

46:15-10

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1999 **CHAPTER:** 357

NJSA: 46:15-10 (Condominium conversion-realty transfer tax)

BILL NO: S2217 (Substituted for A3487)

SPONSOR(S): Gormley

DATE INTRODUCED: October 25, 1999

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

SENATE: Community and Urban Affairs

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** January 10, 2000

SENATE: November 15, 1999

DATE OF APPROVAL: January 14, 2000

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL:

(Original version of bill enacted)

S2217

SPONSORS STATEMENT: (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes \(12-2-99\) \(Local Govt.\)](#)
[Yes \(1-6-00\) \(Appropriations\)](#)

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A3487

SPONSORS STATEMENT: (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes \(12-2-99\) \(Local Govt.\)](#)
Identical to Assembly Local Government Statement to S2217
[Yes \(1-6-00\) \(Appropriations\)](#)
Identical to Assembly Appropriations Statement for S2217

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

SENATE, No. 2217

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED OCTOBER 25, 1999

Sponsored by:

Senator WILLIAM L. GORMLEY

District 2 (Atlantic)

Co-Sponsored by:

Assemblymen LeFevre, Blee and Corodemus

SYNOPSIS

Clarifies that cooperative to condominium conversions are not subject to realty transfer fee.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/11/2000)

S2217 GORMLEY

2

1 AN ACT concerning cooperatives and amending P.L.1968, c.49.

2

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

5

6 1. Section 6 of P.L.1968, c.49 (C.46:15-10) is amended to read as
7 follows:

8 6. Realty transfer fee exemptions

9 The fee imposed by this act shall not apply to a deed:

10 (a) For a consideration, as defined in section 1(c), of less than
11 \$100.00;

12 (b) By or to the United States of America, this State, or any
13 instrumentality, agency, or subdivision thereof;

14 (c) Solely in order to provide or release security for a debt or
15 obligation;

16 (d) Which confirms or corrects a deed previously recorded;

17 (e) On a sale for delinquent taxes or assessments;

18 (f) On partition;

19 (g) By a receiver, trustee in bankruptcy or liquidation, or assignee
20 for the benefit of creditors;

21 (h) Eligible to be recorded as an "ancient deed" pursuant to
22 R.S.46:16-7;

23 (i) Acknowledged or proved on or before July 3, 1968;

24 (j) Between husband and wife, or parent and child;

25 (k) Conveying a cemetery lot or plot;

26 (l) In specific performance of a final judgment;

27 (m) Releasing a right of reversion;

28 (n) Previously recorded in another county and full realty transfer
29 fee paid or accounted for, as evidenced by written instrument, attested
30 by the grantee and acknowledged by the county recording officer of
31 the county of such prior recording, specifying the county, book, page,
32 date of prior recording, and amount of realty transfer fee previously
33 paid;

34 (o) By an executor or administrator of a decedent to a devisee or
35 heir to effect distribution of the decedent's estate in accordance with
36 the provisions of the decedent's will or the intestate laws of this State;

37 (p) Recorded within 90 days following the entry of a divorce
38 decree which dissolves the marriage between the grantor and grantee

39 **[.]**:

40 (q) Issued by a cooperative corporation, as part of a conversion of
41 all of the assets of the cooperative corporation into a condominium, to
42 a shareholder upon the surrender by the shareholder of all of the
43 shareholder's stock in the cooperative corporation and the proprietary

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 lease entitling the shareholder to exclusive occupancy of a portion of
2 the property owned by the corporation.

3 (cf: P.L.1985, c.17, s.1)

4

5 2. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 This bill clarifies that the conversion of real property from a
11 cooperative form of ownership to a condominium form of ownership
12 will not be subject to the realty transfer fee, which applies to sales and
13 transfers of interests in real property, by specifying an exemption for
14 such conversions in the statute.

15 Although the sale of a cooperative unit in a cooperative formed
16 after January 8, 1988, the effective date of the "Cooperative
17 Recording Act," is subject to the realty transfer tax, the law is
18 currently unclear whether the transfer fee should apply to the
19 conversions of such units to condominiums. The bill clarifies that the
20 intent of the Legislature is that the realty transfer fee is to apply to
21 transfers in interests in real estate from one holder to another, but not
22 to apply when there is merely a change in the form of ownership
23 affecting the same owner. The Legislature currently exempts
24 cooperative to condominium conversions from compliance and fees
25 charged under other laws such as "The Planned Real Estate
26 Development Full Disclosure Act," P.L.1977, c.419 (C.45:22A-21 et
27 seq.).

28 The bill would not change current law which imposes the realty
29 transfer fee upon the subsequent sale of a condominium unit which has
30 been converted from a cooperative.

ASSEMBLY LOCAL GOVERNMENT AND HOUSING
COMMITTEE

STATEMENT TO

SENATE, No. 2217

STATE OF NEW JERSEY

DATED: DECEMBER 2, 1999

The Assembly Local Government and Housing Committee reports favorably Senate Bill No. 2217.

This bill would clarify that the conversion of real property from a cooperative form of ownership to a condominium form of ownership is not subject to the realty transfer fee, which applies to sales and transfers of interests in real property, by specifying an exemption for such conversions in the statute.

Although the sale of a cooperative unit in a cooperative formed after January 8, 1988, the effective date of the "Cooperative Recording Act," is subject to the realty transfer tax, the law is currently unclear as to whether or not the transfer fee should apply to the conversions of such units to condominiums. The bill clarifies the Legislature's intent that the realty transfer fee applies to transfers in interests in real estate from one holder to another, but not when there is merely a change in the form of ownership affecting the same owner. The Legislature currently exempts cooperative to condominium conversions from compliance and fees charged under other laws such as "The Planned Real Estate Development Full Disclosure Act," P.L.1977, c.419 (C.45:22A-21 et seq.).

The bill would not change current law which imposes the realty transfer fee upon the subsequent sale of a condominium unit which has been converted from a cooperative.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2217

STATE OF NEW JERSEY

DATED: JANUARY 6, 2000

The Assembly Appropriations Committee reports favorably Senate Bill No. 2217.

Senate Bill No. 2217 clarifies that the conversion of real property from a cooperative form of ownership to a condominium form of ownership will not be subject to the "realty transfer fee," which applies to sales and transfers of interests in real property, by specifying an exemption for such conversions in the statute.

Although the sale of a cooperative unit in a cooperative formed after January 8, 1988, the effective date of the "Cooperative Recording Act," is subject to the realty transfer tax, the law is currently unclear whether the transfer fee should apply to the conversions of such units to condominiums. The bill clarifies that the intent of the Legislature is that the realty transfer fee is to apply to transfers in interests in real estate from one holder to another, but not to apply when there is merely a change in the form of ownership affecting the same owner. The Legislature currently exempts cooperative to condominium conversions from compliance and fees charged under other laws such as "The Planned Real Estate Development Full Disclosure Act," P.L.1977, c.419 (C.45:22A-21 et seq.).

The bill would not change current law, which imposes the realty transfer fee upon the subsequent sale of a condominium unit which has been converted from a cooperative.

As reported, this bill is identical to Assembly Bill No. 3487, as also reported by the committee.

FISCAL IMPACT:

This bill was not certified as requiring a fiscal note.

The transfer of a cooperative unit in a cooperative formed after January 8, 1988 is subject to the realty transfer tax because transfers or ownership of the unit are recorded under the "Cooperative Recording Act," and the deed of transfer is subject to fee. Currently, the transfers of pre-1988 condominium units are not recorded or subject to fee. To the extent that the clarification provided by the bill assures current tenants that a mere conversion in the form of ownership will not trigger realty transfer taxes, conversions to condominium form ownership are encouraged; a subsequent transfer

of the condominium unit to a new owner *will* be recorded and subject to fee. The extent to which this may increase county and State revenues is not known.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2217

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 1999

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2217.

This bill would clarify that the conversion of real property from a cooperative form of ownership to a condominium form of ownership is not subject to the realty transfer fee, which applies to sales and transfers of interests in real property, by specifying an exemption for such conversions in the statute.

Although the sale of a cooperative unit in a cooperative formed after January 8, 1988, the effective date of the "Cooperative Recording Act," is subject to the realty transfer tax, the law is currently unclear as to whether or not the transfer fee should apply to the conversions of such units to condominiums. The bill clarifies the Legislature's intent that the realty transfer fee applies to transfers in interests in real estate from one holder to another, but not when there is merely a change in the form of ownership affecting the same owner. The Legislature currently exempts cooperative to condominium conversions from compliance and fees charged under other laws such as "The Planned Real Estate Development Full Disclosure Act," P.L.1977, c.419 (C.45:22A-21 et seq.).

ASSEMBLY, No. 3487

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED NOVEMBER 15, 1999

Sponsored by:

Assemblyman KENNETH C. LEFEVRE

District 2 (Atlantic)

Assemblyman FRANCIS J. BLEE

District 2 (Atlantic)

Co-Sponsored by:

Assemblyman Corodemus

SYNOPSIS

Clarifies that cooperative to condominium conversions are not subject to realty transfer fee.

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(Sponsorship Updated As Of: 1/7/2000)

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30 by the grantee and acknowledged by the county recording officer of
31 the county of such prior recording, specifying the county, book, page,
32 date of prior recording, and amount of realty transfer fee previously
33 paid;

34 (o) By an executor or administrator of a decedent to a devisee or
35 heir to effect distribution of the decedent's estate in accordance with
36 the provisions of the decedent's will or the intestate laws of this State;

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ASSEMBLY LOCAL GOVERNMENT AND HOUSING
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3487

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DATED: DECEMBER 2, 1999

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PO BOX 004
TRENTON, NJ 08625

Office of the Governor
NEWS RELEASE

CONTACT: Gene Herman
609-777-2600

RELEASE: January 14, 2000

S-279 (Girgenti) (Russo) - Clarifies duties and responsibilities of municipal prosecutors.

S-504 (Ciesla/Matheussen) (Blee/Malone) - Requires public school districts to provide transportation to all nonpublic schools in certain situations.

S-912 (Palaia/Bark) (Roberts/Geist) - Authorizes certain charges to office of county fire marshal and allows creation of arson investigation unit therein.

SCS for S-1196 (Kosco/Bryant/Furnari) (Cohen/DiGaetano) - Amends "Check Cashers Regulatory Act" to make it a crime to cash a check for consideration without a license and requires the revocation of license under certain circumstances; amends "Casino Control Act" to require casino licensees to file suspicious transaction report.

S-1492 (Sinagra/Bassano) (Cruz-Perez/Vandervalk) - "Physician- Dentist Fellowship and Education Program to Provide Health Care to Persons with Developmental Disabilities," appropriates \$2,500,000.

S-2217 (Gormley) (LeFevre/Blee) - Clarifies that cooperative to condominium conversions are not subject to realty transfer fee.

AS for SCS for S-949 (Blee/Cruz-Perez/Previte/Bryant/Gormley) (Jones/Asselta) - Makes Division of Criminal Justice investigators and probation officers eligible for body armor grants.

A-2965 (Bodine/Gregg) (Sinagra/Vitale) - Clarifies that only large water systems are required annually to mail drinking water quality information to customers; requires certain entities to post water quality test results.

A-3270 (Malone/Cottrell) (Singer/Allen) - Requires a board of education providing certain services to nonpublic school pupils to provide consultation with representatives of the nonpublic school on any change in the provision of services.

A-3408 (Biondi/Heck) (Kavanaugh/Robertson) - Provides sales tax exemptions for certain purchases by flood victims of Hurricane Floyd.

A-3571 (Blee) (Bryant/Matheussen) - Revises certain procedures for the receipt of State matching funds against contributions and donations made to institutions of higher education and institutional foundations.

S-1842 (Singer/Bark) (Malone/Conaway) - Establishes a special license plate to aid Deborah Hospital Foundation.

S-1869 (O'Connor) (Asselta/Gregg) - Makes permanent the Vietnam Veterans' Memorial Fund contribution gross income tax return check-off.

SCS for S-2034 (Ciesla/Codey) (Moran/Impeveduto) - Establishes certain licensing requirements for limousine drivers and additional requirements for owners of limousines.

A-2055 (Weinberg/Zisa) (Bassano/Singer) - Establishes Prostate Cancer Awareness, Education and Research Program in DHSS; appropriates \$1 million.

A-3245 (Lance/Gregg) (Schluter) - Appropriates \$200,000 for deer control research.

A-3410 (Lance/Smith) (Lynch) - Authorizes municipalities to establish grant programs to provide relief to certain real property owners for damages due to floods, hurricanes and other natural disasters.

A-3568 (Felice/Doria) (Bassano/Codey) - Continues health service corporation member on Individual Health Coverage and Small Employer Health Benefits Program boards.

A-3622 (Kramer) (Inverso) - Excludes certain hedge fund activity income of corporations of foreign nations from taxation under the corporation business tax.

A-3636 (DeCroce/Ciesla) - Exempts motor carrier employees from the State's statutory overtime wage rate requirements.