

54:4-8.41 et al

LEGISLATIVE HISTORY CHECKLIST

(Property tax deduction--senior citizens and disabled--increase amount of deduction and income limits)

NJSA 54:4-8.41 et al.

LAWS 1981

CHAPTER 85

Bill No. A2200

Sponsor(s) Visotcky

Date Introduced Oct. 16, 1981

Committee: Assembly -----

Senate Revenue, Finance and Appropriations

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Oct. 16, 1980

Senate Jan. 22, 1981

Date of approval March 26, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

Public hearing on ACR 29 (1980):

974.90 New Jersey. Legislature. Assembly. Revenue,
T235 Finance and Appropriations Committee.
1980 Public hearing, held 5-27-80. Trenton,
1980.

6/22/81

DEC 1981

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 2200

STATE OF NEW JERSEY

INTRODUCED OCTOBER 16, 1980

By Assemblyman VISOTCKY

(Without Reference)

AN ACT to amend the title of "An act concerning deductions from the taxes assessed against certain real property of citizens and residents of this State of the age of 65 or more years, or less than 65 years of age who are permanently and totally disabled, and their surviving spouses in certain cases, having incomes not in excess of \$5,000.00 per year, providing for reimbursement by the State to taxing districts in connection therewith, supplementing chapter 4 of Title 54 of the Revised Statutes and repealing P. L. 1961, c. 9," approved December 16, 1963 (P. L. 1963, c. 172), as said title was amended by P. L. 1976, c. 129, so that the same shall read, "An act concerning deductions from the taxes assessed against certain real property of citizens and residents of this State of the age of 65 or more years, or less than 65 years of age who are permanently and totally disabled, and their surviving spouses in certain cases, having annual incomes not in excess of certain limitations, providing for full reimbursement by the State to taxing districts in connection therewith, supplementing chapter 4 of Title 54 of the Revised Statutes and repealing P. L. 1961, c. 9," to amend and supplement the body of said act and amending P. L. 1964, c. 255.

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

1 1. The title of P. L. 1963, c. 172 is amended to read as follows:

2 "An act concerning deductions from the taxes assessed against
3 certain real property of citizens and residents of this State of the
4 age of 65 or more years, or less than 65 years of age who are
5 permanently and totally disabled, and their surviving spouses in
6 certain cases, having *annual* incomes not in excess of **[\$5,000 per**
7 **year]** *certain limitations*, providing for *full* reimbursement by 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.

8 State to taxing districts in connection therewith, supplementing
9 chapter 4 of Title 54 of the Revised Statutes and repealing P. L.
10 1961, c. 9.”

1 2. Section 2 of P. L. 1963, c. 172 (C. 54:4-8.41) is amended to read
2 as follows:

3 2. Every person, a citizen and resident of this State of the age
4 of 65 or more years, or less than 65 years of age who is permanently
5 and totally disabled, having an *annual* income not in excess of
6 **[\$5,000 per year]** *limitations provided in this section* and residing
7 in a dwelling house owned by him which is a constituent part of his
8 real property, shall be entitled, annually, on proper claim being
9 made therefor, to a deduction against the tax or taxes assessed
10 against such real property to an amount not exceeding the amount
11 of said tax, or the sum **[of \$160.00]** *provided in this section*,
12 whichever is the lesser, but no such deduction from taxes shall be
13 in addition to any other deduction or exemption from taxes to
14 which said person may be entitled, except said citizen and resident
15 may receive in addition any homestead rebate or credit provided
16 by law.

17 *For the purposes of this section, the annual income limitation*
18 *shall be: \$5,000.00 for any year prior to 1981; \$8,000.00 for the*
19 *year 1981; \$9,000.00 for the year 1982; and, \$10,000.00 for the year*
20 *1983 and each year thereafter.*

21 *The sum deducted pursuant to this section shall not exceed: in*
22 *any year prior to 1981, \$160.00; in the year 1981, \$200.00; in the*
23 *year 1982, \$225.00; and, in the year 1983 and in each year thereafter,*
24 *\$250.00.*

25 For the purposes of this act the income of a married person shall
26 be deemed to include an amount equal to the income of the spouse
27 during the applicable income year, except for such portion of that
28 year as the two were living apart in a state of separation, whether
29 under judicial decree or otherwise.

1 3. Section 5 of P. L. 1963, c. 72 (C. 54:4-8.44) is amended to read
2 as follows:

3 5. Every fact essential to support a claim for a deduction
4 hereunder shall exist on October 1 of the pretax year, except
5 as in this section otherwise provided. Every application by a
6 claimant therefor shall establish that he is or will be on or before
7 December 31 of the pretax year 65 or more years of age or on that
8 date was permanently and totally disabled, and that he was, on
9 October 1 of the pretax year, (a) a citizen and resident of this
10 State for the period required, (b) the owner of a dwelling house
11 which is a constituent part of the real property for which the

12 deduction is claimed, (c) residing in said dwelling house. Said
 13 application shall also establish that his anticipated income,
 13A including the income of his or her spouse, for the tax year will not
 14 exceed **[\$5,000.00]** *the applicable annual income limitation set forth*
 15 *in section 2 of P. L. 1963, c. 172 (C. 54:4-8.41)*. In the case of a claim
 16 for a deduction by a person who is permanently and totally dis-
 17 abled, said application shall include a physician's certificate verify-
 18 ing the claimant's permanent and total disability. The Director
 19 of the Division of Taxation may promulgate rules and regulations
 20 prescribing the form and content of the certificate.

21 In the case of claims for a deduction authorized by section 4 of
 22 this amendatory and supplementary act every application by a
 23 claimant therefor shall establish that he is or will be on or before
 24 December 31 of the pretax year 55 or more years of age and was
 25 55 or more years of age at the time of the death of the decedent
 26 and unmarried and that he was, on October 1 of the pretax year,
 27 (a) a citizen and resident of this State for the period required,
 28 (b) the owner of a dwelling house which is a constituent part of
 29 the real property for which the deduction is claimed, (c) residing
 30 in said dwelling house. Said application shall also establish that
 31 his anticipated income for the tax year will not exceed **[\$5,000.00]**
 32 *the applicable annual income limitation*. The collector or the
 33 assessor of the taxing district as the case may be shall establish
 34 whether the deceased spouse of the claimant received a deduction.

1 4. Section 5 of P. L. 1964, c. 255 (C. 54:4-8.44a) is amended
 2 to read as follows:

3 5. Every person who is allowed a deduction shall, except as
 4 hereinafter provided, be required to file with the collector of the
 5 taxing district on or before February 1 of the post-tax year a
 6 statement under oath of his income for the tax year and his
 7 anticipated income for the ensuing tax year as well as any other
 8 information deemed necessary to establish his right to a tax deduc-
 9 tion for such ensuing tax year. The collector may grant a reasonable
 10 extension of time for filing the statement required by this section,
 11 which extension shall terminate no later than March 1 of the post-
 12 tax year, in any event where it shall appear to the satisfaction of
 13 the collector, verified by a physician's certificate, that the failure
 14 to file by February 1 was due to illness. In any case where such
 15 an extension is granted by the collector, the required statement
 16 shall be filed on or before March 1 of the post-tax year.

17 Such statement shall be on a form prescribed by the Director,
 18 Division of Taxation, in the Department of the Treasury and pro-
 19 vided for the use of persons required to make such statement by

20 the governing body of the municipality constituting the taxing
21 district in which such statement is required to be filed. Each
22 collector may require the submission of such proof as he shall deem
23 necessary to verify any such statement. Upon the failure of any
24 such person to file the statement within time herein provided or to
25 submit such proof as the collector deems necessary to verify a
26 statement that has been filed, or if it is determined that the income
27 of any such person exceeded **[\$5,000.00]** *the applicable income*
28 *limitation* for said tax year, his tax deduction for said tax year
29 shall be disallowed and his taxes to the extent represented by the
30 amount of said deduction shall be payable on or before March 1 of
31 the post-tax year or, where an extension of time for filing has been
32 granted no later than 30 calendar days after the expiration of
33 said extension, after which date if unpaid, said taxes shall be
34 delinquent, constitute a lien on the property, and, in addition, the
35 amount of said taxes shall be a personal debt of said person.

36 The amount of any lien and tax liability shall be prorated by the
37 tax collector upon the transfer of title based on the number of days
38 during the tax year that entitlement to the tax deduction is estab-
39 lished. The lien shall be considered satisfied by the tax collector
40 upon payment of the prorated amount for that portion of the tax
41 year for which entitlement to the tax deduction is not established.

1 5. (New section) The State shall annually reimburse each taxing
2 district for the full amount of any deductions permitted by that
3 taxing district in the current tax year pursuant to the act of which
4 this act is amendatory and supplementary.

1 6. This act shall take effect ***[January 1, next following the adop-**
2 **tion by the voters of the amendment to the Constitution proposed**
3 **by Assembly Concurrent Resolution 29 of 1980]*** **immediately*
4 *and shall be applicable with respect to taxes assessed for the tax*
5 *tax year 1981 and thereafter*.*

21 district in which such statement is required to be filed. Each
 22 collector may require the submission of such proof as he shall deem
 23 necessary to verify any such statement. Upon the failure of any
 24 such person to file the statement within time herein provided or to
 25 submit such proof as the collector deems necessary to verify a
 26 statement that has been filed, or if it is determined that the income
 27 of any such person exceeded ~~[\$5,000.00]~~ *the applicable income*
 28 *limitation* for said tax year, his tax deduction for said tax year
 29 shall be disallowed and his taxes to the extent represented by the
 30 amount of said deduction shall be payable on or before March 1 of
 31 the post-tax year or, where an extension of time for filing has been
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 2 district for the full amount of any deductions permitted by that
 3 taxing district in the current tax year pursuant to the act of which
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1 6. This act shall take effect January 1, next following the adop-
 2 tion by the voters of the amendment to the Constitution proposed
 3 by Assembly Concurrent Resolution 29 of 1980.

STATEMENT

This bill would implement the Constitutional amendment pro-
 posed by Assembly Concurrent Resolution 29, to increase the maxi-
 mum allowable property tax deduction to disabled and senior
 citizens from \$160.00 to \$200.00 in 1981, to \$225.00 in 1982, to
 \$250.00 in 1983 and thereafter, and to increase the annual income
 limitation for qualifying for such deduction from \$5,000.00 to
 \$8,000.00 in 1981, to \$9,000.00 in 1982, to \$10,000.0 in 1983 and
 thereafter. The State currently reimburses the municipalities for
 the full amount of these deductions, and this bill inserts a provision
 in the statutes to assure that this practice shall continue.

A2200 (1981)

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2200

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1980

PROGRAM SUMMARY:

This bill implements the constitutional amendment, adopted in November, 1980 (ACR-29) increasing the maximum allowable property tax deduction to disabled and senior citizens and increasing the annual income limitation for qualifying for the deduction.

The newly established deduction amounts and the income limitations, as prescribed in the constitutional amendment, are as follows:

<i>Tax Year</i>	<i>Maximum Deduction</i>	<i>Income Limitation</i>
1981	\$200.00	\$8,000.00
1982	\$225.00	\$9,000.00
1983 and thereafter	\$250.00	\$10,000.00

FISCAL IMPACT:

The State government reimburses every municipality for 100% of the property tax revenue foregone as a result of the deduction. This reimbursement requirement was established in the "State Revenue Sharing Act" and is restated in this bill. It is anticipated that the increased deduction amount together with the increased income limitation will require an appropriation of \$9.8 million in the first year, \$16.2 million in the second year, and \$23.6 million in the third year. The reimbursement is made in November annually. The increased appropriations would therefore be first required in the State fiscal year 1982 (payment on November 1, 1981).

COMMITTEE AMENDMENT:

Committee amendment establishes the effective date of the bill to be immediately, and first applicable to tax year 1981. This will establish the intent of the legislature that, in effect, the increased deduction and increased income limitations will be applicable as of January 1, 1981. This is significant and of concern to the committee. For the legislature record establishing legislative intent the committee is cognizant of the statutory application process as it applies to currently qualified taxpayers and as it will apply to newly qualified taxpayers. As to currently

qualified taxpayers it is anticipated and intended that the post-tax year statement will be revised in such a way that the new income limitations will be controlling for purposes of a confirmed deduction. As to newly qualified taxpayers it is anticipated and intended that applications will be considered as applicable to total taxes assessed in tax year 1981.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

MARCH 26, 1981

PAT SWEENEY

Governor Brendan Byrne today signed the following bills in a public ceremony:

S-1053, sponsored by Senator William J. Hamilton, Jr. (D-Middlesex), which extends to any otherwise qualified owner-occupant of a dwelling house, including a mobile homeowner, a senior or disabled citizen's deduction, notwithstanding that the owner-occupant does not own the land on which the dwelling house is situated.

A-2200, sponsored by Assemblyman Richard F. Vistocky (D-Bergen), which increases the limitation and maximum property deduction allowed to senior citizens according to the following schedule:

<u>Tax Year</u>	<u>Maximum Deduction</u>	<u>Income Limitation</u>
1981	\$200.00	\$ 8,000.00
1982	\$225.00	\$ 9,000.00
1983 and thereafter	\$250.00	\$ 10,000.00

The net result of the two bills will be a tax loss on leased land of \$1.5 million in FY-82, \$5.6 million in FY-83 and \$6.3 million in FY-84.

Under A-2200 the State must reimburse each municipality for the tax loss. In the FY-82 budget the State aid would come from the Property Tax Relief Fund.

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