

54:4-3.80 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:4-3.80 et al (homestead rebates--extend to non-profit co-op and mutual housing corporation share holders)

Laws of 1977 Chapter 241

Bill No. A2358

Sponsor(s) Van Wagner and others

Date Introduced November 23, 1976

Committee: Assembly Taxation

Senate Revenue, Finance and Appropriations

Amended during passage Yes No amendments during passage denoted by asterisks

Date of passage: Assembly February 1, 1977

Senate March 21, 1977

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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

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Reports Yes No

Hearings Yes No

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ASSEMBLY, No. 2358

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 23, 1976

By Assemblymen VAN WAGNER, FLYNN, DOYLE, NEWMAN
and SCHUCK

Referred to Committee on Taxation

AN ACT extending homestead ****[exemptions]**** ****rebates**** to
resident shareholders in nonprofit residential cooperatives and
mutual housing corporations, and amending P. L. 1976, c. 72,
P. L. 1976, c. 63 and N. J. S. 54A:4-3.

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

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

3 1. a. Every citizen and resident of this State shall be entitled,
4 annually, to a homestead ****[exemption]**** ****rebate**** on a dwell-
5 ing house and the land upon which such dwelling house is situated,
6 ****or on a dwelling house assessed as real estate situated on land**
7 **owned by another or others**** which constitutes the place of his
8 domicile and which is owned and used by him as his principal
9 residence. If such citizen and resident of this State is of the age
10 of 65 or more years, or is less than 65 years of age yet permanently
11 and totally disabled, as "disabled" is defined in the "New Jersey
12 Gross Income Tax Act" (54A:1-2f), or is the surviving spouse of
13 a deceased citizen and resident of this State who during his life-
14 time received a real property tax deduction pursuant to this act
15 or P. L. 1963, c. 172 (C. 54:4-8.40 et seq.), upon the same condi-
16 tions, with respect to real property, notwithstanding that said
17 surviving spouse is under the age of 65 and is not permanently and
18 totally disabled, provided that said surviving spouse was 55 years
19 of age or older at the time of death of said citizen and resident and
20 remains unmarried, said taxpayer shall annually, upon proper
21 claim being made therefor, be entitled to an additional ****[exemp-**
21A **tion]**** ****rebate**** as set forth in section 2 of this act. The said
21B requirement of ownership shall be satisfied by the holding 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.**

22 beneficial interest where the legal title thereto is held by another
 23 for the benefit of the said citizen and resident, *or for a resident*
 24 *shareholder in a nonprofit cooperative or mutual housing corpora-*
 25 *tion as defined herein.*

25A ***A person who is a tenant for life or a tenant under a lease for*
 25B *99 years or more or a person who is entitled to and actually takes*
 25C *possession of the land and dwelling house under an executory con-*
 25D *tract for the sale thereof or under an agreement with a lending*
 25E *institution which holds title as security for a loan, shall be deemed*
 25F *to be an owner for the purpose of this act.***

26 b. As used in this act "dwelling house" includes any residential
 27 property ***assessed as real property*** consisting of not more than
 28 four units of which not more than one may be used for business or
 28A commercial purposes.

29 c. As used in this act "nonprofit cooperative" means a residential
 30 cooperative considered as nonprofit for Federal tax purposes under
 31 the Internal Revenue Code of 1954 as of the date of this amendatory
 32 act.

33 d. As used in this act "mutual housing corporation" means a
 34 corporation not-for-profit incorporated under the laws of New
 35 Jersey on a mutual or cooperative basis within the scope of Sec-
 36 tion 607 of the Lanham Act (National Defense Housing) P. L. 849,
 37 76th Congress, 54 Stat. 1125, 42 U. S. C. 1521 et seq., as amended,
 38 which acquired a National Defense Housing Project pursuant to
 39 said act.

1 *2. Section 4 of P. L. 1976, c. 72 (C. 54:4-3.83) is amended to read
 2 as follows:

3 4. a. An application for a homestead ****[exemption]**** ***re-*
 4 *bate*** hereunder shall be filed with the assessor of the taxing
 5 district on or before ****[November 1, 1976]**** ***December 1*
 5A *annually*** and ****[shall reflect the prerequisites for exemption as**
 6 **of October 1, [1975] 1976, and on or before September 1 annually**
 7 **thereafter and]**** shall reflect the prerequisites for ****[exemp-**
 8 **tion]**** ***rebate*** on October 1 of the respective pretax year;
 9 provided, however, that the director may, by rule, waive the re-
 10 quirement for filing an annual application for any year or years
 11 subject to any limitations and conditions he may deem appropriate.
 12 If an application is approved by the assessor, he shall allow a
 13 homestead ****[exemption]**** ***rebate*** on the real property
 14 assessed to the claimant as described therein and shall indicate
 15 upon the assessment list and duplicates or as the director may
 15A otherwise prescribe the approval thereof in such manner as

16 shall be prescribed by rules of the Director of the Division of
 17 Taxation together with the proportionate share of such property
 18 deemed to be owned by the claimant for the purposes of this act
 19 if he is not the sole owner thereof. In addition, the director may
 20 require such approval to be indicated and further tax duplicate to
 21 be filed with him on or before January 10 of the tax year.

22 b. An application for ****[exemption]**** ****rebate**** may be filed
 23 on or before December 31 of the pretax year setting forth the pre-
 24 requisites for ****[exemption]**** ****rebate**** as of October 1 of said
 25 pretax year by any property owner subject to tax for the ensuing
 26 tax year who has not previously filed a claim for ****[exemption]****
 27 ****rebate**** or has previously filed a claim for ****[exemption]****
 27A ****rebate**** and there has taken place subsequent thereto with
 28 respect to said property an added or omitted assessment or a
 29 change in the status of the property owner.

30 c. *For the tax year 1977, qualified residents of nonprofit resi-*
 31 *dential cooperatives and mutual housing corporations as defined*
 32 *in section 1. of this act shall file applications for homestead rebates*
 33 ****[on or before March 1, 1977.]**** ****within 45 days of the effec-**
 34 **tive date of this act.****

1 ****[2.]**** 3. Section 7. of P. L. 1976, c. 72 (C. 54:4-3.86) is amended
 2 to read as follows:

3 7. Where title to property as to which a homestead ****[exemp-**
 4 **tion]**** ****rebate**** is claimed is held by claimant and other or
 5 others, either as tenants in common or as joint tenants, claimant
 6 shall not be allowed a homestead ****[exemption]**** ****rebate**** in
 7 an amount in excess of his proportionate share of the taxes assessed
 8 against said property, which proportionate share, for the purposes
 9 of this act, shall be deemed to be equal to that of each of the other
 10 tenants, unless it is shown that the interests in question are not
 11 equal, in which event claimant's proportionate share shall be as
 12 shown. Nothing herein shall preclude more than one tenant,
 13 whether title be held in common or joint tenancy, from claiming
 14 a homestead ****[exemption from the taxes assessed against the**
 15 **property so held,]**** ****rebate**** but no more than the equivalent
 16 of one full homestead ****[exemption in regard to such property]****
 17 ****rebate**** shall be allowed in any year, and in any case in which
 18 the claimants cannot agree as to the apportionment thereof, such
 19 ****[exemption]**** ****rebate**** shall be apportioned between or
 20 among them in proportion to their interest. Property held by
 21 husband and wife, as tenants by the entirety, shall be deemed
 22 wholly owned by each tenant, but no more than one homestead

23 **["exemption"]** **rebate** in regard to such property shall be
 24 allowed in any year. Right to claim a homestead **["exemption"]**
 25 **rebate** hereunder shall extend to property the title to which
 26 is held by a partnership, to the extent of the claimant's interest
 27 as a partner therein, and by a guardian, trustee, committee, con-
 28 servator or other fiduciary for any person who would otherwise be
 29 entitled to claim such **["exemption"]** **rebate** hereunder, but
 30 not to property the title to which is held by a corporation, *except as*
 31 *heretofore provided in section 1 of this amendatory act.*

1 *4. Section 13 of P. L. 1976, c. 72 (C. 54:4-3.92) is amended to
 2 read as follows:

3 13. a. After review, the director **["shall certify the amount due**
 4 **each taxing district for homestead exemptions and shall certify**
 5 **these amounts to the State Treasurer on or before March 15, 1977,**
 6 **and on or before March 15, of each year thereafter"]** *may pre-*
 7 *pare a list of persons entitled to the rebate, together with the*
 8 *respective amounts due. Such lists may be forwarded to the State*
 9 *Treasurer, the Director of the Division of Budget and Accounting*
 10 *and to such other officials as he may deem appropriate*. The
 11 director may inspect all records in the office of the collector and the
 12 assessor with respect to claims and allowances for homestead
 13 **["exemptions"]** **rebates**.

14 b. Each tax collector shall, on or before **["January 1"]** *Feb-*
 15 *ruary 1 and June 30* of each year furnish **["the tax assessor of**
 16 **his taxing district"]** *director* with a list of delinquent prop-
 17 erty tax owners **["and the assessor shall indicate by symbol on the**
 18 **tax list and duplicates prior to submitting the same to the director**
 19 **the fact of such delinquency"]** *in his district for taxes due and*
 20 *payable for the year immediately preceding and the amounts of*
 21 *such delinquencies*. No homestead payment under this act shall
 22 be made to any property owner while such delinquency remains
 23 *provided, however that for the purposes of this act, property*
 24 *which is on appeal and for which the statutory percentage of the*
 25 *tax has been paid shall not be regarded as delinquent.*

26 c. *Where delinquencies remain on February 1 or June 30, as the*
 27 *case may be, the director shall ascertain the amounts of homestead*
 28 *rebates withheld because of such delinquencies in each municipality*
 29 *in the State, and shall certify such amounts to the State Treasurer*
 30 *as soon thereafter as may be practicable.*

31 *On or before June 1 and on or before November 1, the director*
 32 *shall notify each taxpayer whose homestead rebate has been with-*
 33 *held because of delinquency that the amount of such rebate to*

34 *which he otherwise would have been entitled will be sent to the tax*
 35 *collector in his municipality to be credited against his delin-*
 36 *quency.***

37 ***d.** The State Treasurer semiannually on or before April 1*
 38 *and on or before October 1 commencing in the year 1977, upon the*
 39 *certification of the Director of the Division of Taxation and upon*
 40 *the warrant of the State Comptroller, shall pay and distribute,*
 41 *in equal **quarterly** installments, the amount of the homestead*
 42 ***exemption** **rebate** to each qualified property owner as*
 43 *certified by the director, *except that for the tax year 1977 the home-**
 44 *stead **exemption** **rebate** shall be paid to qualified resi-*
 45 *dents of nonprofit cooperatives and mutual housing corporations*
 46 *as defined in section 1. of this **amendatory** act, in full on*
 47 *October 1, 1977.**

48 ***e. Upon certification by the director as to the amount of re-*
 49 *bates withheld because of delinquency in the several municipalities,*
 50 *the State Treasurer upon the warrant of the State Comptroller,*
 51 *shall pay such amount on or before June 1 and on or before*
 52 *November 1 commencing in the tax year 1977 to the tax collector*
 53 *in each municipality.*

54 *f. The tax collector in each municipality shall credit the tax*
 55 *delinquency of each property owner who appears on the delinquency*
 56 *list set forth in subsection b. above in the amount that otherwise*
 57 *would have been returned to him as a rebate. In the event that the*
 58 *amount so credited exceeds the amount of delinquency, the tax*
 59 *collector may return the difference to the taxpayer or credit such*
 60 *amount to the subsequent tax bill.***

1 ***3.** *5.* Section 2 of P. L. 1976, c. 63 (C. 54:4-6.3) is amended*
 2 *to read as follows:*

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

5 a. "Qualified real rental property" means real property rented
 6 or leased for residential purposes containing more than four units,
 7 except hotels, motels or other guesthouses serving transient or
 8 seasonal guests, *and residents of a nonprofit residential cooperative*
 9 *or mutual housing corporation who are entitled to a homestead*
 10 *exemption pursuant to section 1 of P. L. 1976, c. 72 (C. 54:4-3.80).*

11 b. "Property tax reduction" means the amount of property tax
 12 reduction to the property owner of the qualified real rental prop-
 13 erty attributable solely to the State aid received during a tax period
 14 from the State Aid for Schools Fund established in N. J. S.
 15 54A:9-25 as computed in section 4 of this act.

16 c. "Tax period" with respect to preparation of tax bills for the
 17 tax year 1977 means the fourth calendar quarter of 1976 and the
 18 first and second calendar quarters of 1977; thereafter "tax period"
 19 means the third and fourth quarters of the previous calendar year
 20 and the first and second quarters of the year in which the tax bills
 21 are prepared.】**

22 **2. As used in this act unless the context clearly indicates a
 23 different meaning:

24 a. "Qualified real rental property" means any real property
 25 containing a mobile home park or two or more spaces which are
 26 rented or leased or offered for rent or lease for occupancy by
 27 mobile homes, or any building or structure or complex of buildings
 28 or structures in which housing units are rented or leased or offered
 29 for rental or lease for residential purposes except hotels, motels
 30 or other guesthouses serving transient or seasonal guests, *residents*
 31 *of a nonprofit residential cooperative or mutual housing corpora-*
 32 *tion who are entitled to a homestead rebate pursuant to section 1*
 33 *of P. L. 1976, c. 72 (C. 54:4-3.80), and owner-occupied structures*
 34 *of three units or less.*

35 b. "Property tax reduction" means 0.65 times the difference
 36 between the amount of property tax paid or payable in any year on
 37 any qualified real rental property, exclusive of improvements not
 38 included in the assessment on the real property for the base year,
 39 and the amount of property tax paid in the base year, but such
 40 calculations for the property tax reduction shall exclude reduc-
 41 tions resulting from judgments entered by county boards of taxa-
 42 tion, the Division of Tax Appeals in the Department of the
 43 Treasury, or by courts of competent jurisdiction. "Property tax
 44 reduction" shall also include 0.65 times any rebate or refund of
 45 school property taxes which may be provided pursuant to P. L.
 46 1976, c. 113. "Property tax reduction" shall not include any amount
 47 in excess of that which is identified herein. Any such amount shall
 48 be retained by the property owner.

49 c. "Base year" means, for qualified real rental property rented
 50 or leased or offered for rent or lease on the effective date of this
 51 act, the calendar year prior to the year in which this act takes effect,
 52 and for qualified real rental property which is first rented or leased
 53 or offered for rent or lease after the effective date of this act, the
 54 calendar year in which it is first offered for rent or lease.**

1 *【4.】* *6.* 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 nonprofit residential cooperative or mutual housing corpora-*

5 *tion who are entitled to a homestead exemption pursuant to sec-*
6 *tion 1 of P. L. 1976, c. 72 (C. 54:4-3.80), shall be entitled to a*
7 *homestead credit of \$65.00 against the tax otherwise due hereunder.*
8 *Any qualified residential tenant or shareholder in a cooperative*
9 *not 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*
14 *55 years or over.*

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

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

1 ***[5.]*** *7.* This act shall take effect immediately and shall be
2 applicable retroactively to all applications for homestead exemp-
3 tions received on or after August 30, 1976.

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.

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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.

1 5. This act shall take effect immediately and shall be applicable
2 retroactively to all applications for homestead exemptions received
3 on or after August 30, 1976.

STATEMENT

The purpose of this bill is to extend homestead exemptions to residents of nonprofit cooperatives and those mutual housing corporations which constitute entire municipalities (Audubon Park, Winfield etc.) and amends the "Tenants' Property Tax Rebate Act" and the "New Jersey Gross Income Tax Act" in such a manner as to insure that no person will receive both a homestead exemption and a tenants' property tax rebate or a tenants' income tax credit.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2358

—♦—
STATE OF NEW JERSEY
—♦—

DATED: FEBRUARY 17, 1977

This bill extends the homestead exemption to resident shareholders in nonprofit residential cooperatives and mutual housing corporations.

Both of these classes of taxpayers are qualified currently for the tenant's credit of \$65.00 under the State Gross Income Tax Act. The credit for these taxpayers is excluded by provisions of this bill.

Based on the available information from the Division of Taxation there are an estimated 16,100 taxpayers potentially affected. At the average homestead rebate of \$190.00 the total cost would be \$3,059,000.00. In addition an estimated 2,400 persons would qualify for the additional \$50.00 senior citizens rebate, or a total of \$120,000.00. Total cost is therefore estimated at \$3,179,000.00. This cost is reduced by repeal of the tenant's credit in the estimated amount of \$565,250.00, or a net cost increase of \$2.6 million.

The rebate is payable in full on October 1, 1977. Therefore no cost is incurred until the fiscal year 1978. The tenant credit repealer would increase income tax revenue in the current year by \$565,250.00.