gross income of both spouses  
46 does not exceed \$70,000, but in no event shall the homestead rebate

1 claimed under this subsection exceed one-half of the amount of the  
2 homestead rebate allowable had the spouses filed a joint return and  
3 rebate application; and

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

7 b. (1) Notwithstanding the provisions of subsection a. of this  
8 section to the contrary, a homestead rebate shall be allowed for a  
9 resident of this State who is 65 years of age or older at the close of the  
10 tax year, or who is allowed to claim a personal deduction as a blind or  
11 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is  
12 a resident of this State for the full tax year for which a homestead  
13 rebate is claimed, who has paid property taxes on a homestead other  
14 than a unit of residential rental property for a part of the tax year and  
15 has paid property taxes through rent on a unit of residential rental  
16 property for the remainder of that year, which shall not be less than:

17 (a) the sum of that portion of \$150 which the number of days that  
18 the claimant's homestead was other than a unit of residential rental  
19 property bears to 365 days and that portion of the amount determined  
20 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
21 c.61 (C.54:4-8.60) which the number of days that the claimant's  
22 homestead was a unit of residential rental property bears to 365 days,  
23 if the claimant's gross income does not exceed \$70,000 for that year;  
24 or

25 (b) the sum of that portion of \$100 which the number of days that  
26 the claimant's homestead was other than a unit of residential rental  
27 property bears to 365 days and that portion of the amount determined  
28 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
29 c.61 (C.54:4-8.60) which the number of days that the claimant's  
30 homestead was a unit of residential rental property bears to 365 days,  
31 if the claimant's gross income exceeds \$70,000 but does not exceed  
32 \$100,000 for that year.

33 (2) A claim for a homestead rebate pursuant to this subsection  
34 shall first be subject to such further proportionate reductions to the  
35 respective portions of the sums determined pursuant to subparagraph  
36 (a) or (b) of paragraph (1) of this subsection as may be required  
37 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61  
38 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61  
39 (C.54:4-8.60). A homestead rebate determined pursuant to this  
40 subsection shall be rounded to the nearest whole dollar. A claim for  
41 a homestead rebate determined pursuant to this subsection based upon  
42 a homestead maintained by both spouses shall be determined based  
43 upon the combined gross income of both spouses regardless of  
44 whether the claimants filed a joint New Jersey gross income tax return  
45 or separate New Jersey gross income tax returns for the tax year.

46 c. A claim for a homestead rebate for a resident of this State who

1 is not 65 years of age or older at the close of the tax year, and who is  
2 not allowed to claim a personal deduction as a blind or disabled  
3 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident  
4 of this State for the full tax year for which a homestead rebate is  
5 claimed, who has paid property taxes on a homestead other than a unit  
6 of residential rental property for a part of the tax year and has paid  
7 property taxes through rent on a unit of residential rental property for  
8 the remainder of that year shall be determined based upon the sum of:

9 (1) a homestead rebate determined under subsection g. of section  
10 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such  
11 proportionate reduction as relates to the number of days that the  
12 claimant's homestead was other than a unit of residential rental  
13 property bears to 365 days; and

14 (2) a homestead rebate determined under subsection f. of section  
15 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such  
16 proportionate reduction as relates to the number of days that the  
17 claimant's homestead was a unit of residential rental property bears to  
18 365 days.

19 d. (1) For the 2001 tax year and each tax year thereafter, the  
20 director shall annually recompute the maximum homestead rebate by  
21 multiplying the maximum homestead rebate allowed in the prior tax  
22 year by the cost-of-living adjustment, and recomputing the new  
23 maximum homestead rebate for the current tax year. The director  
24 shall round the recomputed maximum homestead rebate amount to the  
25 next highest multiple of \$5.

26 (2) "Cost-of-living adjustment" for any tax year means the factor  
27 calculated by dividing the consumer price index for all urban  
28 consumers for the nation, as prepared by the United States Department  
29 of Labor as of the close of the 12-month period ending on August 31  
30 of the tax year, by that index as of the close of the 12-month period  
31 ending on August 31 of the calendar year preceding the tax year in  
32 which the recomputation of the maximum homestead rebate is made.  
33 (cf: P.L.1999, c.259, s.2)

34

35 4. This act shall take effect immediately.

SENATE SENIOR CITIZENS, VETERANS' AFFAIRS AND  
HUMAN SERVICES COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 1 and 4**

**STATE OF NEW JERSEY**

DATED: DECEMBER 14, 2000

The Senate Senior Citizens, Veterans' Affairs and Human Services Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 1 and 4.

This committee substitute increases and indexes the maximum benefit under the homestead rebate program.

Since 1990 the maximum benefit under the homestead rebate program has been \$500. This substitute would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost-of-living.

This substitute would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.



# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 1 and 4**

# STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2001

The Senate Budget and Appropriations Committee reports favorably Senate Bill Nos. 1 and 4 (SCS).

This bill increases the amount of the maximum benefit under the homestead rebate program and provides for future annual adjustments of that amount to reflect inflation.

*Background: the rebate program.* The homestead rebate program allows a State resident homeowner whose annual New Jersey taxable income is within certain limits to receive a rebate from the State for a portion of the property tax on the person's homestead. There are two categories of rebate allowance; a homeowner's eligibility for one or the other depends upon age or disability status:

(1) A homeowner who is at least 65 years of age, blind or disabled qualifies for an annual rebate payment equal to the amount by which the property tax on the homestead exceeds 5% of the person's annual income. The income limits for this category of claimants are:

- < for a married couple filing a joint State income tax return, or filing separately while maintaining a joint household, \$70,000;
- < for an individual filing as head of household or surviving spouse for federal purposes, \$70,000; and
- < for all other taxpayers, \$35,000.

Likewise, residents meeting these income and age/blindness/disability criteria who rent, rather than own, their homestead are allowed an annual tenant's homestead rebate in an amount equal to that by which the assumed property tax portion (18%) of the annual rent on their homestead exceeds 5% of their State taxable income.

(2) Residents who do not meet the age/blindness/disability criteria may, subject to separate income qualifications, also be eligible for a homestead rebate. In particular, a tenant (not aged, blind or disabled) whose income does not exceed \$100,000 is allowed a rebate for property taxes paid through rent in an amount that rises from \$60 for tax year 2000 to \$80 for tax year 2001 and \$100 for subsequent tax years.

*Bill provisions.* Since 1990, the maximum homestead rebate benefit for the aged, blind or disabled homeowner or tenant has been \$500. This bill would increase that maximum benefit to \$750 for

rebates paid in calendar year 2001 for tax year 2000. Beginning with rebates paid in 2002 for tax year 2001, that maximum amount would be adjusted annually to reflect changes in the cost of living.

In addition, the bill would increase the maximum tenant homestead rebate payable in calendar year 2001 for tax year 2000 to \$100, thus eliminating the current three-year phase-in schedule that delays implementation of the full \$100 maximum until calendar year 2003.

#### FISCAL IMPACT

- ! Annual State costs for the program are estimated to be between \$140 million and \$133 million higher in Fiscal Years 2002 through 2004. In FY2005 and thereafter, the additional annual State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.
- ! The Office of Legislative Services (OLS) notes that this bill and Senate Bill No. 2, which accelerates full implementation of the NJ SAVER program that complements the homestead rebate program, are viewed by their sponsors as a package, and that if both bills are enacted, there will be some offsetting fiscal impacts between them.
- ! In its recently proposed FY2002 Budget, the Executive recommends a total of \$950.5 million in total appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). The OLS anticipates a total of \$1,100.0 million in FY2002 from the combined appropriations under this bill (\$488.0 million) and Senate Bill No. 2 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS thus estimates combined total fiscal impact from enactment of the two bills at \$149.5 million above the amount currently budgeted by the Executive for the two programs.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, Nos. 1 and 4**  
**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

DATED: MARCH 23, 2001

**SUMMARY**

**Synopsis:** Increases and indexes maximum homestead rebate benefit.  
**Type of Impact:** Annual increase in expenditures from the Property Tax Relief Fund.  
**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>State Cost</b>	\$140,000,000	\$136,000,000	\$133,000,000	\$142,000,000

- ! State costs are estimated to be between \$140 million and \$133 million higher annually in Fiscal Years 2002 through 2004. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.
- ! The Office of Legislative Services' (OLS) notes that Senate Bill Nos. 1 and 4 SCS and Senate Bill No. 2 are viewed by the respective sponsors as a package. If both bills are enacted there will be offsetting fiscal impacts between the bills. The OLS estimates the State will save approximately \$20 million in FY 2002 and about \$70 million annually thereafter in offsetting costs due to overlapping rebate eligibility under both bills.
- ! In its recently proposed FY 2002 Budget, the Executive recommended a total of \$950.5 million in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, the OLS anticipates a need for a total of \$1,100.0 million in FY 2002 from the combined provisions under Senate Bill Nos. 1 and 4 SCS (\$488.0 million) and Senate Bill No. 2 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.

**BILL DESCRIPTION**

Senate Committee Substitute for Senate Bill Nos. 1 and 4 of 2000 increases and indexes the maximum benefit under the homestead rebate program. Since 1990 the maximum benefit under

the homestead rebate program has been \$500. This substitute would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost-of-living.

This substitute would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services' (OLS) analysis of Senate Committee Substitute for Senate Bill Nos. 1 and 4 is complicated by a combination of several factors. First, changes in the homestead rebate will affect benefits paid out through the New Jersey School Assessment Valuation Exemption Relief program (NJ SAVER). Second, a companion bill, Senate Bill No. 2, accelerates the phase-in schedule of the NJ SAVER program. Third, the actual payments in the first several years of the NJ SAVER program have been substantially lower than originally anticipated by the Department of the Treasury and the OLS.

The three tables below display the most recent OLS estimates of the cost of the homestead rebate program and the NJ SAVER program from FY 2001 through FY 2005. The tables also display the separate impacts of Senate Bill Nos. 1 and 4 SCS, Senate Bill No. 2, the offsetting cost overlap between the companion bills, and the net State fiscal impact if both bills are enacted.

Table 1 compares OLS estimates for the homestead rebate under current law with the homestead rebate as changed by the committee substitute. State costs are estimated to be between \$140 million and \$133 million higher annually in Fiscal Years 2002 through 2004. Approximately 497,000 senior and disabled homeowners and 125,000 senior and disabled tenants currently receive the homestead rebate. The OLS anticipates that the Statewide average rebate for senior and disabled homeowners will increase from about \$470 to approximately \$660 following the increase of the maximum rebate. Senior and disabled tenants will see their average rebate increase from about \$430 to approximately \$585 under the new, higher maximum. Lastly, the benefit for other homestead rebate recipients will accelerate from the scheduled \$60 under current law to \$100 under the committee substitute. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, Current Law	335.1	348.0	361.0	374.0	374.0
Homestead Rebate, S 1 & 4 SCS	335.1	488.0	497.0	507.0	516.0
<b>Cost Increase</b>	<b>0.0</b>	<b>140.0</b>	<b>136.0</b>	<b>133.0</b>	<b>142.0</b>

Table 2 compares OLS estimates for the NJ SAVER under current law and under the accelerated increase in payments under Senate Bill No. 2. The OLS displays this table in the Fiscal Estimate for the Senate Bill Nos. 1 and 4 SCS because the respective sponsors view the bills as a package and if both bills are enacted there will be some offsetting fiscal impacts between the bills. The impact of Senate Bill No. 2 is temporary, as it accelerates payments in FY 2002 and FY 2003 to levels that are scheduled to be reached in FY 2004 under current law.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
NJ SAVER, Current Law	289.0	440.0	600.0	810.0	810.0
NJ SAVER, S 2	289.0	632.0	810.0	810.0	810.0
<b>Cost Increase</b>	<b>0.0</b>	<b>192.0</b>	<b>210.0</b>	<b>0.0</b>	<b>0.0</b>

Table 3 compares the additional costs of both Senate Bill Nos. 1 and 4 SCS and Senate Bill No. 2. Because the bills affect some people who would be eligible for either the homestead rebate or the NJ SAVER, the OLS estimates the State will save approximately \$20 million in FY 2002 and \$70 million thereafter in offsetting costs due to dual rebate recipients. **The table displays the estimated net fiscal impact on the State if both bills are enacted.** The OLS estimates an additional State cost of about \$312 million in FY 2002, \$276 million in FY 2003, and \$63 million in FY 2004. Thereafter, the State cost increases along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, S 1 & 4 SCS	0.0	140.0	136.0	133.0	142.0
NJ SAVER, S 2	0.0	192.0	210.0	0.0	0.0
Offset for Combined Programs	0.0	(20.0)	(70.0)	(70.0)	(70.0)
<b>Net Cost of Combined Programs</b>	<b>0.0</b>	<b>312.0</b>	<b>276.0</b>	<b>63.0</b>	<b>72.0</b>

This fiscal estimate is based on OLS extrapolations of recent homestead rebate and NJ SAVER data on average payments and taxpayer participation provided by the Department of the Treasury. The OLS notes that the number of participants in the NJ SAVER program has been less than originally anticipated. It is unclear why fewer taxpayers are applying for the program, but the lower participation has resulted in lower State costs. If at some future date participation were to increase, the overall cost of the NJ SAVER program would increase correspondingly.

### ***FY 2002 Budget Comparison***

As is customary, this Fiscal Estimate compares the anticipated costs of the programs under current law and under the bills in question. However, since the introduction of these bills, the Executive has proposed a budget which assumes changes in the existing NJ SAVER program which are different from the changes in these bills. Accordingly, it is useful to examine the FY 2002 cost of these bills in relationship to the proposed Executive budget. In the proposed FY 2002 Budget, **the Executive recommended a total of \$950.5 million** in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, **the OLS anticipates a need for a total of \$1,100.0 million** in FY 2002 from the combined provisions under Senate Bill Nos. 1 and 4 SCS (\$488.0 million) and Senate Bill No. 2 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). **The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.** The higher estimated cost in FY 2002 is due to a number of factors that are part of the bills, but were not included in the Executive's budget proposal: 1) the increase in the maximum homestead rebate benefit to \$750; 2) the acceleration of the non-senior and disabled tenant homestead rebate benefit to \$100; and 3) a slightly higher NJ SAVER average benefit.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*  
*Senior Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 1 and 4**

**STATE OF NEW JERSEY**

DATED: MAY 3, 2001

The Assembly Local Government Committee reports favorably the Senate Committee Substitute for Senate Bills Nos. 1 and 4.

This bill increases and indexes the maximum benefit under the homestead rebate program.

Since 1990, the maximum benefit under the homestead rebate program has been \$500. This bill would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost of living.

This bill would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

The Senate Committee Substitute for Senate Bills No. 1 and 4 is identical to Assembly Bill No. 3171, which was also reported by the committee at its May 3, 2001 meeting.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 1 and 4**

**STATE OF NEW JERSEY**

DATED: JUNE 21, 2001

The Assembly Appropriations Committee reports favorably Senate Bill No. 1 and 4 (SCS).

Senate Bill Nos. 1 and 4 (SCS) increases and indexes the maximum benefit under the homestead rebate program.

Since 1990, the maximum benefit under the homestead rebate program has been \$500. This bill would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost of living.

This bill would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

As reported by the committee, the bill is identical to Assembly Bill No.3171, as also reported by the committee.

FISCAL IMPACT:

- ! Annual State costs for the program are estimated to be between \$140 million and \$133 million higher in Fiscal Years 2002 through 2004. In FY2005 and thereafter, the additional annual State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.
- ! The Office of Legislative Services (OLS) notes that this bill will have an overlapping impact with P.L.2001, c.106, which accelerates full implementation of the NJ SAVER program and complements the homestead rebate program. Increased homestead rebates under this bill will offset some rebate payments under the NJ SAVER.
- ! In its proposed FY2002 Budget, the Executive recommends a total of \$950.5 million in total appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). The OLS anticipates a total of \$1,100.0 million in FY2002 from the combined appropriations under this bill (\$488.0 million) and P.L.2001, c.106 (\$632.0 million less the \$20.0 million



combined program offset = \$612.0 million). The OLS thus estimates combined total fiscal impact in FY2002 at \$149.5 million above the amount budgeted by the Executive for the two programs.

# ASSEMBLY, No. 3171

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED JANUARY 23, 2001

**Sponsored by:**

**Assemblyman JAMES W. HOLZAPFEL**

**District 10 (Monmouth and Ocean)**

**Assemblyman DAVID W. WOLFE**

**District 10 (Monmouth and Ocean)**

**Co-Sponsored by:**

**Assemblymen LeFevre, Blee, Gibson, Conaway, Geist, T.Smith and  
Thompson**

**SYNOPSIS**

Increases and indexes maximum homestead rebate benefit.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/29/2001)**

1 AN ACT increasing and indexing maximum benefits under the  
2 Homestead Rebate programs and amending P.L.1990, c.61.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read as  
8 follows:

9 3. a. A resident of this State who is 65 years of age or older at the  
10 close of the tax year, or who is allowed to claim a personal deduction  
11 as a blind or disabled taxpayer pursuant to subsection b. of  
12 N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year  
13 equal to the amount by which property taxes paid by the claimant in  
14 that tax year on the claimant's homestead exceed 5% of the claimant's  
15 gross income, rounded to the nearest whole dollar, up to a maximum  
16 homestead rebate of \$500 [(rounded to the nearest whole dollar)] for  
17 each tax year through the 1999 tax year, \$750 for the 2000 tax year,  
18 and for each tax year thereafter the director shall recompute the  
19 maximum homestead rebate by multiplying the maximum homestead  
20 rebate allowed in the prior tax year by the cost-of-living adjustment,  
21 provided that:

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

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

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

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

40 b. A homestead rebate shall be allowed pursuant to subsection a.  
41 of this section in relation to the amount of the property taxes actually  
42 paid by or allocable to a resident property taxpayer who is a claimant  
43 on more than one homestead, but the aggregate amount of the

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

**Matter underlined thus is new matter.**

1 property taxes claimed shall not exceed the total of the proportionate  
2 amounts of property taxes assessed and levied against or allocable to  
3 each homestead for the portion of the tax year the claimant occupied  
4 it as the claimant's principal residence.

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

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

24 e. Nothing in this section shall preclude a co-owner, other than a  
25 husband or wife claiming a homestead rebate on the same homestead,  
26 from receiving a homestead rebate determined pursuant to subsection  
27 f. or g. of this section if another co-owner claims a homestead rebate  
28 pursuant to subsection a. of this section, provided however, that each  
29 claim for a homestead rebate determined pursuant to subsections a.  
30 and f. of this section shall be separately subject to the provisions of  
31 subsections c. and d. of this section and each claim for a homestead  
32 rebate determined pursuant to subsection g. of this section shall be  
33 separately subject to the provisions of that subsection.

34 f. (1) Notwithstanding the provisions of subsection a. of this  
35 section to the contrary, a homestead rebate shall be allowed for a  
36 resident of this State who is 65 years of age or older at the close of the  
37 tax year, or who is allowed to claim a personal deduction as a blind or  
38 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has  
39 paid property taxes in that tax year on the claimant's homestead, which  
40 shall not be less than:

41 (a) \$150 for property taxes paid on one homestead for the tax year  
42 if the claimant's gross income does not exceed \$70,000 for that year;  
43 or

44 (b) \$100 for property taxes paid on one homestead for the tax year  
45 if the claimant's gross income exceeds \$70,000 but does not exceed  
46 \$100,000 for that year.

1 (2) If a claimant who is eligible to receive a homestead rebate in an  
2 amount set forth in paragraph (1) of this subsection paid property  
3 taxes on homesteads maintained as such in this State for less than the  
4 full tax year, the homestead rebate amount set forth in paragraph (1)  
5 shall be prorated in the proportion which the number of days that the  
6 homesteads were maintained during the tax year bears to 365 days.  
7 The homestead rebate amount set forth in paragraph (1) of this  
8 subsection shall be subject to any further proportionate reduction as  
9 may be applicable pursuant to subsections c. and d. of this section. The  
10 homestead rebate amount set forth in paragraph (1) of this subsection  
11 that is subject to any proportionate reduction shall be rounded to the  
12 nearest whole dollar. The homestead rebate amount set forth in  
13 paragraph (1) of this subsection that is claimed based upon a  
14 homestead maintained by both spouses shall be determined based upon  
15 the combined gross income of both spouses regardless of whether the  
16 claimants filed a joint New Jersey gross income tax return or separate  
17 New Jersey gross income tax returns for the tax year.

18 g. (1) A resident of this State who is not 65 years of age or older  
19 at the close of the tax year, and who is not allowed to claim a personal  
20 deduction as a blind or disabled taxpayer pursuant to subsection b. of  
21 N.J.S.54A:3-1, who maintains a homestead for which property taxes  
22 have been paid for the tax year, who has gross income for the tax year  
23 not in excess of \$40,000, shall be allowed a homestead rebate pursuant  
24 to this subsection of \$90, provided however, that the homestead rebate  
25 allowed pursuant to this subsection shall be subject to the limitations  
26 and reductions as may apply pursuant to the provisions of subsections  
27 b. through d. of this section.

28 (2) In the case of a claimant who is a married individual filing a  
29 separate New Jersey gross income tax return, if the spouse of the  
30 claimant maintains the same homestead as the claimant and also files  
31 a separate gross income tax return in this State: (a) if the combined  
32 gross income of both spouses exceeds \$40,000 then neither spouse  
33 shall be entitled to a rebate pursuant to this subsection; or (b) if the  
34 combined gross income of both spouses does not exceed \$40,000, then  
35 the maximum homestead rebate paid pursuant to this subsection to  
36 each spouse shall not exceed one-half of the amount of the homestead  
37 rebate allowable had the spouses filed a joint return and homestead  
38 rebate application.

39 (3) A rebate paid pursuant to this subsection shall be subject to  
40 such proportionate reductions in amount as relate to the claimant's  
41 number of days as an owner of the homestead during the tax year.

42 h. (1) For the 2001 tax year and each tax year thereafter, the  
43 director shall annually recompute the maximum homestead rebate by  
44 multiplying the maximum homestead rebate allowed in the prior tax  
45 year by the cost-of-living adjustment, and recomputing the new  
46 maximum homestead rebate for the current tax year. The director

1 shall round the recomputed maximum homestead rebate amount to the  
2 next highest multiple of \$5.

3 (2) "Cost-of-living adjustment" for any tax year means the factor  
4 calculated by dividing the consumer price index for all urban  
5 consumers for the nation, as prepared by the United States Department  
6 of Labor as of the close of the 12-month period ending on August 31  
7 of the tax year, by that index as of the close of the 12-month period  
8 ending on August 31 of the calendar year preceding the tax year in  
9 which the recomputation of the maximum homestead rebate is made.  
10 (cf: P.L.1999, c.63, s.5)

11

12 2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read as  
13 follows:

14 4. a. A resident of this State who is 65 years of age or older at the  
15 close of the tax year, or who is allowed to claim a personal deduction  
16 as a blind or disabled taxpayer pursuant to subsection b. of  
17 N.J.S.54A:3-1, whose homestead is a unit of residential rental  
18 property shall be allowed a homestead rebate for the tax year equal to  
19 the amount by which the claimant's rent constituting property taxes in  
20 that tax year exceeds 5% of the claimant's gross income, rounded to  
21 the nearest whole dollar, up to a maximum homestead rebate of \$500  
22 [(rounded to the nearest whole dollar)] for each tax year through the  
23 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
24 thereafter the director shall recompute the maximum homestead rebate  
25 by multiplying the maximum homestead rebate allowed in the prior tax  
26 year by the cost-of-living adjustment, provided that:

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

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

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

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

45 b. If more than one resident, other than a husband and wife, qualify  
46 for a homestead rebate by reason of their having occupied the same

1 unit of residential rental property as their homestead, it shall be  
2 presumed that each claimant shall be allowed a homestead rebate  
3 pursuant to this section only in relation to the individual's  
4 proportionate share of the total rent constituting property taxes paid  
5 by that claimant which homestead rebate shall be in proportion to the  
6 percentage that the total rent paid by that claimant bears to the total  
7 rent paid by all tenants of the same unit. For the purposes of a  
8 homestead rebate claimed by an individual subject to this subsection,  
9 the names and social security numbers of each co-tenant shall be  
10 reported by the claimant and the total rent paid shall be presumed to  
11 be paid in equal parts among all co-tenants.

12 c. If a claimant for a homestead rebate pursuant to this section has  
13 no other homestead in this State other than a unit of residential rental  
14 property, and that claimant was not a resident of this State for the full  
15 tax year, but paid rent for the full tax year for one or more units of  
16 residential rental property in this State, the claimant's total homestead  
17 rebate otherwise calculated pursuant to this section shall be prorated  
18 in the proportion which the number of days the claimant occupied  
19 residential rental property in this State as a homestead during the tax  
20 year bears to 365 days.

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

28 e. (1) Notwithstanding the provisions of subsection a. of this  
29 section to the contrary, a homestead rebate shall be allowed for a  
30 resident of this State who is 65 years of age or older at the close of the  
31 tax year, or who is allowed to claim a personal deduction as a blind or  
32 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose  
33 homestead is a unit of residential rental property which shall not be  
34 less than:

35 (a) the greater of either the amount determined pursuant to  
36 subsection f. of this section or \$65 for property taxes paid through  
37 rent on the homestead for the tax year if the claimant's gross income  
38 does not exceed \$70,000 for that year; or

39 (b) the greater of either the amount determined pursuant to  
40 subsection f. of this section or \$35 for property taxes paid through  
41 rent on the homestead for the tax year if the claimant's gross income  
42 exceeds \$70,000 but does not exceed \$100,000 for that year.

43 (2) If a claimant who is eligible to receive a homestead rebate in an  
44 amount set forth in paragraph (1) of this subsection paid rent for less  
45 than the full tax year on one or more homesteads in this State  
46 maintained as such for less than the full tax year, the homestead rebate

1 amount set forth in paragraph (1) shall be prorated in the proportion  
2 which the number of days that the homestead was maintained during  
3 the tax year bears to 365 days. A claim for a homestead rebate in an  
4 amount set forth in paragraph (1) of this subsection shall be subject to  
5 such further proportionate reduction as may be required pursuant to  
6 subsections b. and c. of this section. A homestead rebate in an amount  
7 set forth in paragraph (1) of this subsection subject to any  
8 proportionate reduction shall be rounded to the nearest whole dollar.  
9 A claim for a homestead rebate in an amount set forth in paragraph (1)  
10 of this subsection based upon a homestead maintained by both spouses  
11 shall be determined based upon the combined gross income of both  
12 spouses regardless of whether the claimants filed a joint New Jersey  
13 gross income tax return or separate New Jersey gross income tax  
14 returns for the tax year.

15 f. (1) A resident of this State whose homestead is a unit of  
16 residential rental property, who has gross income for the tax year not  
17 in excess of \$100,000, shall be allowed a homestead rebate pursuant  
18 to this subsection of \$30 for property taxes paid through rent during  
19 the 1998 tax year, \$40 for property taxes paid through rent during the  
20 1999 tax year, [\$60 for property taxes paid through rent during the  
21 2000 tax year, \$80 for property taxes paid through rent during the  
22 2001 tax year], [and] \$100 for property taxes paid through rent  
23 during the 2000 tax year and for any tax year thereafter, provided  
24 however, that the homestead rebate allowed pursuant to this  
25 subsection shall be subject to the limitations and reductions as may  
26 apply pursuant to the provisions of subsections b. and c. of this section  
27 and such proportionate reduction as may relate to the number of days  
28 the claimant was a tenant in a unit of residential rental property  
29 maintained as a homestead in this State during the tax year.

30 (2) The gross income limit imposed in paragraph (1) of this  
31 subsection for a claim for a homestead rebate made pursuant to this  
32 subsection that is based upon a homestead maintained by both spouses  
33 shall be based upon the combined gross income of both spouses if the  
34 claimants filed a joint New Jersey gross income tax return for the tax  
35 year. If a claim by a married individual for a homestead rebate made  
36 pursuant to this subsection is based upon a homestead maintained by  
37 both spouses who each file separate New Jersey gross income tax  
38 returns for the tax year, no homestead rebate for the tax year shall be  
39 paid to either spouse if their combined gross income exceeds the gross  
40 income limit imposed in paragraph (1) of this subsection. For such a  
41 claim, if the combined gross income of both spouses does not exceed  
42 the gross income limit imposed in paragraph (1) of this subsection,  
43 then each such spouse making a claim shall be allowed a homestead  
44 rebate amount equal to one-half of the homestead rebate amount  
45 otherwise allowed pursuant to this subsection.

46 g. (1) For the 2001 tax year and each tax year thereafter, the



1 director shall annually recompute the maximum homestead rebate set  
2 forth in subsection a. of this section by multiplying the maximum  
3 homestead rebate allowed in the prior tax year by the cost-of- living  
4 adjustment, and recomputing the new maximum homestead rebate for  
5 the current tax year. The director shall round the recomputed  
6 maximum homestead rebate amount to the next highest multiple of \$5.

7 (2) "Cost-of-living adjustment" for any tax year means the factor  
8 calculated by dividing the consumer price index for all urban  
9 consumers for the nation, as prepared by the United States Department  
10 of Labor as of the close of the 12-month period ending on August 31  
11 of the tax year, by that index as of the close of the 12-month period  
12 ending on August 31 of the calendar year preceding the tax year in  
13 which the recomputation of the maximum homestead rebate is made.  
14 (cf: P.L.1999, c.259, s.1)

15

16 3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read as  
17 follows:

18 5. a. A resident of this State who is 65 years of age or older at the  
19 close of the tax year, or who is allowed to claim a personal deduction  
20 as a blind or disabled taxpayer pursuant to subsection b. of  
21 N.J.S.54A:3-1, who is a resident of this State for the full tax year for  
22 which a homestead rebate is claimed, whose homestead has been other  
23 than a unit of residential rental property for a part of the tax year and  
24 has been a unit of residential rental property for the remainder of that  
25 year, shall be allowed a homestead rebate for that tax year equal to the  
26 amount by which the sum of the actual property taxes paid by the  
27 claimant and the rent constituting property taxes paid by the claimant  
28 in that tax year exceeds 5% of the claimant's gross income, rounded to  
29 the nearest whole dollar, up to a maximum homestead rebate of \$500  
30 [(rounded to the nearest whole dollar)] for each tax year through the  
31 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
32 thereafter the director shall recompute the maximum homestead rebate  
33 by multiplying the maximum homestead rebate allowed in the prior tax  
34 year by the cost-of-living adjustment, provided that:

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

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

42 (3) in the case of a married individual filing a separate New Jersey  
43 gross income tax return, if the spouse of the claimant maintains the  
44 same homestead as the claimant and also files a separate gross income  
45 tax return in this State, the combined gross income of both spouses  
46 does not exceed \$70,000, but in no event shall the homestead rebate

1 claimed under this subsection exceed one-half of the amount of the  
2 homestead rebate allowable had the spouses filed a joint return and  
3 rebate application; and

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

7 b. (1) Notwithstanding the provisions of subsection a. of this  
8 section to the contrary, a homestead rebate shall be allowed for a  
9 resident of this State who is 65 years of age or older at the close of the  
10 tax year, or who is allowed to claim a personal deduction as a blind or  
11 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is  
12 a resident of this State for the full tax year for which a homestead  
13 rebate is claimed, who has paid property taxes on a homestead other  
14 than a unit of residential rental property for a part of the tax year and  
15 has paid property taxes through rent on a unit of residential rental  
16 property for the remainder of that year, which shall not be less than:

17 (a) the sum of that portion of \$150 which the number of days that  
18 the claimant's homestead was other than a unit of residential rental  
19 property bears to 365 days and that portion of the amount determined  
20 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
21 c.61 (C.54:4-8.60) which the number of days that the claimant's  
22 homestead was a unit of residential rental property bears to 365 days,  
23 if the claimant's gross income does not exceed \$70,000 for that year;  
24 or

25 (b) the sum of that portion of \$100 which the number of days that  
26 the claimant's homestead was other than a unit of residential rental  
27 property bears to 365 days and that portion of the amount determined  
28 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
29 c.61 (C.54:4-8.60) which the number of days that the claimant's  
30 homestead was a unit of residential rental property bears to 365 days,  
31 if the claimant's gross income exceeds \$70,000 but does not exceed  
32 \$100,000 for that year.

33 (2) A claim for a homestead rebate pursuant to this subsection shall  
34 first be subject to such further proportionate reductions to the  
35 respective portions of the sums determined pursuant to subparagraph  
36 (a) or (b) of paragraph (1) of this subsection as may be required  
37 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61  
38 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61  
39 (C.54:4-8.60). A homestead rebate determined pursuant to this  
40 subsection shall be rounded to the nearest whole dollar. A claim for  
41 a homestead rebate determined pursuant to this subsection based upon  
42 a homestead maintained by both spouses shall be determined based  
43 upon the combined gross income of both spouses regardless of  
44 whether the claimants filed a joint New Jersey gross income tax return  
45 or separate New Jersey gross income tax returns for the tax year.

46 c. A claim for a homestead rebate for a resident of this State who

1 is not 65 years of age or older at the close of the tax year, and who is  
2 not allowed to claim a personal deduction as a blind or disabled  
3 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident  
4 of this State for the full tax year for which a homestead rebate is  
5 claimed, who has paid property taxes on a homestead other than a unit  
6 of residential rental property for a part of the tax year and has paid  
7 property taxes through rent on a unit of residential rental property for  
8 the remainder of that year shall be determined based upon the sum of:

9 (1) a homestead rebate determined under subsection g. of section  
10 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such  
11 proportionate reduction as relates to the number of days that the  
12 claimant's homestead was other than a unit of residential rental  
13 property bears to 365 days; and

14 (2) a homestead rebate determined under subsection f. of section  
15 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such  
16 proportionate reduction as relates to the number of days that the  
17 claimant's homestead was a unit of residential rental property bears to  
18 365 days.

19 d. (1) For the 2001 tax year and each tax year thereafter, the  
20 director shall annually recompute the maximum homestead rebate by  
21 multiplying the maximum homestead rebate allowed in the prior tax  
22 year by the cost-of-living adjustment, and recomputing the new  
23 maximum homestead rebate for the current tax year. The director  
24 shall round the recomputed maximum homestead rebate amount to the  
25 next highest multiple of \$5.

26 (2) "Cost-of-living adjustment" for any tax year means the factor  
27 calculated by dividing the consumer price index for all urban  
28 consumers for the nation, as prepared by the United States Department  
29 of Labor as of the close of the 12-month period ending on August 31  
30 of the tax year, by that index as of the close of the 12-month period  
31 ending on August 31 of the calendar year preceding the tax year in  
32 which the recomputation of the maximum homestead rebate is made.  
33 (cf: P.L.1999, c.259, s.2)

34  
35 4. This act shall take effect immediately.  
36  
37

#### 38 STATEMENT

39  
40 This bill increases and indexes the maximum benefit under the  
41 homestead rebate program.

42 Since 1990 the maximum benefit under the homestead rebate  
43 program has been \$500. This bill would increase the maximum to  
44 \$750 beginning with rebates paid in calendar year 2001. Beginning  
45 with rebates paid in 2002, that maximum amount would be indexed  
46 annually to the cost-of-living.

**A3171 HOLZAPFEL, WOLFE**

11

1       This bill would also set the maximum tenant homestead rebate paid  
2 in calendar year 2001 at \$100, replacing the current three-year phase-  
3 in of that \$100 maximum to be paid under current law in calendar year  
4 2003.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 3171**  
**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

DATED: APRIL 4, 2001

**SUMMARY**

**Synopsis:** Increases and indexes maximum homestead rebate benefit.  
**Type of Impact:** Annual increase in expenditures from the Property Tax Relief Fund.  
**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>State Cost</b>	\$140,000,000	\$136,000,000	\$133,000,000	\$142,000,000

- ! State costs are estimated to be between \$140 million and \$133 million higher annually in Fiscal Years 2002 through 2004. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.
- ! The Office of Legislative Services' (OLS) notes that Assembly Bill No. 3171 and Assembly Bill No. 3178 are viewed by the respective sponsors as a package. If both bills are enacted there will be offsetting fiscal impacts between the bills. The OLS estimates the State will save approximately \$20 million in FY 2002 and about \$70 million annually thereafter in offsetting costs due to overlapping rebate eligibility under both bills.
- ! In its recently proposed FY 2002 Budget, the Executive recommended a total of \$950.5 million in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, the OLS anticipates a need for a total of \$1,100.0 million in FY 2002 from the combined provisions under Assembly Bill No. 3171 (\$488.0 million) and Assembly Bill No. 3178 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.

**BILL DESCRIPTION**

Assembly Bill No. 3171 of 2001 increases and indexes the maximum benefit under the homestead rebate program. Since 1990 the maximum benefit under the homestead rebate program has been \$500. This bill would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost-of-living.

This bill would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The Office of Legislative Services' (OLS) analysis of Assembly Bill No. 3171 is complicated by a combination of several factors. First, changes in the homestead rebate will affect benefits paid out through the New Jersey School Assessment Valuation Exemption Relief program (NJ SAVER). Second, a companion bill, Assembly Bill No. 3178, accelerates the phase-in schedule of the NJ SAVER program. Third, the actual payments in the first several years of the NJ SAVER program have been substantially lower than originally anticipated by the Department of the Treasury and the OLS.

The three tables below display the most recent OLS estimates of the cost of the homestead rebate program and the NJ SAVER program from FY 2001 through FY 2005. The tables also display the separate impacts of Assembly Bill No. 3171, Assembly Bill No. 3178, the offsetting cost overlap between the companion bills, and the net State fiscal impact if both bills are enacted.

Table 1 compares OLS estimates for the homestead rebate under current law with the homestead rebate as changed by the bill. State costs are estimated to be between \$140 million and \$133 million higher annually in Fiscal Years 2002 through 2004. Approximately 497,000 senior and disabled homeowners and 125,000 senior and disabled tenants currently receive the homestead rebate. The OLS anticipates that the Statewide average rebate for senior and disabled homeowners will increase from about \$470 to approximately \$660 following the increase of the maximum rebate. Senior and disabled tenants will see their average rebate increase from about \$430 to approximately \$585 under the new, higher maximum. Lastly, the benefit for other homestead rebate recipients will accelerate from the scheduled \$60 under current law to \$100 under the bill. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Table 1:</b>					
<b>Cost Estimates of Changes to the Homestead Rebate Program, A 3171</b>					
(\$ millions)					
<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, Current Law	335.1	348.0	361.0	374.0	374.0
Homestead Rebate, A 3171	335.1	488.0	497.0	507.0	516.0
<b>Cost Increase</b>	<b>0.0</b>	<b>140.0</b>	<b>136.0</b>	<b>133.0</b>	<b>142.0</b>

Table 2 compares OLS estimates for the NJ SAVER under current law and under the accelerated increase in payments under Assembly Bill No. 3178. The OLS displays this table in the Fiscal Estimate for the Assembly Bill No. 3171 because the respective sponsors view the bills as a package and if both bills are enacted there will be some offsetting fiscal impacts between the bills. The impact of Assembly Bill No. 3178 is temporary, as it accelerates payments in FY 2002 and FY 2003 to levels that are scheduled to be reached in FY 2004 under current law.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
NJ SAVER, Current Law	289.0	440.0	600.0	810.0	810.0
NJ SAVER, A 3178	289.0	632.0	810.0	810.0	810.0
<b>Cost Increase</b>	<b>0.0</b>	<b>192.0</b>	<b>210.0</b>	<b>0.0</b>	<b>0.0</b>

Table 3 compares the additional costs of both Assembly Bill No. 3171 and Assembly Bill No. 3178. Because the bills affect some people who would be eligible for either the homestead rebate or the NJ SAVER, the OLS estimates the State will save approximately \$20 million in FY 2002 and \$70 million thereafter in offsetting costs due to dual rebate recipients. **The table displays the estimated net fiscal impact on the State if both bills are enacted.** The OLS estimates an additional State cost of about \$312 million in FY 2002, \$276 million in FY 2003, and \$63 million in FY 2004. Thereafter, the State cost increases along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, A 3171	0.0	140.0	136.0	133.0	142.0
NJ SAVER, A 3178	0.0	192.0	210.0	0.0	0.0
Offset for Combined Programs	0.0	(20.0)	(70.0)	(70.0)	(70.0)
<b>Net Cost of Combined Programs</b>	<b>0.0</b>	<b>312.0</b>	<b>276.0</b>	<b>63.0</b>	<b>72.0</b>

This fiscal estimate is based on OLS extrapolations of recent homestead rebate and NJ SAVER data on average payments and taxpayer participation provided by the Department of the Treasury. The OLS notes that the number of participants in the NJ SAVER program has been less than originally anticipated. It is unclear why fewer taxpayers are applying for the program, but the lower participation has resulted in lower State costs. If at some future date participation were to increase, the overall cost of the NJ SAVER program would increase correspondingly.

***FY 2002 Budget Comparison***

As is customary, this Fiscal Estimate compares the anticipated costs of the programs under current law and under the bills in question. However, since the introduction of these bills, the Executive has proposed a budget which assumes changes in the existing NJ SAVER program which are different from the changes in these bills. Accordingly, it is useful to examine the FY 2002 cost of these bills in relationship to the proposed Executive budget. In the proposed FY 2002 Budget, **the Executive recommended a total of \$950.5 million** in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, **the OLS anticipates a need for a total of \$1,100.0 million** in FY 2002 from the combined provisions under Assembly Bill No. 3171 (\$488.0 million) and Assembly Bill No. 3178 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). **The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.** The higher estimated cost in FY 2002 is due to a number of factors that are part of the bills, but were not included in the Executive's budget proposal: 1) the increase in the maximum homestead rebate benefit to \$750; 2) the acceleration of the non-senior and disabled tenant homestead rebate benefit to \$100; and 3) a slightly higher NJ SAVER average benefit.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*  
*Senior Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.



ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3171**

**STATE OF NEW JERSEY**

DATED: MAY 3, 2001

The Assembly Local Government Committee reports favorably Assembly Bill No. 3171.

Assembly Bill No. 3171 increases and indexes the maximum benefit under the homestead rebate program.

Since 1990, the maximum benefit under the homestead rebate program has been \$500. This bill would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost of living.

This bill would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

Assembly Bill No. 3171 is identical to the Senate Committee Substitute for Senate Bills No. 1 and 4, which was also reported by the committee at its May 3, 2001 meeting.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3171

# STATE OF NEW JERSEY

DATED: JUNE 21, 2001

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3171.

Assembly Bill No. 3171 increases and indexes the maximum benefit under the homestead rebate program.

Since 1990, the maximum benefit under the homestead rebate program has been \$500. This bill would increase the maximum to \$750 beginning with rebates paid in calendar year 2001. Beginning with rebates paid in 2002, that maximum amount would be indexed annually to the cost of living.

This bill would also set the maximum tenant homestead rebate paid in calendar year 2001 at \$100, replacing the current three-year phase-in of that \$100 maximum to be paid under current law in calendar year 2003.

As reported by the committee, the bill is identical to Senate Bill No. 1/4 (SCS), as also reported by the committee.

#### FISCAL IMPACT:

- ! Annual State costs for the program are estimated to be between \$140 million and \$133 million higher in Fiscal Years 2002 through 2004. In FY2005 and thereafter, the additional annual State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.
- ! The Office of Legislative Services (OLS) notes that this bill will have an overlapping impact with P.L.2001, c.106, which accelerates full implementation of the NJ SAVER program and complements the homestead rebate program. Increased homestead rebates under this bill will offset some rebate payments under the NJ SAVER.
- ! In its proposed FY2002 Budget, the Executive recommends a total of \$950.5 million in total appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). The OLS anticipates a total of \$1,100.0 million in FY2002 from the combined appropriations under this bill (\$488.0 million) and P.L.2001, c.106 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS thus estimates combined total fiscal impact in FY2002 at \$149.5 million above the amount budgeted by the Executive for the two programs.

P.L. 2001, CHAPTER 159, *approved July 16, 2001*  
Senate Committee Substitute for  
Senate, Nos. 1 and 4

1 AN ACT increasing and indexing maximum benefits under the  
2 Homestead Rebate programs and amending P.L.1990, c.61.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read  
8 as follows:

9 3. a. A resident of this State who is 65 years of age or older at the  
10 close of the tax year, or who is allowed to claim a personal deduction  
11 as a blind or disabled taxpayer pursuant to subsection b. of  
12 N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year  
13 equal to the amount by which property taxes paid by the claimant in  
14 that tax year on the claimant's homestead exceed 5% of the claimant's  
15 gross income, rounded to the nearest whole dollar, up to a maximum  
16 homestead rebate of \$500 [(rounded to the nearest whole dollar)] for  
17 each tax year through the 1999 tax year, \$750 for the 2000 tax year,  
18 and for each tax year thereafter the director shall recompute the  
19 maximum homestead rebate by multiplying the maximum homestead  
20 rebate allowed in the prior tax year by the cost-of-living adjustment,  
21 provided that:

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

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

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

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

40 b. A homestead rebate shall be allowed pursuant to subsection a.

**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 of this section in relation to the amount of the property taxes actually  
2 paid by or allocable to a resident property taxpayer who is a claimant  
3 on more than one homestead, but the aggregate amount of the  
4 property taxes claimed shall not exceed the total of the proportionate  
5 amounts of property taxes assessed and levied against or allocable to  
6 each homestead for the portion of the tax year the claimant occupied  
7 it as the claimant's principal residence.

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

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

27 e. Nothing in this section shall preclude a co-owner, other than a  
28 husband or wife claiming a homestead rebate on the same homestead,  
29 from receiving a homestead rebate determined pursuant to subsection  
30 f. or g. of this section if another co-owner claims a homestead rebate  
31 pursuant to subsection a. of this section, provided however, that each  
32 claim for a homestead rebate determined pursuant to subsections a.  
33 and f. of this section shall be separately subject to the provisions of  
34 subsections c. and d. of this section and each claim for a homestead  
35 rebate determined pursuant to subsection g. of this section shall be  
36 separately subject to the provisions of that subsection.

37 f. (1) Notwithstanding the provisions of subsection a. of this  
38 section to the contrary, a homestead rebate shall be allowed for a  
39 resident of this State who is 65 years of age or older at the close of the  
40 tax year, or who is allowed to claim a personal deduction as a blind or  
41 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has  
42 paid property taxes in that tax year on the claimant's homestead, which  
43 shall not be less than:

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

1 (b) \$100 for property taxes paid on one homestead for the tax  
2 year if the claimant's gross income exceeds \$70,000 but does not  
3 exceed \$100,000 for that year.

4 (2) If a claimant who is eligible to receive a homestead rebate in  
5 an amount set forth in paragraph (1) of this subsection paid property  
6 taxes on homesteads maintained as such in this State for less than the  
7 full tax year, the homestead rebate amount set forth in paragraph (1)  
8 shall be prorated in the proportion which the number of days that the  
9 homesteads were maintained during the tax year bears to 365 days.  
10 The homestead rebate amount set forth in paragraph (1) of this  
11 subsection shall be subject to any further proportionate reduction as  
12 may be applicable pursuant to subsections c. and d. of this section. The  
13 homestead rebate amount set forth in paragraph (1) of this subsection  
14 that is subject to any proportionate reduction shall be rounded to the  
15 nearest whole dollar. The homestead rebate amount set forth in  
16 paragraph (1) of this subsection that is claimed based upon a  
17 homestead maintained by both spouses shall be determined based upon  
18 the combined gross income of both spouses regardless of whether the  
19 claimants filed a joint New Jersey gross income tax return or separate  
20 New Jersey gross income tax returns for the tax year.

21 g. (1) A resident of this State who is not 65 years of age or older  
22 at the close of the tax year, and who is not allowed to claim a personal  
23 deduction as a blind or disabled taxpayer pursuant to subsection b. of  
24 N.J.S.54A:3-1, who maintains a homestead for which property taxes  
25 have been paid for the tax year, who has gross income for the tax year  
26 not in excess of \$40,000, shall be allowed a homestead rebate pursuant  
27 to this subsection of \$90, provided however, that the homestead rebate  
28 allowed pursuant to this subsection shall be subject to the limitations  
29 and reductions as may apply pursuant to the provisions of subsections  
30 b. through d. of this section.

31 (2) In the case of a claimant who is a married individual filing a  
32 separate New Jersey gross income tax return, if the spouse of the  
33 claimant maintains the same homestead as the claimant and also files  
34 a separate gross income tax return in this State: (a) if the combined  
35 gross income of both spouses exceeds \$40,000 then neither spouse  
36 shall be entitled to a rebate pursuant to this subsection; or (b) if the  
37 combined gross income of both spouses does not exceed \$40,000, then  
38 the maximum homestead rebate paid pursuant to this subsection to  
39 each spouse shall not exceed one-half of the amount of the homestead  
40 rebate allowable had the spouses filed a joint return and homestead  
41 rebate application.

42 (3) A rebate paid pursuant to this subsection shall be subject to  
43 such proportionate reductions in amount as relate to the claimant's  
44 number of days as an owner of the homestead during the tax year.

45 h. (1) For the 2001 tax year and each tax year thereafter, the  
46 director shall annually recompute the maximum homestead rebate by

1 multiplying the maximum homestead rebate allowed in the prior tax  
2 year by the cost-of-living adjustment, and recomputing the new  
3 maximum homestead rebate for the current tax year. The director  
4 shall round the recomputed maximum homestead rebate amount to the  
5 next highest multiple of \$5.

6 (2) "Cost-of-living adjustment" for any tax year means the factor  
7 calculated by dividing the consumer price index for all urban  
8 consumers for the nation, as prepared by the United States Department  
9 of Labor as of the close of the 12-month period ending on August 31  
10 of the tax year, by that index as of the close of the 12-month period  
11 ending on August 31 of the calendar year preceding the tax year in  
12 which the recomputation of the maximum homestead rebate is made.  
13 (cf: P.L.1999, c.63, s.5)

14

15 2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read  
16 as follows:

17 4. a. A resident of this State who is 65 years of age or older at the  
18 close of the tax year, or who is allowed to claim a personal deduction  
19 as a blind or disabled taxpayer pursuant to subsection b. of  
20 N.J.S.54A:3-1, whose homestead is a unit of residential rental  
21 property shall be allowed a homestead rebate for the tax year equal to  
22 the amount by which the claimant's rent constituting property taxes in  
23 that tax year exceeds 5% of the claimant's gross income, rounded to  
24 the nearest whole dollar, up to a maximum homestead rebate of \$500  
25 [(rounded to the nearest whole dollar)] for each tax year through the  
26 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
27 thereafter the director shall recompute the maximum homestead rebate  
28 by multiplying the maximum homestead rebate allowed in the prior tax  
29 year by the cost-of-living adjustment, provided that:

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

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

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

45 (4) in the case of a married individual filing a separate gross  
46 income tax return and maintaining a homestead apart from that

1 individual's spouse, gross income does not exceed \$35,000.

2 b. If more than one resident, other than a husband and wife,  
3 qualify for a homestead rebate by reason of their having occupied the  
4 same unit of residential rental property as their homestead, it shall be  
5 presumed that each claimant shall be allowed a homestead rebate  
6 pursuant to this section only in relation to the individual's  
7 proportionate share of the total rent constituting property taxes paid  
8 by that claimant which homestead rebate shall be in proportion to the  
9 percentage that the total rent paid by that claimant bears to the total  
10 rent paid by all tenants of the same unit. For the purposes of a  
11 homestead rebate claimed by an individual subject to this subsection,  
12 the names and social security numbers of each co-tenant shall be  
13 reported by the claimant and the total rent paid shall be presumed to  
14 be paid in equal parts among all co-tenants.

15 c. If a claimant for a homestead rebate pursuant to this section has  
16 no other homestead in this State other than a unit of residential rental  
17 property, and that claimant was not a resident of this State for the full  
18 tax year, but paid rent for the full tax year for one or more units of  
19 residential rental property in this State, the claimant's total homestead  
20 rebate otherwise calculated pursuant to this section shall be prorated  
21 in the proportion which the number of days the claimant occupied  
22 residential rental property in this State as a homestead during the tax  
23 year bears to 365 days.

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

31 e. (1) Notwithstanding the provisions of subsection a. of this  
32 section to the contrary, a homestead rebate shall be allowed for a  
33 resident of this State who is 65 years of age or older at the close of the  
34 tax year, or who is allowed to claim a personal deduction as a blind or  
35 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose  
36 homestead is a unit of residential rental property which shall not be  
37 less than:

38 (a) the greater of either the amount determined pursuant to  
39 subsection f. of this section or \$65 for property taxes paid through  
40 rent on the homestead for the tax year if the claimant's gross income  
41 does not exceed \$70,000 for that year; or

42 (b) the greater of either the amount determined pursuant to  
43 subsection f. of this section or \$35 for property taxes paid through  
44 rent on the homestead for the tax year if the claimant's gross income  
45 exceeds \$70,000 but does not exceed \$100,000 for that year.

46 (2) If a claimant who is eligible to receive a homestead rebate in

1 an amount set forth in paragraph (1) of this subsection paid rent for  
2 less than the full tax year on one or more homesteads in this State  
3 maintained as such for less than the full tax year, the homestead rebate  
4 amount set forth in paragraph (1) shall be prorated in the proportion  
5 which the number of days that the homestead was maintained during  
6 the tax year bears to 365 days. A claim for a homestead rebate in an  
7 amount set forth in paragraph (1) of this subsection shall be subject to  
8 such further proportionate reduction as may be required pursuant to  
9 subsections b. and c. of this section. A homestead rebate in an amount  
10 set forth in paragraph (1) of this subsection subject to any  
11 proportionate reduction shall be rounded to the nearest whole dollar.  
12 A claim for a homestead rebate in an amount set forth in paragraph (1)  
13 of this subsection based upon a homestead maintained by both spouses  
14 shall be determined based upon the combined gross income of both  
15 spouses regardless of whether the claimants filed a joint New Jersey  
16 gross income tax return or separate New Jersey gross income tax  
17 returns for the tax year.

18 f. (1) A resident of this State whose homestead is a unit of  
19 residential rental property, who has gross income for the tax year not  
20 in excess of \$100,000, shall be allowed a homestead rebate pursuant  
21 to this subsection of \$30 for property taxes paid through rent during  
22 the 1998 tax year, \$40 for property taxes paid through rent during the  
23 1999 tax year, [\$60 for property taxes paid through rent during the  
24 2000 tax year, \$80 for property taxes paid through rent during the  
25 2001 tax year], [and] \$100 for property taxes paid through rent  
26 during the 2000 tax year and for any tax year thereafter, provided  
27 however, that the homestead rebate allowed pursuant to this  
28 subsection shall be subject to the limitations and reductions as may  
29 apply pursuant to the provisions of subsections b. and c. of this section  
30 and such proportionate reduction as may relate to the number of days  
31 the claimant was a tenant in a unit of residential rental property  
32 maintained as a homestead in this State during the tax year.

33 (2) The gross income limit imposed in paragraph (1) of this  
34 subsection for a claim for a homestead rebate made pursuant to this  
35 subsection that is based upon a homestead maintained by both spouses  
36 shall be based upon the combined gross income of both spouses if the  
37 claimants filed a joint New Jersey gross income tax return for the tax  
38 year. If a claim by a married individual for a homestead rebate made  
39 pursuant to this subsection is based upon a homestead maintained by  
40 both spouses who each file separate New Jersey gross income tax  
41 returns for the tax year, no homestead rebate for the tax year shall be  
42 paid to either spouse if their combined gross income exceeds the gross  
43 income limit imposed in paragraph (1) of this subsection. For such a  
44 claim, if the combined gross income of both spouses does not exceed  
45 the gross income limit imposed in paragraph (1) of this subsection,  
46 then each such spouse making a claim shall be allowed a homestead



1 rebate amount equal to one-half of the homestead rebate amount  
2 otherwise allowed pursuant to this subsection.

3 g. (1) For the 2001 tax year and each tax year thereafter, the  
4 director shall annually recompute the maximum homestead rebate set  
5 forth in subsection a. of this section by multiplying the maximum  
6 homestead rebate allowed in the prior tax year by the cost-of- living  
7 adjustment, and recomputing the new maximum homestead rebate for  
8 the current tax year. The director shall round the recomputed  
9 maximum homestead rebate amount to the next highest multiple of \$5.

10 (2) "Cost-of-living adjustment" for any tax year means the factor  
11 calculated by dividing the consumer price index for all urban  
12 consumers for the nation, as prepared by the United States Department  
13 of Labor as of the close of the 12-month period ending on August 31  
14 of the tax year, by that index as of the close of the 12-month period  
15 ending on August 31 of the calendar year preceding the tax year in  
16 which the recomputation of the maximum homestead rebate is made.

17 (cf: P.L.1999, c.259, s.1)

18

19 3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read  
20 as follows:

21 5. a. A resident of this State who is 65 years of age or older at the  
22 close of the tax year, or who is allowed to claim a personal deduction  
23 as a blind or disabled taxpayer pursuant to subsection b. of  
24 N.J.S.54A:3-1, who is a resident of this State for the full tax year for  
25 which a homestead rebate is claimed, whose homestead has been other  
26 than a unit of residential rental property for a part of the tax year and  
27 has been a unit of residential rental property for the remainder of that  
28 year, shall be allowed a homestead rebate for that tax year equal to the  
29 amount by which the sum of the actual property taxes paid by the  
30 claimant and the rent constituting property taxes paid by the claimant  
31 in that tax year exceeds 5% of the claimant's gross income, rounded to  
32 the nearest whole dollar, up to a maximum homestead rebate of \$500  
33 [(rounded to the nearest whole dollar)] for each tax year through the  
34 1999 tax year, \$750 for the 2000 tax year, and for each tax year  
35 thereafter the director shall recompute the maximum homestead rebate  
36 by multiplying the maximum homestead rebate allowed in the prior tax  
37 year by the cost-of-living adjustment, provided that:

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

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

45 (3) in the case of a married individual filing a separate New Jersey  
46 gross income tax return, if the spouse of the claimant maintains the

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

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

10 b. (1) Notwithstanding the provisions of subsection a. of this  
11 section to the contrary, a homestead rebate shall be allowed for a  
12 resident of this State who is 65 years of age or older at the close of the  
13 tax year, or who is allowed to claim a personal deduction as a blind or  
14 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is  
15 a resident of this State for the full tax year for which a homestead  
16 rebate is claimed, who has paid property taxes on a homestead other  
17 than a unit of residential rental property for a part of the tax year and  
18 has paid property taxes through rent on a unit of residential rental  
19 property for the remainder of that year, which shall not be less than:

20 (a) the sum of that portion of \$150 which the number of days that  
21 the claimant's homestead was other than a unit of residential rental  
22 property bears to 365 days and that portion of the amount determined  
23 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
24 c.61 (C.54:4-8.60) which the number of days that the claimant's  
25 homestead was a unit of residential rental property bears to 365 days,  
26 if the claimant's gross income does not exceed \$70,000 for that year;  
27 or

28 (b) the sum of that portion of \$100 which the number of days that  
29 the claimant's homestead was other than a unit of residential rental  
30 property bears to 365 days and that portion of the amount determined  
31 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,  
32 c.61 (C.54:4-8.60) which the number of days that the claimant's  
33 homestead was a unit of residential rental property bears to 365 days,  
34 if the claimant's gross income exceeds \$70,000 but does not exceed  
35 \$100,000 for that year.

36 (2) A claim for a homestead rebate pursuant to this subsection  
37 shall first be subject to such further proportionate reductions to the  
38 respective portions of the sums determined pursuant to subparagraph  
39 (a) or (b) of paragraph (1) of this subsection as may be required  
40 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61  
41 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61  
42 (C.54:4-8.60). A homestead rebate determined pursuant to this  
43 subsection shall be rounded to the nearest whole dollar. A claim for  
44 a homestead rebate determined pursuant to this subsection based upon  
45 a homestead maintained by both spouses shall be determined based  
46 upon the combined gross income of both spouses regardless of

1 whether the claimants filed a joint New Jersey gross income tax return  
2 or separate New Jersey gross income tax returns for the tax year.

3 c. A claim for a homestead rebate for a resident of this State who  
4 is not 65 years of age or older at the close of the tax year, and who is  
5 not allowed to claim a personal deduction as a blind or disabled  
6 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident  
7 of this State for the full tax year for which a homestead rebate is  
8 claimed, who has paid property taxes on a homestead other than a unit  
9 of residential rental property for a part of the tax year and has paid  
10 property taxes through rent on a unit of residential rental property for  
11 the remainder of that year shall be determined based upon the sum of:

12 (1) a homestead rebate determined under subsection g. of section  
13 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such  
14 proportionate reduction as relates to the number of days that the  
15 claimant's homestead was other than a unit of residential rental  
16 property bears to 365 days; and

17 (2) a homestead rebate determined under subsection f. of section  
18 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such  
19 proportionate reduction as relates to the number of days that the  
20 claimant's homestead was a unit of residential rental property bears to  
21 365 days.

22 d. (1) For the 2001 tax year and each tax year thereafter, the  
23 director shall annually recompute the maximum homestead rebate by  
24 multiplying the maximum homestead rebate allowed in the prior tax  
25 year by the cost-of-living adjustment, and recomputing the new  
26 maximum homestead rebate for the current tax year. The director  
27 shall round the recomputed maximum homestead rebate amount to the  
28 next highest multiple of \$5.

29 (2) "Cost-of-living adjustment" for any tax year means the factor  
30 calculated by dividing the consumer price index for all urban  
31 consumers for the nation, as prepared by the United States Department  
32 of Labor as of the close of the 12-month period ending on August 31  
33 of the tax year, by that index as of the close of the 12-month period  
34 ending on August 31 of the calendar year preceding the tax year in  
35 which the recomputation of the maximum homestead rebate is made.  
36 (cf: P.L.1999, c.259, s.2)

37

38 4. This act shall take effect immediately.

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43 \_\_\_\_\_  
Increases and indexes maximum homestead rebate benefit.

## CHAPTER 159

AN ACT increasing and indexing maximum benefits under the Homestead Rebate programs and amending P.L.1990, c.61.

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

1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read as follows:

C.54:4-8.59 Homestead rebate, amount; eligibility, conditions.

3. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year equal to the amount by which property taxes paid by the claimant in that tax year on the claimant's homestead exceed 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

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

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

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

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

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

c. If title to a homestead is held by more than one individual as joint tenants or tenants in common, each individual shall be allowed a homestead rebate pursuant to this section only in relation to the individual's proportionate share of the property taxes assessed and levied against the homestead. The individual's proportionate share of the property taxes on that homestead shall be equal to the share of that individual's interest in the title. Title shall be presumed to be held in equal shares among all co-owners, but if the claimant satisfactorily demonstrates to the director that the title provides for unequal interests, either under the conveyance under which the title is held, or as otherwise may be demonstrated, that claimant's share of the property taxes paid on that homestead shall be in proportion to the claimant's interest in the title.

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

e. Nothing in this section shall preclude a co-owner, other than a husband or wife claiming a homestead rebate on the same homestead, from receiving a homestead rebate determined pursuant to subsection f. or g. of this section if another co-owner claims a homestead rebate pursuant to subsection a. of this section, provided however, that each claim for a homestead rebate determined pursuant to subsections a. and f. of this section shall be separately subject to the provisions of subsections c. and d. of this section and each claim for a homestead rebate determined pursuant to subsection g. of this section shall be separately subject to the provisions

of that subsection.

f. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has paid property taxes in that tax year on the claimant's homestead, which shall not be less than:

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

(b) \$100 for property taxes paid on one homestead for the tax year if the claimant's gross income exceeds \$70,000 but does not exceed \$100,000 for that year.

(2) If a claimant who is eligible to receive a homestead rebate in an amount set forth in paragraph (1) of this subsection paid property taxes on homesteads maintained as such in this State for less than the full tax year, the homestead rebate amount set forth in paragraph (1) shall be prorated in the proportion which the number of days that the homesteads were maintained during the tax year bears to 365 days. The homestead rebate amount set forth in paragraph (1) of this subsection shall be subject to any further proportionate reduction as may be applicable pursuant to subsections c. and d. of this section. The homestead rebate amount set forth in paragraph (1) of this subsection that is subject to any proportionate reduction shall be rounded to the nearest whole dollar. The homestead rebate amount set forth in paragraph (1) of this subsection that is claimed based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

g. (1) A resident of this State who is not 65 years of age or older at the close of the tax year, and who is not allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who maintains a homestead for which property taxes have been paid for the tax year, who has gross income for the tax year not in excess of \$40,000, shall be allowed a homestead rebate pursuant to this subsection of \$90, provided however, that the homestead rebate allowed pursuant to this subsection shall be subject to the limitations and reductions as may apply pursuant to the provisions of subsections b. through d. of this section.

(2) In the case of a claimant who is a married individual filing a separate New Jersey gross income tax return, if the spouse of the claimant maintains the same homestead as the claimant and also files a separate gross income tax return in this State: (a) if the combined gross income of both spouses exceeds \$40,000 then neither spouse shall be entitled to a rebate pursuant to this subsection; or (b) if the combined gross income of both spouses does not exceed \$40,000, then the maximum homestead rebate paid pursuant to this subsection to each spouse shall not exceed one-half of the amount of the homestead rebate allowable had the spouses filed a joint return and homestead rebate application.

(3) A rebate paid pursuant to this subsection shall be subject to such proportionate reductions in amount as relate to the claimant's number of days as an owner of the homestead during the tax year.

h. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read as follows:

C.54:4-8.60 Rebates for residential rental property units, amount; eligibility, conditions.

4. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose homestead is a unit of residential rental property shall be allowed a homestead rebate for the tax year equal to the amount by which the claimant's rent constituting property taxes in that tax year exceeds 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

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

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

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

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

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

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

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

e. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose homestead is a unit of residential rental property which shall not be less than:

(a) the greater of either the amount determined pursuant to subsection f. of this section or \$65 for property taxes paid through rent on the homestead for the tax year if the claimant's gross income does not exceed \$70,000 for that year; or

(b) the greater of either the amount determined pursuant to subsection f. of this section or \$35 for property taxes paid through rent on the homestead for the tax year if the claimant's gross

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

(2) If a claimant who is eligible to receive a homestead rebate in an amount set forth in paragraph (1) of this subsection paid rent for less than the full tax year on one or more homesteads in this State maintained as such for less than the full tax year, the homestead rebate amount set forth in paragraph (1) shall be prorated in the proportion which the number of days that the homestead was maintained during the tax year bears to 365 days. A claim for a homestead rebate in an amount set forth in paragraph (1) of this subsection shall be subject to such further proportionate reduction as may be required pursuant to subsections b. and c. of this section. A homestead rebate in an amount set forth in paragraph (1) of this subsection subject to any proportionate reduction shall be rounded to the nearest whole dollar. A claim for a homestead rebate in an amount set forth in paragraph (1) of this subsection based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

f. (1) A resident of this State whose homestead is a unit of residential rental property, who has gross income for the tax year not in excess of \$100,000, shall be allowed a homestead rebate pursuant to this subsection of \$30 for property taxes paid through rent during the 1998 tax year, \$40 for property taxes paid through rent during the 1999 tax year, \$100 for property taxes paid through rent during the 2000 tax year and for any tax year thereafter, provided however, that the homestead rebate allowed pursuant to this subsection shall be subject to the limitations and reductions as may apply pursuant to the provisions of subsections b. and c. of this section and such proportionate reduction as may relate to the number of days the claimant was a tenant in a unit of residential rental property maintained as a homestead in this State during the tax year.

(2) The gross income limit imposed in paragraph (1) of this subsection for a claim for a homestead rebate made pursuant to this subsection that is based upon a homestead maintained by both spouses shall be based upon the combined gross income of both spouses if the claimants filed a joint New Jersey gross income tax return for the tax year. If a claim by a married individual for a homestead rebate made pursuant to this subsection is based upon a homestead maintained by both spouses who each file separate New Jersey gross income tax returns for the tax year, no homestead rebate for the tax year shall be paid to either spouse if their combined gross income exceeds the gross income limit imposed in paragraph (1) of this subsection. For such a claim, if the combined gross income of both spouses does not exceed the gross income limit imposed in paragraph (1) of this subsection, then each such spouse making a claim shall be allowed a homestead rebate amount equal to one-half of the homestead rebate amount otherwise allowed pursuant to this subsection.

g. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate set forth in subsection a. of this section by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read as follows:

C.54:4-8.61 Rebates for property taxes and rent.

5. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State for the full tax year for which a homestead rebate is claimed, whose homestead has been other than a unit of residential rental

property for a part of the tax year and has been a unit of residential rental property for the remainder of that year, shall be allowed a homestead rebate for that tax year equal to the amount by which the sum of the actual property taxes paid by the claimant and the rent constituting property taxes paid by the claimant in that tax year exceeds 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

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

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

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

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

b. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State for the full tax year for which a homestead rebate is claimed, who has paid property taxes on a homestead other than a unit of residential rental property for a part of the tax year and has paid property taxes through rent on a unit of residential rental property for the remainder of that year, which shall not be less than:

(a) the sum of that portion of \$150 which the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days and that portion of the amount determined pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990, c.61 (C.54:4-8.60) which the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days, if the claimant's gross income does not exceed \$70,000 for that year; or

(b) the sum of that portion of \$100 which the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days and that portion of the amount determined pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990, c.61 (C.54:4-8.60) which the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days, if the claimant's gross income exceeds \$70,000 but does not exceed \$100,000 for that year.

(2) A claim for a homestead rebate pursuant to this subsection shall first be subject to such further proportionate reductions to the respective portions of the sums determined pursuant to subparagraph (a) or (b) of paragraph (1) of this subsection as may be required pursuant to subsections c. and d. of section 3 of P.L.1990, c.61 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61 (C.54:4-8.60). A homestead rebate determined pursuant to this subsection shall be rounded to the nearest whole dollar. A claim for a homestead rebate determined pursuant to this subsection based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

c. A claim for a homestead rebate for a resident of this State who is not 65 years of age or older at the close of the tax year, and who is not allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State



for the full tax year for which a homestead rebate is claimed, who has paid property taxes on a homestead other than a unit of residential rental property for a part of the tax year and has paid property taxes through rent on a unit of residential rental property for the remainder of that year shall be determined based upon the sum of:

(1) a homestead rebate determined under subsection g. of section 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such proportionate reduction as relates to the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days; and

(2) a homestead rebate determined under subsection f. of section 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such proportionate reduction as relates to the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days.

d. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

4. This act shall take effect immediately.

Approved July 16, 2001.

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*Office of the Governor*  
**NEWS RELEASE**

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RELEASE: July 16 , 2001

**DiFRANCESCO SIGNS 50 PERCENT INCREASE IN THE  
HOMESTEAD REBATE PROGRAM FOR SENIOR CITIZENS**  
*First Homestead Rebate Increase in a Decade*

Acting Governor Donald T. DiFrancesco signed legislation today that increases the maximum Homestead Rebate for senior citizens to \$750 per year -- a 50 percent increase -- and the first in a decade.

"Increasing the Homestead Rebate was a promise; with my signature today, it becomes policy. Property tax relief for our seniors is long overdue. That is why today we are immediately increasing the Homestead Rebate and indexing it to the rising cost of living," said the acting Governor.

The bill, S-1, increases the maximum rebate to \$750 beginning in calendar year 2001. Beginning in 2002, that maximum amount will be indexed annually to the cost of living, the first time such a provision has been included in the program. The legislation, which was sponsored by DiFrancesco, who is also Senate President, was passed unanimously by both houses of the Legislature.

"Each year the rebate check has helped less and less as the cost of living has risen more and more. That has been especially hard on folks with fixed incomes who have had to make tough choices and sacrifices in budgeting basic necessities. From now on, we are going to increase the maximum Homestead Rebate automatically each year to match the rate of inflation," said DiFrancesco.

Currently, more than 600,000 senior citizen and disabled homeowners receive the Homestead Rebate. Senior citizens age 65 or older, the disabled and the blind are eligible for the program if they own a home or are a tenant during the tax year and have an annual income of \$100,000 or less.

This bill reflects DiFrancesco's continuing commitment to senior citizen issues. The acting Governor signed the landmark Senior Gold legislation in June, which helps middle-income senior citizens afford the rising costs of prescription drugs.

"The needs of New Jersey senior citizens are a priority of mine as acting Governor. That is why we restored the property tax deduction on the income tax, froze property taxes for qualified seniors and enacted Senior Gold, giving up to 100,000 more senior and disabled citizens help paying for their prescriptions," said acting Governor DiFrancesco.

Since DiFrancesco became Senate President in 1992, New Jersey taxpayers received 56 tax cuts, which saved them \$16 billion, including more than \$6.1 billion in direct property tax relief.

Last month the acting Governor signed legislation that more than doubles the NJ SAVER rebate checks for homeowners, making the average rebate check for that program approximately \$500.

S-1 was sponsored by DiFrancesco and Senators Peter Inverso (R-Mercer/Middlesex), Diane Allen (R-Burlington/ Camden), Louis Kosco (R-Bergen) and Assemblymen James Holzapfel (R-Monmouth/Ocean) and David Wolfe (R-Monmouth/Ocean).

The Homestead Rebate checks will be sent out on July 31, 2001 with the new, updated amount.