

54A:3A-1 to 54:3A-14

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54A:3A-1 to 54:3A-14; 54A:4-3

("Homestead Tax Relief Act")

LAWS OF: 1985

CHAPTER: 304

Bill No: A2982

Sponsor(s): Ford and Doyle

Date Introduced: December 6, 1984

Committee: Assembly: Revenue, Finance and Appropriations

Senate: Revenue, Finance and Appropriations

Amended during passage: Yes Substituted for S2588 (not attached since identical to A2982). Amendments during passage denoted by asterisks.

Date of Passage: Assembly: January 3, 1985

Senate: June 24, 1985

Date of Approval: August 25, 1985

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

See newspaper clipping--attached:

"New Jersey deduction gives Jerseyans a break," 8-27-85 Star Ledger.

ASSEMBLY, No. 2982

STATE OF NEW JERSEY

INTRODUCED DECEMBER 6, 1984

By Assemblywoman FORD and Assemblyman DOYLE

AN Act providing a deduction from taxable income under the gross income tax for certain property taxes, providing a refund of a portion of certain property taxes for persons not subject to the gross income tax, **\*[and]\*** supplementing Title 54A of the New Jersey Statutes\*, and amending *N. J. S. 54A:4-3\**.

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

1 1. **\*[This]\*** *\*(New section) Sections 1 through 14 of this\** act  
2 shall be known and may be cited as the "Homestead Tax Relief  
3 Act."

1 2. *\*(New section)\** As used in this act:

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

5 b. "Cooperative" means a housing corporation or association  
6 which entitles the holder of a share or membership interest thereof  
7 to possess and occupy for dwelling purposes a house, apartment,  
8 manufactured or mobile home or other unit of housing owned or  
9 leased by the corporation or association, or to lease or purchase a  
10 unit of housing constructed or to be constructed by the corporation  
11 or association.

12 c. "Director" means the Director of the Division of Taxation in  
13 the Department of the Treasury.

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

19 e. "Homestead" means and includes:

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

Matter printed in italics *thus* is new matter.

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

\*—Assembly committee amendments adopted December 17, 1984.

\*\*—Senate committee amendments adopted June 20, 1985.

20 (1) (a) a dwelling house and the land on which that dwelling  
21 house is located which constitutes the place of the claimant's  
22 domicile and is owned and used by the claimant as his principal  
22A residence;

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

27 (c) a condominium unit or a unit in a horizontal property  
28 regime which constitutes the place of the claimant's domicile  
29 and is owned and used by the claimant as his principal  
30 residence;

31 A person shall be deemed to have ownership of a homestead  
32 under this paragraph (1) if that person is a tenant for life or a  
33 tenant under a lease for 99 years or more and is entitled to and  
34 actually takes possession of the homestead under an executory  
35 contract for the sale thereof or under an agreement with a  
36 lending institution which holds title as security for a loan;

37 (2) a unit in a cooperative or mutual housing corporation  
38 which constitutes the place of domicile of a residential share-  
39 holder or lessee therein, or of a lessee or shareholder who is  
40 not a residential shareholder therein, as his principal residence;  
41 and a unit of residential rental property which unit constitutes  
42 the place of the claimant's domicile and is used by the claimant  
43 as his principal residence.

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

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

53 h. "Principal residence" means a homestead actually and con-  
54 tinually occupied by a claimant as his permanent residence, as  
55 distinguished from a vacation home, property owned and rented  
56 or offered for rent by the claimant, and other secondary real  
57 property holdings.

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

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

62 (2) a rooming house, hotel or motel, if the rooms constituting  
 63 the homestead are equipped with kitchen and bathroom  
 64 facilities; and

65 (3) any building or structure or complex of buildings or  
 66 structures constructed under the following sections of the  
 67 National Housing Act (Pub. L. 73-479) as amended and  
 68 supplemented: section 202, Housing Act of 1959 (Pub. L.  
 69 86-372) and as subsequently amended, and section 231, Housing  
 70 Act of 1959.

71 j. "Residential shareholder in a cooperative or mutual housing  
 72 corporation" means a tenant or holder of a membership interest  
 73 in that cooperative or corporation, whose residential unit therein  
 74 constitutes the place of his domicile and his principle residence,  
 75 and who may deduct real property taxes on his federal income tax  
 76 return pursuant to section 216 of the Internal Revenue Code of  
 77 1954;

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

1 3. *\*(New section)\** a. Each resident taxpayer under the "New  
 2 Jersey Gross Income Tax Act," N. J. S. 54A:1-1 et seq. shall be  
 3 allowed a deduction from taxable income for property taxes paid  
 4 on the taxpayer's homestead, as defined in subsection e. of section  
 5 2 of this act, as follows:

6	If taxable income is:	The deduction is the greater of
7		actual property taxes paid or:
8	Not over \$20,000.00 .....	\$3,250.00
9	Over \$20,000.00 but not over	
10	\$50,000.00 .....	\$2,600.00
11	Over \$50,000.00 .....	\$1,857.00

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

21 c. Where title to a homestead is held by more than one individual  
 22 as joint tenants or tenants in common, each individual shall be  
 23 allowed a deduction pursuant to this section only in relation to his  
 24 proportionate share of the property taxes assessed and levied  
 25 against the homestead. The proportionate share shall be equal to

26 that of all other individuals who hold the title, but if the conveyance  
 27 under which the title is held provides for unequal interest therein, a  
 28 taxpayer's share of the property taxes shall be in proportion to his  
 29 interest in the title.

30 d. Where title to a homestead is held by a husband and wife who  
 31 own the homestead as tenants by the entirety, or where that husband  
 32 and wife are both residential shareholders of a cooperative or  
 33 mutual housing corporation and occupy the same homestead therein,  
 34 and who elect to file separate income tax returns pursuant to the  
 35 "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1 et seq., that  
 36 husband and wife shall each be entitled to one-half of the deduction  
 37 for property taxes for which they may be jointly eligible pursuant  
 38 to this section.

39 e. Where the homestead is a dwelling house consisting of more  
 40 than one unit, that taxpayer shall be allowed a deduction for  
 41 property taxes only in relation to the proportionate share of the  
 42 property taxes assessed and levied against the residential unit  
 43 occupied by him, as determined by the local tax assessor.

1 4. *\*(New section)\** a. Each resident taxpayer whose homestead  
 2 is a residential rental property as those terms are defined in sub-  
 3 section e. and i., respectively, of section 2 of this act, and who is  
 4 entitled to a homestead credit for tenants pursuant to N. J. S.  
 5 54A:4-3, shall be allowed a deduction from taxable income for that  
 6 portion of the rent constituting property taxes as defined in sub-  
 7 section k. of section 2 of this act on that homestead as follows:

8 If taxable income is:	9 The deduction is the greater of rent constituting property taxes, or:
10 Not over \$20,000.00 .....	\$1,750.00
11 Over \$20,000.00 but not over	
12 \$50,000.00 .....	\$1,400.00
13 Over \$50,000.00 .....	\$1,000.00

14 b. A husband and wife who elect to file separate income tax  
 15 returns pursuant to the "New Jersey Gross Income Tax Act,"  
 16 N. J. S. 54A:1-1 et seq. shall each be entitled to one-half of the  
 17 property tax deduction allowed pursuant to this section.

18 c. If more than one taxpayer, other than husband and wife,  
 19 qualify to deduct rent constituting property taxes by reason of  
 20 their having occupied the same rented homestead, it shall be  
 21 presumed that the deduction shall be equally divided. A taxpayer  
 22 may, however, deduct an amount for rent constituting property  
 23 taxes in the same proportion that the rent paid by that taxpayer  
 24 bears to the total rent paid by all tenants of the same unit.

1 5. *\*(New section)\** a. If a taxpayer entitled to a deduction for  
 2 property taxes under sections 3 or 4 of this act has been a resident

3 of this State for less than a full tax year, the amount of the  
 4 property tax deduction shall be the actual amount of property tax  
 5 or rent constituting property taxes paid by that taxpayer notwith-  
 6 standing the schedule of deductions in sections 3 or 4.

7 b. If a taxpayer entitled to a deduction for property taxes under  
 8 sections 3 or 4 of this act has been a resident of this State for the  
 9 full tax year for which a deduction is claimed, but his homestead  
 10 for any part of the tax year has been a residential rental property,  
 11 the amount of the property tax deduction shall be the sum of the  
 12 actual amount of property taxes paid and rent constituting property  
 13 taxes, notwithstanding the schedule of deductions in sections 3 or 4.

1 6. *\*(New section)\** If the deduction for property taxes or rent  
 2 constituting property taxes allowed under **\*\*[section]\*\*** *\*\*sec-*  
 3 *tions\*\** 3 or 4 of this act reduces taxable income below zero, then  
 4 the amount by which the deduction reduces taxable income below  
 5 zero shall be considered an overpayment of tax and a refund on  
 6 that amount shall be calculated by applying the tax rate for taxable  
 7 income below \$20,000.00 as provided in N. J. S. 54A:2-1 to that  
 8 amount. The result of that calculation shall constitute the amount  
 9 of the refund which shall be paid as in the case of other refunds  
 10 under the "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1  
 11 et seq.

1 *\*7. (New section) a. Any citizen and resident of this State who*  
 2 *has paid property taxes or whose homestead is a residential rental*  
 3 *property and who is required to file a return under the "New Jersey*  
 4 *Gross Income Tax Act," N. J. S. 54A:1-1 et seq., and who has*  
 5 *claimed a credit for income taxes paid to other states and political*  
 6 *subdivisions thereof pursuant to N. J. S. 54A:4-1 shall be entitled*  
 7 *to claim a homestead tax refund as provided in section 8 of this act.*

8 *b. The amount of the refund allowed in subsection a. of this*  
 9 *section may be applied as a credit against any tax liability otherwise*  
 10 *due pursuant to N. J. S. 54A:1-1 et seq., and any amount remaining*  
 11 *shall be considered an overpayment of the tax and shall be refunded.*

12 *c. The amount of the credit allowed in N. J. S. 54A:4-3 shall be*  
 13 *applied against any tax liability otherwise due after the credit*  
 14 *permitted in N. S. J. 54A:4-1 has been determined and applied*  
 15 *and the amount remaining, if any, shall be considered an over-*  
 16 *payment of the tax and refunded.*

17 *d. Any amount to be refunded under subsections b. and c. shall be*  
 18 *combined and refunded in the same manner as any other refund*  
 19 *under the "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1*  
 20 *et seq.\**

1 **\*[7.]\*\*** *\*8. (New section)\** a. Any citizen and resident of this State  
 2 who has paid property taxes on a homestead or whose homestead is

3 a residential rental property but who is not required to file a return  
4 under the "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1  
5 et seq. shall be entitled to claim a homestead tax refund as provided  
5A in this section.

6 b. The amount of the homestead tax refund for property taxes  
7 actually paid on a homestead shall be \$65.00. The amount of the  
8 homestead tax refund for rent constituting property taxes shall be  
9 \$35.00.

10 c. No homestead tax refund shall be allowed under this section  
11 except upon written application therefore to the Director of the  
12 Division of Taxation in a form prescribed by him. The Director  
13 may require proof and evidence of payment of property taxes or  
14 rent constituting property taxes as he determines to be necessary.

15 d. A homestead tax refund for property taxes shall be allowed  
16 pursuant to this section in relation to the amount of the property  
17 taxes actually paid by or allocable to an individual who is a qualified  
18 claimant on more than one homestead, but the aggregate amount  
19 of the property taxes claimed shall not exceed the total of the  
20 proportionate amounts of property taxes assessed and levied  
21 against or allocable to each homestead for the portion of the tax  
22 year for which the claimant occupied it as his principal residence.

23 e. Where title to a homestead is held by more than one individual  
24 as joint tenants or tenants in common, each individual shall be  
25 allowed a homestead tax refund pursuant to this section only in  
26 relation to his proportionate share of the property taxes assessed  
27 and levied against the homestead. The proportionate share shall be  
28 equal to that of all other individuals who hold the title, but if the  
29 conveyance under which the title is held provides for unequal  
30 interests therein, a claimant's share of the property taxes shall be  
31 in proportion to his interest in the title.

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

37 g. A husband and wife shall each be entitled to one-half of the  
38 homestead tax refund allowed pursuant to this section.

39 h. If more than one taxpayer, other than husband and wife,  
40 qualify to deduct rent constituting property taxes by reason of  
41 their having occupied the same rented homestead, it shall be  
42 presumed that the homestead tax refund shall be equally divided.  
43 A claimant may, however, apply for a homestead tax refund for  
44 rent constituting property taxes in the same proportion that the

45 rent paid by that claimant bears to the total rent paid by all tenants  
46 of the same unit.

1 \***[8.]**\* \*9. (New section)\* An application for a homestead tax  
2 refund under section \***[7]**\* \*8\* of this act shall be made on or  
3 before April 15 annually for property taxes paid or rent constituting  
4 property taxes for the immediately preceding calendar year.

1 \***[9.]**\* \*10. (New section)\* The homestead tax refund allowed  
2 under section \***[7]**\* \*8\* of this act shall be considered an over-  
3 payment of tax under the "New Jersey Gross Income Tax Act,"  
4 N. J. S. 54A:1-1 et seq. and shall be paid as in the case of refunds  
4A under that act.

1 \***[10.]**\* \*11. (New section)\* a. No application for a homestead  
2 credit refund under section \***[7]**\* \*8\* of this act shall be approved  
3 if a deduction for actual property taxes or rent constituting  
4 property taxes has been taken pursuant to sections 3 or 4 of this act.

5 b. No homestead tax refund allowed in section \***[7]**\* \*8\* shall be  
6 paid except upon approval by the director of a written application  
7 required under subsection c. of section \***[7]**\* \*8\* of this act.

1 \*12. (New section) a. The director shall provide a supplemental  
2 form to be filed as a part of the form of return required under the  
3 "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1 et seq., and  
4 shall not provide for a separate application for any deduction or  
5 refund under \*\***[section]**\*\* \*\*sections\*\* 3, 4 or 7 of this act.

6 b. The application for a homestead refund pursuant to section 8  
7 of this act shall be in similar form to that prescribed in subsection  
8 a., of this section and shall be filed annually on or before April 15;  
9 provided, however, that the applicant shall not be required to file  
10 the form of return under the "New Jersey Gross Income Tax Act,"  
11 N. J. S. 54A:1-1 et seq. as a part of the application.

1 13. (New section) Any homestead tax refund allowed under  
2 \*\***[section]**\*\* \*\*sections\*\* 3, 4, 7, or 8 shall be paid as in the case  
3 of other refunds under the "New Jersey Gross Income Tax Act,"  
4 N. J. S. 54A:1-1 et seq. and shall be added to any other refunds  
5 otherwise due and a single payment made to the taxpayer or  
6 claimant.\*

1 \***[11.]**\* \*14. (New section)\* The director shall promulgate rules  
2 and regulations in accordance with the "Administrative Procedure  
3 Act," P. L. 1968, c. 410 (C. 52:14-1 et seq.) \***[and to prescribe]**  
4 forms\* as he deems necessary to administer the provisions of this  
5 act.

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

2 54A:4-3. Homestead credit for tenant. a. Any qualified resi-  
3 dential tenant or shareholder in a cooperative, other than residents



4 of a residential cooperative or mutual housing corporation who  
5 are entitled to a homestead exemption pursuant to section 1 of  
6 P. L. 1976, c. 72 (C. 54:4-3.80), shall be entitled to a homestead  
7 credit of \$65.00 against the tax otherwise due hereunder. Any  
8 qualified residential tenant or shareholder in a cooperative not  
9 eligible for a homestead exemption shall be entitled to an addi-  
10 tional homestead credit of \$35.00 if such resident is (1) permanently  
11 and totally disabled, (2) 65 years of age or over, or (3) a surviving  
12 spouse of a person qualified under (2) above who has remained  
13 unmarried since becoming a widow or widower at the age of 55  
14 years or over.

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

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

26 (2) A taxpayer shall not be entitled to more than one homestead  
27 credit in any one year. A taxpayer who claims a homestead credit  
28 under this section may not claim a homestead exemption for the  
29 same year under any other law.

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

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

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

1 \***[12.]**\* \*16.\* This act shall take effect immediately and shall be  
2 applicable with respect to property taxes or rent constituting  
3 property taxes paid for tax years commencing on and after Janu-  
4 ary 1, \*\***[1984]**\*\* \*\*1985\*\*.

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ASSEMBLY, No. 2982

STATE OF NEW JERSEY

INTRODUCED DECEMBER 6, 1984

By Assemblywoman FORD and Assemblyman DOYLE

AN ACT providing a deduction from taxable income under the gross income tax for certain property taxes, providing a refund of a portion of certain property taxes for persons not subject to the gross income tax, and supplementing Title 54A of the New Jersey Statutes.

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

1 1. This act shall be known and may be cited as the "Homestead  
2 Tax Relief Act."

1 2. As used in this act:

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4 (C. 46:8B-1 et seq.).

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6 which entitles the holder of a share or membership interest thereof  
7 to possess and occupy for dwelling purposes a house, apartment,  
8 manufactured or mobile home or other unit of housing owned or  
9 leased by the corporation or association, or to lease or purchase a  
10 unit of housing constructed or to be constructed by the corporation  
11 or association.

12 c. "Director" means the Director of the Division of Taxation in  
13 the Department of the Treasury.

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

19 e. "Homestead" means and includes:

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21 house is located which constitutes the place of the claimant's  
22 domicile and is owned and used by the claimant as his principal  
22A residence;

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

27 (c) a condominium unit or a unit in a horizontal property  
28 regime which constitutes the place of the claimant's domicile  
29 and is owned and used by the claimant as his principal  
30 residence;

31 A person shall be deemed to have ownership of a homestead  
32 under this paragraph (1) if that person is a tenant for life or a  
33 tenant under a lease for 99 years or more and is entitled to and  
34 actually takes possession of the homestead under an executory  
35 contract for the sale thereof or under an agreement with a  
36 lending institution which holds title as security for a loan;

37 (2) a unit in a cooperative or mutual housing corporation  
38 which constitutes the place of domicile of a residential share-  
39 holder or lessee therein, or of a lessee or shareholder who is  
40 not a residential shareholder therein, as his principal residence;  
41 and a unit of residential rental property which unit constitutes  
42 the place of the claimant's domicile and is used by the claimant  
43 as his principal residence.

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52 Housing Project pursuant to that act.

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 63 the homestead are equipped with kitchen and bathroom  
 64 facilities; and

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 73 in that cooperative or corporation, whose residential unit therein  
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12 b. A deduction for property taxes shall be allowed pursuant to  
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 14 paid by or allocable to a resident taxpayer who is a qualified  
 15 claimant on more than one homestead, but the aggregate amount of  
 16 the property taxes claimed shall not exceed the total of the  
 17 proportionate amounts of property taxes assessed and levied  
 18 against or allocable to each homestead for the portion of the  
 19 taxable year for which the taxpayer occupied it as his principal  
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21 c. Where title to a homestead is held by more than one individual  
 22 as joint tenants or tenants in common, each individual shall be  
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25 against the homestead. The proportionate share shall be equal to  
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 27 under which the title is held provides for unequal interest therein, a  
 28 taxpayer's share of the property taxes shall be in proportion to his  
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 31 own the homestead as tenants by the entirety, or where that husband  
 32 and wife are both residential shareholders of a cooperative or  
 33 mutual housing corporation and occupy the same homestead therein,  
 34 and who elect to file separate income tax returns pursuant to the  
 35 "New Jersey Gross Income Tax Act," N. J. S. 54A:1-1 et seq., that  
 36 husband and wife shall each be entitled to one-half of the deduction  
 37 for property taxes for which they may be jointly eligible pursuant  
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 43 occupied by him, as determined by the local tax assessor.

1 4. a. Each resident taxpayer whose homestead is a residential  
 2 rental property as those terms are defined in subsection e. and i.,  
 3 respectively, of section 2 of this act, and who is entitled to a  
 4 homestead credit for tenants pursuant to N. J. S. 54A:4-3, shall be  
 5 allowed a deduction from taxable income for that portion of the  
 6 rent constituting property taxes as defined in subsection k. of  
 7 section 2 of this act on that homestead as follows:

8	If taxable income is:	The deduction is the greater of rent
9		constituting property taxes, or:
10	Not over \$20,000.00 .....	\$1,750.00
11	Over \$20,000.00 but not over	
12	\$50,000.00 .....	\$1,400.00
13	Over \$50,000.00 .....	\$1,000.00

14 b. A husband and wife who elect to file separate income tax  
 15 returns pursuant to the "New Jersey Gross Income Tax Act,"  
 16 N. J. S. 54A:1-1 et seq. shall each be entitled to one-half of the  
 17 property tax deduction allowed pursuant to this section.

18 c. If more than one taxpayer, other than husband and wife,  
 19 qualify to deduct rent constituting property taxes by reason of  
 20 their having occupied the same rented homestead, it shall be  
 21 presumed that the deduction shall be equally divided. A taxpayer  
 22 may, however, deduct an amount for rent constituting property  
 23 taxes in the same proportion that the rent paid by that taxpayer  
 24 bears to the total rent paid by all tenants of the same unit.

1 5. a. If a taxpayer entitled to a deduction for property taxes  
2 under sections 3 or 4 of this act has been a resident of this State  
3 for less than a full tax year, the amount of the property tax  
4 deduction shall be the actual amount of property tax or rent  
5 constituting property taxes paid by that taxpayer notwithstanding  
6 the schedule of deductions in sections 3 or 4.

7 b. If a taxpayer entitled to a deduction for property taxes under  
8 sections 3 or 4 of this act has been a resident of this State for the  
9 full tax year for which a deduction is claimed, but his homestead  
10 for any part of the tax year has been a residential rental property,  
11 the amount of the property tax deduction shall be the sum of the  
12 actual amount of property taxes paid and rent constituting property  
13 taxes, notwithstanding the schedule of deductions in sections 3 or 4.

1 6. If the deduction for property taxes or rent constituting  
2 property taxes allowed under section 3 or 4 of this act reduces  
3 taxable income below zero, then the amount by which the deduction  
4 reduces taxable income below zero shall be considered an over-  
5 payment of tax and a refund on that amount shall be calculated by  
6 applying the tax rate for taxable income below \$20,000.00 as  
7 provided in N. J. S. 54A:2-1 to that amount. The result of that  
8 calculation shall constitute the amount of the refund which shall  
9 be paid as in the case of other refunds under the "New Jersey  
10 Gross Income Tax Act," N. J. S. 54A:1-1 et seq.

1 7. a. Any citizen and resident of this State who has paid property  
2 taxes on a homestead or whose homestead is a residential rental  
3 property but who is not required to file a return under the "New  
4 Jersey Gross Income Tax Act," N. J. S. 54A:1-1 et seq. shall be  
5 entitled to claim a homestead tax refund as provided in this section.

6 b. The amount of the homestead tax refund for property taxes  
7 actually paid on a homestead shall be \$65.00. The amount of the  
8 homestead tax refund for rent constituting property taxes shall be  
9 \$35.00.

10 c. No homestead tax refund shall be allowed under this section  
11 except upon written application therefore to the Director of the  
12 Division of Taxation in a form prescribed by him. The Director  
13 may require proof and evidence of payment of property taxes or  
14 rent constituting property taxes as he determines to be necessary.

15 d. A homestead tax refund for property taxes shall be allowed  
16 pursuant to this section in relation to the amount of the property  
17 taxes actually paid by or allocable to an individual who is a qualified  
18 claimant on more than one homestead, but the aggregate amount  
19 of the property taxes claimed shall not exceed the total of the  
20 proportionate amounts of property taxes assessed and levied

21 against or allocable to each homestead for the portion of the tax  
22 year for which the claimant occupied it as his principal residence.

23 e. Where title to a homestead is held by more than one individual  
24 as joint tenants or tenants in common, each individual shall be  
25 allowed a homestead tax refund pursuant to this section only in  
26 relation to his proportionate share of the property taxes assessed  
27 and levied against the homestead. The proportionate share shall be  
28 equal to that of all other individuals who hold the title, but if the  
29 conveyance under which the title is held provides for unequal  
30 interests therein, a claimant's share of the property taxes shall be  
31 in proportion to his interest in the title.

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

37 g. A husband and wife shall each be entitled to one-half of the  
38 homestead tax refund allowed pursuant to this section.

39 h. If more than one taxpayer, other than husband and wife,  
40 qualify to deduct rent constituting property taxes by reason of  
41 their having occupied the same rented homestead, it shall be  
42 presumed that the homestead tax refund shall be equally divided.  
43 A claimant may, however, apply for a homestead tax refund for  
44 rent constituting property taxes in the same proportion that the  
45 rent paid by that claimant bears to the total rent paid by all tenants  
46 of the same unit.

1 8. An application for a homestead tax refund under section 7 of  
2 this act shall be made on or before April 15 annually for property  
3 taxes paid or rent constituting property taxes for the immediately  
4 preceding calendar year.

1 9. The homestead tax refund allowed under section 7 of this act  
2 shall be considered an overpayment of tax under the "New Jersey  
3 Gross Income Tax Act," N. J. S. 54A:1-1 et seq. and shall be paid  
4 as in the case of refunds under that act.

1 10. a. No application for a homestead credit refund under section  
2 7 of this act shall be approved if a deduction for actual property  
3 taxes or rent constituting property taxes has been taken pursuant  
4 to sections 3 or 4 of this act.

5 b. No homestead tax refund allowed in section 7 shall be paid  
6 except upon approval by the director of a written application  
7 required under subsection c. of section 7 of this act.

1 11. The director shall promulgate rules and regulations in  
2 accordance with the "Administrative Procedure Act," P. L. 1968,

3 c. 410 (C. 52:14-1 et seq.) and to prescribe forms as he deems  
4 necessary to administer the provisions of this act.

1 12. This act shall take effect immediately and shall be applicable  
2 with respect to property taxes or rent constituting property taxes  
3 paid for tax years commencing on and after January 1, 1984.

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#### STATEMENT

This bill provides for additional property tax relief for homeowners and tenants. If a homeowner or tenant is a taxpayer under the "New Jersey Gross Income Tax Act," provision is made for the deduction of property taxes from taxable income with guaranteed minimum deductions. For homeowners and tenants who are not taxpayers under the State income tax, a provision is made for a homestead tax refund for which those persons may apply.

The bill guarantees that every person, whether homeowner or tenant, will receive additional property tax relief.

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ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 2982**  
with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 13, 1984

**PROVISIONS:**

Assembly Bill No. 2982 to be known as the "Homestead Tax Relief Act" guarantees every homeowner and tenant additional property tax relief. Taxpayers under the Gross Income Tax Act will be able to deduct local property taxes from taxable income with a guaranteed minimum deduction. For tenants, the bill provides that 18% of rent constitutes property taxes. For those homeowners and tenants who are not taxpayers under the gross income tax, they may apply for a homestead tax refund.

The program is designed to use the gross income tax return process. This will minimize taxpayer confusion and inconvenience and will have the homestead tax refund paid as a part of the income tax refund process. Homeowners and tenants who are not required to file an income tax return will be eligible for a homestead tax refund. These persons will not be required to file a return but, rather, a supplemental application form which is to be filed by April 15 and would be processed as an income tax refund.

Full credit for property tax deductions is guaranteed. If the deduction for property tax reduces taxable income below zero, a refundable credit is required. In this manner no individual will receive a lesser homestead tax refund by reason of low income.

**FISCAL IMPACT:**

A fiscal note is not yet available. The committee has estimated the cost, based on an analysis prepared by the Office of Legislative Services, to be in the magnitude of \$145 million. This will be a revenue reduction as compared to an appropriation requirement, because this is a tax refund program.

The minimum deduction schedule is designed to reduce tax liability by not less than \$65.00 for homeowners and \$35.00 for tenants. These same values apply in the case of a homeowner or tenant who is not required to file an income tax return and elects to file an application for a homestead tax refund.

**COMMITTEE AMENDMENTS:**

The committee amended the bill to: allow for refundable tenant tax credit; allow commuters to receive full benefit; refunds and the new benefit to be issued in one check; and there is to be no separate application, with the benefit taking effect through the gross income tax process.

The committee favorably reports this bill as amended.

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SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2982**

[OFFICIAL COPY REPRINT]

with Senate committee amendments

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**STATE OF NEW JERSEY**

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DATED: JUNE 20, 1985

This bill, titled the "Homestead Tax Relief Act", provides for property tax relief through the deduction of property taxes from taxable income under the New Jersey Gross Income Tax Act. Homeowners and tenants both are entitled to deduct property taxes. For the homeowners, the bill provides for the deduction of the actual property taxes paid or a minimum standard deduction, whichever is the larger amount. For tenants, the bill defines property taxes to be the equivalent of 18% of rent and permits the deduction of that amount or a minimum standard deduction, whichever is the larger amount. To ensure that the full value of the property tax deduction is available to every homeowner and tenant the bill provides for a refundable credit in the event that the deduction of property taxes reduces the tax liability to zero or below. Homeowners or tenants who are not required to file an income tax return will be able to file an application for a flat refundable credit.

This bill takes effect for property taxes paid in 1985, with the returns or applications, as applicable, to be first filed on or before April 15, 1986 along with the filing of income tax returns. The refund for property taxes would be paid as an income tax refund.

**FISCAL IMPACT:**

A fiscal note has been requested on this bill but has not yet been provided by the Department of Treasury. The Office of Legislative Services estimates that the bill will reduce revenue in the first year by \$140-\$145 million, with future year revenue losses rising slightly as property taxes increase. Any increase in revenue loss will be small because the minimum standard deduction will provide a level greater than the actual property taxes paid for a great number of homeowners and tenants. The cost of the program will be a decrease in revenue collected under the New Jersey Gross Income Tax rather than an appropriation as in the case of homestead rebates because the benefit is treated as an overpayment of income taxes to facilitate convenience

from the taxpayer's viewpoint. Those individuals who are not required to file a return and who are qualified for payment would receive that payment, upon application, as an income tax refund. It is expected that this approach will facilitate administration of the program, and after a one time computer programming expense will not give rise to additional administrative costs as might be the case if this program were established by separate application for all individuals.

**COMMITTEE AMENDMENTS:**

Committee amendments change the effective date of the program to be for property taxes paid in 1985. As received in committee the bill would have provided for the first benefit to be paid related to property taxes paid in the tax year 1984, thus requiring the filing of amended returns for the year 1984.

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