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"Governor puts signature on the 'millionaire's tax'" 6-29-2004 Star Ledger, pA1

"McGreevey signs 'millionaire's tax', 6-29-2004 Home News Tribune,p.A3

"Income tax legislation signed," 6-29-2004 The Times, p.A4

"McGreevey signs tax on wealthy..."6-29-2004 Courier New, p.A3

"Tax-rebate bill inked; NJ retirees applaud," 6-29-2004 Asbury Park Press, p.A1

"Governor signs tax increase into law,:" 6-29-2004 Bergen Record, p.A3

§18 - T&E &
Note to 54A:2-1
§19 - C.54A:9-29
§20 - Repealer
§21 - Note

P.L. 2004, CHAPTER 40, *approved June 28, 2004*
Assembly, No. 100 (*First Reprint*)

1 **AN ACT** providing for increased property tax relief for individual
2 homestead owners in this State through the homestead rebate
3 program and imposing an adjustment in the rate of gross income tax
4 for taxpayers with taxable incomes in excess of \$500,000, amending
5 P.L.1990, c.61, P.L.1999, c.63, P.L.1981, c.239 and N.J.S.54A:2-
6 1, supplementing Title 54A of the New Jersey Statutes and
7 repealing section 4 of P.L.1999, c.63 (C.54:4-8.58b).

8
9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:

11
12 1. Section 1 of P.L.1990, c.61 (C.54:4-8.57) is amended to read as
13 follows:

14 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through
15 54:4-8.66) and sections 3 , [4,] 14 through 16, 18 and 19 of
16 P.L.1999, c.63 (C.54:4-8.58a [, C.54:4-8.58b] and C.54:4-8.66a
17 through C.54:4-8.66e) shall be known and may be cited as the ["New
18 Jersey School Assessment Valuation Exemption Relief and] "2004
19 Homestead Property Tax Rebate Act" [(NJ SAVER and Homestead
20 Rebate Act)].

21 (cf: P.L.1999, c.63, s.1)

22

23 2. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to read as
24 follows:

25 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-8.58
26 through 54:4-8.66) and sections 3 [, 4,] and 14 through 16 of
27 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

28 "Annualized rent" means, for tax years 2004 and thereafter, the rent
29 paid by the claimant during the tax year for which the homestead
30 rebate is being claimed, and if paid for a lease term covering less than
31 the full tax year, the actual rent paid for the days during the term of
32 the lease of the homestead proportionalized as if the term of the lease
33 had been for 365 days of the tax year;

34 "Arm's-length transaction" means a transaction in which the parties
35 are dealing from equal bargaining positions, neither party is subject to
36 the other's control or dominant influence, and the transaction is

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted June 17, 2004.

1 entirely legal in all respects and is treated with fairness and integrity;

2 "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 "Continuing care retirement community" means a residential facility
6 primarily for retired persons where lodging and nursing, medical or
7 other health related services at the same or another location are
8 provided as continuing care to an individual pursuant to an agreement
9 effective for the life of the individual or for a period greater than one
10 year, including mutually terminable contracts, and in consideration of
11 the payment of an entrance fee with or without other periodic charges;

12 "Cooperative" means a housing corporation or association which
13 entitles the holder of a share or membership interest thereof to possess
14 and occupy for dwelling purposes a house, apartment, manufactured
15 or mobile home or other unit of housing owned or leased by the
16 corporation or association, or to lease or purchase a unit of housing
17 constructed or to be constructed by the corporation or association;

18 "Director" means the Director of the Division of Taxation in the
19 Department of the Treasury;

20 "Dwelling house" means any residential property assessed as real
21 property which consists of not more than four units, of which not more
22 than one may be used for commercial purposes, but shall not include
23 a unit in a condominium, cooperative, horizontal property regime or
24 mutual housing corporation;

25 ["Equalized property value" means the assessed value of a
26 homestead on which an NJ SAVER applicant has paid property taxes
27 for the tax year, as certified by the county board of taxation pursuant
28 to R.S.54:4-55, divided by the ratio of assessed value to true value of
29 the municipality, as adopted by the director on October 1 of that year
30 pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

31 "Homestead" means:

32 a. (1) a dwelling house and the land on which that dwelling house
33 is located which constitutes the place of the claimant's domicile and is
34 owned and used by the claimant as the claimant's principal residence;

35 (2) a dwelling house situated on land owned by a person other than
36 the claimant which constitutes the place of the claimant's domicile and
37 is owned and used by the claimant as the claimant's principal residence;

38 (3) a condominium unit or a unit in a horizontal property regime
39 which constitutes the place of the claimant's domicile and is owned and
40 used by the claimant as the claimant's principal residence;

41 (4) for purposes of this definition as provided in this subsection, in
42 addition to the generally accepted meaning of owned or ownership, a
43 homestead shall be deemed to be owned by a person if that person is
44 a tenant for life or a tenant under a lease for 99 years or more and is
45 entitled to and actually takes possession of the homestead under an
46 executory contract for the sale thereof or under an agreement with a

1 lending institution which holds title as security for a loan, or is a
2 resident of a continuing care retirement community pursuant to a
3 contract for continuing care for the life of that person which requires
4 the resident to bear a share of the property taxes that are assessed
5 upon the continuing care retirement community, if a share is
6 attributable to the unit that the resident occupies;

7 b. a unit in a cooperative or mutual housing corporation which
8 constitutes the place of domicile of a residential shareholder or lessee
9 therein, or of a lessee, or shareholder who is not a residential
10 shareholder therein, and which is used by the claimant as the claimant's
11 principal residence; and

12 c. a unit of residential rental property which unit constitutes the
13 place of the claimant's domicile and is used by the claimant as the
14 claimant's principal residence;

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

18 "Gross income" means all New Jersey gross income required to be
19 reported pursuant to the "New Jersey Gross Income Tax Act,"
20 N.J.S.54A:1-1 et seq., other than income excludable from the gross
21 income tax return, but before reduction thereof by any applicable
22 exemptions, deductions and credits, received during the taxable year
23 by the owner or residential shareholder in, or lessee of, a homestead;

24 "Manufactured home" or "mobile home" means a unit of housing
25 which:

26 (1) Consists of one or more transportable sections which are
27 substantially constructed off site and, if more than one section, are
28 joined together on site;

29 (2) Is built on a permanent chassis;

30 (3) Is designed to be used, when connected to utilities, as a
31 dwelling on a permanent or nonpermanent foundation; and

32 (4) Is manufactured in accordance with the standards promulgated
33 for a manufactured home by the Secretary of the United States
34 Department of Housing and Urban Development pursuant to the
35 "National Manufactured Housing Construction and Safety Standards
36 Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the
37 standards promulgated for a manufactured or mobile home by the
38 commissioner pursuant to the "State Uniform Construction Code Act,"
39 P.L.1975, c.217 (C.52:27D-119 et seq.);

40 "Mobile home park" means a parcel of land, or two or more parcels
41 of land, containing no fewer than 10 sites equipped for the installation
42 of manufactured or mobile homes, where these sites are under
43 common ownership and control for the purpose of leasing each site to
44 the owner of a manufactured or mobile home for the installation
45 thereof, and where the owner or owners provide services, which are
46 provided by the municipality in which the park is located for property

1 owners outside the park, which services may include but shall not be
2 limited to:

- 3 (1) The construction and maintenance of streets;
- 4 (2) Lighting of streets and other common areas;
- 5 (3) Garbage removal;
- 6 (4) Snow removal; and
- 7 (5) Provisions for the drainage of surface water from home sites
8 and common areas;

9 "Mutual housing corporation" means a corporation not-for-profit,
10 incorporated under the laws of this State on a mutual or cooperative
11 basis within the scope of section 607 of the Lanham Act (National
12 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
13 seq.), as amended, which acquired a National Defense Housing Project
14 pursuant to that act;

15 ["NJ SAVER applicant" means an individual who files an
16 application for an NJ SAVER rebate pursuant to section 4 of
17 P.L.1999, c.63 (C.54:4-8.58b);

18 "NJ SAVER property value amount" means the lesser of

19 a. \$45,000, or

20 b. the highest equalized property value of a homestead for the 1997
21 tax year or any subsequent tax year, provided that if in any such year
22 the equalized property value of that homestead equals \$45,000 or
23 more, the NJ SAVER property value amount for that homestead shall
24 be \$45,000 in any subsequent tax year;

25 "NJ SAVER school tax rate" means for a municipality the result of
26 the total school tax levies divided by the net valuation taxable for the
27 municipality as shown in the 1997 county abstract of ratables
28 multiplied by the ratio of assessed value to true value of the
29 municipality promulgated by the director on October 1, 1997, as
30 prepared pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

31 "Principal residence" means a homestead actually and continually
32 occupied by a claimant as the claimant's permanent residence, as
33 distinguished from a vacation home, property owned and rented or
34 offered for rent by the claimant, and other secondary real property
35 holdings;

36 "Property tax" means payments to a municipality based upon an
37 assessment made by the municipality upon real property on an ad
38 valorem basis on land [,) and improvements [or both], but shall not
39 include payments made in lieu of taxes;

40 "Rent" means the amount due in an arm's-length transaction solely
41 for the right of occupancy of a homestead that is a unit of residential
42 rental property. Rent shall not include any amount paid under the
43 federal Housing Choice Voucher (Section 8) Program. If the director
44 finds that the parties in a rental transaction have not dealt with each
45 other in an arm's-length transaction and that the rent due was
46 excessive, the director may, for purposes of the homestead rebate

1 claim, adjust the rent claimed in the homestead rebate application to
2 a reasonable amount of rent;

3 "Rent constituting property taxes" means 18% of the rent paid by
4 the homestead rebate claimant during the tax year on a unit of
5 residential rental property which constitutes the claimant's homestead,
6 and in the case of a manufactured home or mobile home in a mobile
7 home park which constitutes the claimant's homestead means 18% of
8 the site fee paid by the claimant during the tax year to the owner of the
9 mobile home park. Provided however, that for tax year 2004 and for
10 each tax year thereafter, rent constituting property taxes shall equal
11 18% of annualized rent, and in the case of a manufactured home or
12 mobile home in a mobile home park rent constituting property taxes
13 shall equal 18% of a similarly annualized site fee;

14 "Resident" means an individual:

15 a. who is domiciled in this State, unless he maintains no permanent
16 place of abode in this State, maintains a permanent place of abode
17 elsewhere, and spends in the aggregate no more than 30 days of the
18 tax year in this State; or

19 b. who is not domiciled in this State but maintains a permanent
20 place of abode in this State and spends in the aggregate more than 183
21 days of the tax year in this State, unless the individual is in the Armed
22 Forces of the United States;

23 "Residential rental property" means:

24 a. any building or structure or complex of buildings or structures
25 in which dwelling units are rented or leased or offered for rental or
26 lease for residential purposes;

27 b. a rooming house, hotel or motel, if the rooms constituting the
28 homestead are equipped with kitchen and bathroom facilities;

29 c. any building or structure or complex of buildings or structures
30 constructed under the following sections of the National Housing Act
31 (Pub. L.73-479) as amended and supplemented: section 202, Housing
32 Act of 1959 (Pub.L.86-372) and as subsequently amended, section
33 231, Housing Act of 1959; and

34 d. a site in a mobile home park equipped for the installation of
35 manufactured or mobile homes, where these sites are under common
36 ownership and control for the purpose of leasing each site to the
37 owner of a manufactured or mobile home for the installation thereof;

38 "Residential shareholder in a cooperative or mutual housing
39 corporation" means a tenant or holder of a membership interest in that
40 cooperative or corporation, whose residential unit therein constitutes
41 the tenant or holder's domicile and principal residence, and who may
42 deduct real property taxes for purposes of federal income tax pursuant
43 to section 216 of the federal Internal Revenue Code of 1986, 26
44 U.S.C. s.216; and

45 "Tax year" means the calendar year in which property taxes are due
46 and payable.

47 (cf: P.L.1999, c.63, s.2)

1 3. Section 3 of P.L.1999, c.63 (C.54:4-8.58a) is amended to read
2 as follows:

3 3. [The] a. For tax year 2003, the director shall determine the
4 amount of the [NJ SAVER rebate or] homestead rebate that shall be
5 paid to each claimant pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
6 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004,
7 c. (now pending before the Legislature as this bill), based upon the
8 information provided by the individual applicant in the application for
9 either a NJ SAVER rebate or for a homestead rebate, or from any
10 other information as may be available to the director in order that each
11 individual applicant shall be paid the [greater of the NJ SAVER rebate
12 amount that may be allowed to the applicant pursuant to section 4 of
13 P.L.1999, c.63 (C.54:4-8.58b) or the] homestead rebate [amount]
14 that may be allowed to the claimant pursuant to sections 3 through 5
15 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director
16 determines is appropriate. [If the payment of the lesser rebate is
17 actually first distributed to an individual who may be allowed for the
18 same tax year the greater rebate, the director may provide for the
19 payment of the amount of the difference to that individual in any
20 convenient manner, form and time as the director shall prescribe.]

21 b. (1) For tax year 2003, a resident of this State who has paid
22 property taxes for the tax year on a homestead that is owned as such,
23 who has filed an application for an NJ SAVER rebate pursuant to the
24 provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), or pursuant to that
25 act as amended and supplemented by P.L.2004, c. (now pending
26 before the Legislature as this bill), and who meets the prerequisites for
27 an NJ SAVER rebate at 12:01 A.M. on October 1, 2003 for that tax
28 year, shall be considered to have applied for a homestead rebate and
29 shall be allowed a homestead rebate instead of an NJ SAVER rebate
30 for that tax year pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq., and
31 P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.
32 (now pending before the Legislature as this bill). An application for
33 an NJ SAVER rebate shall be allowed as a homestead rebate for a
34 homestead the title to which is held by a partnership, to the extent of
35 the applicant's interest as a partner therein, and by a guardian, trustee,
36 committee, conservator or other fiduciary for any individual who
37 would otherwise be eligible for an NJ SAVER rebate. An application
38 for an NJ SAVER rebate shall not be allowed for a homestead, the title
39 to which is held partially or entirely by a corporate entity of any type,
40 except as otherwise specifically allowed for applications from residents
41 of properties owned by continuing care retirement community,
42 cooperative or mutual housing corporations.

43 (2) For tax year 2004 and for tax years thereafter, any rebates
44 applied for and paid pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
45 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended and
46 supplemented by P.L.2004, c. (now pending before the Legislature

1 as this bill), shall be homestead rebates.

2 (cf: P.L.1999, c.63, s.3)

3

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

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

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

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

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

33 (4) in the case of a married individual filing a separate gross
34 income tax return and maintaining a homestead apart from that
35 individual's spouse, gross income does not exceed \$35,000]but within
36 the appropriate range, but not more than the amount of property taxes
37 actually paid. As used in this section.

38 Range 1 equals \$1,200 to \$1,000 for tax year 2003, and shall be
39 subject to the cost-or-living adjustment for each tax year thereafter as
40 provided in subsection h. of this section;

41 Range 2 equals \$800 to \$600 for tax year 2003, and shall be subject
42 to the cost-or-living adjustment for each tax year thereafter as
43 provided in subsection h. of this section; and

44 Range 3 equals \$500 for tax year 2003, and shall be subject to the
45 cost-or-living adjustment for each tax year thereafter as provided in
46 subsection h. of this section.

1 c. (1) If title to a homestead is held by more than one individual
2 as joint tenants or tenants in common, each individual shall be allowed
3 a homestead rebate pursuant to this section only in relation to the
4 individual's proportionate share of the property taxes assessed and
5 levied against the homestead. The individual's proportionate share of
6 the property taxes on that homestead shall be equal to the share of that
7 individual's interest in the title. Title shall be presumed to be held in
8 equal shares among all co-owners, but if the claimant satisfactorily
9 demonstrates to the director that the title provides for unequal
10 interests, either under the conveyance under which the title is held, or
11 as otherwise may be demonstrated, that claimant's share of the
12 property taxes paid on that homestead shall be in proportion to the
13 claimant's interest in the title.

14 (2) Eligible claimants shall include individuals within any of the
15 filing categories set forth in N.J.S.54A:2-1 and any individual or
16 individuals not required to file a gross income tax return because their
17 gross income was below the minimum taxable income threshold
18 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1. In the case of a
19 married individual filing a separate New Jersey gross income tax
20 return, if the spouse of the claimant maintains the same homestead as
21 the claimant and also files a separate gross income tax return in this
22 State the homestead rebate claimed under this subsection shall be
23 equal to one-half of the amount of the homestead rebate allowable had
24 the spouses filed a joint return and homestead rebate application.

25 (3) An application for a homestead rebate shall be allowed for a
26 homestead the title to which is held by a partnership, to the extent of
27 the applicant's interest as a partner therein, and by a guardian, trustee,
28 committee, conservator or other fiduciary for any individual who
29 would otherwise be eligible for a rebate. An application for a
30 homestead rebate shall not be allowed for a homestead, the title to
31 which is held partially or entirely by a corporate entity of any type,
32 except as otherwise specifically allowed for an application from a
33 resident of a property owned by a continuing care retirement
34 community, or a cooperative or mutual housing corporation.

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

41 e. Nothing in this section shall preclude a co-owner, who is other
42 than a husband or wife claiming a homestead rebate on the same
43 homestead, from receiving a homestead rebate determined pursuant to
44 [subsection f. or g. of] this section if another co-owner claims a
45 homestead rebate pursuant to [subsection a. of] this section, provided
46 however, that each claim for a homestead rebate determined pursuant

1 to [subsections a. and f. of] this section shall be separately subject to
2 the provisions of subsections c. and d. of this section [and each claim
3 for a homestead rebate determined pursuant to subsection g. of this
4 section shall be separately subject to the provisions of that
5 subsection].

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

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

16 (b) \$100 for property taxes paid on one homestead for the tax year
17 if the claimant's gross income exceeds \$70,000 but does not exceed
18 \$100,000 for that year.

19 (2) If a claimant who is eligible to receive a homestead rebate in an
20 amount set forth in paragraph (1) of this subsection paid property
21 taxes on homesteads maintained as such in this State for less than the
22 full tax year, the homestead rebate amount set forth in paragraph (1)
23 shall be prorated in the proportion which the number of days that the
24 homesteads were maintained during the tax year bears to 365 days.
25 The homestead rebate amount set forth in paragraph (1) of this
26 subsection shall be subject to any further proportionate reduction as
27 may be applicable pursuant to subsections c. and d. of this section. The
28 homestead rebate amount set forth in paragraph (1) of this subsection
29 that is subject to any proportionate reduction shall be rounded to the
30 nearest whole dollar. The homestead rebate amount set forth in
31 paragraph (1) of this subsection that is claimed based upon a
32 homestead maintained by both spouses shall be determined based upon
33 the combined gross income of both spouses regardless of whether the
34 claimants filed a joint New Jersey gross income tax return or separate
35 New Jersey gross income tax returns for the tax year.] (Deleted by
36 amendment, P.L.2004, c. (now pending before the Legislature as this
37 bill).)

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

1 b. through d. of this section.

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

13 (3) A rebate paid pursuant to this subsection shall be subject to
14 such proportionate reductions in amount as relate to the claimant's
15 number of days as an owner of the homestead during the tax
16 year. ~~(Deleted by amendment, P.L.2004, c. (now pending before the~~
17 Legislature as this bill).)

18 h. (1) For the ~~[2001]~~2005 tax year and each tax year thereafter,
19 the director shall annually recompute the minimum and maximum
20 homestead rebate ranges set forth in subsection a. of this section by
21 multiplying the ~~[maximum]~~homestead rebate ranges allowed in the
22 prior tax year by the cost-of- living adjustment, and recomputing the
23 new ~~[maximum]~~ homestead rebate ranges for the current tax year.
24 The director shall round the recomputed ~~[maximum]~~ homestead
25 rebate ~~[amount]~~ ranges to the next highest multiple of \$5.

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

34 (cf: P.L.2001, c.159, s.1)

35

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

38 4. a. A resident of this State who is 65 years of age or older at the
39 close of the tax year, or who is allowed to claim a personal deduction
40 as a blind or disabled taxpayer pursuant to subsection b. of
41 N.J.S.54A:3-1, whose homestead is a unit of residential rental
42 property shall be allowed a homestead rebate for the tax year equal to
43 the ¹sum of the following two amounts: the¹ amount by which the
44 claimant's rent constituting property taxes in that tax year exceeds 5%
45 of the claimant's gross income, rounded to the nearest whole dollar [,
46 up to a maximum homestead rebate of \$500 for each tax year through

1 the 1999 tax year, \$750 for the 2000 tax year, and for each tax year
2 thereafter the director shall recompute the maximum homestead rebate
3 by multiplying the maximum homestead rebate allowed in the prior tax
4 year by the cost-of-living adjustment, provided] ¹, plus the amount of
5 \$50¹ . For the tax year 2003 the homestead rebate shall be not more
6 than ¹[\$775] \$825¹ or less than ¹[\$100] \$150¹, which maximum
7 homestead rebate shall be subject to the cost-of-living adjustment for
8 each tax year thereafter as provided in subsection g. of this section.
9 Provided further, that for each tax year the following gross income
10 limits apply:

11 (1) in the case of a married couple filing a joint New Jersey gross
12 income tax return or an individual filing a return who determines gross
13 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income
14 does not exceed \$70,000 for that year, or such individual or
15 individuals not required to file a gross income tax return because their
16 gross income was below the minimum taxable income threshold
17 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1;

18 (2) in the case of an unmarried individual who determines gross
19 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income
20 does not exceed \$35,000 for that year, or such individual not required
21 to file a gross income tax return because their gross income was below
22 the minimum taxable income threshold established in N.J.S.54A:2-4
23 and N.J.S.54A:8-3.1;

24 (3) in the case of a married individual filing a separate New Jersey
25 gross income tax return, if the spouse of the claimant maintains the
26 same homestead as the claimant and also files a separate gross income
27 tax return in this State, the combined gross income of both spouses
28 does not exceed \$70,000 for that year, or such individual or
29 individuals not required to file a gross income tax return because their
30 gross income was below the minimum taxable income threshold
31 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1, but in no event
32 shall the homestead rebate claimed under this subsection exceed
33 one-half of the amount of the homestead rebate allowable had the
34 spouses filed a joint return and homestead rebate application; and

35 (4) in the case of a married individual filing a separate gross
36 income tax return and maintaining a homestead apart from that
37 individual's spouse, gross income does not exceed \$35,000 for that
38 year, or such individual not required to file a gross income tax return
39 because their gross income was below the minimum taxable income
40 threshold established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1.

41 b. If more than one resident, other than a husband and wife, qualify
42 for a homestead rebate by reason of their having occupied the same
43 unit of residential rental property as their homestead, it shall be
44 presumed that each claimant shall be allowed a homestead rebate
45 pursuant to this section only in relation to the individual's
46 proportionate share of the total rent constituting property taxes paid

1 by that claimant which homestead rebate shall be in proportion to the
2 percentage that the total rent paid by that claimant bears to the total
3 rent paid by all tenants of the same unit. For the purposes of a
4 homestead rebate claimed by an individual subject to this subsection,
5 the names and social security numbers of each co-tenant shall be
6 reported by the claimant and the total rent paid shall be presumed to
7 be paid in equal parts among all co-tenants.

8 c. If a claimant for a tax year 2003 homestead rebate pursuant to
9 this section has no other homestead in this State other than a unit of
10 residential rental property, and that claimant was not a resident of this
11 State for the full tax year, but paid rent for the full tax year for one or
12 more units of residential rental property in this State, the claimant's
13 total homestead rebate otherwise calculated pursuant to this section
14 shall be prorated in the proportion which the number of days the
15 claimant occupied residential rental property in this State as a
16 homestead during the tax year bears to 365 days. A claimant for a
17 homestead rebate pursuant to this section for tax year 2004 and any
18 tax year thereafter shall meet all the prerequisites for the homestead
19 occupied as such at 12:01 a.m. on October 1 of the tax year.

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

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

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

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

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

1 which the number of days that the homestead was maintained during
2 the tax year bears to 365 days. A claim for a homestead rebate in an
3 amount set forth in paragraph (1) of this subsection shall be subject to
4 such further proportionate reduction as may be required pursuant to
5 subsections b. and c. of this section. A homestead rebate in an amount
6 set forth in paragraph (1) of this subsection subject to any
7 proportionate reduction shall be rounded to the nearest whole dollar.
8 A claim for a homestead rebate in an amount set forth in paragraph (1)
9 of this subsection based upon a homestead maintained by both spouses
10 shall be determined based upon the combined gross income of both
11 spouses regardless of whether the claimants filed a joint New Jersey
12 gross income tax return or separate New Jersey gross income tax
13 returns for the tax year.] (Deleted by amendment, P.L.2004, c. (now
14 pending before the Legislature as this bill).)

15 f. Notwithstanding any provisions of subsection a. of this section
16 to the contrary.

17 (1) A resident of this State whose homestead is a unit of residential
18 rental property,

19 (a) who is 65 years of age or older at the close of the tax year, or
20 who is allowed to claim a personal deduction as a blind or disabled
21 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has gross
22 income for the tax year in excess of the gross income limits in
23 subsection a. but not in excess of \$100,000 for that year; or

24 (b) who is not 65 years of age or older at the close of the tax year,
25 or who is not allowed to claim a personal deduction as a blind or
26 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has
27 gross income for the tax year, who has gross income not in excess of
28 \$100,000 for that year.

29 shall be allowed a homestead rebate pursuant to this subsection of
30 **[\$30 for property taxes paid through rent during the 1998 tax year,**
31 **\$40 for property taxes paid through rent during the 1999 tax year,]**
32 **¹[\$100] ¹\$150¹ for property taxes paid through rent during the [2000]**
33 **2003 tax year and for any tax year thereafter, provided however, that**
34 **the homestead rebate allowed pursuant to this subsection shall be**
35 **subject to the limitations and reductions as may apply pursuant to the**
36 **provisions of subsections b. and c. and d. of this section [and such**
37 **proportionate reduction as may relate to the number of days the**
38 **claimant was a tenant in a unit of residential rental property maintained**
39 **as a homestead in this State during the tax year].**

40 (2) The gross income limit imposed in paragraph (1) of this
41 subsection for a claim for a homestead rebate made pursuant to this
42 subsection that is based upon a homestead maintained by both spouses
43 shall be based upon the combined gross income of both spouses if the
44 claimants filed a joint New Jersey gross income tax return for the tax
45 year. If a claim by a married individual for a homestead rebate made
46 pursuant to this subsection is based upon a homestead maintained by

1 both spouses who each file separate New Jersey gross income tax
2 returns for the tax year, no homestead rebate for the tax year shall be
3 paid to either spouse if their combined gross income exceeds the gross
4 income limit imposed in paragraph (1) of this subsection. For such a
5 claim, if the combined gross income of both spouses does not exceed
6 the gross income limit imposed in paragraph (1) of this subsection,
7 then each such spouse making a claim shall be allowed a homestead
8 rebate amount equal to one-half of the homestead rebate amount
9 otherwise allowed pursuant to this subsection.

10 g. (1) For the [2001] 2005 tax year and each tax year thereafter,
11 the director shall annually recompute the maximum homestead rebate
12 set forth in subsection a. of this section by multiplying the maximum
13 homestead rebate allowed in the prior tax year by the cost-of- living
14 adjustment, and recomputing the new maximum homestead rebate for
15 the current tax year. The director shall round the recomputed
16 maximum homestead rebate amount to the next highest multiple of \$5.

17 (2) "Cost-of-living adjustment" for any tax year means the factor
18 calculated by dividing the consumer price index for all urban
19 consumers for the nation, as prepared by the United States Department
20 of Labor as of the close of the 12-month period ending on August 31
21 of the tax year, by that index as of the close of the 12-month period
22 ending on August 31 of the calendar year preceding the tax year in
23 which the recomputation of the maximum homestead rebate is made.
24 (cf: P.L.2001, c.159, s.2)

25

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

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

45 (1) in the case of a married couple filing a joint New Jersey gross
46 income tax return or an individual filing a return who determines gross

1 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income
2 does not exceed \$70,000 for that year;

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

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

14 (4) in the case of a married individual filing a separate gross income
15 tax return and maintaining a homestead apart from that individual's
16 spouse, gross income does not exceed \$35,000.] For tax year 2003,
17 the director shall determine the amount of the homestead rebate that
18 shall be paid to an applicant who was a resident of this State for the
19 full tax year and whose homestead has been other than a unit of
20 residential rental property for a part of the tax year and has been a unit
21 of residential rental property for the remainder of that year, based
22 upon a proportionate application of the provisions of both section 3 of
23 P.L.1990, c.61 (C.54:4-8.59 and section 4 of P.L.1990, c.61 (C.54:4-
24 8.60) as may apply for each part of the tax year, and based upon the
25 information provided by the individual applicant in the applicant's
26 application or from any other information as may be available to the
27 director.

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

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

46 (b) the sum of that portion of \$100 which the number of days that

1 the claimant's homestead was other than a unit of residential rental
2 property bears to 365 days and that portion of the amount determined
3 pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990,
4 c.61 (C.54:4-8.60) which the number of days that the claimant's
5 homestead was a unit of residential rental property bears to 365 days,
6 if the claimant's gross income exceeds \$70,000 but does not exceed
7 \$100,000 for that year.

8 (2) A claim for a homestead rebate pursuant to this subsection shall
9 first be subject to such further proportionate reductions to the
10 respective portions of the sums determined pursuant to subparagraph
11 (a) or (b) of paragraph (1) of this subsection as may be required
12 pursuant to subsections c. and d. of section 3 of P.L.1990, c.61
13 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61
14 (C.54:4-8.60). A homestead rebate determined pursuant to this
15 subsection shall be rounded to the nearest whole dollar. A claim for
16 a homestead rebate determined pursuant to this subsection based upon
17 a homestead maintained by both spouses shall be determined based
18 upon the combined gross income of both spouses regardless of
19 whether the claimants filed a joint New Jersey gross income tax return
20 or separate New Jersey gross income tax returns for the tax year.]
21 For tax year 2003, the director shall determine the amount of the
22 homestead rebate that shall be paid to an applicant who was a resident
23 of this State for less than the full tax year, and whose homestead has
24 been other than a unit of residential rental property for a part of the
25 tax year and has been a unit of residential rental property for the
26 remainder of that year, based upon a proportionate application of the
27 provisions of both section 3 of P.L.1990, c.61 (C.54:4-8.59 and
28 section 4 of P.L.1990, c.61 (C.54:4-8.60) as may apply for each part
29 of the tax year, and based upon the information provided by the
30 individual applicant in the applicant's application or from any other
31 information as may be available to the director.

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

41 (1) a homestead rebate determined under subsection g. of section
42 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such
43 proportionate reduction as relates to the number of days that the
44 claimant's homestead was other than a unit of residential rental
45 property bears to 365 days; and

46 (2) a homestead rebate determined under subsection f. of section 4

1 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such
2 proportionate reduction as relates to the number of days that the
3 claimant's homestead was a unit of residential rental property bears to
4 365 days.] (Deleted by amendment, P.L.2004, c. (now pending
5 before the Legislature as this bill).)

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

13 (2) "Cost-of-living adjustment" for any tax year means the factor
14 calculated by dividing the consumer price index for all urban
15 consumers for the nation, as prepared by the United States Department
16 of Labor as of the close of the 12-month period ending on August 31
17 of the tax year, by that index as of the close of the 12-month period
18 ending on August 31 of the calendar year preceding the tax year in
19 which the recomputation of the maximum homestead rebate is made.]
20 (Deleted by amendment, P.L.2004, c. (now pending before the
21 Legislature as this bill).)

22 (cf: P.L. 2001, c.159, s.3)

23

24 7. Section 6 of P.L.1990, c.61 (C.54:4-8.62) is amended to read as
25 follows:

26 6. a. No [NJ SAVER rebate or] homestead rebate shall be
27 allowed pursuant to this act except upon annual application therefor,
28 in any manner, upon any form, and in any format, whether in writing
29 or otherwise, as shall be prescribed by the director. The director may
30 require a claimant for a homestead rebate to attach to the homestead
31 rebate application a copy of the appropriate property tax bill or proof
32 of rent paid for the prior tax year. The director may require such
33 other verification of eligibility for [an NJ SAVER rebate or] a
34 homestead rebate as the director may deem necessary. The director
35 may require that the application for a homestead rebate for a unit of
36 residential rental property authorized pursuant to section 4 of
37 P.L.1990, c.61 (C.54:4-8.60) shall be submitted (1) as part of the
38 claimant's gross income tax return filed pursuant to the "New Jersey
39 Gross Income Tax Act," N.J.S.54A:1-1 et seq., or, (2) on any other
40 form, in any manner or format and at any time and prior to any date as
41 the director shall prescribe if (a) the claimant is not required to file a
42 gross income tax return or (b) the claimant has filed an application for
43 extension of time to file the claimant's gross income tax return. The
44 director may require that the application for [an NJ SAVER] a
45 homestead rebate authorized pursuant to section 3 of P.L.1990, c.61
46 (C.54:4-8.59) shall be submitted (1) as part of the applicant's gross

1 income tax return filed pursuant to the "New Jersey Gross Income Tax
2 Act," N.J.S.54A:1-1 et seq., or (2) on any other form, in any other
3 format and at any time and prior to any date as the director shall
4 prescribe. The director shall, for good cause shown, extend the time
5 of any applicant to file a claim for [an NJ SAVER rebate or] a
6 homestead rebate for a reasonable period, and in such case, the
7 application shall be processed and payment of [an NJ SAVER or] a
8 homestead rebate made in accordance with the procedures established
9 in the case of applications timely filed, except the date for payment of
10 the rebate may be delayed for a reasonable period. If an applicant or
11 an applicant's spouse has filed an application for an extension of time
12 to file a gross income tax return, the date by which the applicant shall
13 file the homestead rebate application may, in the discretion of the
14 director, be extended for a reasonable period, and the date for the
15 payment of the rebate may be delayed for a reasonable period. The
16 director may require sworn applications. In the event that the director
17 waives the requirement of sworn applications, all declarations by
18 claimants shall be considered as if made under oath and claimants, as
19 to false declarations, shall be subject to the penalties as provided by
20 law for perjury.

21 For the purposes of this subsection, in order to establish good cause
22 to extend the time of any applicant to file a claim for a homestead
23 rebate the applicant shall provide to the director either medical
24 evidence, such as a doctor's certification, that the claimant was unable
25 to file the claim by the date prescribed by the director because of
26 illness or hospitalization, or evidence that the applicant attempted to
27 file a timely application. Except as may be established by medical
28 evidence of inability to file a claim, good cause shall not be established
29 due to a claimant not having received an application from the director.

30 b. Upon approval of [NJ SAVER and] homestead rebate
31 applications by the director, the director shall prepare lists of
32 individuals entitled to a rebate, together with the respective amounts
33 due each claimant and shall forward such lists to the State Treasurer,
34 the Director of the Division of Budget and Accounting and any other
35 officials as the director deems appropriate on or before the earliest of
36 such date or dates as may be convenient for the director to compile
37 such lists. The director may inspect all records in the offices of the tax
38 collector and tax assessor of a municipality with respect to
39 applications, claims and allowances for [NJ SAVER rebates and]
40 homestead rebates.

41 c. If [an NJ SAVER or] a homestead rebate application contains
42 a claim for a rebate that is incorrectly determined by the claimant or
43 is based upon incorrect or insufficient information from which the
44 director is to approve the claim, the director may determine the
45 eligibility of the claimant for [an NJ SAVER or] a homestead rebate
46 and the correct amount of [an NJ SAVER or] a homestead rebate to

1 be paid to that claimant from such other information as may be
2 available to the director. In addition, the director may adjust the
3 amount of any [NJ SAVER or] homestead rebate to which a claimant
4 may be entitled by any part of the amount of any previous [NJ SAVER
5 or] homestead rebate erroneously claimed by and paid to that
6 claimant.

7 d. In the case of a claimant for [an NJ SAVER rebate or] a
8 homestead rebate whose homestead is a unit in a cooperative, mutual
9 housing corporation or continuing care retirement community, the
10 director may provide that the application shall include the name and
11 address of the location of the property and the amount of real property
12 taxes attributed to the cooperative, mutual housing residential unit or
13 continuing care retirement community residential unit, as shall be
14 indicated in an official notice which shall be furnished by the
15 cooperative, mutual housing corporation or continuing care retirement
16 community for the same year.

17 e. A [n NJ SAVER rebate or a] homestead rebate shall be allowed
18 pursuant to this act for a claimant whose ownership of an interest in
19 a homestead is satisfied by the holding of the beneficial interest if legal
20 title thereto or share therein is held by another for the benefit of the
21 claimant.

22 f. All provisions of this section shall apply to NJ SAVER rebate
23 applications filed for and paid as homestead rebates for tax year 2003.

24 ¹(g) The director may, in writing, require the owner of residential
25 rental property upon which property tax is not assessed, and the
26 owner's agents and representatives, to provide the names of residents
27 and tenants on the residential rental property and such other
28 information, in such form, as the director deems reasonable to ensure
29 that no claimant claiming a unit of that residential rental property as
30 a homestead under this act receives a homestead rebate for which the
31 claimant is not eligible. Any individual or entity failing to provide the
32 required information within 60 days of the written request of the
33 director shall be liable, in the discretion of the director, to a penalty of
34 up to \$500 for each month that the required information is not
35 provided, unless it is shown that such failure is due to reasonable
36 cause and not to willful neglect.¹

37 (cf: P.L.1999, c.63, s.8)

38

39 8. Section 7 of P.L.1990, c.61 (C.54:4-8.63) is amended to read as
40 follows:

41 7. The State Treasurer annually on or before October 31, upon
42 certification of the director and upon warrant of the State Comptroller,
43 shall pay and distribute the amount of [the NJ SAVER rebate or
44 homestead] a homestead rebate payable under this act that is claimed
45 for the prior tax year to each claimant whose [NJ SAVER rebate or

1 homestead] rebate is approved by the director.

2 (cf: P.L.1999, c.63, s.9)

3

4 9. Section 8 of P.L.1990, c.61 (C.54:4-8.64) is amended to read as
5 follows:

6 8. a. The tax collector of each municipality shall, on or before May
7 15 of each year, furnish the director with a list of property taxpayers
8 in the district delinquent for taxes due and payable for the year
9 immediately preceding and the amounts of such delinquencies. The
10 collector shall report on such list the name, lot and block number on
11 the property tax duplicate as may be applicable, and the address of
12 each owner to whom a delinquency is attributable together with the
13 amount of such delinquency so identified. No [NJ SAVER rebate or]
14 homestead rebate payment under this act shall be made to a property
15 owner while that property owner's delinquency remains, provided
16 however that for the purposes of this act, for an assessment on a
17 property which is on appeal and for which the statutory percentage of
18 the tax as provided in R.S.54:3-27 has been paid, the taxes assessed
19 on that property shall not be regarded as delinquent.

20 b. If the director receives the list as provided for in subsection a.
21 of this section, and the director determines that a property tax
22 delinquency remains for the preceding tax year on May 15, the director
23 shall ascertain the amount of the [NJ SAVER rebate or] homestead
24 rebate [, or the amount of both,] required to be withheld because of
25 such delinquency in each municipality in the State, and shall certify
26 such amounts to the State Treasurer as soon thereafter as may be
27 practicable.

28 c. On or before November 15, the director shall notify each [NJ
29 SAVER rebate and] homestead rebate claimant whose rebate [or
30 rebates have] has been withheld because of delinquency that the
31 amount of the rebate [or rebates] to which the claimant otherwise
32 would have been entitled has been sent to the tax collector in the
33 municipality to be credited against the claimant's delinquency.

34 d. Upon certification by the director as to the amount of [NJ
35 SAVER and] homestead rebates required to be withheld because of
36 delinquency in the several municipalities, the State Treasurer upon the
37 warrant of the State Comptroller, shall pay such amount on or before
38 October 30 to the tax collector in each municipality.

39 e. The tax collector in each municipality shall credit the tax
40 delinquency of each property taxpayer who appears on the delinquency
41 list set forth in subsection a. of this section in the amount that
42 otherwise would have been returned to the property taxpayer as [an
43 NJ SAVER rebate or] a homestead rebate. In the event that the
44 amount so credited exceeds the amount of delinquency, the tax
45 collector may return the difference to the taxpayer or credit such

1 amount to the subsequent property tax bill.

2 f. In the case of delinquency in the payment of property taxes by
3 a cooperative, mutual housing corporation or continuing care
4 retirement community, [an NJ SAVER rebate or] a homestead rebate
5 that may be due an individual resident shall be paid by the State
6 Treasurer to the tax collector of the municipality. The tax collector
7 shall credit the cooperative, mutual housing corporation or continuing
8 care retirement community with such payment and the cooperative,
9 mutual housing corporation or continuing care retirement community
10 shall, in turn, credit the individual unit owner to the extent of the
11 rebate and notify the applicant of the amount to be credited.

12 g. If a tax collector fails to comply with the provisions of
13 subsection a. of this section requiring the tax collector to furnish the
14 director with a list, on or before May 15 of each year, of property
15 taxpayers in the district delinquent for taxes due and payable for the
16 year immediately preceding and the amounts of such delinquencies, the
17 director shall pay the [NJ SAVER rebate or] homestead rebate
18 directly to the delinquent applicant rather than to the tax collector of
19 the municipality as set forth in subsection d. of this section.

20 h. All provisions of this section shall apply to NJ SAVER rebate
21 applications filed for and paid as homestead rebates for tax year 2003.
22 (cf: P.L.1999, c.63, s.10)

23

24 10. Section 9 of P.L.1990, c.61 (C.54:4-8.65) is amended to read
25 as follows:

26 9. The [NJ SAVER rebate and] homestead [rebate] rebates
27 authorized under this act shall not be subject to garnishment,
28 attachment, execution or other legal process, except as provided in
29 section 1 of P.L.1981, c.239 (C.54A:9-8.1), or except for an income
30 withholding order issued pursuant to P.L.1981, c.417 (C.2A:17-56.8
31 et seq.), nor shall the payment thereof be anticipated.

32 (cf: P.L.1999, c.63, s.11)

33

34 11. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to read
35 as follows:

36 1. Whenever any taxpayer or resident shall be entitled to any
37 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"
38 (N.J.S.54A:1-1 et seq.), including an earned income tax credit
39 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.), or
40 whenever any individual is eligible to receive [an NJ SAVER rebate
41 or] a homestead rebate pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.)
42 [or], P.L.1999, c.63 (C.54:4-8.58a et al.) or P.L.2004, c. (now
43 pending before the Legislature as this act), and if the rebate is not
44 required to be paid over to the municipal tax collector under the
45 provisions of section 8 of P.L.1990, c.61 (C.54:4-8.64), and at the
46 same time the taxpayer or resident shall be indebted to any agency or

1 institution of State Government, to the Victims of Crime
2 Compensation Board for the portion of an assessment ordered
3 pursuant to N.J.S.2C:43-3.1 for deposit in the Victims of Crime
4 Compensation Board Account or restitution ordered to be paid to the
5 board pursuant to N.J.S.2C:44-2 for deposit in the Victims of Crime
6 Compensation Board Account, or for child support under Title IV-A,
7 Title IV-D, or Title IV-E of the federal Social Security Act (42 U.S.C.
8 s.601 et seq.), or other indebtedness in accordance with section 1 of
9 P.L.1995, c.290 (C.2A:17-56.11b) the Department of the Treasury
10 shall apply or cause to be applied the refund, [NJ SAVER rebate or]
11 homestead rebate, or all, or so much of any or all as shall be necessary,
12 to satisfy the indebtedness. Child support indebtedness shall take
13 precedence over all other indebtedness. The Department of the
14 Treasury shall retain a percentage of the proceeds of any collection
15 setoff as shall be necessary to provide for any expenses of the
16 collection effort.

17 (cf: P.L.2000, c.80, s.7)

18

19 12. Section 10 of P.L.1990, c.61 (C.54:4-8.66) is amended to read
20 as follows:

21 10. a. (1) The director shall determine the amount of the rebate,
22 if any, that shall be paid to each claimant pursuant to P.L.1990, c.61
23 (C.54:4-8.57 et seq.) based upon the information provided by the
24 individual applicant in the application or from any other information
25 as may be available to the director and shall notify the applicant of the
26 determined amount in the form of the homestead rebate check or in
27 any other manner as the director may deem appropriate. Subject to
28 the provisions of the State Uniform Tax Procedure Law, R.S. 54:48-1
29 et seq., such notification shall finally and irrevocably fix the amount of
30 the rebate unless the applicant, within 90 days after having been given
31 notice of such determination, shall apply to the director for a hearing,
32 or unless the director shall redetermine the same. After such hearing
33 the director shall give notice of the final determination to the
34 applicant.

35 (2) An applicant for [an NJ SAVER rebate or a] homestead a
36 rebate authorized under this act who is aggrieved by [the] any
37 decision, order, finding, or denial by the director of all or part of that
38 applicant's [NJ SAVER or] homestead rebate may [protest the denial
39 under procedures as may be determined by the director by regulation.
40 If the protest results in a final determination that affirms or modifies
41 the denial under review, the final determination shall be subject to
42 judicial review pursuant to N.J.S.54:51A-13 et seq. in] appeal
43 therefrom to the New Jersey Tax Court [within 90 days of the
44 issuance of the final determination] in accordance with the provisions
45 of the State Uniform Tax Procedure Law, R.S. 54-48-1 et seq.

46 b. The appeal provided by this section shall be the exclusive

1 remedy available to an applicant for review of a decision of the
2 director in respect to the [denial] determination of all or part of [an
3 NJ SAVER rebate or] a homestead rebate authorized under this act.
4 (cf: P.L.1999, c.63, s.13)

5
6 13. Section 14 of P.L.1999, c.63 (C.54:4-66a) is amended as
7 follows:

8 14. Any individual who receives [an NJ SAVER rebate or] a
9 homestead rebate otherwise authorized under this act but as a result
10 of an intentional misrepresentation of a material fact shall be required
11 to repay to the director the amount of the [NJ SAVER rebate or]
12 homestead rebate and shall be liable to a penalty equal to 150% of the
13 amount of the [NJ SAVER rebate or] homestead rebate paid as a
14 result of that misrepresentation.

15 (cf: P.L.1999, c.63, s.14)

16
17 14. Section 15 of P.L.1999, c.63 (C.54:4-66b) is amended as
18 follows:

19 15. Any person who receives [an NJ SAVER rebate or] a
20 homestead rebate otherwise authorized under this act but which has
21 been paid in error and which is recoverable by the director, and fails
22 to return the payment within 45 days of receiving notice from the
23 director that such payment was erroneous, shall pay, in addition to the
24 amount of the erroneous rebate, interest at the rate prescribed in
25 R.S.54:49-3, assessed for each month or fraction thereof, compounded
26 annually at the end of each year, from the date next following the 45th
27 day after receiving the notice from the director that such payment was
28 erroneous until the date of the return of the erroneous payment.

29 (cf: P.L.1999, c.63, s.15)

30
31 15. Section 16 of P.L.1999, c.63 (C.54:4-66c) is amended as
32 follows:

33 16. [An NJ SAVER rebate or] A homestead rebate paid as a result
34 of misrepresentation or paid in error and any penalties and interest as
35 imposed thereon by this act, shall be payable to and recoverable by the
36 director in the same manner as a deficiency with respect to the
37 payment of a State tax in accordance with the State Uniform Tax
38 [Uniform] Procedure Law, R.S.54:48-1 et seq.

39 (cf: P.L.1999, c.63, s.16)

40
41 16. Section 18 of P.L.1999, c.63 (C.54:4-8.66d) is amended to
42 read as follows:

43 18. The Director of the Division of Taxation in the Department of
44 the Treasury is empowered to promulgate rules and regulations in
45 accordance with the "Administrative Procedure Act," P.L.1968, c.410
46 (C.52:14B-1 et seq.) and to prescribe forms to administer the

1 provisions of this act. Notwithstanding any provisions of P.L.1968,
 2 c.410 to the contrary, the director may adopt, immediately upon filing
 3 with the Office of Administrative Law, such regulations as the director
 4 deems necessary to implement the provisions of P.L.1999, c.63 (C.
 5 54:4-8.58a et al.) and P.L.2004, c. _____ (now pending before the
 6 Legislature as this bill) which regulations shall be effective for a period
 7 not to exceed 180 days from the date of the filing. Such regulations
 8 may thereafter be amended, adopted or readopted by the director as
 9 the director deems necessary in accordance with the requirements of
 10 P.L.1968, c.410.

11 (cf: P.L.1999, c.63, s.18)

12

13 17. N.J.S.54A:2-1. is amended to read as follows:

14 54A:2-1. Imposition of tax. There is hereby imposed a tax for
 15 each taxable year (which shall be the same as the taxable year for
 16 federal income tax purposes) on the New Jersey gross income as
 17 herein defined of every individual, estate or trust (other than a
 18 charitable trust or a trust forming part of a pension or profit-sharing
 19 plan), subject to the deductions, limitations and modifications
 20 hereinafter provided, determined in accordance with the following
 21 tables with respect to taxpayers' taxable income:

22 a. For married individuals filing a joint return and individuals filing
 23 as head of household or as surviving spouse for federal income tax
 24 purposes:

25 (1) for taxable years beginning on or after January 1, 1991 but before
 26 January 1, 1994:

27

28 If the taxable income is:	The tax is:
29 Not over \$20,000.00....	2% of taxable income
30 Over \$20,000.00 but not	
31 over \$50,000.00.....	\$400.00 plus 2.5% of the
32 Over \$50,000.00 but not	excess over \$20,000.00
33 over \$70,000.00.....	\$1,150.00 plus 3.5% of the
34 Over \$70,000.00 but not	excess over \$50,000.00
35 over \$80,000.00.....	\$1,850.00 plus 5.0% of the
36 Over \$80,000.00 but not	excess over \$70,000.00
37 over \$150,000.00.....	\$2,350.00 plus 6.5% of the
38 Over \$150,000.00 but not	excess over \$80,000.00
39 over \$150,000.00.....	
40 Over \$150,000.00 but not	
41 over \$150,000.00.....	
42 Over \$150,000.00 but not	
43 over \$150,000.00.....	
44 Over \$150,000.00 but not	
45 over \$150,000.00.....	
46 Over \$150,000.00 but not	

1	Over \$150,000.00.....	\$6,900.00 plus 7.0% of the
2		excess over \$150,000.00
3		
4	(2) for taxable years beginning on or after January 1, 1994 but	
5	before January 1, 1995:	
6		
7	If the taxable income is:	The tax is:
8		
9	Not over \$20,000.00.....	1.900% of taxable income
10		
11	Over \$20,000.00 but not	
12	over \$50,000.00.....	\$380.00 plus 2.375% of the
13		excess over \$20,000.00
14		
15	Over \$50,000.00 but not	
16	over \$70,000.00.....	\$1,092.50 plus 3.325% of the
17		excess over \$50,000.00
18		
19	Over \$70,000.00 but not	
20	over \$80,000.00.....	\$1,757.50 plus 4.750% of the
21		excess over \$70,000.00
22		
23	Over \$80,000.00 but not	
24	over \$150,000.00.....	\$2,232.50 plus 6.175% of the
25		excess over \$80,000.00
26		
27	Over \$150,000.00	\$6,555.00 plus 6.650% of the
28		excess over \$150,000.00
29		
30	(3) for taxable years beginning on or after January 1, 1995 but before	
31	January 1, 1996:	
32		
33	If the taxable income is:	The tax is:
34		
35	Not over \$20,000.00.....	1.700% of taxable income
36		
37	Over \$20,000.00 but not	
38	over \$50,000.00.....	\$340.00 plus 2.125% of the
39		excess over \$20,000.00
40		
41	Over \$50,000.00 but not	
42	over \$70,000.00.....	\$977.50 plus 2.975% of the
43		excess over \$50,000.00
44		
45	Over \$70,000.00 but not	
46	over \$80,000.00.....	\$1,572.50 plus 4.250% of the

1		excess over \$70,000.00
2		
3	Over \$80,000.00 but not	
4	over \$150,000.00.....	\$1,997.50 plus 6.013% of the
5		excess over \$80,000.00
6		
7	Over \$150,000.00	\$6,206.60 plus 6.580% of the
8		excess over \$150,000.00
9	(4) for taxable years beginning on or after January 1, 1996 <u>but before</u>	
10	<u>January 1, 2004:</u>	
11		
12	If the taxable income is:	The tax is:
13		
14	Not over \$20,000.00.....	1.400% of taxable income
15		
16	Over \$20,000.00 but not	
17	over \$50,000.00.....	\$280.00 plus 1.750% of the
18		excess over \$20,000.00
19		
20	Over \$50,000.00 but not	
21	over \$70,000.00.....	\$805.00 plus 2.450% of the
22		excess over \$50,000.00
23		
24	Over \$70,000.00 but not	
25	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
26		excess over \$70,000.00
27		
28	Over \$80,000.00 but not	
29	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
30		excess over \$80,000.00
31		
32	Over \$150,000.00	\$5,512.50 plus 6.370% of the
33		excess over \$150,000.00
34		
35	<u>(5) for taxable years beginning on or after January 1, 2004:</u>	
36		
37	<u>If the taxable income is:</u>	<u>The tax is:</u>
38		
39	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
40		
41	<u>Over \$20,000.00 but not</u>	
42	<u>over \$50,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
43		<u>excess over \$20,000.00</u>
44		
45	<u>Over \$50,000.00 but not</u>	
46	<u>over \$70,000.00</u>	<u>\$805.00 plus 2.450% of the</u>

1		<u>excess over \$50,000.00</u>
2		
3	<u>Over \$70,000.00 but not</u>	
4	<u>over \$80,000.00</u>	<u>\$1,295.50 plus 3.500% of the</u>
5		<u>excess over \$70,000.00</u>
6		
7	<u>Over \$80,000.00 but not</u>	
8	<u>over \$150,000.00</u>	<u>\$1,645.00 plus 5.525% of the</u>
9		<u>excess over \$80,000.00</u>
10		
11	<u>Over \$150,000.00 but not</u>	
12	<u>over \$500,000.00</u>	<u>\$5,512.50 plus 6.370% of the</u>
13		<u>excess over \$150,000.00</u>
14		
15	<u>Over \$500,000.00</u>	<u>\$27,807.50 plus 8.970% of the</u>
16		<u>excess over \$500,000.00</u>
17		

18 b. For married individuals filing separately, unmarried individuals
 19 other than individuals filing as head of household or as a surviving
 20 spouse for federal income tax purposes, and estates and trusts:

21
 22 (1) for taxable years beginning on or after January 1, 1991 but before
 23 January 1, 1994:

24		
25	If the taxable income is:	The tax is:
26		
27	Not over \$20,000.00.....	2% of taxable income
28		
29	Over \$20,000.00 but not	
30	over \$35,000.00.....	\$400.00 plus 2.5% of the
31		excess over \$20,000.00
32		
33	Over \$35,000.00 but not	
34	over \$40,000.00.....	\$775.00 plus 5.0% of the
35		excess over \$35,000.00
36		
37	Over \$40,000.00 but not	
38	over \$75,000.00.....	\$1,025.00 plus 6.5% of the
39		excess over \$40,000.00
40		
41	Over \$75,000.00.....	\$3,300.00 plus 7.0% of the
42		excess over \$75,000.00
43		

44 (2) for taxable years beginning on or after January 1, 1994 but
 45 before January 1, 1995:

1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00.....	1.900% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$35,000.00.....	\$380.00 plus 2.375% of the
7		excess over \$20,000.00
8		
9	Over \$35,000.00 but not	
10	over \$40,000.00.....	\$736.25 plus 4.750% of the
11		excess over \$35,000.00
12		
13	Over \$40,000.00 but not	
14	over \$75,000.00.....	\$973.75 plus 6.175% of the
15		excess over \$40,000.00
16		
17	Over \$75,000.00.....	\$3,135.00 plus 6.650% of the
18		excess over \$75,000.00
19		
20	(3) for taxable years beginning on or after January 1, 1995 but	
21	before January 1, 1996:	
22		
23	If the taxable income is:	The tax is:
24		
25	Not over \$20,000.00.....	1.700% of taxable income
26		
27	Over \$20,000.00 but not	
28	over \$35,000.00.....	\$340.00 plus 2.125% of the
29		excess over \$20,000.00
30		
31	Over \$35,000.00 but not	
32	over \$40,000.00.....	\$658.75 plus 4.250% of the
33		excess over \$35,000.00
34		
35	Over \$40,000.00 but not	
36	over \$75,000.00.....	\$871.25 plus 6.013% of the
37		excess over \$40,000.00
38		
39	Over \$75,000.00.....	\$2,975.80 plus 6.580% of the
40		excess over \$75,000.00
41		
42	(4) for taxable years beginning on or after January 1, 1996 <u>but</u>	
43	<u>before January 1, 2004:</u>	
44		
45	If the taxable income is:	The tax is:

1	Not over \$20,000.00.....	1.400% of taxable income
2		
3	Over \$20,000.00 but not	
4	over \$35,000.00.....	\$280.00 plus 1.750% of the
5		excess over \$20,000.00
6		
7	Over \$35,000.00 but not	
8	over \$40,000.00.....	\$542.50 plus 3.500% of the
9		excess over \$35,000.00
10		
11	Over \$40,000.00 but not	
12	over \$75,000.00.....	\$717.50 plus 5.525% of the
13		excess over \$40,000.00
14		
15	Over \$75,000.00.....	\$2,651.25 plus 6.370% of the
16		excess over \$75,000.00
17		
18	<u>(5) for taxable years beginning on or after January 1, 2004:</u>	
19		
20	<u>If the taxable income is:</u>	<u>The tax is:</u>
21		
22	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
23		
24	<u>Over \$20,000.00 but not</u>	
25	<u>over \$35,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
26		<u>excess over \$20,000.00</u>
27		
28	<u>Over \$35,000.00 but not</u>	
29	<u>over \$40,000.00</u>	<u>\$542.50 plus 3.500% of the</u>
30		<u>excess over \$35,000.00</u>
31		
32	<u>Over \$40,000.00 but not</u>	
33	<u>over \$75,000.00</u>	<u>\$717.50 plus 5.525% of the</u>
34		<u>excess over \$40,000.00</u>
35		
36	<u>Over \$75,000.00 but not</u>	
37	<u>over \$500,000.00</u>	<u>\$2,651.25 plus 6.370% of the</u>
38		<u>excess over \$75,000.00</u>
39		
40	<u>Over \$500,000.00</u>	<u>\$29,723.75 plus 8.970% of the</u>
41		<u>excess over \$500,000.00</u>
42		

43 c. For the purposes of this section, an individual who would be
44 eligible to file as a head of household for federal income tax purposes
45 but for the fact that such taxpayer is a nonresident alien, shall
46 determine tax pursuant to subsection a. of this section.
47 (cf: P.L.1995, c.165, s.1)

1 18. (New section) For the purposes of the amendment made to
2 N.J.S.54A:2-1 in section 17 of P.L.2004, c. (now pending before the
3 Legislature as this bill), for taxable year 2004, withholding by every
4 employer from salaries, wages and other remuneration paid by an
5 employer for services rendered described in subsection a. of
6 N.J.S.54A:2-1, in excess of \$500,000 during that taxable year, shall be
7 at the rate of 12% as soon as practicable but no later than September
8 1, 2004. The Director of the Division of Taxation is authorized to do
9 all things necessary to implement the withholding tax prescribed by
10 this section for taxable year 2004.

11

12 19. (New section) All revenue derived annually from the tax rate
13 change effectuated in the amendment made to N.J.S.54A:2-1 in section
14 17 of P.L.2004, c. (now pending before the Legislature as this bill)
15 shall be annually appropriated for direct real property taxpayer relief.

16

17 20. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is repealed.

18

19 21. This act shall take effect ¹**[immediately]** upon the enactment
20 into law of P.L. , c. (C.), P.L. , c. (C.), and P.L. , c. (C.) (now
21 pending before the Legislature as Senate Bill No. 1701 or Assembly
22 Bill No. 99 of 2004, Senate Bill No. 1702 or Assembly Bill No. 98 of
23 2004, and Senate Bill No. 1787 or Assembly Bill No. 97 of 2004)¹ and
24 sections 17, 18 and 19 shall apply to taxable years beginning on or
25 after January 1, 2004.

26

27

28

29

30 _____
31 Increases homestead rebates for certain homestead owners, folds NJ
32 SAVER rebates into the Homestead Rebate program and increases
33 gross income tax rate for taxpayers with taxable income over \$500,000
and temporarily adjusts withholding tax.

ASSEMBLY, No. 100

STATE OF NEW JERSEY

211th LEGISLATURE

INTRODUCED JUNE 10, 2004

Sponsored by:

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman JERRY GREEN

District 22 (Middlesex, Somerset and Union)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman WILFREDO CARABALLO

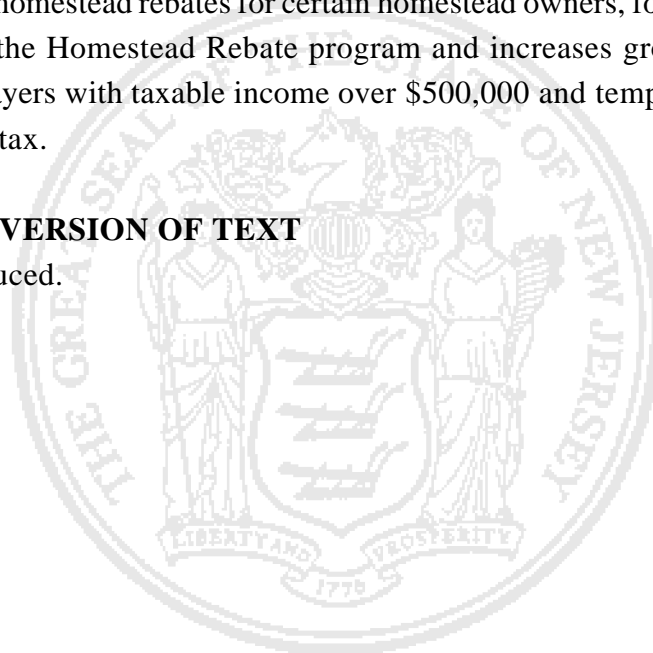
District 29 (Essex and Union)

SYNOPSIS

Increases homestead rebates for certain homestead owners, folds NJ SAVER rebates into the Homestead Rebate program and increases gross income tax rate for taxpayers with taxable income over \$500,000 and temporarily adjusts withholding tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/11/2004)

A100 SIRES, CRYAN

2

1 AN ACT providing for increased property tax relief for individual
2 homestead owners in this State through the homestead rebate
3 program and imposing an adjustment in the rate of gross income tax
4 for taxpayers with taxable incomes in excess of \$500,000, amending
5 P.L.1990, c.61, P.L.1999, c.63, P.L.1981, c.239 and N.J.S.54A:2-
6 1, supplementing Title 54A of the New Jersey Statutes and
7 repealing section 4 of P.L.1999, c.63 (C.54:4-8.58b).

8

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

11

12 1. Section 1 of P.L.1990, c.61 (C.54:4-8.57) is amended to read as
13 follows:

14 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through
15 54:4-8.66) and sections 3 , [4,] 14 through 16, 18 and 19 of
16 P.L.1999, c.63 (C.54:4-8.58a [, C.54:4-8.58b] and C.54:4-8.66a
17 through C.54:4-8.66e) shall be known and may be cited as the ["New
18 Jersey School Assessment Valuation Exemption Relief and] "2004
19 Homestead Property Tax Rebate Act" [(NJ SAVER and Homestead
20 Rebate Act)].

21 (cf: P.L.1999, c.63, s.1)

22

23 2. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to read as
24 follows:

25 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-8.58
26 through 54:4-8.66) and sections 3 [, 4,] and 14 through 16 of
27 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

28 "Annualized rent" means, for tax years 2004 and thereafter, the rent
29 paid by the claimant during the tax year for which the homestead
30 rebate is being claimed, and if paid for a lease term covering less than
31 the full tax year, the actual rent paid for the days during the term of
32 the lease of the homestead proportionalized as if the term of the lease
33 had been for 365 days of the tax year;

34 "Arm's-length transaction" means a transaction in which the parties
35 are dealing from equal bargaining positions, neither party is subject to
36 the other's control or dominant influence, and the transaction is
37 entirely legal in all respects and is treated with fairness and integrity;

38 "Condominium" means the form of real property ownership
39 provided for under the "Condominium Act," P.L.1969, c.257
40 (C.46:8B-1 et seq.);

41 "Continuing care retirement community" means a residential facility
42 primarily for retired persons where lodging and nursing, medical or

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 other health related services at the same or another location are
2 provided as continuing care to an individual pursuant to an agreement
3 effective for the life of the individual or for a period greater than one
4 year, including mutually terminable contracts, and in consideration of
5 the payment of an entrance fee with or without other periodic charges;

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

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

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

19 ["Equalized property value" means the assessed value of a
20 homestead on which an NJ SAVER applicant has paid property taxes
21 for the tax year, as certified by the county board of taxation pursuant
22 to R.S.54:4-55, divided by the ratio of assessed value to true value of
23 the municipality, as adopted by the director on October 1 of that year
24 pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

25 "Homestead" means:

26 a. (1) a dwelling house and the land on which that dwelling house
27 is located which constitutes the place of the claimant's domicile and is
28 owned and used by the claimant as the claimant's principal residence;

29 (2) a dwelling house situated on land owned by a person other than
30 the claimant which constitutes the place of the claimant's domicile and
31 is owned and used by the claimant as the claimant's principal residence;

32 (3) a condominium unit or a unit in a horizontal property regime
33 which constitutes the place of the claimant's domicile and is owned and
34 used by the claimant as the claimant's principal residence;

35 (4) for purposes of this definition as provided in this subsection, in
36 addition to the generally accepted meaning of owned or ownership, a
37 homestead shall be deemed to be owned by a person if that person is
38 a tenant for life or a tenant under a lease for 99 years or more and is
39 entitled to and actually takes possession of the homestead under an
40 executory contract for the sale thereof or under an agreement with a
41 lending institution which holds title as security for a loan, or is a
42 resident of a continuing care retirement community pursuant to a
43 contract for continuing care for the life of that person which requires
44 the resident to bear a share of the property taxes that are assessed
45 upon the continuing care retirement community, if a share is
46 attributable to the unit that the resident occupies;

1 b. a unit in a cooperative or mutual housing corporation which
2 constitutes the place of domicile of a residential shareholder or lessee
3 therein, or of a lessee, or shareholder who is not a residential
4 shareholder therein, and which is used by the claimant as the claimant's
5 principal residence; and

6 c. a unit of residential rental property which unit constitutes the
7 place of the claimant's domicile and is used by the claimant as the
8 claimant's principal residence;

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

12 "Gross income" means all New Jersey gross income required to be
13 reported pursuant to the "New Jersey Gross Income Tax Act,"
14 N.J.S.54A:1-1 et seq., other than income excludable from the gross
15 income tax return, but before reduction thereof by any applicable
16 exemptions, deductions and credits, received during the taxable year
17 by the owner or residential shareholder in, or lessee of, a homestead;

18 "Manufactured home" or "mobile home" means a unit of housing
19 which:

20 (1) Consists of one or more transportable sections which are
21 substantially constructed off site and, if more than one section, are
22 joined together on site;

23 (2) Is built on a permanent chassis;

24 (3) Is designed to be used, when connected to utilities, as a
25 dwelling on a permanent or nonpermanent foundation; and

26 (4) Is manufactured in accordance with the standards promulgated
27 for a manufactured home by the Secretary of the United States
28 Department of Housing and Urban Development pursuant to the
29 "National Manufactured Housing Construction and Safety Standards
30 Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the
31 standards promulgated for a manufactured or mobile home by the
32 commissioner pursuant to the "State Uniform Construction Code Act,"
33 P.L.1975, c.217 (C.52:27D-119 et seq.);

34 "Mobile home park" means a parcel of land, or two or more parcels
35 of land, containing no fewer than 10 sites equipped for the installation
36 of manufactured or mobile homes, where these sites are under
37 common ownership and control for the purpose of leasing each site to
38 the owner of a manufactured or mobile home for the installation
39 thereof, and where the owner or owners provide services, which are
40 provided by the municipality in which the park is located for property
41 owners outside the park, which services may include but shall not be
42 limited to:

43 (1) The construction and maintenance of streets;

44 (2) Lighting of streets and other common areas;

45 (3) Garbage removal;

46 (4) Snow removal; and

1 (5) Provisions for the drainage of surface water from home sites
2 and common areas;

3 "Mutual housing corporation" means a corporation not-for-profit,
4 incorporated under the laws of this State on a mutual or cooperative
5 basis within the scope of section 607 of the Lanham Act (National
6 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
7 seq.), as amended, which acquired a National Defense Housing Project
8 pursuant to that act;

9 ["NJ SAVER applicant" means an individual who files an
10 application for an NJ SAVER rebate pursuant to section 4 of
11 P.L.1999, c.63 (C.54:4-8.58b);

12 "NJ SAVER property value amount" means the lesser of

13 a. \$45,000, or

14 b. the highest equalized property value of a homestead for the 1997
15 tax year or any subsequent tax year, provided that if in any such year
16 the equalized property value of that homestead equals \$45,000 or
17 more, the NJ SAVER property value amount for that homestead shall
18 be \$45,000 in any subsequent tax year;

19 "NJ SAVER school tax rate" means for a municipality the result of
20 the total school tax levies divided by the net valuation taxable for the
21 municipality as shown in the 1997 county abstract of ratables
22 multiplied by the ratio of assessed value to true value of the
23 municipality promulgated by the director on October 1, 1997, as
24 prepared pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

25 "Principal residence" means a homestead actually and continually
26 occupied by a claimant as the claimant's permanent residence, as
27 distinguished from a vacation home, property owned and rented or
28 offered for rent by the claimant, and other secondary real property
29 holdings;

30 "Property tax" means payments to a municipality based upon an
31 assessment made by the municipality upon real property on an ad
32 valorem basis on land [,] and improvements [or both], but shall not
33 include payments made in lieu of taxes;

34 "Rent" means the amount due in an arm's-length transaction solely
35 for the right of occupancy of a homestead that is a unit of residential
36 rental property. Rent shall not include any amount paid under the
37 federal Housing Choice Voucher (Section 8) Program. If the director
38 finds that the parties in a rental transaction have not dealt with each
39 other in an arm's-length transaction and that the rent due was
40 excessive, the director may, for purposes of the homestead rebate
41 claim, adjust the rent claimed in the homestead rebate application to
42 a reasonable amount of rent;

43 "Rent constituting property taxes" means 18% of the rent paid by
44 the homestead rebate claimant during the tax year on a unit of
45 residential rental property which constitutes the claimant's homestead,
46 and in the case of a manufactured home or mobile home in a mobile

1 home park which constitutes the claimant's homestead means 18% of
2 the site fee paid by the claimant during the tax year to the owner of the
3 mobile home park. Provided however, that for tax year 2004 and for
4 each tax year thereafter, rent constituting property taxes shall equal
5 18% of annualized rent, and in the case of a manufactured home or
6 mobile home in a mobile home park rent constituting property taxes
7 shall equal 18% of a similarly annualized site fee;

8 "Resident" means an individual:

9 a. who is domiciled in this State, unless he maintains no permanent
10 place of abode in this State, maintains a permanent place of abode
11 elsewhere, and spends in the aggregate no more than 30 days of the
12 tax year in this State; or

13 b. who is not domiciled in this State but maintains a permanent
14 place of abode in this State and spends in the aggregate more than 183
15 days of the tax year in this State, unless the individual is in the Armed
16 Forces of the United States;

17 "Residential rental property" means:

18 a. any building or structure or complex of buildings or structures
19 in which dwelling units are rented or leased or offered for rental or
20 lease for residential purposes;

21 b. a rooming house, hotel or motel, if the rooms constituting the
22 homestead are equipped with kitchen and bathroom facilities;

23 c. any building or structure or complex of buildings or structures
24 constructed under the following sections of the National Housing Act
25 (Pub. L.73-479) as amended and supplemented: section 202, Housing
26 Act of 1959 (Pub.L.86-372) and as subsequently amended, section
27 231, Housing Act of 1959; and

28 d. a site in a mobile home park equipped for the installation of
29 manufactured or mobile homes, where these sites are under common
30 ownership and control for the purpose of leasing each site to the
31 owner of a manufactured or mobile home for the installation thereof;

32 "Residential shareholder in a cooperative or mutual housing
33 corporation" means a tenant or holder of a membership interest in that
34 cooperative or corporation, whose residential unit therein constitutes
35 the tenant or holder's domicile and principal residence, and who may
36 deduct real property taxes for purposes of federal income tax pursuant
37 to section 216 of the federal Internal Revenue Code of 1986, 26
38 U.S.C. s.216; and

39 "Tax year" means the calendar year in which property taxes are due
40 and payable.

41 (cf: P.L.1999, c.63, s.2)

42

43 3. Section 3 of P.L.1999, c.63 (C.54:4-8.58a) is amended to read
44 as follows:

45 3. [The] a. For tax year 2003, the director shall determine the
46 amount of the [NJ SAVER rebate or] homestead rebate that shall be

1 paid to each claimant pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
2 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004,
3 c. (now pending before the Legislature as this bill), based upon the
4 information provided by the individual applicant in the application for
5 either a NJ SAVER rebate or for a homestead rebate, or from any
6 other information as may be available to the director in order that each
7 individual applicant shall be paid the [greater of the NJ SAVER rebate
8 amount that may be allowed to the applicant pursuant to section 4 of
9 P.L.1999, c.63 (C.54:4-8.58b) or the] homestead rebate [amount]
10 that may be allowed to the claimant pursuant to sections 3 through 5
11 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director
12 determines is appropriate. [If the payment of the lesser rebate is
13 actually first distributed to an individual who may be allowed for the
14 same tax year the greater rebate, the director may provide for the
15 payment of the amount of the difference to that individual in any
16 convenient manner, form and time as the director shall prescribe.]

17 b. (1) For tax year 2003, a resident of this State who has paid
18 property taxes for the tax year on a homestead that is owned as such,
19 who has filed an application for an NJ SAVER rebate pursuant to the
20 provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), or pursuant to that
21 act as amended and supplemented by P.L.2004, c. (now pending
22 before the Legislature as this bill), and who meets the prerequisites for
23 an NJ SAVER rebate at 12:01 A.M. on October 1, 2003 for that tax
24 year, shall be considered to have applied for a homestead rebate and
25 shall be allowed a homestead rebate instead of an NJ SAVER rebate
26 for that tax year pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq., and
27 P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.
28 (now pending before the Legislature as this bill). An application for
29 an NJ SAVER rebate shall be allowed as a homestead rebate for a
30 homestead the title to which is held by a partnership, to the extent of
31 the applicant's interest as a partner therein, and by a guardian, trustee,
32 committee, conservator or other fiduciary for any individual who
33 would otherwise be eligible for an NJ SAVER rebate. An application
34 for an NJ SAVER rebate shall not be allowed for a homestead, the title
35 to which is held partially or entirely by a corporate entity of any type,
36 except as otherwise specifically allowed for applications from residents
37 of properties owned by continuing care retirement community,
38 cooperative or mutual housing corporations.

39 (2) For tax year 2004 and for tax years thereafter, any rebates
40 applied for and paid pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
41 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended and
42 supplemented by P.L.2004, c. (now pending before the Legislature
43 as this bill), shall be homestead rebates.

44 (cf: P.L.1999, c.63, s.3)

45

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

1 follows:

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

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

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

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

29 (4) in the case of a married individual filing a separate gross income
30 tax return and maintaining a homestead apart from that individual's
31 spouse, gross income does not exceed \$35,000] but within the
32 appropriate range, but not more than the amount of property taxes
33 actually paid. As used in this section,

34 Range 1 equals \$1,200 to \$1,000 for tax year 2003, and shall be
35 subject to the cost-or-living adjustment for each tax year thereafter as
36 provided in subsection h. of this section;

37 Range 2 equals \$800 to \$600 for tax year 2003, and shall be subject
38 to the cost-or-living adjustment for each tax year thereafter as
39 provided in subsection h. of this section; and

40 Range 3 equals \$500 for tax year 2003, and shall be subject to the
41 cost-or-living adjustment for each tax year thereafter as provided in
42 subsection h. of this section.

43 b. (1) For a resident who is 65 years of age or older at the close of
44 the tax year, or who is allowed to claim a personal deduction as a blind
45 or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1:

A100 SIRES, CRYAN

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
<u>not over \$70,000</u>	<u>(1)</u>
<u>over \$70,000 but</u>	
<u>not over \$125,000</u>	<u>(2)</u>
<u>over \$125,000 but</u>	
<u>not over \$200,000</u>	<u>(3)</u>

7
8 (2) For a resident homeowner of this State who is not 65 years of
9 age or older at the close of the tax year, and who is not allowed to
10 claim a personal deduction as a blind or disabled taxpayer pursuant to
11 subsection b. of N.J.S.54A:3-1
12

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
<u>not over \$125,000</u>	<u>(2)</u>
<u>over \$125,000 but</u>	
<u>not over \$200,000</u>	<u>(3)</u>

13
14
15
16
17
18 (3) A homestead rebate shall be allowed for tax year 2003 and
19 thereafter pursuant to [subsection a. of] this section in relation to the
20 amount of the property taxes actually paid [by or allocable to a
21 resident property taxpayer who is a claimant on more than one
22 homestead, but the aggregate amount of the property taxes claimed
23 shall not exceed the total of the proportionate amounts of property
24 taxes assessed and levied against or allocable to each homestead for
25 the portion of the tax year the claimant occupied it as the claimant's
26 principal residence] during the tax year for the homestead owned and
27 occupied as such at 12:01 a.m. on October 1 of the tax year.

28 c. (1) If title to a homestead is held by more than one individual as
29 joint tenants or tenants in common, each individual shall be allowed a
30 homestead rebate pursuant to this section only in relation to the
31 individual's proportionate share of the property taxes assessed and
32 levied against the homestead. The individual's proportionate share of
33 the property taxes on that homestead shall be equal to the share of that
34 individual's interest in the title. Title shall be presumed to be held in
35 equal shares among all co-owners, but if the claimant satisfactorily
36 demonstrates to the director that the title provides for unequal
37 interests, either under the conveyance under which the title is held, or
38 as otherwise may be demonstrated, that claimant's share of the
39 property taxes paid on that homestead shall be in proportion to the
40 claimant's interest in the title.

41 (2) Eligible claimants shall include individuals within any of the
42 filing categories set forth in N.J.S.54A:2-1 and any individual or
43 individuals not required to file a gross income tax return because their

1 gross income was below the minimum taxable income threshold
2 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1. In the case of a
3 married individual filing a separate New Jersey gross income tax
4 return, if the spouse of the claimant maintains the same homestead as
5 the claimant and also files a separate gross income tax return in this
6 State the homestead rebate claimed under this subsection shall be
7 equal to one-half of the amount of the homestead rebate allowable had
8 the spouses filed a joint return and homestead rebate application.

9 (3) An application for a homestead rebate shall be allowed for a
10 homestead the title to which is held by a partnership, to the extent of
11 the applicant's interest as a partner therein, and by a guardian, trustee,
12 committee, conservator or other fiduciary for any individual who
13 would otherwise be eligible for a rebate. An application for a
14 homestead rebate shall not be allowed for a homestead, the title to
15 which is held partially or entirely by a corporate entity of any type,
16 except as otherwise specifically allowed for an application from a
17 resident of a property owned by a continuing care retirement
18 community, or a cooperative or mutual housing corporation.

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

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

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

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

46 (b) \$100 for property taxes paid on one homestead for the tax year

1 if the claimant's gross income exceeds \$70,000 but does not exceed
2 \$100,000 for that year.

3 (2) If a claimant who is eligible to receive a homestead rebate in an
4 amount set forth in paragraph (1) of this subsection paid property
5 taxes on homesteads maintained as such in this State for less than the
6 full tax year, the homestead rebate amount set forth in paragraph (1)
7 shall be prorated in the proportion which the number of days that the
8 homesteads were maintained during the tax year bears to 365 days.
9 The homestead rebate amount set forth in paragraph (1) of this
10 subsection shall be subject to any further proportionate reduction as
11 may be applicable pursuant to subsections c. and d. of this section. The
12 homestead rebate amount set forth in paragraph (1) of this subsection
13 that is subject to any proportionate reduction shall be rounded to the
14 nearest whole dollar. The homestead rebate amount set forth in
15 paragraph (1) of this subsection that is claimed based upon a
16 homestead maintained by both spouses shall be determined based upon
17 the combined gross income of both spouses regardless of whether the
18 claimants filed a joint New Jersey gross income tax return or separate
19 New Jersey gross income tax returns for the tax year.] (Deleted by
20 amendment, P.L.2004, c. (now pending before the Legislature as this
21 bill).)

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

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

43 (3) A rebate paid pursuant to this subsection shall be subject to
44 such proportionate reductions in amount as relate to the claimant's
45 number of days as an owner of the homestead during the tax
46 year.](Deleted by amendment, P.L.2004, c. (now pending before the

1 Legislature as this bill).

2 h. (1) For the ~~[2001]~~2005 tax year and each tax year thereafter,
3 the director shall annually recompute the minimum and maximum
4 homestead rebate ranges set forth in subsection a. of this section by
5 multiplying the ~~[maximum]~~homestead rebate ranges allowed in the
6 prior tax year by the cost-of- living adjustment, and recomputing the
7 new ~~[maximum]~~ homestead rebate ranges for the current tax year.
8 The director shall round the recomputed ~~[maximum]~~ homestead
9 rebate ~~[amount]~~ ranges to the next highest multiple of \$5.

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

18 (cf: P.L.2001, c.159, s.1)

19

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

22 4. a. A resident of this State who is 65 years of age or older at the
23 close of the tax year, or who is allowed to claim a personal deduction
24 as a blind or disabled taxpayer pursuant to subsection b. of
25 N.J.S.54A:3-1, whose homestead is a unit of residential rental
26 property shall be allowed a homestead rebate for the tax year equal to
27 the amount by which the claimant's rent constituting property taxes in
28 that tax year exceeds 5% of the claimant's gross income, rounded to
29 the nearest whole dollar ~~], up to a maximum homestead rebate of \$500~~
30 for each tax year through the 1999 tax year, \$750 for the 2000 tax
31 year, and for each tax year thereafter the director shall recompute the
32 maximum homestead rebate by multiplying the maximum homestead
33 rebate allowed in the prior tax year by the cost-of-living adjustment,
34 provided] . For the tax year 2003 the homestead rebate shall be not
35 more than \$775 or less than \$100, which maximum homestead rebate
36 shall be subject to the cost-of-living adjustment for each tax year
37 thereafter as provided in subsection g. of this section. Provided
38 further, that for each tax year the following gross income limits apply:

39 (1) in the case of a married couple filing a joint New Jersey gross
40 income tax return or an individual filing a return who determines gross
41 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income
42 does not exceed \$70,000 for that year, or such individual or
43 individuals not required to file a gross income tax return because their
44 gross income was below the minimum taxable income threshold
45 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1;

46 (2) in the case of an unmarried individual who determines gross

1 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income
2 does not exceed \$35,000 for that year, or such individual not required
3 to file a gross income tax return because their gross income was below
4 the minimum taxable income threshold established in N.J.S.54A:2-4
5 and N.J.S.54A:8-3.1;

6 (3) in the case of a married individual filing a separate New Jersey
7 gross income tax return, if the spouse of the claimant maintains the
8 same homestead as the claimant and also files a separate gross income
9 tax return in this State, the combined gross income of both spouses
10 does not exceed \$70,000 for that year, or such individual or
11 individuals not required to file a gross income tax return because their
12 gross income was below the minimum taxable income threshold
13 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1, but in no event
14 shall the homestead rebate claimed under this subsection exceed
15 one-half of the amount of the homestead rebate allowable had the
16 spouses filed a joint return and homestead rebate application; and

17 (4) in the case of a married individual filing a separate gross income
18 tax return and maintaining a homestead apart from that individual's
19 spouse, gross income does not exceed \$35,000 for that year, or such
20 individual not required to file a gross income tax return because their
21 gross income was below the minimum taxable income threshold
22 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1.

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

36 c. If a claimant for a tax year 2003 homestead rebate pursuant to
37 this section has no other homestead in this State other than a unit of
38 residential rental property, and that claimant was not a resident of this
39 State for the full tax year, but paid rent for the full tax year for one or
40 more units of residential rental property in this State, the claimant's
41 total homestead rebate otherwise calculated pursuant to this section
42 shall be prorated in the proportion which the number of days the
43 claimant occupied residential rental property in this State as a
44 homestead during the tax year bears to 365 days. A claimant for a
45 homestead rebate pursuant to this section for tax year 2004 and any
46 tax year thereafter shall meet all the prerequisites for the homestead

1 occupied as such at 12:01 a.m. on October 1 of the tax year.

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

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

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

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

24 (2) If a claimant who is eligible to receive a homestead rebate in an
25 amount set forth in paragraph (1) of this subsection paid rent for less
26 than the full tax year on one or more homesteads in this State
27 maintained as such for less than the full tax year, the homestead rebate
28 amount set forth in paragraph (1) shall be prorated in the proportion
29 which the number of days that the homestead was maintained during
30 the tax year bears to 365 days. A claim for a homestead rebate in an
31 amount set forth in paragraph (1) of this subsection shall be subject to
32 such further proportionate reduction as may be required pursuant to
33 subsections b. and c. of this section. A homestead rebate in an amount
34 set forth in paragraph (1) of this subsection subject to any
35 proportionate reduction shall be rounded to the nearest whole dollar.
36 A claim for a homestead rebate in an amount set forth in paragraph (1)
37 of this subsection based upon a homestead maintained by both spouses
38 shall be determined based upon the combined gross income of both
39 spouses regardless of whether the claimants filed a joint New Jersey
40 gross income tax return or separate New Jersey gross income tax
41 returns for the tax year.] (Deleted by amendment, P.L.2004, c. (now
42 pending before the Legislature as this bill).)

43 f. Notwithstanding any provisions of subsection a. of this section
44 to the contrary.

45 (1) A resident of this State whose homestead is a unit of residential
46 rental property,

1 (a) who is 65 years of age or older at the close of the tax year, or
2 who is allowed to claim a personal deduction as a blind or disabled
3 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has gross
4 income for the tax year in excess of the gross income limits in
5 subsection a. but not in excess of \$100,000 for that year; or

6 (b) who is not 65 years of age or older at the close of the tax year,
7 or who is not allowed to claim a personal deduction as a blind or
8 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has
9 gross income for the tax year, who has gross income not in excess of
10 \$100,000 for that year.

11 shall be allowed a homestead rebate pursuant to this subsection of
12 [\$30 for property taxes paid through rent during the 1998 tax year,
13 \$40 for property taxes paid through rent during the 1999 tax year,]
14 \$100 for property taxes paid through rent during the [2000] 2003 tax
15 year and for any tax year thereafter, provided however, that the
16 homestead rebate allowed pursuant to this subsection shall be subject
17 to the limitations and reductions as may apply pursuant to the
18 provisions of subsections b. and c. and d. of this section [and such
19 proportionate reduction as may relate to the number of days the
20 claimant was a tenant in a unit of residential rental property maintained
21 as a homestead in this State during the tax year].

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

38 g. (1) For the [2001] 2005 tax year and each tax year thereafter,
39 the director shall annually recompute the maximum homestead rebate
40 set forth in subsection a. of this section by multiplying the maximum
41 homestead rebate allowed in the prior tax year by the cost-of- living
42 adjustment, and recomputing the new maximum homestead rebate for
43 the current tax year. The director shall round the recomputed
44 maximum homestead rebate amount to the next highest multiple of \$5.

45 (2) "Cost-of-living adjustment" for any tax year means the factor
46 calculated by dividing the consumer price index for all urban

1 consumers for the nation, as prepared by the United States Department
2 of Labor as of the close of the 12-month period ending on August 31
3 of the tax year, by that index as of the close of the 12-month period
4 ending on August 31 of the calendar year preceding the tax year in
5 which the recomputation of the maximum homestead rebate is made.
6 (cf: P.L.2001, c.159, s.2)

7

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

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

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

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

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

42 (4) in the case of a married individual filing a separate gross income
43 tax return and maintaining a homestead apart from that individual's
44 spouse, gross income does not exceed \$35,000.] For tax year 2003,
45 the director shall determine the amount of the homestead rebate that
46 shall be paid to an applicant who was a resident of this State for the

1 full tax year and whose homestead has been other than a unit of
2 residential rental property for a part of the tax year and has been a unit
3 of residential rental property for the remainder of that year, based
4 upon a proportionate application of the provisions of both section 3 of
5 P.L.1990, c.61 (C.54:4-8.59 and section 4 of P.L.1990, c.61 (C.54:4-
6 8.60) as may apply for each part of the tax year, and based upon the
7 information provided by the individual applicant in the applicant's
8 application or from any other information as may be available to the
9 director.

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

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

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

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

1 whether the claimants filed a joint New Jersey gross income tax return
2 or separate New Jersey gross income tax returns for the tax year.]
3 For tax year 2003, the director shall determine the amount of the
4 homestead rebate that shall be paid to an applicant who was a resident
5 of this State for less than the full tax year, and whose homestead has
6 been other than a unit of residential rental property for a part of the
7 tax year and has been a unit of residential rental property for the
8 remainder of that year, based upon a proportionate application of the
9 provisions of both section 3 of P.L.1990, c.61 (C.54:4-8.59 and
10 section 4 of P.L.1990, c.61 (C.54:4-8.60) as may apply for each part
11 of the tax year, and based upon the information provided by the
12 individual applicant in the applicant's application or from any other
13 information as may be available to the director.

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

23 (1) a homestead rebate determined under subsection g. of section
24 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such
25 proportionate reduction as relates to the number of days that the
26 claimant's homestead was other than a unit of residential rental
27 property bears to 365 days; and

28 (2) a homestead rebate determined under subsection f. of section 4
29 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such
30 proportionate reduction as relates to the number of days that the
31 claimant's homestead was a unit of residential rental property bears to
32 365 days.] (Deleted by amendment, P.L.2004, c. (now pending
33 before the Legislature as this bill).)

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

41 (2) "Cost-of-living adjustment" for any tax year means the factor
42 calculated by dividing the consumer price index for all urban
43 consumers for the nation, as prepared by the United States Department
44 of Labor as of the close of the 12-month period ending on August 31
45 of the tax year, by that index as of the close of the 12-month period
46 ending on August 31 of the calendar year preceding the tax year in

1 which the recomputation of the maximum homestead rebate is made.]
2 (Deleted by amendment, P.L.2004, c. (now pending before the
3 Legislature as this bill).)
4 (cf: P.L. 2001, c.159, s.3)

5

6 7. Section 6 of P.L.1990, c.61 (C.54:4-8.62) is amended to read as
7 follows:

8 6. a. No [NJ SAVER rebate or] homestead rebate shall be
9 allowed pursuant to this act except upon annual application therefor,
10 in any manner, upon any form, and in any format, whether in writing
11 or otherwise, as shall be prescribed by the director. The director may
12 require a claimant for a homestead rebate to attach to the homestead
13 rebate application a copy of the appropriate property tax bill or proof
14 of rent paid for the prior tax year. The director may require such
15 other verification of eligibility for [an NJ SAVER rebate or] a
16 homestead rebate as the director may deem necessary. The director
17 may require that the application for a homestead rebate for a unit of
18 residential rental property authorized pursuant to section 4 of
19 P.L.1990, c.61 (C.54:4-8.60) shall be submitted (1) as part of the
20 claimant's gross income tax return filed pursuant to the "New Jersey
21 Gross Income Tax Act," N.J.S.54A:1-1 et seq., or, (2) on any other
22 form, in any manner or format and at any time and prior to any date as
23 the director shall prescribe if (a) the claimant is not required to file a
24 gross income tax return or (b) the claimant has filed an application for
25 extension of time to file the claimant's gross income tax return. The
26 director may require that the application for [an NJ SAVER] a
27 homestead rebate authorized pursuant to section 3 of P.L.1990, c.61
28 (C.54:4-8.59) shall be submitted (1) as part of the applicant's gross
29 income tax return filed pursuant to the "New Jersey Gross Income Tax
30 Act," N.J.S.54A:1-1 et seq., or (2) on any other form, in any other
31 format and at any time and prior to any date as the director shall
32 prescribe. The director shall, for good cause shown, extend the time
33 of any applicant to file a claim for [an NJ SAVER rebate or] a
34 homestead rebate for a reasonable period, and in such case, the
35 application shall be processed and payment of [an NJ SAVER or] a
36 homestead rebate made in accordance with the procedures established
37 in the case of applications timely filed, except the date for payment of
38 the rebate may be delayed for a reasonable period. If an applicant or
39 an applicant's spouse has filed an application for an extension of time
40 to file a gross income tax return, the date by which the applicant shall
41 file the homestead rebate application may, in the discretion of the
42 director, be extended for a reasonable period, and the date for the
43 payment of the rebate may be delayed for a reasonable period. The
44 director may require sworn applications. In the event that the director
45 waives the requirement of sworn applications, all declarations by
46 claimants shall be considered as if made under oath and claimants, as

1 to false declarations, shall be subject to the penalties as provided by
2 law for perjury.

3 For the purposes of this subsection, in order to establish good cause
4 to extend the time of any applicant to file a claim for a homestead
5 rebate the applicant shall provide to the director either medical
6 evidence, such as a doctor's certification, that the claimant was unable
7 to file the claim by the date prescribed by the director because of
8 illness or hospitalization, or evidence that the applicant attempted to
9 file a timely application. Except as may be established by medical
10 evidence of inability to file a claim, good cause shall not be established
11 due to a claimant not having received an application from the director.

12 b. Upon approval of [NJ SAVER and] homestead rebate
13 applications by the director, the director shall prepare lists of
14 individuals entitled to a rebate, together with the respective amounts
15 due each claimant and shall forward such lists to the State Treasurer,
16 the Director of the Division of Budget and Accounting and any other
17 officials as the director deems appropriate on or before the earliest of
18 such date or dates as may be convenient for the director to compile
19 such lists. The director may inspect all records in the offices of the tax
20 collector and tax assessor of a municipality with respect to
21 applications, claims and allowances for [NJ SAVER rebates and]
22 homestead rebates.

23 c. If [an NJ SAVER or] a homestead rebate application contains
24 a claim for a rebate that is incorrectly determined by the claimant or
25 is based upon incorrect or insufficient information from which the
26 director is to approve the claim, the director may determine the
27 eligibility of the claimant for [an NJ SAVER or] a homestead rebate
28 and the correct amount of [an NJ SAVER or] a homestead rebate to
29 be paid to that claimant from such other information as may be
30 available to the director. In addition, the director may adjust the
31 amount of any [NJ SAVER or] homestead rebate to which a claimant
32 may be entitled by any part of the amount of any previous [NJ SAVER
33 or] homestead rebate erroneously claimed by and paid to that
34 claimant.

35 d. In the case of a claimant for [an NJ SAVER rebate or] a
36 homestead rebate whose homestead is a unit in a cooperative, mutual
37 housing corporation or continuing care retirement community, the
38 director may provide that the application shall include the name and
39 address of the location of the property and the amount of real property
40 taxes attributed to the cooperative, mutual housing residential unit or
41 continuing care retirement community residential unit, as shall be
42 indicated in an official notice which shall be furnished by the
43 cooperative, mutual housing corporation or continuing care retirement
44 community for the same year.

45 e. A[n NJ SAVER rebate or a] homestead rebate shall be allowed

1 pursuant to this act for a claimant whose ownership of an interest in
2 a homestead is satisfied by the holding of the beneficial interest if legal
3 title thereto or share therein is held by another for the benefit of the
4 claimant.

5 f. All provisions of this section shall apply to NJ SAVER rebate
6 applications filed for and paid as homestead rebates for tax year 2003.
7 (cf: P.L.1999, c.63, s.8)

8

9 8. Section 7 of P.L.1990, c.61 (C.54:4-8.63) is amended to read as
10 follows:

11 7. The State Treasurer annually on or before October 31, upon
12 certification of the director and upon warrant of the State Comptroller,
13 shall pay and distribute the amount of [the NJ SAVER rebate or
14 homestead] a homestead rebate payable under this act that is claimed
15 for the prior tax year to each claimant whose [NJ SAVER rebate or
16 homestead] rebate is approved by the director.

17 (cf: P.L.1999, c.63, s.9)

18

19 9. Section 8 of P.L.1990, c.61 (C.54:4-8.64) is amended to read as
20 follows:

21 8. a. The tax collector of each municipality shall, on or before May
22 15 of each year, furnish the director with a list of property taxpayers
23 in the district delinquent for taxes due and payable for the year
24 immediately preceding and the amounts of such delinquencies. The
25 collector shall report on such list the name, lot and block number on
26 the property tax duplicate as may be applicable, and the address of
27 each owner to whom a delinquency is attributable together with the
28 amount of such delinquency so identified. No [NJ SAVER rebate or]
29 homestead rebate payment under this act shall be made to a property
30 owner while that property owner's delinquency remains, provided
31 however that for the purposes of this act, for an assessment on a
32 property which is on appeal and for which the statutory percentage of
33 the tax as provided in R.S.54:3-27 has been paid, the taxes assessed
34 on that property shall not be regarded as delinquent.

35 b. If the director receives the list as provided for in subsection a.
36 of this section, and the director determines that a property tax
37 delinquency remains for the preceding tax year on May 15, the director
38 shall ascertain the amount of the [NJ SAVER rebate or] homestead
39 rebate [, or the amount of both,] required to be withheld because of
40 such delinquency in each municipality in the State, and shall certify
41 such amounts to the State Treasurer as soon thereafter as may be
42 practicable.

43 c. On or before November 15, the director shall notify each [NJ
44 SAVER rebate and] homestead rebate claimant whose rebate [or
45 rebates have] has been withheld because of delinquency that the

1 amount of the rebate [or rebates] to which the claimant otherwise
2 would have been entitled has been sent to the tax collector in the
3 municipality to be credited against the claimant's delinquency.

4 d. Upon certification by the director as to the amount of [NJ
5 SAVER and] homestead rebates required to be withheld because of
6 delinquency in the several municipalities, the State Treasurer upon the
7 warrant of the State Comptroller, shall pay such amount on or before
8 October 30 to the tax collector in each municipality.

9 e. The tax collector in each municipality shall credit the tax
10 delinquency of each property taxpayer who appears on the delinquency
11 list set forth in subsection a. of this section in the amount that
12 otherwise would have been returned to the property taxpayer as [an
13 NJ SAVER rebate or] a homestead rebate. In the event that the
14 amount so credited exceeds the amount of delinquency, the tax
15 collector may return the difference to the taxpayer or credit such
16 amount to the subsequent property tax bill.

17 f. In the case of delinquency in the payment of property taxes by
18 a cooperative, mutual housing corporation or continuing care
19 retirement community, [an NJ SAVER rebate or] a homestead rebate
20 that may be due an individual resident shall be paid by the State
21 Treasurer to the tax collector of the municipality. The tax collector
22 shall credit the cooperative, mutual housing corporation or continuing
23 care retirement community with such payment and the cooperative,
24 mutual housing corporation or continuing care retirement community
25 shall, in turn, credit the individual unit owner to the extent of the
26 rebate and notify the applicant of the amount to be credited.

27 g. If a tax collector fails to comply with the provisions of
28 subsection a. of this section requiring the tax collector to furnish the
29 director with a list, on or before May 15 of each year, of property
30 taxpayers in the district delinquent for taxes due and payable for the
31 year immediately preceding and the amounts of such delinquencies, the
32 director shall pay the [NJ SAVER rebate or] homestead rebate
33 directly to the delinquent applicant rather than to the tax collector of
34 the municipality as set forth in subsection d. of this section.

35 h. All provisions of this section shall apply to NJ SAVER rebate
36 applications filed for and paid as homestead rebates for tax year 2003.
37 (cf: P.L.1999, c.63, s.10)

38

39 10. Section 9 of P.L.1990, c.61 (C.54:4-8.65) is amended to read
40 as follows:

41 9. The [NJ SAVER rebate and] homestead [rebate] rebates
42 authorized under this act shall not be subject to garnishment,
43 attachment, execution or other legal process, except as provided in
44 section 1 of P.L.1981, c.239 (C.54A:9-8.1), or except for an income
45 withholding order issued pursuant to P.L.1981, c.417 (C.2A:17-56.8
46 et seq.), nor shall the payment thereof be anticipated.

1 (cf: P.L.1999, c.63, s.11)

2

3 11. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to read
4 as follows:

5 1. Whenever any taxpayer or resident shall be entitled to any
6 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"
7 (N.J.S.54A:1-1 et seq.), including an earned income tax credit
8 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.), or
9 whenever any individual is eligible to receive [an NJ SAVER rebate
10 or] a homestead rebate pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.)
11 [or], P.L.1999, c.63 (C.54:4-8.58a et al.) or P.L.2004, c. (now
12 pending before the Legislature as this act), and if the rebate is not
13 required to be paid over to the municipal tax collector under the
14 provisions of section 8 of P.L.1990, c.61 (C.54:4-8.64), and at the
15 same time the taxpayer or resident shall be indebted to any agency or
16 institution of State Government, to the Victims of Crime
17 Compensation Board for the portion of an assessment ordered
18 pursuant to N.J.S.2C:43-3.1 for deposit in the Victims of Crime
19 Compensation Board Account or restitution ordered to be paid to the
20 board pursuant to N.J.S.2C:44-2 for deposit in the Victims of Crime
21 Compensation Board Account, or for child support under Title IV-A,
22 Title IV-D, or Title IV-E of the federal Social Security Act (42 U.S.C.
23 s.601 et seq.), or other indebtedness in accordance with section 1 of
24 P.L.1995, c.290 (C.2A:17-56.11b) the Department of the Treasury
25 shall apply or cause to be applied the refund, [NJ SAVER rebate or]
26 homestead rebate, or all, or so much of any or all as shall be necessary,
27 to satisfy the indebtedness. Child support indebtedness shall take
28 precedence over all other indebtedness. The Department of the
29 Treasury shall retain a percentage of the proceeds of any collection
30 setoff as shall be necessary to provide for any expenses of the
31 collection effort.

32 (cf: P.L.2000, c.80, s.7)

33

34 12. Section 10 of P.L.1990, c.61 (C.54:4-8.66) is amended to read
35 as follows:

36 10. a. (1) The director shall determine the amount of the rebate,
37 if any, that shall be paid to each claimant pursuant to P.L.1990, c.61
38 (C.54:4-8.57 et seq.) based upon the information provided by the
39 individual applicant in the application or from any other information
40 as may be available to the director and shall notify the applicant of the
41 determined amount in the form of the homestead rebate check or in
42 any other manner as the director may deem appropriate. Subject to
43 the provisions of the State Uniform Tax Procedure Law, R.S. 54:48-1
44 et seq., such notification shall finally and irrevocably fix the amount of
45 the rebate unless the applicant, within 90 days after having been given
46 notice of such determination, shall apply to the director for a hearing.

1 or unless the director shall redetermine the same. After such hearing
2 the director shall give notice of the final determination to the
3 applicant.

4 (2) An applicant for [an NJ SAVER rebate or a] homestead a
5 rebate authorized under this act who is aggrieved by [the] any
6 decision, order, finding, or denial by the director of all or part of that
7 applicant's [NJ SAVER or] homestead rebate may [protest the denial
8 under procedures as may be determined by the director by regulation.
9 If the protest results in a final determination that affirms or modifies
10 the denial under review, the final determination shall be subject to
11 judicial review pursuant to N.J.S.54:51A-13 et seq. in] appeal
12 therefrom to the New Jersey Tax Court [within 90 days of the
13 issuance of the final determination] in accordance with the provisions
14 of the State Uniform Tax Procedure Law, R.S. 54-48-1 et seq.

15 b. The appeal provided by this section shall be the exclusive
16 remedy available to an applicant for review of a decision of the
17 director in respect to the [denial] determination of all or part of [an
18 NJ SAVER rebate or] a homestead rebate authorized under this act.
19 (cf: P.L.1999, c.63, s.13)

20
21 13. Section 14 of P.L.1999, c.63 (C.54:4-66a) is amended as
22 follows:

23 14. Any individual who receives [an NJ SAVER rebate or] a
24 homestead rebate otherwise authorized under this act but as a result
25 of an intentional misrepresentation of a material fact shall be required
26 to repay to the director the amount of the [NJ SAVER rebate or]
27 homestead rebate and shall be liable to a penalty equal to 150% of the
28 amount of the [NJ SAVER rebate or] homestead rebate paid as a
29 result of that misrepresentation.
30 (cf: P.L.1999, c.63, s.14)

31
32 14. Section 15 of P.L.1999, c.63 (C.54:4-66b) is amended as
33 follows:

34 15. Any person who receives [an NJ SAVER rebate or] a
35 homestead rebate otherwise authorized under this act but which has
36 been paid in error and which is recoverable by the director, and fails
37 to return the payment within 45 days of receiving notice from the
38 director that such payment was erroneous, shall pay, in addition to the
39 amount of the erroneous rebate, interest at the rate prescribed in
40 R.S.54:49-3, assessed for each month or fraction thereof, compounded
41 annually at the end of each year, from the date next following the 45th
42 day after receiving the notice from the director that such payment was
43 erroneous until the date of the return of the erroneous payment.
44 (cf: P.L.1999, c.63, s.15)

1 15. Section 16 of P.L.1999, c.63 (C.54:4-66c) is amended as
2 follows:

3 16. [An NJ SAVER rebate or] A homestead rebate paid as a result
4 of misrepresentation or paid in error and any penalties and interest as
5 imposed thereon by this act, shall be payable to and recoverable by the
6 director in the same manner as a deficiency with respect to the
7 payment of a State tax in accordance with the State UniformTax
8 [Uniform] Procedure Law, R.S.54:48-1 et seq.
9 (cf: P.L.1999, c.63, s.16)

10

11 16. Section 18 of P.L.1999, c.63 (C.54:4-8.66d) is amended to
12 read as follows:

13 18. The Director of the Division of Taxation in the Department of
14 the Treasury is empowered to promulgate rules and regulations in
15 accordance with the "Administrative Procedure Act," P.L.1968, c.410
16 (C.52:14B-1 et seq.) and to prescribe forms to administer the
17 provisions of this act. Notwithstanding any provisions of P.L.1968,
18 c.410 to the contrary, the director may adopt, immediately upon filing
19 with the Office of Administrative Law, such regulations as the director
20 deems necessary to implement the provisions of P.L.1999, c.63 (C.
21 54:4-8.58a et al.) and P.L.2004, c. _____ (now pending before the
22 Legislature as this bill) which regulations shall be effective for a period
23 not to exceed 180 days from the date of the filing. Such regulations
24 may thereafter be amended, adopted or readopted by the director as
25 the director deems necessary in accordance with the requirements of
26 P.L.1968, c.410.

27 (cf: P.L.1999, c.63, s.18)

28

29 17. N.J.S.54A:2-1. is amended to read as follows:

30 54A:2-1. Imposition of tax. There is hereby imposed a tax for
31 each taxable year (which shall be the same as the taxable year for
32 federal income tax purposes) on the New Jersey gross income as
33 herein defined of every individual, estate or trust (other than a
34 charitable trust or a trust forming part of a pension or profit-sharing
35 plan), subject to the deductions, limitations and modifications
36 hereinafter provided, determined in accordance with the following
37 tables with respect to taxpayers' taxable income:

38 a. For married individuals filing a joint return and individuals filing
39 as head of household or as surviving spouse for federal income tax
40 purposes:

41 (1) for taxable years beginning on or after January 1, 1991 but before
42 January 1, 1994:

43

44 If the taxable income is: The tax is:

45

46 Not over \$20,000.00.... 2% of taxable income

A100 SIRES, CRYAN

26

1	Over \$20,000.00 but not	
2	over \$50,000.00.....	\$400.00 plus 2.5% of the
3		excess over \$20,000.00

A100 SIRES, CRYAN

1	Over \$50,000.00 but not	
2	over \$70,000.00.....	\$1,150.00 plus 3.5% of the
3		excess over \$50,000.00
4		
5	Over \$70,000.00 but not	
6	over \$80,000.00.....	\$1,850.00 plus 5.0% of the
7		excess over \$70,000.00
8		
9	Over \$80,000.00 but not	
10	over \$150,000.00.....	\$2,350.00 plus 6.5% of the
11		excess over \$80,000.00
12		
13	Over \$150,000.00.....	\$6,900.00 plus 7.0% of the
14		excess over \$150,000.00
15		
16	(2) for taxable years beginning on or after January 1, 1994 but	
17	before January 1, 1995:	
18		
19	If the taxable income is:	The tax is:
20		
21	Not over \$20,000.00.....	1.900% of taxable income
22		
23	Over \$20,000.00 but not	
24	over \$50,000.00.....	\$380.00 plus 2.375% of the
25		excess over \$20,000.00
26		
27	Over \$50,000.00 but not	
28	over \$70,000.00.....	\$1,092.50 plus 3.325% of the
29		excess over \$50,000.00
30		
31	Over \$70,000.00 but not	
32	over \$80,000.00.....	\$1,757.50 plus 4.750% of the
33		excess over \$70,000.00
34		
35	Over \$80,000.00 but not	
36	over \$150,000.00.....	\$2,232.50 plus 6.175% of the
37		excess over \$80,000.00
38		
39	Over \$150,000.00	\$6,555.00 plus 6.650% of the
40		excess over \$150,000.00
41		
42	(3) for taxable years beginning on or after January 1, 1995 but before	
43	January 1, 1996:	
44		
45	If the taxable income is:	The tax is:

A100 SIRES, CRYAN

1	Not over \$20,000.00.....	1.700% of taxable income
2		
3	Over \$20,000.00 but not	
4	over \$50,000.00.....	\$340.00 plus 2.125% of the
5		excess over \$20,000.00
6		
7	Over \$50,000.00 but not	
8	over \$70,000.00.....	\$977.50 plus 2.975% of the
9		excess over \$50,000.00
10		
11	Over \$70,000.00 but not	
12	over \$80,000.00.....	\$1,572.50 plus 4.250% of the
13		excess over \$70,000.00
14		
15	Over \$80,000.00 but not	
16	over \$150,000.00.....	\$1,997.50 plus 6.013% of the
17		excess over \$80,000.00
18		
19	Over \$150,000.00	\$6,206.60 plus 6.580% of the
20		excess over \$150,000.00
21		
22	(4) for taxable years beginning on or after January 1, 1996 <u>but before</u>	
23	<u>January 1, 2004:</u>	
24		
25	If the taxable income is:	The tax is:
26		
27	Not over \$20,000.00.....	1.400% of taxable income
28		
29	Over \$20,000.00 but not	
30	over \$50,000.00.....	\$280.00 plus 1.750% of the
31		excess over \$20,000.00
32		
33	Over \$50,000.00 but not	
34	over \$70,000.00.....	\$805.00 plus 2.450% of the
35		excess over \$50,000.00
36		
37	Over \$70,000.00 but not	
38	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
39		excess over \$70,000.00
40		
41	Over \$80,000.00 but not	
42	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
43		excess over \$80,000.00
44		
45	Over \$150,000.00	\$5,512.50 plus 6.370% of the
46		excess over \$150,000.00

A100 SIRES, CRYAN

1 (5) for taxable years beginning on or after January 1, 2004:

2

3 If the taxable income is: The tax is:

4

5 Not over \$20,000.00 1.400% of taxable income

6

7 Over \$20,000.00 but not

8 over \$50,000.00 \$280.00 plus 1.750% of the
9 excess over \$20,000.00

10

11 Over \$50,000.00 but not

12 over \$70,000.00 \$805.00 plus 2.450% of the
13 excess over \$50,000.00

14

15 Over \$70,000.00 but not

16 over \$80,000.00 \$1,295.50 plus 3.500% of the
17 excess over \$70,000.00

18

19 Over \$80,000.00 but not

20 over \$150,000.00 \$1,645.00 plus 5.525% of the
21 excess over \$80,000.00

22

23 Over \$150,000.00 but not

24 over \$500,000.00 \$5,512.50 plus 6.370% of the
25 excess over \$150,000.00

26

27 Over \$500,000.00 \$27,807.50 plus 8.970% of the
28 excess over \$500,000.00

29

30 b. For married individuals filing separately, unmarried individuals
31 other than individuals filing as head of household or as a surviving
32 spouse for federal income tax purposes, and estates and trusts:

33

34 (1) for taxable years beginning on or after January 1, 1991 but before
35 January 1, 1994:

36

37 If the taxable income is: The tax is:

38

39 Not over \$20,000.00..... 2% of taxable income

40

41 Over \$20,000.00 but not

42 over \$35,000.00..... \$400.00 plus 2.5% of the
43 excess over \$20,000.00

44

45 Over \$35,000.00 but not

46 over \$40,000.00..... \$775.00 plus 5.0% of the

A100 SIRES, CRYAN

30

1		excess over \$35,000.00
2		
3	Over \$40,000.00 but not	
4	over \$75,000.00.....	\$1,025.00 plus 6.5% of the
5		excess over \$40,000.00
6		
7	Over \$75,000.00.....	\$3,300.00 plus 7.0% of the
8		excess over \$75,000.00
9		
10	(2) for taxable years beginning on or after January 1, 1994 but	
11	before January 1, 1995:	
12		
13	If the taxable income is:	The tax is:
14		
15	Not over \$20,000.00.....	1.900% of taxable income
16		
17	Over \$20,000.00 but not	
18	over \$35,000.00.....	\$380.00 plus 2.375% of the
19		excess over \$20,000.00
20		
21	Over \$35,000.00 but not	
22	over \$40,000.00.....	\$736.25 plus 4.750% of the
23		excess over \$35,000.00
24		
25	Over \$40,000.00 but not	
26	over \$75,000.00.....	\$973.75 plus 6.175% of the
27		excess over \$40,000.00
28		
29	Over \$75,000.00.....	\$3,135.00 plus 6.650% of the
30		excess over \$75,000.00
31		
32	(3) for taxable years beginning on or after January 1, 1995 but	
33	before January 1, 1996:	
34		
35	If the taxable income is:	The tax is:
36		
37	Not over \$20,000.00.....	1.700% of taxable income
38		
39	Over \$20,000.00 but not	
40	over \$35,000.00.....	\$340.00 plus 2.125% of the
41		excess over \$20,000.00
42		
43	Over \$35,000.00 but not	
44	over \$40,000.00.....	\$658.75 plus 4.250% of the
45		excess over \$35,000.00

A100 SIRES, CRYAN

1	Over \$40,000.00 but not	
2	over \$75,000.00.....	\$871.25 plus 6.013% of the
3		excess over \$40,000.00
4		
5	Over \$75,000.00.....	\$2,975.80 plus 6.580% of the
6		excess over \$75,000.00
7		
8	(4) for taxable years beginning on or after January 1, 1996 <u>but</u>	
9	<u>before January 1, 2004:</u>	
10		
11	If the taxable income is:	The tax is:
12		
13	Not over \$20,000.00.....	1.400% of taxable income
14		
15	Over \$20,000.00 but not	
16	over \$35,000.00.....	\$280.00 plus 1.750% of the
17		excess over \$20,000.00
18		
19	Over \$35,000.00 but not	
20	over \$40,000.00.....	\$542.50 plus 3.500% of the
21		excess over \$35,000.00
22		
23	Over \$40,000.00 but not	
24	over \$75,000.00.....	\$717.50 plus 5.525% of the
25		excess over \$40,000.00
26		
27	Over \$75,000.00.....	\$2,651.25 plus 6.370% of the
28		excess over \$75,000.00
29		
30	(5) for taxable years beginning on or after January 1, 2004:	
31		
32	<u>If the taxable income is:</u>	<u>The tax is:</u>
33		
34	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
35		
36	<u>Over \$20,000.00 but not</u>	
37	<u>over \$35,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
38		<u>excess over \$20,000.00</u>
39		
40	<u>Over \$35,000.00 but not</u>	
41	<u>over \$40,000.00</u>	<u>\$542.50 plus 3.500% of the</u>
42		<u>excess over \$35,000.00</u>
43		
44	<u>Over \$40,000.00 but not</u>	
45	<u>over \$75,000.00</u>	<u>\$717.50 plus 5.525% of the</u>
46		<u>excess over \$40,000.00</u>

1	<u>Over \$75,000.00 but not</u>	
2	<u>over \$500,000.00</u>	<u>\$2,651.25 plus 6.370% of the</u>
3		<u>excess over \$75,000.00</u>
4		
5	<u>Over \$500,000.00</u>	<u>\$29,723.75 plus 8.970% of the</u>
6		<u>excess over \$500,000.00</u>
7		

8 c. For the purposes of this section, an individual who would be
9 eligible to file as a head of household for federal income tax purposes
10 but for the fact that such taxpayer is a nonresident alien, shall
11 determine tax pursuant to subsection a. of this section.

12 (cf: P.L.1995, c.165, s.1)

13
14 18. (New section) For the purposes of the amendment made to
15 N.J.S.54A:2-1 in section 17 of P.L.2004, c. (now pending before the
16 Legislature as this bill), for taxable year 2004, withholding by every
17 employer from salaries, wages and other remuneration paid by an
18 employer for services rendered described in subsection a. of
19 N.J.S.54A:2-1, in excess of \$500,000 during that taxable year, shall be
20 at the rate of 12% as soon as practicable but no later than September
21 1, 2004. The Director of the Division of Taxation is authorized to do
22 all things necessary to implement the withholding tax prescribed by
23 this section for taxable year 2004.

24
25 19. (New section) All revenue derived annually from the tax rate
26 change effectuated in the amendment made to N.J.S.54A:2-1 in section
27 17 of P.L.2004, c. (now pending before the Legislature as this bill)
28 shall be annually appropriated for direct real property taxpayer relief.

29
30 20. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is repealed.

31
32 21. This act shall take effect immediately and sections 17, 18 and
33 19 shall apply to taxable years beginning on or after January 1, 2004.

34
35
36 STATEMENT

37
38 This bill changes the homestead property tax rebate programs and
39 increase the gross income tax taxpayers with taxable incomes in excess
40 of \$500,000 to implement the immediate property tax relief proposed
41 under the Governor's FAIR -- Fair and Immediate Relief program.

42 The NJ SAVER rebate program is folded into the Homestead
43 Property Tax Rebate program for homeowners. All NJ SAVER rebate
44 applicants will be paid under the new increased homestead rebate
45 program. Homestead Rebates are increased for senior and disabled
46 homeowners, and other homeowners are included in higher rebate

A100 SIRES, CRYAN

33

1 amounts, if they have gross income of \$200,000 or less. Homestead
2 rebate amounts will range from \$1,200 to \$500 depending on
3 taxpayers' annual gross income. Homestead rebates for tenants remain
4 unchanged. Homestead rebates for homeowners and tenants rebates
5 will be based on qualifications being met on October 1 annually and
6 property taxes and property taxes paid through rent used to determine
7 rebate amounts will be based on the equivalent of full year payments.

8 As a source to pay the increased homestead rebates, this bill also
9 imposes an adjustment in the rate of gross income tax for taxpayers
10 with taxable incomes in excess of \$500,000 retroactive to January 1,
11 2004. For taxable income above \$500,000 a new marginal tax rate of
12 8.97% is added. A withholding tax rate of 12% is imposed on a
13 certain category of this taxable income during taxable year 2004.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 100

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2004

The Assembly Appropriations Committee reports favorably Assembly Bill No. 100, with committee amendments.

Assembly Bill No. 100, as amended, changes the homestead property tax rebate programs and increases the gross income tax for taxpayers with taxable incomes in excess of \$500,000, implementing the property tax relief proposal under the Governor's "FAIR -- Fair and Immediate Relief" program.

The bill folds the NJ SAVER rebate program into the Homestead Property Tax Rebate program for homeowners. All NJ SAVER rebate applicants will be paid under the new increased homestead rebate program. The bill increases homestead rebates for senior and disabled homeowners, and other homeowners are included in higher rebate amounts if they have annual gross income of \$200,000 or less. Under the bill, homestead rebate amounts will range from \$1,200 to \$500 depending on taxpayers' annual gross income. The bill increases homestead rebates for tenants by \$50. Starting with homestead rebates for tax year 2004, the bill bases homestead rebates for homeowners and tenants rebates on qualifications being met on October 1 annually, and property taxes and property taxes paid through rent used to determine rebate amounts will be based on the equivalent of full year payments.

As a source to pay the increased homestead rebates, this bill imposes an adjustment in the rate of gross income tax for taxpayers with taxable incomes in excess of \$500,000 retroactive to January 1, 2004. For taxable income above \$500,000 the bill adds a new marginal tax rate of 8.97%. The bill imposes a withholding tax rate of 12% on salary and wage income paid in excess of \$500,000 during taxable year 2004, beginning as soon as practicable but no later than September 1, 2004.

As amended and reported by the committee, this bill is identical to Senate Bill No. 1678 of 2004 as amended and reported by the Senate Budget and Appropriations Committee.

FISCAL IMPACT:

The Governor's Office has released documents estimating the impact of the FAIR program. These estimates indicate that the revision to the Homestead Property Tax Rebate program and to the NJ SAVER program is estimated to increase State expenditures to homeowners from about \$700 million to about \$1.5 billion, or an increase of about \$800 million in State Fiscal Year 2005. They estimate that nearly 460,000 senior citizen homeowners will see their maximum rebate amount increase to \$1,200 and that nearly 1.4 million non-senior homeowners will receive maximum rebates ranging from \$800 to \$500.

The documents released by the Governor's office indicate that the increase in marginal income tax rates for taxpayers with taxable income in excess of \$500,000 will raise \$800 million in additional revenues in State Fiscal Year 2005. Approximately 28,500 taxpayers (according to Tax Year 2001 data from the Division of Taxation's *Statistics of Income*) will be affected by the rate increase.

The Office of Legislative Services (OLS) concurs with the Governor's estimates of the cost impact of this bill. The OLS agrees that revised rebate program would increase State costs by about \$800 million in Fiscal Year 2005. The OLS notes that growth factors in the bill would likely increase annual costs by about \$10 million each year thereafter.

The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates a somewhat greater revenue amount in State Fiscal Year 2005 and the OLS also estimates a decline in revenue for Fiscal Year 2006. Based on OLS extrapolations from tax year 2001 data from the Division of Taxation's *Statistics of Income*, the OLS estimates the marginal income tax rate increase under this bill may generate an additional \$850 million in revenue for the Property Tax Relief Fund in Fiscal Year 2005. As estimate, about \$660 million of the \$850 million amount is from the increased baseline annual revenue stream, while about \$190 million is a one-time "windfall" due to the retroactive timing of the bill back to the beginning of tax year 2004. This windfall amount will not occur again in Fiscal Year 2006. The OLS estimates that the baseline annual revenue stream will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers. The OLS also notes that incomes and tax liabilities for higher income taxpayers are particularly volatile and that the State may face significant increases or decreases in some years from this revenue source.

COMMITTEE AMENDMENTS:

The amendments clarify that for the homestead owner rebates claimed for tax year 2003, the current application of the proportionate of property taxes paid on two different homesteads owned for different parts of the year will apply. The October 1 qualification date and the

full year equivalent of property taxes paid on the October 1 homestead will begin in tax year 2004.

The amendments increase tenant rebates by \$50.

The amendments add authority for the Director of the Division of Taxation to request owners of residential rental property upon which ad valorem property taxes are not paid to provide the names of tenants of these rental properties. This information will aid the director in ensuring that tenants in these properties that may be exempt from property taxes, are under property tax abatements, or make payments in lieu of property taxes, do not claim homestead rebates based upon their rent.

The amendments provide the bill will not take effect until the three other bills that are parts of the Governor's "FAIR -- Fair and Immediate Relief" program are also enacted. Those bills establish lower limits for yearly local budget appropriations increases, revise the calculation of budget caps and reduce the allowable surplus for public school districts, and establish the Property Tax Relief Task Force.

FISCAL NOTE
 [First Reprint]
ASSEMBLY, No. 100
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 26, 2004

SUMMARY

Synopsis: Increases homestead rebates for certain homestead owners, folds NJ SAVER rebates into the Homestead Rebate program and increases gross income tax rate for taxpayers with taxable income over \$500,000 and temporarily adjusts withholding tax.

Type of Impact: Increased revenues to the Property Tax Relief Fund (income tax); Increased expenditures from the Property Tax Relief Fund.

Agencies Affected: Department of the Treasury

Executive Estimate

Fiscal Impact	FY 2004	FY 2005	FY 2006
State Cost	\$0	\$872,000,000	N/A
State Revenue	\$0	\$830,000,000	N/A

Office of Legislative Services Estimate

Fiscal Impact	FY 2004	FY 2005	FY 2006
State Cost	\$0	\$872,000,000	\$882,000,000
State Revenue	\$0	\$850,000,000	\$725,000,000

- ! The Office of Legislative Services (OLS) generally **concurs** with the Governor's estimate of the cost impact of this bill. However, the OLS notes that the Governor's estimate of an increased State cost of about \$872 million in FY 2005 is at the high end of the range of potential costs. If the program does not achieve full participation, the actual cost would be somewhat less.
- ! The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates somewhat greater revenue in Fiscal Year 2005 (\$850 million) and the OLS also estimates a decline in revenues for Fiscal Year 2006 (\$725 million).

- ! About \$660 million of the \$850 million revenue amount is from the annualized revenue increase, while about \$190 million is a one-time "windfall" because the imposition of the rate increase is retroactive to the beginning of Tax Year 2004. The OLS estimates that the annualized revenue will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers.

BILL DESCRIPTION

Assembly Bill No. 100 (1R) of 2004 changes the homestead property tax rebate programs and increases the gross income tax for taxpayers with taxable incomes in excess of \$500,000, implementing the property tax relief proposal under the Governor's FAIR (Fair and Immediate Relief) program.

The NJ SAVER rebate program is folded into the Homestead Property Tax Rebate program for homeowners. All NJ SAVER rebate applicants will be paid under the new increased homestead rebate program. Homestead Rebates are increased for senior and disabled homeowners, and other homeowners are included in higher rebate amounts, if they have gross income of \$200,000 or less. Homestead rebate amounts will range from \$1,200 to \$500 depending on taxpayers' annual gross income. Homestead rebates for tenants are increased by \$50 to a maximum of \$150. Homestead rebates for homeowners and tenants rebates will be based on qualifications being met on October 1 annually and property taxes and property taxes paid through rent used to determine rebate amounts will be based on the equivalent of full year payments.

As a source to pay the increased homestead rebates, this bill also imposes an adjustment in the rate of gross income tax for taxpayers with taxable incomes in excess of \$500,000 retroactive to January 1, 2004. For taxable income above \$500,000 a new marginal tax rate of 8.97 percent is added. A withholding tax rate of 12 percent is imposed on a certain category of this taxable income during taxable year 2004.

FISCAL ANALYSIS

EXECUTIVE BRANCH

As part of the Fiscal year 2005 Appropriations Act, the Governor's Office has released various documents estimating the impact of the FAIR program. The revision to the Homestead Property Tax Rebate program and to the NJ SAVER program is estimated to increase State expenditures to homeowners and tenants from about \$820 million to about \$1.69 billion, or an increase of about \$872 million in Fiscal Year 2005. Nearly 460,000 senior citizen homeowners are estimated to see their maximum rebate amount increase to \$1,200. Nearly 1.4 million non-senior homeowners are estimated to receive maximum rebates ranging from \$800 to \$500. Tenants will see a \$50 increase in their rebate amount.

The increase in marginal income tax rates for taxpayers with taxable income in excess of \$500,000 is estimated to raise \$830 million in additional revenues in Fiscal Year 2005. Approximately 28,500 taxpayers (2001 *Statistics of Income* data) will be affected by the rate increase.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) generally concurs with the Governor's estimate of the cost impact of this bill. However, the OLS notes that the Governor's estimate of an increased State cost of about \$872 million in FY 2005 is at the high end of the range of potential costs. If the program does not achieve full participation, the actual cost would be somewhat less. The OLS also notes that growth factors in the bill would likely increase annual costs by about \$10 million each year thereafter.

The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates somewhat greater revenue in Fiscal Year 2005 and the OLS also estimates a decline in revenue for Fiscal Year 2006. Based on OLS extrapolations from Tax Year 2001 data from the Division of Taxation's *Statistics of Income*, the OLS estimates the marginal income tax rate increase under this bill may generate an additional \$850 million in revenue for the Property Tax Relief Fund in Fiscal Year 2005. About \$660 million of the \$850 million revenue amount is from the annualized revenue increase, while about \$190 million is a one-time "windfall" because the imposition of the rate increase is retroactive to the beginning of Tax Year 2004. The OLS estimates that the annualized revenue will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers. The OLS also notes that incomes and tax liabilities for higher income taxpayers are particularly volatile and that the State may face significant increases or decreases in some years from this revenue source.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*
Lead Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

SENATE, No. 1678

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 7, 2004

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Increases homestead rebates for certain homestead owners, folds NJ SAVER rebates into the Homestead Rebate program and increases gross income tax rate for taxpayers with taxable income over \$500,000 and temporarily adjusts withholding tax.

CURRENT VERSION OF TEXT

As introduced.



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1 AN ACT providing for increased property tax relief for individual
2 homestead owners in this State through the homestead rebate
3 program and imposing an adjustment in the rate of gross income tax
4 for taxpayers with taxable incomes in excess of \$500,000, amending
5 P.L.1990, c.61, P.L.1999, c.63, P.L.1981, c.239 and N.J.S.54A:2-
6 1, supplementing Title 54A of the New Jersey Statutes and
7 repealing section 4 of P.L.1999, c.63 (C.54:4-8.58b).

8
9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
10 *of New Jersey:*

11
12 1. Section 1 of P.L.1990, c.61 (C.54:4-8.57) is amended to read as
13 follows:

14 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through
15 54:4-8.66) and sections 3 , [4,] 14 through 16, 18 and 19 of
16 P.L.1999, c.63 (C.54:4-8.58a [, C.54:4-8.58b] and C.54:4-8.66a
17 through C.54:4-8.66e) shall be known and may be cited as the ["New
18 Jersey School Assessment Valuation Exemption Relief and] "2004
19 Homestead Property Tax Rebate Act" [(NJ SAVER and Homestead
20 Rebate Act)].

21 (cf: P.L.1999, c.63, s.1)

22

23 2. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to read as
24 follows:

25 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-8.58
26 through 54:4-8.66) and sections 3 [, 4,] and 14 through 16 of
27 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

28 "Annualized rent" means, for tax years 2004 and thereafter, the rent
29 paid by the claimant during the tax year for which the homestead
30 rebate is being claimed, and if paid for a lease term covering less than
31 the full tax year, the actual rent paid for the days during the term of
32 the lease of the homestead proportionalized as if the term of the lease
33 had been for 365 days of the tax year;

34 "Arm's-length transaction" means a transaction in which the parties
35 are dealing from equal bargaining positions, neither party is subject to
36 the other's control or dominant influence, and the transaction is
37 entirely legal in all respects and is treated with fairness and integrity;

38 "Condominium" means the form of real property ownership
39 provided for under the "Condominium Act," P.L.1969, c.257
40 (C.46:8B-1 et seq.);

41 "Continuing care retirement community" means a residential facility
42 primarily for retired persons where lodging and nursing, medical or

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 other health related services at the same or another location are
2 provided as continuing care to an individual pursuant to an agreement
3 effective for the life of the individual or for a period greater than one
4 year, including mutually terminable contracts, and in consideration of
5 the payment of an entrance fee with or without other periodic charges;

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

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

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

19 ["Equalized property value" means the assessed value of a
20 homestead on which an NJ SAVER applicant has paid property taxes
21 for the tax year, as certified by the county board of taxation pursuant
22 to R.S.54:4-55, divided by the ratio of assessed value to true value of
23 the municipality, as adopted by the director on October 1 of that year
24 pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

25 "Homestead" means:

26 a. (1) a dwelling house and the land on which that dwelling house
27 is located which constitutes the place of the claimant's domicile and is
28 owned and used by the claimant as the claimant's principal residence;

29 (2) a dwelling house situated on land owned by a person other than
30 the claimant which constitutes the place of the claimant's domicile and
31 is owned and used by the claimant as the claimant's principal residence;

32 (3) a condominium unit or a unit in a horizontal property regime
33 which constitutes the place of the claimant's domicile and is owned and
34 used by the claimant as the claimant's principal residence;

35 (4) for purposes of this definition as provided in this subsection, in
36 addition to the generally accepted meaning of owned or ownership, a
37 homestead shall be deemed to be owned by a person if that person is
38 a tenant for life or a tenant under a lease for 99 years or more and is
39 entitled to and actually takes possession of the homestead under an
40 executory contract for the sale thereof or under an agreement with a
41 lending institution which holds title as security for a loan, or is a
42 resident of a continuing care retirement community pursuant to a
43 contract for continuing care for the life of that person which requires
44 the resident to bear a share of the property taxes that are assessed
45 upon the continuing care retirement community, if a share is
46 attributable to the unit that the resident occupies;

1 b. a unit in a cooperative or mutual housing corporation which
2 constitutes the place of domicile of a residential shareholder or lessee
3 therein, or of a lessee, or shareholder who is not a residential
4 shareholder therein, and which is used by the claimant as the claimant's
5 principal residence; and

6 c. a unit of residential rental property which unit constitutes the
7 place of the claimant's domicile and is used by the claimant as the
8 claimant's principal residence;

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

12 "Gross income" means all New Jersey gross income required to be
13 reported pursuant to the "New Jersey Gross Income Tax Act,"
14 N.J.S.54A:1-1 et seq., other than income excludable from the gross
15 income tax return, but before reduction thereof by any applicable
16 exemptions, deductions and credits, received during the taxable year
17 by the owner or residential shareholder in, or lessee of, a homestead;

18 "Manufactured home" or "mobile home" means a unit of housing
19 which:

20 (1) Consists of one or more transportable sections which are
21 substantially constructed off site and, if more than one section, are
22 joined together on site;

23 (2) Is built on a permanent chassis;

24 (3) Is designed to be used, when connected to utilities, as a
25 dwelling on a permanent or nonpermanent foundation; and

26 (4) Is manufactured in accordance with the standards promulgated
27 for a manufactured home by the Secretary of the United States
28 Department of Housing and Urban Development pursuant to the
29 "National Manufactured Housing Construction and Safety Standards
30 Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the
31 standards promulgated for a manufactured or mobile home by the
32 commissioner pursuant to the "State Uniform Construction Code Act,"
33 P.L.1975, c.217 (C.52:27D-119 et seq.);

34 "Mobile home park" means a parcel of land, or two or more parcels
35 of land, containing no fewer than 10 sites equipped for the installation
36 of manufactured or mobile homes, where these sites are under
37 common ownership and control for the purpose of leasing each site to
38 the owner of a manufactured or mobile home for the installation
39 thereof, and where the owner or owners provide services, which are
40 provided by the municipality in which the park is located for property
41 owners outside the park, which services may include but shall not be
42 limited to:

43 (1) The construction and maintenance of streets;

44 (2) Lighting of streets and other common areas;

45 (3) Garbage removal;

46 (4) Snow removal; and

1 (5) Provisions for the drainage of surface water from home sites
2 and common areas;

3 "Mutual housing corporation" means a corporation not-for-profit,
4 incorporated under the laws of this State on a mutual or cooperative
5 basis within the scope of section 607 of the Lanham Act (National
6 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
7 seq.), as amended, which acquired a National Defense Housing Project
8 pursuant to that act;

9 ["NJ SAVER applicant" means an individual who files an
10 application for an NJ SAVER rebate pursuant to section 4 of
11 P.L.1999, c.63 (C.54:4-8.58b);

12 "NJ SAVER property value amount" means the lesser of

13 a. \$45,000, or

14 b. the highest equalized property value of a homestead for the 1997
15 tax year or any subsequent tax year, provided that if in any such year
16 the equalized property value of that homestead equals \$45,000 or
17 more, the NJ SAVER property value amount for that homestead shall
18 be \$45,000 in any subsequent tax year;

19 "NJ SAVER school tax rate" means for a municipality the result of
20 the total school tax levies divided by the net valuation taxable for the
21 municipality as shown in the 1997 county abstract of ratables
22 multiplied by the ratio of assessed value to true value of the
23 municipality promulgated by the director on October 1, 1997, as
24 prepared pursuant to P.L.1954, c.86 (C.54:1-35.1 et seq.);]

25 "Principal residence" means a homestead actually and continually
26 occupied by a claimant as the claimant's permanent residence, as
27 distinguished from a vacation home, property owned and rented or
28 offered for rent by the claimant, and other secondary real property
29 holdings;

30 "Property tax" means payments to a municipality based upon an
31 assessment made by the municipality upon real property on an ad
32 valorem basis on land [,] and improvements [or both], but shall not
33 include payments made in lieu of taxes;

34 "Rent" means the amount due in an arm's-length transaction solely
35 for the right of occupancy of a homestead that is a unit of residential
36 rental property. Rent shall not include any amount paid under the
37 federal Housing Choice Voucher (Section 8) Program. If the director
38 finds that the parties in a rental transaction have not dealt with each
39 other in an arm's-length transaction and that the rent due was
40 excessive, the director may, for purposes of the homestead rebate
41 claim, adjust the rent claimed in the homestead rebate application to
42 a reasonable amount of rent;

43 "Rent constituting property taxes" means 18% of the rent paid by
44 the homestead rebate claimant during the tax year on a unit of
45 residential rental property which constitutes the claimant's homestead,
46 and in the case of a manufactured home or mobile home in a mobile

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1 home park which constitutes the claimant's homestead means 18% of
2 the site fee paid by the claimant during the tax year to the owner of the
3 mobile home park. Provided however, that for tax year 2004 and for
4 each tax year thereafter, rent constituting property taxes shall equal
5 18% of annualized rent, and in the case of a manufactured home or
6 mobile home in a mobile home park rent constituting property taxes
7 shall equal 18% of a similarly annualized site fee;

8 "Resident" means an individual:

9 a. who is domiciled in this State, unless he maintains no permanent
10 place of abode in this State, maintains a permanent place of abode
11 elsewhere, and spends in the aggregate no more than 30 days of the
12 tax year in this State; or

13 b. who is not domiciled in this State but maintains a permanent
14 place of abode in this State and spends in the aggregate more than 183
15 days of the tax year in this State, unless the individual is in the Armed
16 Forces of the United States;

17 "Residential rental property" means:

18 a. any building or structure or complex of buildings or structures
19 in which dwelling units are rented or leased or offered for rental or
20 lease for residential purposes;

21 b. a rooming house, hotel or motel, if the rooms constituting the
22 homestead are equipped with kitchen and bathroom facilities;

23 c. any building or structure or complex of buildings or structures
24 constructed under the following sections of the National Housing Act
25 (Pub. L.73-479) as amended and supplemented: section 202, Housing
26 Act of 1959 (Pub.L.86-372) and as subsequently amended, section
27 231, Housing Act of 1959; and

28 d. a site in a mobile home park equipped for the installation of
29 manufactured or mobile homes, where these sites are under common
30 ownership and control for the purpose of leasing each site to the
31 owner of a manufactured or mobile home for the installation thereof;

32 "Residential shareholder in a cooperative or mutual housing
33 corporation" means a tenant or holder of a membership interest in that
34 cooperative or corporation, whose residential unit therein constitutes
35 the tenant or holder's domicile and principal residence, and who may
36 deduct real property taxes for purposes of federal income tax pursuant
37 to section 216 of the federal Internal Revenue Code of 1986, 26
38 U.S.C. s.216; and

39 "Tax year" means the calendar year in which property taxes are due
40 and payable.

41 (cf: P.L.1999, c.63, s.2)

42

43 3. Section 3 of P.L.1999, c.63 (C.54:4-8.58a) is amended to read
44 as follows:

45 3. [The] a. For tax year 2003, the director shall determine the
46 amount of the [NJ SAVER rebate or] homestead rebate that shall be

1 paid to each claimant pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
2 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.
3 (now pending before the Legislature as this bill), based upon the
4 information provided by the individual applicant in the application for
5 either a NJ SAVER rebate or for a homestead rebate, or from any
6 other information as may be available to the director in order that each
7 individual applicant shall be paid the [greater of the NJ SAVER rebate
8 amount that may be allowed to the applicant pursuant to section 4 of
9 P.L.1999, c.63 (C.54:4-8.58b) or the] homestead rebate [amount]
10 that may be allowed to the claimant pursuant to sections 3 through 5
11 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director
12 determines is appropriate. [If the payment of the lesser rebate is
13 actually first distributed to an individual who may be allowed for the
14 same tax year the greater rebate, the director may provide for the
15 payment of the amount of the difference to that individual in any
16 convenient manner, form and time as the director shall prescribe.]

17 b. (1) For tax year 2003, a resident of this State who has paid
18 property taxes for the tax year on a homestead that is owned as such,
19 who has filed an application for an NJ SAVER rebate pursuant to the
20 provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), or pursuant to that
21 act as amended and supplemented by P.L.2004, c. (now pending
22 before the Legislature as this bill), and who meets the prerequisites for
23 an NJ SAVER rebate at 12:01 A.M. on October 1, 2003 for that tax
24 year, shall be considered to have applied for a homestead rebate and
25 shall be allowed a homestead rebate instead of an NJ SAVER rebate
26 for that tax year pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq., and
27 P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.
28 (now pending before the Legislature as this bill). An application for
29 an NJ SAVER rebate shall be allowed as a homestead rebate for a
30 homestead the title to which is held by a partnership, to the extent of
31 the applicant's interest as a partner therein, and by a guardian, trustee,
32 committee, conservator or other fiduciary for any individual who
33 would otherwise be eligible for an NJ SAVER rebate. An application
34 for an NJ SAVER rebate shall not be allowed for a homestead, the title
35 to which is held partially or entirely by a corporate entity of any type,
36 except as otherwise specifically allowed for applications from residents
37 of properties owned by continuing care retirement community,
38 cooperative or mutual housing corporations.

39 (2) For tax year 2004 and for tax years thereafter, any rebates
40 applied for and paid pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.,
41 and P.L.1999, c.63 (C.54:4-8.58a et al.), as amended and
42 supplemented by P.L.2004, c. (now pending before the Legislature
43 as this bill), shall be homestead rebates.

44 (cf: P.L.1999, c.63, s.3)

45

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

1 follows:

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

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

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

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

29 (4) in the case of a married individual filing a separate gross
30 income tax return and maintaining a homestead apart from that
31 individual's spouse, gross income does not exceed \$35,000] but within
32 the appropriate range, but not more than the amount of property taxes
33 actually paid. As used in this section,

34 Range 1 equals \$1,200 to \$1,000 for tax year 2003, and shall be
35 subject to the cost-or-living adjustment for each tax year thereafter as
36 provided in subsection h. of this section;

37 Range 2 equals \$800 to \$600 for tax year 2003, and shall be subject
38 to the cost-or-living adjustment for each tax year thereafter as
39 provided in subsection h. of this section; and

40 Range 3 equals \$500 for tax year 2003, and shall be subject to the
41 cost-or-living adjustment for each tax year thereafter as provided in
42 subsection h. of this section.

43 b. (1) For a resident who is 65 years of age or older at the close
44 of the tax year, or who is allowed to claim a personal deduction as a
45 blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1:

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<u>With Tax Year Gross Income:</u>	<u>Range:</u>
not over \$70,000	(1)
over \$70,000 but not over \$125,000	(2)
over \$125,000 but not over \$200,000	(3)

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

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
not over \$125,000	(2)
over \$125,000 but not over \$200,000	(3)

(3) A homestead rebate shall be allowed for tax year 2003 and thereafter pursuant to [subsection a. of] this section in relation to the amount of the property taxes actually paid [by or allocable to a resident property taxpayer who is a claimant on more than one homestead, but the aggregate amount of the property taxes claimed shall not exceed the total of the proportionate amounts of property taxes assessed and levied against or allocable to each homestead for the portion of the tax year the claimant occupied it as the claimant's principal residence] during the tax year for the homestead owned and occupied as such at 12:01 a.m. on October 1 of the tax year.

c. (1) If title to a homestead is held by more than one individual as joint tenants or tenants in common, each individual shall be allowed a homestead rebate pursuant to this section only in relation to the individual's proportionate share of the property taxes assessed and levied against the homestead. The individual's proportionate share of the property taxes on that homestead shall be equal to the share of that individual's interest in the title. Title shall be presumed to be held in equal shares among all co-owners, but if the claimant satisfactorily demonstrates to the director that the title provides for unequal interests, either under the conveyance under which the title is held, or as otherwise may be demonstrated, that claimant's share of the property taxes paid on that homestead shall be in proportion to the claimant's interest in the title.

(2) Eligible claimants shall include individuals within any of the filing categories set forth in N.J.S.54A:2-1 and any individual or individuals not required to file a gross income tax return because their

1 gross income was below the minimum taxable income threshold
2 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1. In the case of a
3 married individual filing a separate New Jersey gross income tax
4 return, if the spouse of the claimant maintains the same homestead as
5 the claimant and also files a separate gross income tax return in this
6 State the homestead rebate claimed under this subsection shall be
7 equal to one-half of the amount of the homestead rebate allowable had
8 the spouses filed a joint return and homestead rebate application.

9 (3) An application for a homestead rebate shall be allowed for a
10 homestead the title to which is held by a partnership, to the extent of
11 the applicant's interest as a partner therein, and by a guardian, trustee,
12 committee, conservator or other fiduciary for any individual who
13 would otherwise be eligible for a rebate. An application for a
14 homestead rebate shall not be allowed for a homestead, the title to
15 which is held partially or entirely by a corporate entity of any type,
16 except as otherwise specifically allowed for an application from a
17 resident of a property owned by a continuing care retirement
18 community, or a cooperative or mutual housing corporation.

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

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

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

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

46 (b) \$100 for property taxes paid on one homestead for the tax year

1 if the claimant's gross income exceeds \$70,000 but does not exceed
2 \$100,000 for that year.

3 (2) If a claimant who is eligible to receive a homestead rebate in an
4 amount set forth in paragraph (1) of this subsection paid property
5 taxes on homesteads maintained as such in this State for less than the
6 full tax year, the homestead rebate amount set forth in paragraph (1)
7 shall be prorated in the proportion which the number of days that the
8 homesteads were maintained during the tax year bears to 365 days.
9 The homestead rebate amount set forth in paragraph (1) of this
10 subsection shall be subject to any further proportionate reduction as
11 may be applicable pursuant to subsections c. and d. of this section. The
12 homestead rebate amount set forth in paragraph (1) of this subsection
13 that is subject to any proportionate reduction shall be rounded to the
14 nearest whole dollar. The homestead rebate amount set forth in
15 paragraph (1) of this subsection that is claimed based upon a
16 homestead maintained by both spouses shall be determined based upon
17 the combined gross income of both spouses regardless of whether the
18 claimants filed a joint New Jersey gross income tax return or separate
19 New Jersey gross income tax returns for the tax year.] (Deleted by
20 amendment, P.L.2004, c. (now pending before the Legislature as this
21 bill).)

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

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

43 (3) A rebate paid pursuant to this subsection shall be subject to
44 such proportionate reductions in amount as relate to the claimant's
45 number of days as an owner of the homestead during the tax
46 year.](Deleted by amendment, P.L.2004, c. (now pending before the

1 Legislature as this bill).)

2 h. (1) For the ~~[2001]~~2005 tax year and each tax year thereafter,
3 the director shall annually recompute the minimum and maximum
4 homestead rebate ranges set forth in subsection a. of this section by
5 multiplying the ~~[maximum]~~homestead rebate ranges allowed in the
6 prior tax year by the cost-of- living adjustment, and recomputing the
7 new ~~[maximum]~~ homestead rebate ranges for the current tax year.
8 The director shall round the recomputed ~~[maximum]~~ homestead
9 rebate ~~[amount]~~ ranges to the next highest multiple of \$5.

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

18 (cf: P.L.2001, c.159, s.1)

19

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

22 4. a. A resident of this State who is 65 years of age or older at the
23 close of the tax year, or who is allowed to claim a personal deduction
24 as a blind or disabled taxpayer pursuant to subsection b. of
25 N.J.S.54A:3-1, whose homestead is a unit of residential rental
26 property shall be allowed a homestead rebate for the tax year equal to
27 the amount by which the claimant's rent constituting property taxes in
28 that tax year exceeds 5% of the claimant's gross income, rounded to
29 the nearest whole dollar ~~], up to a maximum homestead rebate of \$500~~
30 for each tax year through the 1999 tax year, \$750 for the 2000 tax
31 year, and for each tax year thereafter the director shall recompute the
32 maximum homestead rebate by multiplying the maximum homestead
33 rebate allowed in the prior tax year by the cost-of-living adjustment,
34 provided] . For the tax year 2003 the homestead rebate shall be not
35 more than \$775 or less than \$100, which maximum homestead rebate
36 shall be subject to the cost-of-living adjustment for each tax year
37 thereafter as provided in subsection g. of this section. Provided
38 further, that for each tax year the following gross income limits apply:

39 (1) in the case of a married couple filing a joint New Jersey gross
40 income tax return or an individual filing a return who determines gross
41 income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income
42 does not exceed \$70,000 for that year, or such individual or
43 individuals not required to file a gross income tax return because their
44 gross income was below the minimum taxable income threshold
45 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1;

46 (2) in the case of an unmarried individual who determines gross

1 income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income
2 does not exceed \$35,000 for that year, or such individual not required
3 to file a gross income tax return because their gross income was below
4 the minimum taxable income threshold established in N.J.S.54A:2-4
5 and N.J.S.54A:8-3.1;

6 (3) in the case of a married individual filing a separate New Jersey
7 gross income tax return, if the spouse of the claimant maintains the
8 same homestead as the claimant and also files a separate gross income
9 tax return in this State, the combined gross income of both spouses
10 does not exceed \$70,000 for that year, or such individual or
11 individuals not required to file a gross income tax return because their
12 gross income was below the minimum taxable income threshold
13 established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1, but in no event
14 shall the homestead rebate claimed under this subsection exceed
15 one-half of the amount of the homestead rebate allowable had the
16 spouses filed a joint return and homestead rebate application; and

17 (4) in the case of a married individual filing a separate gross
18 income tax return and maintaining a homestead apart from that
19 individual's spouse, gross income does not exceed \$35,000 for that
20 year, or such individual not required to file a gross income tax return
21 because their gross income was below the minimum taxable income
22 threshold established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1.

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

36 c. If a claimant for a tax year 2003 homestead rebate pursuant to
37 this section has no other homestead in this State other than a unit of
38 residential rental property, and that claimant was not a resident of this
39 State for the full tax year, but paid rent for the full tax year for one or
40 more units of residential rental property in this State, the claimant's
41 total homestead rebate otherwise calculated pursuant to this section
42 shall be prorated in the proportion which the number of days the
43 claimant occupied residential rental property in this State as a
44 homestead during the tax year bears to 365 days. A claimant for a
45 homestead rebate pursuant to this section for tax year 2004 and any
46 tax year thereafter shall meet all the prerequisites for the homestead

1 occupied as such at 12:01 a.m. on October 1 of the tax year.

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

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

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

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

24 (2) If a claimant who is eligible to receive a homestead rebate in an
25 amount set forth in paragraph (1) of this subsection paid rent for less
26 than the full tax year on one or more homesteads in this State
27 maintained as such for less than the full tax year, the homestead rebate
28 amount set forth in paragraph (1) shall be prorated in the proportion
29 which the number of days that the homestead was maintained during
30 the tax year bears to 365 days. A claim for a homestead rebate in an
31 amount set forth in paragraph (1) of this subsection shall be subject to
32 such further proportionate reduction as may be required pursuant to
33 subsections b. and c. of this section. A homestead rebate in an amount
34 set forth in paragraph (1) of this subsection subject to any
35 proportionate reduction shall be rounded to the nearest whole dollar.
36 A claim for a homestead rebate in an amount set forth in paragraph (1)
37 of this subsection based upon a homestead maintained by both spouses
38 shall be determined based upon the combined gross income of both
39 spouses regardless of whether the claimants filed a joint New Jersey
40 gross income tax return or separate New Jersey gross income tax
41 returns for the tax year.] (Deleted by amendment, P.L.2004, c. (now
42 pending before the Legislature as this bill).)

43 f. Notwithstanding any provisions of subsection a. of this section
44 to the contrary.

45 (1) A resident of this State whose homestead is a unit of residential
46 rental property,

1 (a) who is 65 years of age or older at the close of the tax year, or
2 who is allowed to claim a personal deduction as a blind or disabled
3 taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has gross
4 income for the tax year in excess of the gross income limits in
5 subsection a. but not in excess of \$100,000 for that year; or

6 (b) who is not 65 years of age or older at the close of the tax year,
7 or who is not allowed to claim a personal deduction as a blind or
8 disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has
9 gross income for the tax year, who has gross income not in excess of
10 \$100,000 for that year.

11 shall be allowed a homestead rebate pursuant to this subsection of
12 [\$30 for property taxes paid through rent during the 1998 tax year,
13 \$40 for property taxes paid through rent during the 1999 tax year,]
14 \$100 for property taxes paid through rent during the [2000] 2003 tax
15 year and for any tax year thereafter, provided however, that the
16 homestead rebate allowed pursuant to this subsection shall be subject
17 to the limitations and reductions as may apply pursuant to the
18 provisions of subsections b. and c. and d. of this section [and such
19 proportionate reduction as may relate to the number of days the
20 claimant was a tenant in a unit of residential rental property maintained
21 as a homestead in this State during the tax year].

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

38 g. (1) For the [2001] 2005 tax year and each tax year thereafter,
39 the director shall annually recompute the maximum homestead rebate
40 set forth in subsection a. of this section by multiplying the maximum
41 homestead rebate allowed in the prior tax year by the cost-of- living
42 adjustment, and recomputing the new maximum homestead rebate for
43 the current tax year. The director shall round the recomputed
44 maximum homestead rebate amount to the next highest multiple of \$5.

45 (2) "Cost-of-living adjustment" for any tax year means the factor
46 calculated by dividing the consumer price index for all urban

1 consumers for the nation, as prepared by the United States Department
2 of Labor as of the close of the 12-month period ending on August 31
3 of the tax year, by that index as of the close of the 12-month period
4 ending on August 31 of the calendar year preceding the tax year in
5 which the recomputation of the maximum homestead rebate is made.
6 (cf: P.L.2001, c.159, s.2)

7

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

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

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

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

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

42 (4) in the case of a married individual filing a separate gross
43 income tax return and maintaining a homestead apart from that
44 individual's spouse, gross income does not exceed \$35,000.] For tax
45 year 2003, the director shall determine the amount of the homestead
46 rebate that shall be paid to an applicant who was a resident of this

1 State for the full tax year and whose homestead has been other than a
2 unit of residential rental property for a part of the tax year and has
3 been a unit of residential rental property for the remainder of that year,
4 based upon a proportionate application of the provisions of both
5 section 3 of P.L.1990, c.61 (C.54:4-8.59 and section 4 of P.L.1990,
6 c.61 (C.54:4-8.60) as may apply for each part of the tax year, and
7 based upon the information provided by the individual applicant in the
8 applicant's application or from any other information as may be
9 available to the director.

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

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

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

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

1 whether the claimants filed a joint New Jersey gross income tax return
2 or separate New Jersey gross income tax returns for the tax year.]
3 For tax year 2003, the director shall determine the amount of the
4 homestead rebate that shall be paid to an applicant who was a resident
5 of this State for less than the full tax year, and whose homestead has
6 been other than a unit of residential rental property for a part of the
7 tax year and has been a unit of residential rental property for the
8 remainder of that year, based upon a proportionate application of the
9 provisions of both section 3 of P.L.1990, c.61 (C.54:4-8.59 and
10 section 4 of P.L.1990, c.61 (C.54:4-8.60) as may apply for each part
11 of the tax year, and based upon the information provided by the
12 individual applicant in the applicant's application or from any other
13 information as may be available to the director.

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

23 (1) a homestead rebate determined under subsection g. of section
24 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such
25 proportionate reduction as relates to the number of days that the
26 claimant's homestead was other than a unit of residential rental
27 property bears to 365 days; and

28 (2) a homestead rebate determined under subsection f. of section
29 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such
30 proportionate reduction as relates to the number of days that the
31 claimant's homestead was a unit of residential rental property bears to
32 365 days.] (Deleted by amendment, P.L.2004, c. (now pending
33 before the Legislature as this bill).)

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

41 (2) "Cost-of-living adjustment" for any tax year means the factor
42 calculated by dividing the consumer price index for all urban
43 consumers for the nation, as prepared by the United States Department
44 of Labor as of the close of the 12-month period ending on August 31
45 of the tax year, by that index as of the close of the 12-month period
46 ending on August 31 of the calendar year preceding the tax year in

1 which the recomputation of the maximum homestead rebate is made.]
2 (Deleted by amendment, P.L.2004, c. (now pending before the
3 Legislature as this bill).)
4 (cf: P.L. 2001, c.159, s.3)

5
6 7. Section 6 of P.L.1990, c.61 (C.54:4-8.62) is amended to read as
7 follows:

8 6. a. No [NJ SAVER rebate or] homestead rebate shall be allowed
9 pursuant to this act except upon annual application therefor, in any
10 manner, upon any form, and in any format, whether in writing or
11 otherwise, as shall be prescribed by the director. The director may
12 require a claimant for a homestead rebate to attach to the homestead
13 rebate application a copy of the appropriate property tax bill or proof
14 of rent paid for the prior tax year. The director may require such
15 other verification of eligibility for [an NJ SAVER rebate or] a
16 homestead rebate as the director may deem necessary. The director
17 may require that the application for a homestead rebate for a unit of
18 residential rental property authorized pursuant to section 4 of
19 P.L.1990, c.61 (C.54:4-8.60) shall be submitted (1) as part of the
20 claimant's gross income tax return filed pursuant to the "New Jersey
21 Gross Income Tax Act," N.J.S.54A:1-1 et seq., or, (2) on any other
22 form, in any manner or format and at any time and prior to any date as
23 the director shall prescribe if (a) the claimant is not required to file a
24 gross income tax return or (b) the claimant has filed an application for
25 extension of time to file the claimant's gross income tax return. The
26 director may require that the application for [an NJ SAVER] a
27 homestead rebate authorized pursuant to section 3 of P.L.1990, c.61
28 (C.54:4-8.59) shall be submitted (1) as part of the applicant's gross
29 income tax return filed pursuant to the "New Jersey Gross Income Tax
30 Act," N.J.S.54A:1-1 et seq., or (2) on any other form, in any other
31 format and at any time and prior to any date as the director shall
32 prescribe. The director shall, for good cause shown, extend the time
33 of any applicant to file a claim for [an NJ SAVER rebate or] a
34 homestead rebate for a reasonable period, and in such case, the
35 application shall be processed and payment of [an NJ SAVER or] a
36 homestead rebate made in accordance with the procedures established
37 in the case of applications timely filed, except the date for payment of
38 the rebate may be delayed for a reasonable period. If an applicant or
39 an applicant's spouse has filed an application for an extension of time
40 to file a gross income tax return, the date by which the applicant shall
41 file the homestead rebate application may, in the discretion of the
42 director, be extended for a reasonable period, and the date for the
43 payment of the rebate may be delayed for a reasonable period. The
44 director may require sworn applications. In the event that the director
45 waives the requirement of sworn applications, all declarations by
46 claimants shall be considered as if made under oath and claimants, as

1 to false declarations, shall be subject to the penalties as provided by
2 law for perjury.

3 For the purposes of this subsection, in order to establish good cause
4 to extend the time of any applicant to file a claim for a homestead
5 rebate the applicant shall provide to the director either medical
6 evidence, such as a doctor's certification, that the claimant was unable
7 to file the claim by the date prescribed by the director because of
8 illness or hospitalization, or evidence that the applicant attempted to
9 file a timely application. Except as may be established by medical
10 evidence of inability to file a claim, good cause shall not be established
11 due to a claimant not having received an application from the director.

12 b. Upon approval of [NJ SAVER and] homestead rebate
13 applications by the director, the director shall prepare lists of
14 individuals entitled to a rebate, together with the respective amounts
15 due each claimant and shall forward such lists to the State Treasurer,
16 the Director of the Division of Budget and Accounting and any other
17 officials as the director deems appropriate on or before the earliest of
18 such date or dates as may be convenient for the director to compile
19 such lists. The director may inspect all records in the offices of the tax
20 collector and tax assessor of a municipality with respect to
21 applications, claims and allowances for [NJ SAVER rebates and]
22 homestead rebates.

23 c. If [an NJ SAVER or] a homestead rebate application contains
24 a claim for a rebate that is incorrectly determined by the claimant or
25 is based upon incorrect or insufficient information from which the
26 director is to approve the claim, the director may determine the
27 eligibility of the claimant for [an NJ SAVER or] a homestead rebate
28 and the correct amount of [an NJ SAVER or] a homestead rebate to
29 be paid to that claimant from such other information as may be
30 available to the director. In addition, the director may adjust the
31 amount of any [NJ SAVER or] homestead rebate to which a claimant
32 may be entitled by any part of the amount of any previous [NJ SAVER
33 or] homestead rebate erroneously claimed by and paid to that
34 claimant.

35 d. In the case of a claimant for [an NJ SAVER rebate or] a
36 homestead rebate whose homestead is a unit in a cooperative, mutual
37 housing corporation or continuing care retirement community, the
38 director may provide that the application shall include the name and
39 address of the location of the property and the amount of real property
40 taxes attributed to the cooperative, mutual housing residential unit or
41 continuing care retirement community residential unit, as shall be
42 indicated in an official notice which shall be furnished by the
43 cooperative, mutual housing corporation or continuing care retirement
44 community for the same year.

45 e. A[n NJ SAVER rebate or a] homestead rebate shall be allowed

1 pursuant to this act for a claimant whose ownership of an interest in
2 a homestead is satisfied by the holding of the beneficial interest if legal
3 title thereto or share therein is held by another for the benefit of the
4 claimant.

5 f. All provisions of this section shall apply to NJ SAVER rebate
6 applications filed for and paid as homestead rebates for tax year 2003.
7 (cf: P.L.1999, c.63, s.8)

8

9 8. Section 7 of P.L.1990, c.61 (C.54:4-8.63) is amended to read as
10 follows:

11 7. The State Treasurer annually on or before October 31, upon
12 certification of the director and upon warrant of the State Comptroller,
13 shall pay and distribute the amount of [the NJ SAVER rebate or
14 homestead] a homestead rebate payable under this act that is claimed
15 for the prior tax year to each claimant whose [NJ SAVER rebate or
16 homestead] rebate is approved by the director.

17 (cf: P.L.1999, c.63, s.9)

18

19 9. Section 8 of P.L.1990, c.61 (C.54:4-8.64) is amended to read as
20 follows:

21 8. a. The tax collector of each municipality shall, on or before May
22 15 of each year, furnish the director with a list of property taxpayers
23 in the district delinquent for taxes due and payable for the year
24 immediately preceding and the amounts of such delinquencies. The
25 collector shall report on such list the name, lot and block number on
26 the property tax duplicate as may be applicable, and the address of
27 each owner to whom a delinquency is attributable together with the
28 amount of such delinquency so identified. No [NJ SAVER rebate or]
29 homestead rebate payment under this act shall be made to a property
30 owner while that property owner's delinquency remains, provided
31 however that for the purposes of this act, for an assessment on a
32 property which is on appeal and for which the statutory percentage of
33 the tax as provided in R.S.54:3-27 has been paid, the taxes assessed
34 on that property shall not be regarded as delinquent.

35 b. If the director receives the list as provided for in subsection a.
36 of this section, and the director determines that a property tax
37 delinquency remains for the preceding tax year on May 15, the director
38 shall ascertain the amount of the [NJ SAVER rebate or] homestead
39 rebate [, or the amount of both,] required to be withheld because of
40 such delinquency in each municipality in the State, and shall certify
41 such amounts to the State Treasurer as soon thereafter as may be
42 practicable.

43 c. On or before November 15, the director shall notify each [NJ
44 SAVER rebate and] homestead rebate claimant whose rebate [or
45 rebates have] has been withheld because of delinquency that the

1 amount of the rebate [or rebates] to which the claimant otherwise
2 would have been entitled has been sent to the tax collector in the
3 municipality to be credited against the claimant's delinquency.

4 d. Upon certification by the director as to the amount of [NJ
5 SAVER and] homestead rebates required to be withheld because of
6 delinquency in the several municipalities, the State Treasurer upon the
7 warrant of the State Comptroller, shall pay such amount on or before
8 October 30 to the tax collector in each municipality.

9 e. The tax collector in each municipality shall credit the tax
10 delinquency of each property taxpayer who appears on the delinquency
11 list set forth in subsection a. of this section in the amount that
12 otherwise would have been returned to the property taxpayer as [an
13 NJ SAVER rebate or] a homestead rebate. In the event that the
14 amount so credited exceeds the amount of delinquency, the tax
15 collector may return the difference to the taxpayer or credit such
16 amount to the subsequent property tax bill.

17 f. In the case of delinquency in the payment of property taxes by
18 a cooperative, mutual housing corporation or continuing care
19 retirement community, [an NJ SAVER rebate or] a homestead rebate
20 that may be due an individual resident shall be paid by the State
21 Treasurer to the tax collector of the municipality. The tax collector
22 shall credit the cooperative, mutual housing corporation or continuing
23 care retirement community with such payment and the cooperative,
24 mutual housing corporation or continuing care retirement community
25 shall, in turn, credit the individual unit owner to the extent of the
26 rebate and notify the applicant of the amount to be credited.

27 g. If a tax collector fails to comply with the provisions of
28 subsection a. of this section requiring the tax collector to furnish the
29 director with a list, on or before May 15 of each year, of property
30 taxpayers in the district delinquent for taxes due and payable for the
31 year immediately preceding and the amounts of such delinquencies, the
32 director shall pay the [NJ SAVER rebate or] homestead rebate
33 directly to the delinquent applicant rather than to the tax collector of
34 the municipality as set forth in subsection d. of this section.

35 h. All provisions of this section shall apply to NJ SAVER rebate
36 applications filed for and paid as homestead rebates for tax year 2003.
37 (cf: P.L.1999, c.63, s.10)

38

39 10. Section 9 of P.L.1990, c.61 (C.54:4-8.65) is amended to read
40 as follows:

41 9. The [NJ SAVER rebate and] homestead [rebate] rebates
42 authorized under this act shall not be subject to garnishment,
43 attachment, execution or other legal process, except as provided in
44 section 1 of P.L.1981, c.239 (C.54A:9-8.1), or except for an income
45 withholding order issued pursuant to P.L.1981, c.417 (C.2A:17-56.8
46 et seq.), nor shall the payment thereof be anticipated.

47 (cf: P.L.1999, c.63, s.11)

1 11. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to read
2 as follows:

3 1. Whenever any taxpayer or resident shall be entitled to any
4 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"
5 (N.J.S.54A:1-1 et seq.), including an earned income tax credit
6 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.), or
7 whenever any individual is eligible to receive [an NJ SAVER rebate
8 or] a homestead rebate pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.)
9 [or], P.L.1999, c.63 (C.54:4-8.58a et al.) or P.L.2004, c. (now
10 pending before the Legislature as this act), and if the rebate is not
11 required to be paid over to the municipal tax collector under the
12 provisions of section 8 of P.L.1990, c.61 (C.54:4-8.64), and at the
13 same time the taxpayer or resident shall be indebted to any agency or
14 institution of State Government, to the Victims of Crime
15 Compensation Board for the portion of an assessment ordered
16 pursuant to N.J.S.2C:43-3.1 for deposit in the Victims of Crime
17 Compensation Board Account or restitution ordered to be paid to the
18 board pursuant to N.J.S.2C:44-2 for deposit in the Victims of Crime
19 Compensation Board Account, or for child support under Title IV-A,
20 Title IV-D, or Title IV-E of the federal Social Security Act (42 U.S.C.
21 s.601 et seq.), or other indebtedness in accordance with section 1 of
22 P.L.1995, c.290 (C.2A:17-56.11b) the Department of the Treasury
23 shall apply or cause to be applied the refund, [NJ SAVER rebate or]
24 homestead rebate, or all, or so much of any or all as shall be necessary,
25 to satisfy the indebtedness. Child support indebtedness shall take
26 precedence over all other indebtedness. The Department of the
27 Treasury shall retain a percentage of the proceeds of any collection
28 setoff as shall be necessary to provide for any expenses of the
29 collection effort.

30 (cf: P.L.2000, c.80, s.7)

31

32 12. Section 10 of P.L.1990, c.61 (C.54:4-8.66) is amended to read
33 as follows:

34 10. a. (1) The director shall determine the amount of the rebate,
35 if any, that shall be paid to each claimant pursuant to P.L.1990, c.61
36 (C.54:4-8.57 et seq.) based upon the information provided by the
37 individual applicant in the application or from any other information
38 as may be available to the director and shall notify the applicant of the
39 determined amount in the form of the homestead rebate check or in
40 any other manner as the director may deem appropriate. Subject to
41 the provisions of the State Uniform Tax Procedure Law, R.S. 54:48-1
42 et seq., such notification shall finally and irrevocably fix the amount of
43 the rebate unless the applicant, within 90 days after having been given
44 notice of such determination, shall apply to the director for a hearing,
45 or unless the director shall redetermine the same. After such hearing
46 the director shall give notice of the final determination to the

1 applicant.

2 (2) An applicant for [an NJ SAVER rebate or a] homestead a
3 rebate authorized under this act who is aggrieved by [the] any
4 decision, order, finding, or denial by the director of all or part of that
5 applicant's [NJ SAVER or] homestead rebate may [protest the denial
6 under procedures as may be determined by the director by regulation.
7 If the protest results in a final determination that affirms or modifies
8 the denial under review, the final determination shall be subject to
9 judicial review pursuant to N.J.S.54:51A-13 et seq. in] appeal
10 therefrom to the New Jersey Tax Court [within 90 days of the
11 issuance of the final determination] in accordance with the provisions
12 of the State Uniform Tax Procedure Law, R.S. 54-48-1 et seq.

13 b. The appeal provided by this section shall be the exclusive
14 remedy available to an applicant for review of a decision of the
15 director in respect to the [denial] determination of all or part of [an
16 NJ SAVER rebate or] a homestead rebate authorized under this act.
17 (cf: P.L.1999, c.63, s.13)

18

19 13. Section 14 of P.L.1999, c.63 (C.54:4-66a) is amended as
20 follows:

21 14. Any individual who receives [an NJ SAVER rebate or] a
22 homestead rebate otherwise authorized under this act but as a result
23 of an intentional misrepresentation of a material fact shall be required
24 to repay to the director the amount of the [NJ SAVER rebate or]
25 homestead rebate and shall be liable to a penalty equal to 150% of the
26 amount of the [NJ SAVER rebate or] homestead rebate paid as a
27 result of that misrepresentation.

28 (cf: P.L.1999, c.63, s.14)

29

30 14. Section 15 of P.L.1999, c.63 (C.54:4-66b) is amended as
31 follows:

32 15. Any person who receives [an NJ SAVER rebate or] a
33 homestead rebate otherwise authorized under this act but which has
34 been paid in error and which is recoverable by the director, and fails
35 to return the payment within 45 days of receiving notice from the
36 director that such payment was erroneous, shall pay, in addition to the
37 amount of the erroneous rebate, interest at the rate prescribed in
38 R.S.54:49-3, assessed for each month or fraction thereof, compounded
39 annually at the end of each year, from the date next following the 45th
40 day after receiving the notice from the director that such payment was
41 erroneous until the date of the return of the erroneous payment.

42 (cf: P.L.1999, c.63, s.15)

1 15. Section 16 of P.L.1999, c.63 (C.54:4-66c) is amended as
2 follows:

3 16. [An NJ SAVER rebate or] A homestead rebate paid as a result
4 of misrepresentation or paid in error and any penalties and interest as
5 imposed thereon by this act, shall be payable to and recoverable by the
6 director in the same manner as a deficiency with respect to the
7 payment of a State tax in accordance with the State Uniform Tax
8 [Uniform] Procedure Law, R.S.54:48-1 et seq.
9 (cf: P.L.1999, c.63, s.16)
10

11 16. Section 18 of P.L.1999, c.63 (C.54:4-8.66d) is amended to
12 read as follows:

13 18. The Director of the Division of Taxation in the Department of
14 the Treasury is empowered to promulgate rules and regulations in
15 accordance with the "Administrative Procedure Act," P.L.1968, c.410
16 (C.52:14B-1 et seq.) and to prescribe forms to administer the
17 provisions of this act. Notwithstanding any provisions of P.L.1968,
18 c.410 to the contrary, the director may adopt, immediately upon filing
19 with the Office of Administrative Law, such regulations as the director
20 deems necessary to implement the provisions of P.L.1999, c.63 (C.
21 54:4-8.58a et al.) and P.L.2004, c. _____ (now pending before the
22 Legislature as this bill) which regulations shall be effective for a period
23 not to exceed 180 days from the date of the filing. Such regulations
24 may thereafter be amended, adopted or readopted by the director as
25 the director deems necessary in accordance with the requirements of
26 P.L.1968, c.410.
27 (cf: P.L.1999, c.63, s.18)
28

29 17. N.J.S.54A:2-1. is amended to read as follows:

30 54A:2-1. Imposition of tax. There is hereby imposed a tax for each
31 taxable year (which shall be the same as the taxable year for federal
32 income tax purposes) on the New Jersey gross income as herein
33 defined of every individual, estate or trust (other than a charitable trust
34 or a trust forming part of a pension or profit-sharing plan), subject to
35 the deductions, limitations and modifications hereinafter provided,
36 determined in accordance with the following tables with respect to
37 taxpayers' taxable income:

38 a. For married individuals filing a joint return and individuals filing
39 as head of household or as surviving spouse for federal income tax
40 purposes:

41 (1) for taxable years beginning on or after January 1, 1991 but
42 before January 1, 1994:

43

44 If the taxable income is: The tax is:

45

46 Not over \$20,000.00.... 2% of taxable income

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1	Over \$20,000.00 but not	
2	over \$50,000.00.....	\$400.00 plus 2.5% of the
3		excess over \$20,000.00
4		
5	Over \$50,000.00 but not	
6	over \$70,000.00.....	\$1,150.00 plus 3.5% of the
7		excess over \$50,000.00
8		
9	Over \$70,000.00 but not	
10	over \$80,000.00.....	\$1,850.00 plus 5.0% of the
11		excess over \$70,000.00
12		
13	Over \$80,000.00 but not	
14	over \$150,000.00.....	\$2,350.00 plus 6.5% of the
15		excess over \$80,000.00
16		
17	Over \$150,000.00.....	\$6,900.00 plus 7.0% of the
18		excess over \$150,000.00
19		
20		
21		
22	(2) for taxable years beginning on or after January 1, 1994 but	
23	before January 1, 1995:	
24		
25	If the taxable income is:	The tax is:
26		
27	Not over \$20,000.00.....	1.900% of taxable income
28		
29	Over \$20,000.00 but not	
30	over \$50,000.00.....	\$380.00 plus 2.375% of the
31		excess over \$20,000.00
32		
33	Over \$50,000.00 but not	
34	over \$70,000.00.....	\$1,092.50 plus 3.325% of the
35		excess over \$50,000.00
36		
37	Over \$70,000.00 but not	
38	over \$80,000.00.....	\$1,757.50 plus 4.750% of the
39		excess over \$70,000.00
40		
41	Over \$80,000.00 but not	
42	over \$150,000.00.....	\$2,232.50 plus 6.175% of the
43		excess over \$80,000.00
44		
45	Over \$150,000.00	\$6,555.00 plus 6.650% of the
46		excess over \$150,000.00

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1 (3) for taxable years beginning on or after January 1, 1995 but
2 before January 1, 1996:

3

4 If the taxable income is:	The tax is:
5	
6 Not over \$20,000.00.....	1.700% of taxable income
7	
8 Over \$20,000.00 but not	
9 over \$50,000.00.....	\$340.00 plus 2.125% of the
10	excess over \$20,000.00
11	
12 Over \$50,000.00 but not	
13 over \$70,000.00.....	\$977.50 plus 2.975% of the
14	excess over \$50,000.00
15	
16 Over \$70,000.00 but not	
17 over \$80,000.00.....	\$1,572.50 plus 4.250% of the
18	excess over \$70,000.00
19	
20	
21	
22 Over \$80,000.00 but not	
23 over \$150,000.00.....	\$1,997.50 plus 6.013% of the
24	excess over \$80,000.00
25	
26 Over \$150,000.00	\$6,206.60 plus 6.580% of the
27	excess over \$150,000.00
28	

29 (4) for taxable years beginning on or after January 1, 1996 but before
30 January 1, 2004:

31

33 If the taxable income is:	The tax is:
34	
35 Not over \$20,000.00.....	1.400% of taxable income
36	
37 Over \$20,000.00 but not	
38 over \$50,000.00.....	\$280.00 plus 1.750% of the
39	excess over \$20,000.00
40	
41 Over \$50,000.00 but not	
42 over \$70,000.00.....	\$805.00 plus 2.450% of the
43	excess over \$50,000.00
44	
45 Over \$70,000.00 but not	
46 over \$80,000.00.....	\$1,295.50 plus 3.500% of the

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1		excess over \$70,000.00
2		
3	Over \$80,000.00 but not	
4	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
5		excess over \$80,000.00
6		
7	Over \$150,000.00	\$5,512.50 plus 6.370% of the
8		excess over \$150,000.00
9		
10	<u>(5) for taxable years beginning on or after January 1, 2004:</u>	
11		
12		
13	<u>If the taxable income is:</u>	<u>The tax is:</u>
14		
15	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
16		
17	<u>Over \$20,000.00 but not</u>	
18	<u>over \$50,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
19		<u>excess over \$20,000.00</u>
20		
21	<u>Over \$50,000.00 but not</u>	
22	<u>over \$70,000.00</u>	<u>\$805.00 plus 2.450% of the</u>
23		<u>excess over \$50,000.00</u>
24		
25	<u>Over \$70,000.00 but not</u>	
26	<u>over \$80,000.00</u>	<u>\$1,295.50 plus 3.500% of the</u>
27		<u>excess over \$70,000.00</u>
28		
29	<u>Over \$80,000.00 but not</u>	
30	<u>over \$150,000.00</u>	<u>\$1,645.00 plus 5.525% of the</u>
31		<u>excess over \$80,000.00</u>
32		
33	<u>Over \$150,000.00 but not</u>	
34	<u>over \$500,000.00</u>	<u>\$5,512.50 plus 6.370% of the</u>
35		<u>excess over \$150,000.00</u>
36		
37	<u>Over \$500,000.00</u>	<u>\$27,807.50 plus 8.970% of the</u>
38		<u>excess over \$500,000.00</u>
39		

40 b. For married individuals filing separately, unmarried individuals
41 other than individuals filing as head of household or as a surviving
42 spouse for federal income tax purposes, and estates and trusts:

43
44 (1) for taxable years beginning on or after January 1, 1991 but before
45 January 1, 1994:

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1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00.....	2% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$35,000.00.....	\$400.00 plus 2.5% of the
7		excess over \$20,000.00
8		
9	Over \$35,000.00 but not	
10	over \$40,000.00.....	\$775.00 plus 5.0% of the
11		excess over \$35,000.00
12		
13	Over \$40,000.00 but not	
14	over \$75,000.00.....	\$1,025.00 plus 6.5% of the
15		excess over \$40,000.00
16		
17	Over \$75,000.00.....	\$3,300.00 plus 7.0% of the
18		excess over \$75,000.00
19		
20	(2) for taxable years beginning on or after January 1, 1994 but	
21	before January 1, 1995:	
22		
23	If the taxable income is:	The tax is:
24		
25	Not over \$20,000.00.....	1.900% of taxable income
26		
27	Over \$20,000.00 but not	
28	over \$35,000.00.....	\$380.00 plus 2.375% of the
29		excess over \$20,000.00
30		
31	Over \$35,000.00 but not	
32	over \$40,000.00.....	\$736.25 plus 4.750% of the
33		excess over \$35,000.00
34		
35	Over \$40,000.00 but not	
36	over \$75,000.00.....	\$973.75 plus 6.175% of the
37		excess over \$40,000.00
38		
39	Over \$75,000.00.....	\$3,135.00 plus 6.650% of the
40		excess over \$75,000.00
41		
42	(3) for taxable years beginning on or after January 1, 1995 but	
43	before January 1, 1996:	
44		
45	If the taxable income is:	The tax is:

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30

1	Not over \$20,000.00.....	1.700% of taxable income
2		
3	Over \$20,000.00 but not	
4	over \$35,000.00.....	\$340.00 plus 2.125% of the
5		excess over \$20,000.00
6		
7	Over \$35,000.00 but not	
8	over \$40,000.00.....	\$658.75 plus 4.250% of the
9		excess over \$35,000.00
10		
11	Over \$40,000.00 but not	
12	over \$75,000.00.....	\$871.25 plus 6.013% of the
13		excess over \$40,000.00
14		
15	Over \$75,000.00.....	\$2,975.80 plus 6.580% of the
16		excess over \$75,000.00
17		
18	(4) for taxable years beginning on or after January 1, 1996 <u>but</u>	
19	<u>before January 1, 2004:</u>	

20		
21	If the taxable income is:	The tax is:
22		
23	Not over \$20,000.00.....	1.400% of taxable income
24		
25	Over \$20,000.00 but not	
26	over \$35,000.00.....	\$280.00 plus 1.750% of the
27		excess over \$20,000.00
28		
29	Over \$35,000.00 but not	
30	over \$40,000.00.....	\$542.50 plus 3.500% of the
31		excess over \$35,000.00
32		
33	Over \$40,000.00 but not	
34	over \$75,000.00.....	\$717.50 plus 5.525% of the
35		excess over \$40,000.00
36		
37	Over \$75,000.00.....	\$2,651.25 plus 6.370% of the
38		excess over \$75,000.00

39		
40	<u>(5) for taxable years beginning on or after January 1, 2004:</u>	
41		
42	<u>If the taxable income is:</u>	<u>The tax is:</u>
43		
44	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
45		
46	<u>Over \$20,000.00 but not</u>	

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1	<u>over \$35,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
2		<u>excess over \$20,000.00</u>
3		
4	<u>Over \$35,000.00 but not</u>	
5	<u>over \$40,000.00</u>	<u>\$542.50 plus 3.500% of the</u>
6		<u>excess over \$35,000.00</u>
7		
8	<u>Over \$40,000.00 but not</u>	
9	<u>over \$75,000.00</u>	<u>\$717.50 plus 5.525% of the</u>
10		<u>excess over \$40,000.00</u>
11		
12	<u>Over \$75,000.00 but not</u>	
13	<u>over \$500,000.00</u>	<u>\$2,651.25 plus 6.370% of the</u>
14		<u>excess over \$75,000.00</u>
15		
16	<u>Over \$500,000.00</u>	<u>\$29,723.75 plus 8.970% of the</u>
17		<u>excess over \$500,000.00</u>
18		

19 c. For the purposes of this section, an individual who would be
20 eligible to file as a head of household for federal income tax purposes
21 but for the fact that such taxpayer is a nonresident alien, shall
22 determine tax pursuant to subsection a. of this section.
23 (cf: P.L.1995, c.165, s.1)
24

25 18. (New section) For the purposes of the amendment made to
26 N.J.S.54A:2-1 in section 17 of P.L.2004, c. (now pending before the
27 Legislature as this bill), for taxable year 2004, withholding by every
28 employer from salaries, wages and other remuneration paid by an
29 employer for services rendered described in subsection a. of
30 N.J.S.54A:2-1, in excess of \$500,000 during that taxable year, shall be
31 at the rate of 12% as soon as practicable but no later than September
32 1, 2004. The Director of the Division of Taxation is authorized to do
33 all things necessary to implement the withholding tax prescribed by
34 this section for taxable year 2004.
35

36 19. (New section) All revenue derived annually from the tax rate
37 change effectuated in the amendment made to N.J.S.54A:2-1 in section
38 17 of P.L.2004, c. (now pending before the Legislature as this bill)
39 shall be annually appropriated for direct real property taxpayer relief.
40

41 20. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is repealed.
42

43 21. This act shall take effect immediately and sections 17, 18 and
44 19 shall apply to taxable years beginning on or after January 1, 2004.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1678

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2004

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1678.

Senate Bill No.1678, as amended, changes the homestead property tax rebate programs and increases the gross income tax for taxpayers with taxable incomes in excess of \$500,000, implementing the property tax relief proposal under the Governor's "FAIR -- Fair and Immediate Relief" program.

The bill folds the NJ SAVER rebate program into the Homestead Property Tax Rebate program for homeowners. All NJ SAVER rebate applicants will be paid under the new increased homestead rebate program. The bill increases homestead rebates for senior and disabled homeowners, and other homeowners are included in higher rebate amounts if they have annual gross income of \$200,000 or less. Under the bill, homestead rebate amounts will range from \$1,200 to \$500 depending on taxpayers' annual gross income. The bill increases homestead rebates for tenants by \$50. Starting with homestead rebates for tax year 2004, the bill bases homestead rebates for homeowners and tenants rebates on qualifications being met on October 1 annually, and property taxes and property taxes paid through rent used to determine rebate amounts will be based on the equivalent of full year payments.

As a source to pay the increased homestead rebates, this bill imposes an adjustment in the rate of gross income tax for taxpayers with taxable incomes in excess of \$500,000 retroactive to January 1, 2004. For taxable income above \$500,000 the bill adds a new marginal tax rate of 8.97%. The bill imposes a withholding tax rate of 12% on salary and wage income paid in excess of \$500,000 during taxable year 2004, beginning as soon as practicable but no later than September 1, 2004.

COMMITTEE AMENDMENTS

The committee amendments clarify that for the homestead owner rebates claimed for tax year 2003, the current application of the proportionate of property taxes paid on two different homesteads owned for different parts of the year will apply. The October 1

qualification date and the full year equivalent of property taxes paid on the October 1 homestead will begin in tax year 2004. The committee amendments also increase tenant rebates by \$50. The committee amendments also add authority for the Director of Taxation to request owners of residential rental property upon which ad valorem property taxes are not paid, to provide the names of tenants of these rental properties. This information will aid the director in ensuring that tenants in these properties that may be exempt from property taxes, are under property tax abatements, or make payments in lieu of property taxes, do not claim homestead rebates based upon their rent.

FISCAL IMPACT

The Governor's Office has released documents estimating the impact of the FAIR program. These estimates indicate that the revision to the Homestead Property Tax Rebate program and to the NJ SAVER program is estimated to increase State expenditures to homeowners and tenants from about \$820 million to more than \$1.62 billion, or an increase of about \$800 million in State Fiscal Year 2005. They estimate that nearly 460,000 senior citizen homeowners will see their maximum rebate amount increase to \$1,200 and that nearly 1.4 million non-senior homeowners will receive maximum rebates ranging from \$800 to \$500. Rebates for tenants will increase by \$50.

The documents released by the Governor's office indicate that the increase in marginal income tax rates for taxpayers with taxable income in excess of \$500,000 will raise \$800 million in additional revenues in State Fiscal Year 2005. Approximately 28,500 taxpayers (according to Tax Year 2001 data from the Division of Taxation's *Statistics of Income*) will be affected by the rate increase.

The Office of Legislative Services (OLS) concurs with the Governor's estimates of the cost impact of this bill. The OLS agrees that revised rebate program would increase State costs by about \$800 million in Fiscal Year 2005. The OLS notes that growth factors in the bill would likely increase annual costs by about \$10 million each year thereafter.

The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates a somewhat greater revenue amount in State Fiscal Year 2005 and the OLS also estimates a decline in revenue for Fiscal Year 2006. Based on OLS extrapolations from tax year 2001 data from the Division of Taxation's *Statistics of Income*, the OLS estimates the marginal income tax rate increase under this bill may generate an additional \$850 million in revenue for the Property Tax Relief Fund in Fiscal Year 2005. As estimate, about \$660 million of the \$850 million amount is from the increased baseline annual revenue stream, while about \$190 million is a one-time "windfall" due to the retroactive timing of the bill back to the beginning of tax year 2004. This windfall amount will not occur again in Fiscal Year 2006. The OLS estimates that the baseline annual revenue stream will grow to about \$725 million in Fiscal Year 2006

and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers. The OLS also notes that incomes and tax liabilities for higher income taxpayers are particularly volatile and that the State may face significant increases or decreases in some years from this revenue source.

FISCAL NOTE
 [First Reprint]
SENATE, No. 1678
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 15, 2004

SUMMARY

Synopsis: Increases homestead rebates for certain homestead owners, folds NJ SAVER rebates into the Homestead Rebate program and increases gross income tax rate for taxpayers with taxable income over \$500,000 and temporarily adjusts withholding tax.

Type of Impact: Increased revenues to the Property Tax Relief Fund (income tax); Increased expenditures from the Property Tax Relief Fund.

Agencies Affected: Department of the Treasury

Executive Estimate

Fiscal Impact	FY 2004	FY 2005	FY 2006
State Cost	\$0	\$872,000,000	N/A
State Revenue	\$0	\$830,000,000	N/A

Office of Legislative Services Estimate

Fiscal Impact	FY 2004	FY 2005	FY 2006
State Cost	\$0	\$872,000,000	\$882,000,000
State Revenue	\$0	\$850,000,000	\$725,000,000

- ! The Office of Legislative Services (OLS) generally **concurs** with the Governor's estimate of the cost impact of this bill. However, the OLS notes that the Governor's estimate of an increased State cost of about \$872 million in FY 2005 is at the high end of the range of potential costs. If the program does not achieve full participation, the actual cost would be somewhat less.
- ! The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates somewhat greater revenue in Fiscal Year 2005 (\$850 million) and the OLS also estimates a decline in revenues for Fiscal Year 2006 (\$725 million).

- ! About \$660 million of the \$850 million revenue amount is from the annualized revenue increase, while about \$190 million is a one-time "windfall" because the imposition of the rate increase is retroactive to the beginning of Tax Year 2004. The OLS estimates that the annualized revenue will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers.

BILL DESCRIPTION

Senate Bill No. 1678 (1R) of 2004 changes the homestead property tax rebate programs and increases the gross income tax for taxpayers with taxable incomes in excess of \$500,000, implementing the property tax relief proposal under the Governor's FAIR (Fair and Immediate Relief) program.

The NJ SAVER rebate program is folded into the Homestead Property Tax Rebate program for homeowners. All NJ SAVER rebate applicants will be paid under the new increased homestead rebate program. Homestead Rebates are increased for senior and disabled homeowners, and other homeowners are included in higher rebate amounts, if they have gross income of \$200,000 or less. Homestead rebate amounts will range from \$1,200 to \$500 depending on taxpayers' annual gross income. Homestead rebates for tenants are increased by \$50 to a maximum of \$150. Homestead rebates for homeowners and tenants rebates will be based on qualifications being met on October 1 annually and property taxes and property taxes paid through rent used to determine rebate amounts will be based on the equivalent of full year payments.

As a source to pay the increased homestead rebates, this bill also imposes an adjustment in the rate of gross income tax for taxpayers with taxable incomes in excess of \$500,000 retroactive to January 1, 2004. For taxable income above \$500,000 a new marginal tax rate of 8.97 percent is added. A withholding tax rate of 12 percent is imposed on a certain category of this taxable income during taxable year 2004.

FISCAL ANALYSIS

EXECUTIVE BRANCH

As part of the Fiscal year 2005 Appropriations Act, the Governor's Office has released various documents estimating the impact of the FAIR program. The revision to the Homestead Property Tax Rebate program and to the NJ SAVER program is estimated to increase State expenditures to homeowners and tenants from about \$820 million to about \$1.69 billion, or an increase of about \$872 million in Fiscal Year 2005. Nearly 460,000 senior citizen homeowners are estimated to see their maximum rebate amount increase to \$1,200. Nearly 1.4 million non-senior homeowners are estimated to receive maximum rebates ranging from \$800 to \$500. Tenants will see a \$50 increase in their rebate amount.

The increase in marginal income tax rates for taxpayers with taxable income in excess of \$500,000 is estimated to raise \$830 million in additional revenues in Fiscal Year 2005. Approximately 28,500 taxpayers (2001 *Statistics of Income* data) will be affected by the rate increase.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) generally concurs with the Governor's estimate of the cost impact of this bill. However, the OLS notes that the Governor's estimate of an increased State cost of about \$872 million in FY 2005 is at the high end of the range of potential costs. If the program does not achieve full participation, the actual cost would be somewhat less. The OLS also notes that growth factors in the bill would likely increase annual costs by about \$10 million each year thereafter.

The OLS believes the Governor's estimate of the increased revenue generated by this bill is reasonable, but the OLS estimates somewhat greater revenue in Fiscal Year 2005 and the OLS also estimates a decline in revenue for Fiscal Year 2006. Based on OLS extrapolations from Tax Year 2001 data from the Division of Taxation's *Statistics of Income*, the OLS estimates the marginal income tax rate increase under this bill may generate an additional \$850 million in revenue for the Property Tax Relief Fund in Fiscal Year 2005. About \$660 million of the \$850 million revenue amount is from the annualized revenue increase, while about \$190 million is a one-time "windfall" because the imposition of the rate increase is retroactive to the beginning of Tax Year 2004. The OLS estimates that the annualized revenue will grow to about \$725 million in Fiscal Year 2006 and should continue to grow annually thereafter relative to the growth in incomes for higher income taxpayers. The OLS also notes that incomes and tax liabilities for higher income taxpayers are particularly volatile and that the State may face significant increases or decreases in some years from this revenue source.

Section: *Revenue, Finance and Appropriations*

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

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News Releases

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Governor McGreevey Signs Property Tax Relief Bill

Nearly Two Million Senior Citizen and Middle Class Families to Benefit

(TRENTON) – Governor James E. McGreevey today signed legislation that will provide long-awaited property tax relief to nearly two million of New Jersey’s hardest hit senior citizens and middle class families.

“Today is a victory for New Jersey’s senior citizens and working families,” said Governor McGreevey. “It is a victory for fairness, and it is a victory for property tax relief.”

The Governor signed A100 into law during an afternoon ceremony on the steps of the War Memorial, where he was joined by Senate Majority Leader Bernard F. Kenny Jr., and members of the AARP and other citizen groups that pushed for the passage of the bill.

The Governor thanked Senate Majority Leader Kenny and the citizen groups for their support and also commended Sen. President Richard Codey and Assembly Speaker Albio Sires for their leadership.

“It is a great day for the senior citizen who is worried about affording the home they worked their lives to own. And it’s a great day for the young family who worries that escalating property taxes will prevent them from buying the home of their dreams” Governor McGreevey said. “So again, I say thank you. Thank you to everyone who stood up and made life a little easier for New Jersey’s seniors and middle class families.”

Senate Majority Leader Kenny echoed the Governor’s comments.

“This is an historic day for New Jersey because it memorializes a dramatic shift in the public's recognition for the need to address property tax relief by increasing tax fairness,” Senate Majority Leader Kenny said. “The beneficiaries of this program are recognizable - they are seniors on fixed incomes who live up the street. They are homeowners with kids

going to college who are struggling with heavy family financial obligations. And, these people will see tangible evidence of this tax relief.”

The new law establishes a 2.6 percent “millionaire’s tax” on income over \$500,000. This tax extends to less than 1 percent of New Jersey taxpayers. Every dollar of the \$800 million generated will go directly to property tax relief. Not a single penny will go toward government spending.

Under the law, 460,000 senior citizens will see their homestead rebate checks increase by 50 percent from \$775 to a new maximum of \$1,200. An additional 1.2 million working men and women earning below \$125,000 will see their average relief check rise from \$250 to a maximum \$800. And for men and women earning between \$125,000 and \$200,000, relief checks will double from \$250 to a new \$500.

In all, nearly two million people or 93 percent of New Jersey’s property taxpayers will receive increased property tax relief.

“Clearly, when measuring the millionaire’s tax, the rewards significantly outweigh the costs,” Governor McGreevey said.

Due to President Bush’s tax cuts, a taxpayer with an income of \$550,000 has enjoyed a savings of \$19,000. Under the new law, this person would keep roughly 96 percent of the total federal benefit. A taxpayer with an income of \$750,000 has saved at least \$29,000 because of Washington’s fiscal policies. With the introduction of the millionaire’s tax, this individual would still collect \$23,328, approximately 80 percent of the total federal benefit.

Statistics show that a family living on \$45,000 annually must devote 10 percent of its income to property taxes, while a family paying \$500,000 pays 3 percent, and a family earning \$1 million pays one percent or less. When considering New Jersey’s older residents, the disparity becomes even more pronounced, a seniors earning \$25,000 lose 17 percent of their yearly income to property taxes.

Governor McGreevey has made solving the property tax crisis one of his administration’s top priorities.

Immediate tax relief is just one part of the Governor’s three-pronged FAIR (Fair and Immediate Relief) plan, which he introduced to the Legislature in April.

The Legislature last week voted to freeze local spending at 2.5 percent or the cost of living and reduce many of the exceptions in the spending laws, and also passed a measure establishing a task force to plan for a constitutional convention to address long-term property tax reform.

