

# 18A:7F-37 to 18A:7F-42, et. al.

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2007                    **CHAPTER:** 62  
**NJSA:** 18A:7F-37 to 18A:7F-42, et. al. (Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation)

**BILL NO:** A1                    (Substituted for S20)

**SPONSOR(S)** Roberts and Others

**DATE INTRODUCED:** January 25, 2007

**COMMITTEE:**                    **ASSEMBLY:**

**SENATE:**

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:**            **ASSEMBLY:** January 29, 2007

**SENATE:** February 5, 2007

**DATE OF APPROVAL:** April 3, 2007

### FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

**A1**

[SPONSOR'S STATEMENT:](#) (Begins on page 49 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**                    **ASSEMBLY:** No

**SENATE:** No

**FLOOR AMENDMENT STATEMENT:** No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

**S20**

[SPONSOR'S STATEMENT:](#) (Begins on page 49 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**                    **ASSEMBLY:** No

**SENATE:** No

**FLOOR AMENDMENT STATEMENT:** No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

**VETO MESSAGE:** No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

[NEW JERSEY LEGISLATURE NEWS RELEASE:](#) [Yes](#)

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

- "Governor signs tax-relief bill," Courier-Post, 4-4-07, p. 1B
- "Questions, answers on impact of tax relief," Courier-Post, 4-4-07, p. 2B
- "Property tax cuts up to 20% on way," Asbury Park Press, 4-4-07, p. A1
- "Tax reform 101: How you'll fare," Asbury Park Press, 4-4-07, p. A5
- "Corzine signs 20 percent property tax cut into law," Courier News, 4-4-07, p. A5
- "Details of the tax relief package," Courier News, 4-4-07, p. A5
- "Lawmakers: Property tax cut is on the way," Burlington County Times, 4-4-07, p. A3
- "Prop tax cut on way, but long-term relief debated," The Trentonian, 4-4-07, p. 5
- "State expands property tax relief," The Star-Ledger, 4-4-07, p. 13
- "The whats, whens and how muches," The Star-Ledger, 4-4-07, p. 16
- "Corzine signs property tax plan," The Times, 4-4-07, p. A1
- "Corzine signs 20% tax break," Gloucester County Times, 4-4-07, p. A1
- "Expert sees new measures as only temporary relief," Home News Tribune, 4-4-07, p. A2
- "New Jersey Governor Signs bill for Property Tax Relief," The New York Times, 4-4-07, p. B3
- "Corzine: Be skeptical on tax reform," The Record, 4-4-07, p. A03

974.90 Office of Legislative Services background report: the homestead property tax reimbursement program. Office of  
T235 Legislative Services  
2005f

974.90 Committee meeting of Joint Legislative Committee on Constitutional Reform and  
T235 Citizens Property Tax Constitutional Convention: testimony from invited speakers  
2006k regarding alternative revenue sources to the property tax, including local option taxes  
and the NJ SMART homestead rebate program, and the constitutional amendments to  
the debt limitation clause. October 12, 2006

974.90 Final Report. Joint Legislative Committee on Constitutional Reform and Citizens' Property Tax Constitutional  
T235 Convention. December 1, 2006  
2007c

**NEW JERSEY LEGISLATURE WEB SITE REGARDING JOINT LEGISLATIVE COMMITTEE ON  
CONSTITUTIONAL REFORM AND CITIZENS PROPERTY TAX CONSTITUTIONAL CONVENTION:**

**ANCILLARY REPORTS REGARDING JOINT LEGISLATIVE COMMITTEE ON CONSTITUTIONAL REFORM  
AND CITIZENS PROPERTY TAX CONSTITUTIONAL CONVENTION:**

-List of New Jersey State Library catalog entries for New Jersey Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention attached.

§1 - Note to §§2,9  
& 54:4-8.57  
§§2-7 –  
C.18A:7F-37 to  
18A:7F-42  
§§9-12 -  
C.40A:4-45.44 to  
40A:4-45.47  
§13 –  
C.40A:4-45.3e  
§15 - C.52:9H-42  
§18 –  
C.40A:2-22.1  
§40 - T&E &  
Note to §46c  
and 2007-08  
Approp. Act  
§44 –  
C.18A:16-19.1  
§45 –  
C.40A:10-23.5  
§46 - Approp.  
§47 - Note to §§2-  
12, 13, 19-40

P.L. 2007, CHAPTER 62, *approved April 3, 2007*  
Assembly, No. 1  
(Corrected Copy)

1 AN ACT providing local property tax relief through homestead  
2 rebates and credits and limits on local tax levies, amending and  
3 supplementing various parts of the statutory law, and making an  
4 appropriation.  
5

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

- 9 1. The Legislature finds and declares:  
10 a. On June 6, 2006, the New Jersey Senate President and the  
11 Assembly Speaker announced “an unprecedented special legislative  
12 session”;  
13 b. On July 28, 2006, the Governor addressed a joint session of  
14 the Legislature and commended the Senate President and the  
15 Assembly Speaker for calling the special session;  
16 c. At that time the Governor stated that property tax relief and  
17 reform should be addressed in a suitable manner;  
18 d. The Governor proposed the creation of a new property tax  
19 credit program that would provide immediate relief to New Jersey

**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 homeowners and also urged the establishment of a four percent cap  
2 on property taxes;
- 3 e. Subsequent to the Governor's address, the Legislature adopted  
4 Assembly Concurrent Resolution No. 3, which created four  
5 bicameral, bipartisan Joint Committees to review and formulate  
6 proposals to reform property taxes;
- 7 f. The four Joint Committees followed an open and inclusive  
8 process, which consisted of 32 public meetings, broadcast live and  
9 archived on the Internet, and nine public hearings;
- 10 g. The four Joint Committees solicited testimony in person and  
11 through teleconferencing from State and national experts,  
12 academics, practitioners, and officials; reviewed thousands of pages  
13 of background materials; and received over 3,700 public emails;
- 14 h. The four Joint Committees issued comprehensive final reports  
15 that contained nearly 100 recommendations for short term property  
16 tax relief and long term reform;
- 17 i. One of the four Joint Committee final reports, "The Final  
18 Report of the Joint Legislative Committee on Constitutional Reform  
19 and Citizens' Property Tax Constitutional Convention," set forth  
20 findings and recommendations concerning property tax reform  
21 through amendments to the State Constitution and other proposals;
- 22 j. In its Final Report, the Joint Legislative Committee on  
23 Constitutional Reform and Citizens' Property Tax Constitutional  
24 Convention found that although the State's rebate programs have  
25 provided property tax relief to many residents, and particularly  
26 seniors, certain reforms and enhancements are necessary to improve  
27 the efficacy of the programs;
- 28 k. The Joint Committee also found that the property tax is  
29 regressive in nature and that many low and middle income New  
30 Jerseyans suffer from a disproportionately high property tax burden;
- 31 l. Accordingly, the Joint Committee recommended that the State  
32 should implement a credit program to replace the system of rebates  
33 and that additional funds should be allocated to the program to  
34 provide meaningful relief to those who need it most;
- 35 m. Thus, the Joint Committee concluded that the benefit under  
36 the new program should be increased to 20 percent for as many  
37 taxpayers as resources allow;
- 38 n. The Joint Committee found that the Legislature must work  
39 with the Governor to ensure that the new program will provide  
40 sustainable relief to New Jersey's taxpayers;
- 41 o. The Joint Committee studied the Governor's proposal to  
42 adopt a four percent property tax levy cap that provided limited  
43 exceptions and a sunset provision so that any unintended  
44 consequences such as those realized by other states that have  
45 adopted caps could be addressed before the cap would be made  
46 permanent;
- 47 p. The Joint Committee found that property tax levy caps have  
48 been shown to hold down rising property taxes, and therefore, the

- 1 Legislature should develop a property tax levy cap that  
2 accomplishes this goal but does not lead to unintended, adverse  
3 consequences;
- 4 q. The Joint Committee recommended that the levy cap should  
5 protect taxpayers from large annual increases of recent years that  
6 have resulted in widespread dissatisfaction with prevailing tax  
7 burdens and made the State unaffordable for some;
- 8 r. The Joint Committee also recommended that the levy cap  
9 should contain a narrowly crafted set of exceptions to provide  
10 flexibility during periods of rapid growth or local emergencies and  
11 that it should include a sunset provision, which would act as a  
12 “safety valve” so that any unexpected consequences of imposing a  
13 levy cap could be addressed before the cap would be made  
14 permanent;
- 15 s. The Legislature commends the work of the Joint Committee  
16 and has fully considered its Final Report;
- 17 t. A new credit program with sufficient funding to provide a 20  
18 percent benefit to most homeowners and residential tenants is the  
19 most practical and efficient means to reduce the State’s property tax  
20 burden;
- 21 u. A property tax levy cap is necessary to sustain the benefits of  
22 the new program;
- 23 v. A property tax levy cap is crucial to controlling various areas  
24 of government spending, especially those areas which have  
25 outpaced the growth in spending in the private sector;
- 26 w. A property tax levy cap will force government to live within  
27 their means, encourage public officials to elevate the public interest  
28 over special interests, and most importantly, reduce the rate of  
29 growth in property taxes;
- 30 x. The Governor in his 2007 State of the State Address agreed  
31 that a property tax levy cap, with limited exceptions and provisions  
32 for voter override, is the key to the sustainability of the relief in the  
33 20 percent credit program;
- 34 y. The Governor also has expressed that a property tax levy cap  
35 will compel all governmental units to prioritize spending decisions  
36 and to aggressively search for structural changes that will bring  
37 down long term costs;
- 38 z. Changing the law to give local governmental units, including  
39 boards of education, the same flexibility that State government has  
40 to modify the payment obligations of the employer for active  
41 employee coverage under the State Health Benefits Program will  
42 assist local governmental units, including boards of education, in  
43 prioritizing spending decisions and aggressively searching for  
44 structural changes that will bring down long term costs;
- 45 aa. Property tax reform requires fiscal restraint at all levels and  
46 the State must continue to abide by the State Appropriations  
47 Limitation Cap, which curbs growth in spending on the State

1 bureaucracy and held spending growth below 2.96% in the current  
2 fiscal year; and

3 bb. The State recognizes that sustaining property tax reform at  
4 the local levels requires the State to be a full partner in the funding  
5 of local needs and that State aid must continue to grow so that the  
6 full burden of providing necessary services does not fall on property  
7 taxpayers.

8

9 2. (New section) For the purposes of sections 2 through 7 of  
10 P.L. , c. (C. ) (pending before the Legislature as this bill):

11 "Adjusted tax levy" means the amount raised by property  
12 taxation for the purposes of the school district, excluding any debt  
13 service payment.

14 "Commissioner" means the Commissioner of Education.

15 "New Jersey Quality Single Accountability Continuum" or  
16 "NJQSAC" means the monitoring and evaluation process of school  
17 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

18 "Prebudget year adjusted tax levy" means the amount raised by  
19 property taxation in the prebudget year for the purposes of the  
20 school district, excluding any debt service payment, less any  
21 amounts raised after approval of a waiver by the commissioner or  
22 separate question by the voters or board of school estimate in the  
23 prebudget year unless such approval explicitly allows the approved  
24 increases to be permanent.

25 "School district" means any local or regional school district  
26 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
27 New Jersey Statutes.

28 "Unrestricted State aid" means formula State aid that is included  
29 in a school district's State aid notice and allocated pursuant to  
30 P.L.1996 c.138 (C.18A:7F-1 et seq.) or any other law for  
31 appropriation in a school district's general fund plus early  
32 childhood program aid allocated pursuant to section 16 of P.L.1996,  
33 c.138 (C.18A:7F-16) or any other law and demonstrably effective  
34 program aid and instructional supplement aid allocated pursuant to  
35 section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law.

36 "Weighted resident enrollment" means weighted resident  
37 enrollment as calculated pursuant to subsection a. of section 13 of  
38 P.L.1996, c.138 (C.18A:7F-13) and as projected by the  
39 commissioner.

40

41 3. (New section) a. Notwithstanding the provisions of any  
42 other law to the contrary, a school district shall not adopt a budget  
43 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
44 18A:7F-6) with an increase in its adjusted tax levy that exceeds the  
45 tax levy growth limitation calculated as follows: the sum of the  
46 prebudget year adjusted tax levy and the adjustment for increases in  
47 enrollment multiplied by four percent, and adjustments for a  
48 reduction in total unrestricted State aid from the prebudget year, an

1 increase in health care costs, and beginning in the 2008-2009 school  
2 year, amounts approved by a waiver granted by the commissioner  
3 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
4 Legislature as this bill).

5 b. (1) The allowable adjustment for increases in enrollment  
6 authorized pursuant to subsection a. of this section shall equal the  
7 per pupil prebudget year adjusted tax levy multiplied by EP, where  
8 EP equals the sum of:

9 (a) 0.50 for each unit of weighted resident enrollment that  
10 constitutes an increase from the prebudget year over 1%, but not  
11 more than 2.5%;

12 (b) 0.75 for each unit of weighted resident enrollment that  
13 constitutes an increase from the prebudget year over 2.5%, but  
14 not more than 4%; and

15 (c) 1.00 for each unit of weighted resident enrollment that  
16 constitutes an increase from the prebudget year over 4%.

17 (2) A school district may request approval from the  
18 commissioner to calculate EP equal to 1.00 for any increase in  
19 weighted resident enrollment if it can demonstrate that the  
20 calculation pursuant to paragraph (1) of this subsection would result  
21 in an average class size that exceeds 10% above the facilities  
22 efficiency standards established pursuant to P.L.2000, c.72  
23 (C.18A:7G-1 et al.).

24 c. The allowable adjustment for a reduction in total unrestricted  
25 State aid authorized pursuant to subsection a. of this section shall  
26 equal any reduction in total unrestricted State aid from the  
27 prebudget to the budget year.

28 d. The allowable adjustment for increases in health care costs  
29 authorized pursuant to subsection a. of this section shall equal that  
30 portion of the actual increase in total health care costs for the budget  
31 year, less any withdrawals from the current expense emergency  
32 reserve account for increases in total health care costs, that exceeds  
33 four percent of the total health care costs in the prebudget year, but  
34 that is not in excess of the product of the total health care costs in the  
35 prebudget year multiplied by the average percentage increase of the  
36 State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
37 seq.), as annually determined by the Division of Pensions and Benefits  
38 in the Department of the Treasury.

39 e. In addition to the adjustments authorized pursuant to  
40 subsection a. of this section, for the purpose of determining a school  
41 district's allowable tax levy growth limitation for the 2007-2008  
42 school year, a school district may apply to the commissioner for an  
43 adjustment for increases in special education costs over \$40,000 per  
44 pupil, increases in tuition, capital outlay increases, and incremental  
45 increases in costs for opening a new school facility in the budget  
46 year.

47 (1) The allowable adjustment for increases in special education  
48 costs over \$40,000 per pupil shall equal any increase in the sum of

1 per pupil amounts in excess of \$40,000 for the budget year less the  
2 sum of per pupil amounts in excess of \$40,000 for the prebudget  
3 year indexed by four percent.

4 (2) The allowable adjustment for increases in tuition shall equal  
5 any increase in the tuition for the budget year charged to a sending  
6 district by the receiving district pursuant to the provisions of  
7 N.J.S.18A:38-19 or charged by a county vocational school district  
8 pursuant to the provisions of section 71 of P.L.1990, c.52  
9 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget  
10 year charged to a sending district by the receiving district pursuant  
11 to the provisions of N.J.S.18A:38-19 or charged by a county  
12 vocational school district pursuant to the provisions of section 71 of  
13 P.L.1990, c.52 (C.18A:54-20.1).

14 (3) The allowable adjustment for increases in capital outlay shall  
15 equal any increase in capital outlay, less any withdrawals from the  
16 capital reserve account, over the prebudget year in excess of four  
17 percent.

18 f. The adjusted tax levy shall be increased or decreased  
19 accordingly whenever the responsibility and associated cost of a  
20 school district activity is transferred to another school district or  
21 governmental entity.

22

23 4. (New section) a. (1) Beginning in the 2008-2009 school  
24 year, a school district may request approval from the commissioner  
25 for a waiver to increase its adjusted tax levy by more than the  
26 allowable amount authorized in section 3 of P.L. , c. (C. )  
27 (pending before the Legislature as this bill) to address extraordinary  
28 costs which may include, but not be limited to:

29 (a) a district's failure to meet the core curriculum content  
30 standards as determined through the New Jersey Quality Single  
31 Accountability Continuum. Prior to full implementation of  
32 NJQSAC, such determination shall be based on a school district's  
33 status under the "No Child Left Behind Act of 2001," Pub.L. 107-  
34 110. The commissioner shall approve the increase only if the  
35 district satisfactorily demonstrates that the increase will be used to  
36 implement or expand programs or services to address the causes of  
37 the district's failure to meet the core curriculum content standards  
38 or other performance indicators as determined through NJQSAC;

39 (b) energy cost increases over the prebudget year in excess of  
40 four percent;

41 (c) capital outlay increases, less any withdrawals from the capital  
42 reserve account, over the prebudget year in excess of four percent;

43 (d) the appropriation of non-recurring general fund revenues in  
44 the prebudget year original budget, including the appropriation of  
45 surplus;

46 (e) increases in insurance costs over the prebudget year in excess  
47 of four percent;



1 (f) increases in transportation costs required to service hazardous  
2 routes over the prebudget year in excess of four percent;

3 (g) increases in special education costs that exceed \$40,000 per  
4 each special education pupil over the prebudget year in excess of  
5 four percent;

6 (h) increases in tuition costs charged to a sending district by the  
7 receiving district pursuant to the provision of N.J.S.18A:38-19 over  
8 the prebudget year in excess of four percent or charged by a county  
9 vocational school district pursuant to the provisions of section 71 of  
10 P.L.1990, c.52 (C.18A:54-20.1) over the prebudget year in excess  
11 of four percent; and

12 (i) incremental increases in costs associated with opening a new  
13 school facility in the budget year.

14 (2) A waiver request shall be submitted at least five working  
15 days prior to the required budget submission dates established  
16 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
17 18A:7F-6) in a form required by the commissioner, as appropriate,  
18 and shall include such information and documentation as the  
19 commissioner deems necessary.

20 (3) In considering a waiver request, in addition to the authority  
21 granted to the commissioner pursuant to section 6 of P.L.1996,  
22 c.138 (C.18A:7F-6), the commissioner shall have the power to  
23 make budgetary reallocations up to the total amount of the waiver  
24 request. The commissioner shall not reduce or reallocate any line  
25 item accounts that will impact the district's ability to meet the core  
26 curriculum content standards and provide a thorough and efficient  
27 education.

28 (4) A waiver approval shall specify whether the adjusted tax levy  
29 increase shall be limited to the budget year or added to the adjusted  
30 tax levy as a permanent increase.

31 (5) Any decision of the commissioner as to the entitlement of  
32 any school district to an increase of its adjusted tax levy pursuant to  
33 this section shall be final and conclusive, and no appeal or review  
34 shall be taken therefrom; except that the matter may be put before  
35 the voters pursuant to subsection c. of this section.

36 b. (1) The commissioner may direct a school district to increase  
37 specific line item expenditure accounts, for specific purposes, to  
38 address low achievement or the causes of the district's failure to  
39 meet the core curriculum content standards as determined through  
40 NJQSAC, or prior to full implementation of NJQSAC, as  
41 determined based on a school district's status under the "No Child  
42 Left Behind Act of 2001," Pub.L.107-110.

43 (2) The commissioner is authorized to approve a school district  
44 budget with an increase in its adjusted tax levy by more than the  
45 allowable amount authorized pursuant to section 3 of P.L. , c.  
46 (C. ) (pending before the Legislature as this bill), up to the  
47 amount required to support the increase in expenditure accounts as  
48 directed in paragraph (1) of this subsection.

1 c. For the 2007-2008 school year, or for the 2008-2009 through  
2 2011-2012 school years if a waiver requested pursuant to subsection  
3 a. of this section fails to be approved by the commissioner or if the  
4 school district elects not to request a waiver, the school district may  
5 submit to the voters at the April school election, or on such other  
6 date as is set by regulation of the commissioner, a proposal or  
7 proposals to increase the tax levy by more than the allowable  
8 amount authorized pursuant to section 3 of P.L. , c. (C. )  
9 (pending before the Legislature as this bill). The proposal or  
10 proposals to increase the tax levy shall be approved if a majority of  
11 people voting at the April 2007 school election vote in the  
12 affirmative, or if 60 percent of the people voting at the April 2008  
13 through April 2011 school elections vote in the affirmative. In the  
14 case of a school district with a board of school estimate, the  
15 additional tax levy shall be authorized only if a quorum is present  
16 for the vote and a majority of those board members who are present  
17 vote in the affirmative to authorize the additional tax levy.

18 (1) A proposal or proposals submitted to the voters or the board  
19 of school estimate to increase the tax levy pursuant to this  
20 subsection shall not include any programs or services necessary for  
21 students to achieve the core curriculum content standards.

22 (2) All proposals to increase the tax levy submitted pursuant to  
23 this subsection shall include interpretive statements specifically  
24 identifying the program purposes for which the proposed funds  
25 shall be used and a clear statement on whether approval will affect  
26 only the current year or result in a permanent increase in the levy.  
27 The proposals shall be submitted and approved pursuant to sections  
28 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6).

29 (3) For only the 2007-2008 school budget year, any proposal or  
30 proposals rejected by the voters shall be submitted to the municipal  
31 governing body or bodies for a determination as to the amount, if  
32 any, that should be expended notwithstanding voter rejection. The  
33 decision of the municipal governing body or bodies or board of  
34 school estimate, as appropriate, shall be final and no appeals shall  
35 be made to the commissioner.

36 d. The commissioner shall have the authority to grant additional  
37 waivers, applicable to all or some school districts, as determined by  
38 the commissioner, and only effective for the school budget year in  
39 which the waiver is granted, upon a finding of extraordinary  
40 circumstances that result in an unanticipated increase in  
41 expenditures for a service essential to the health, safety and welfare  
42 of the school children of the State.

43  
44 5. (New section) a. Notwithstanding any provision of  
45 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) or  
46 section 36 of P.L.2000, c.126 (C.18A:7F-5a) to the contrary, for the  
47 2007-2008 through 2011-2012 school years the increase in a school  
48 district's general fund tax levy shall be calculated in accordance

1 with the provisions of sections 2 through 4 of P.L. , c. (C. )  
2 (pending before the Legislature as this bill).

3 b. Notwithstanding any provision of paragraph (9) of subsection  
4 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, for  
5 the 2007-2008 through 2011-2012 school years the submission of a  
6 separate proposal or proposals for additional funds to the voters or  
7 the board of school estimate shall be submitted in accordance with  
8 the provisions of subsection c. of section 4 of P.L. , c. (C. )  
9 (pending before the Legislature as this bill).

10

11 6. (New section) Notwithstanding the provisions of any law or  
12 regulation to the contrary:

13 a. A board of education or board of school estimate, as  
14 appropriate, may supplement a capital reserve account through a  
15 transfer by board resolution at year end of any unanticipated  
16 revenue or unexpended line-item appropriation amounts, or both,  
17 for withdrawal in subsequent school years.

18 b. A board of education or board of school estimate, as  
19 appropriate, may supplement a maintenance reserve account  
20 through a transfer by board resolution at year end of any  
21 unanticipated revenue or unexpended line-item appropriation  
22 amounts, or both, for withdrawal in subsequent school years.

23 c. A board of education or a board of school estimate, as  
24 appropriate, may through the adoption of a board resolution  
25 establish the following reserve accounts:

26 (1) Current expense emergency reserve account. The funds in  
27 the reserve shall be used to finance unanticipated general fund  
28 current expense costs required for a thorough and efficient  
29 education. The account shall not exceed \$250,000 or one percent of  
30 the district's general fund budget up to a maximum of \$1,000,000,  
31 whichever is greater. A board of education may appropriate funds  
32 to establish or supplement the reserve in the district's annual budget  
33 or through a transfer by board resolution at year end of any  
34 unanticipated revenue and unexpended line-item appropriation  
35 amounts. Withdrawals from the reserve shall require the approval  
36 of the commissioner unless the withdrawal is necessary to meet an  
37 increase in total health care costs in excess of four percent.

38 (2) Debt service reserve account in the debt service fund for  
39 proceeds from the sale of district property. The funds in the reserve  
40 shall be used to retire outstanding debt service obligations of the  
41 district. The reserve shall be liquidated within the lesser of five  
42 years from its inception or the remaining term on the obligations.  
43 Any remaining balance shall be used for tax relief.

44 d. All reserve accounts shall be established and held in  
45 accordance with GAAP and shall be subject to annual audit. Any  
46 capital gains or interest earned shall become part of the reserve  
47 account. A separate bank account is not required, however, a  
48 separate identity for each reserve account shall be maintained.

1       7. (New section) a. Within 60 days of the effective date of  
2 P.L. , c. (C. )(pending before the Legislature as this bill), the  
3 Commissioner of Education shall promulgate emergency rules and  
4 regulations necessary to effectuate the purposes of sections 2  
5 through 6 of P.L. , c. (C. through ) (pending before the  
6 Legislature as this bill) for the 2007-08 school year.

7       b. For the 2008-09 school year and thereafter, the Commissioner  
8 of Education shall adopt, pursuant to the "Administrative Procedure  
9 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to  
10 effectuate the purposes of sections 2 through 6 of P.L. , c. (C.  
11 through ) (pending before the Legislature as this bill).

12  
13       8. Section 7 of P.L.1996, c.138 (C.18A:7F-7) is amended to read  
14 as follows:

15       7. a. For the 2004-2005 school year, an undesignated general  
16 fund balance in excess of 3% of the budgeted general fund for the  
17 prebudget year or \$100,000, whichever is greater, shall be  
18 appropriated by a school district based on surplus as anticipated  
19 pursuant to paragraph (2) of subsection a. of N.J.S.18A:22-8 and  
20 included in the budget prepared pursuant to section 5 of this act. In  
21 the event that the district's 2004-2005 budget is not approved by the  
22 voters of the district or the board of school estimate, the district  
23 may use the undesignated general fund balance which exceeds 3%  
24 to meet the reduction in tax levy certified by the municipal  
25 governing body or bodies or board of school estimate following  
26 review of the defeated budget. Any appropriation of the  
27 undesignated general fund balance made by board resolution  
28 following the April 2004 school budget election and prior to the  
29 effective date of P.L.2004, c.73 to the capital reserve account or  
30 maintenance reserve account or to increase spending for the 2003-  
31 2004 school year shall be null and void unless, upon written  
32 application to the commissioner, the district demonstrates that the  
33 appropriation was necessary for use in the 2003-2004 school year to  
34 meet the thoroughness standards established pursuant to subsection  
35 a. of section 4 of P.L.1996, c.138 (C.18A:7F-4) and no other line  
36 item account balances were available.

37       In the 2005-2006 school year and thereafter, an undesignated  
38 general fund balance in excess of 2% of the budgeted general fund  
39 for the prebudget year or **[\$100,000] \$250,000**, whichever is  
40 greater, shall be appropriated by a school district for the purpose of  
41 the budget prepared pursuant to section 5 of this act.

42       The amount of any funds made available for appropriation as a  
43 result of the reduction in the percentage of authorized undesignated  
44 general fund balance pursuant to P.L.2004, c.73 shall be used to  
45 reduce the general fund tax levy required for the budget year.

46       In the case of a county vocational school district, if the amount  
47 of the budgeted general fund for the prebudget year is \$100 million  
48 or less, an undesignated general fund balance in excess of 6% of

1 that amount or ~~[\$100,000]~~ \$250,000, whichever is greater, shall be  
2 appropriated by the county vocational school district for the  
3 purpose of the budget prepared pursuant to section 5 of P.L.1996,  
4 c.138 (C.18A:7F-5). If the amount of the budgeted general fund for  
5 the prebudget year exceeds \$100 million, an undesignated general  
6 fund balance in excess of 6% of the first \$100 million and in excess  
7 of 3% of the amount which exceeds \$100 million shall be  
8 appropriated by a county vocational school district for the purpose  
9 of the budget prepared pursuant to section 5 of P.L.1996, c.138  
10 (C.18A:7F-5).

11 b. Notwithstanding the provisions of subsection a. of this  
12 section, ~~[if the district has a formal plan to expand, renovate or~~  
13 ~~construct school facilities, join a distance learning network, or make~~  
14 ~~a major replacement or acquisition of instructional equipment~~  
15 ~~within the subsequent five years,]~~ the district may, with the  
16 approval of the commissioner, ~~[transfer the]~~ appropriate any  
17 anticipated excess undesignated general fund balance to the capital  
18 reserve account established pursuant to N.J.S.18A:21-3 or section  
19 57 of P.L.2000, c.72 (C.18A:7G-31) for that purpose.

20 c. If it is determined that the undesignated general fund balances  
21 at June 30 of any school year exceed those permitted under  
22 subsection a. of this section, the excess undesignated general fund  
23 balances shall be reserved and designated in the subsequent year's  
24 budget submitted to the commissioner pursuant to subsection c. of  
25 section 5 of this act.

26 d. The commissioner may withhold State aid in an amount not to  
27 exceed the excess undesignated general fund balances for failure to  
28 comply with subsection c. of this section.

29 e. Proceeds from the sale and lease-back of textbooks and non-  
30 consumable instructional materials shall not be included in the  
31 calculation of excess undesignated general fund balance during the  
32 budget year in which they are realized.

33 (cf: P.L.2004, c.73, s.3)

34  
35 9. (New section) For the purposes of sections 9 through 13 of  
36 P.L. , c. (C. ) (pending before the Legislature as this bill):

37 "Adjusted tax levy" means an amount not greater than the  
38 amount to be raised by taxation of the previous fiscal year, less any  
39 waivers from a prior fiscal year required to be deducted by the  
40 Local Finance Board pursuant to section 11 of P.L. , c. (C. )  
41 (pending before the Legislature as this bill), that result multiplied  
42 by 1.04, to which the sum of exclusions defined in subsection b. of  
43 section 10 of P.L. , c. (C. ) (pending before the Legislature  
44 as this bill) shall be added.

45 "Amount to be raised by taxation" means the property tax levy  
46 set in the annual budget of a local unit.

47 "Local unit" means a municipality, county, fire district, or solid  
48 waste collection district, but shall not include a municipality that

1 had a municipal purposes tax rate of \$0.10 or less per \$100 for the  
2 previous tax year.

3 “New ratables” means the product of the taxable value of any  
4 new construction or improvements times the tax rate of a local unit  
5 for its previous tax year.

6  
7 10. (New section) a. In the preparation of its budget the amount  
8 to be raised by taxation by a local unit shall not exceed the sum of  
9 new ratables, the adjusted tax levy, and the total of waivers  
10 approved pursuant to section 11 of P.L. , c. (C. ) (pending  
11 before the Legislature as this bill; provided, however, that in the  
12 case of a county, the amount to be raised by taxation shall not  
13 exceed the amount permitted by section 4 of P.L.1976, c. 68  
14 (C.40A:4-45.4).

15 b. The following exclusions shall be added to the calculation of  
16 the adjusted tax levy:

17 (1) increases in amounts required to be raised for (a) all debt  
18 service and (b) lease payments with county improvement authorities  
19 pursuant to leases in effect on the effective date of P.L. ,  
20 c. (C. ) (pending before the Legislature as this bill);

21 (2) increases in amounts required to be raised to replace State  
22 formula aid due to a reduction in State formula aid from the  
23 previous local budget year;

24 (3) increases in amounts for certain pension contributions set  
25 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
26 set forth in that section;

27 (4) with respect to municipalities, any increase, greater than four  
28 percent, in the reserve for uncollected taxes that is required by law;

29 (5) increases in health care costs equal to that portion of the actual  
30 increase in total health care costs for the budget year that is in excess  
31 of four percent of the total health care costs in the prior year, but is not  
32 in excess of the product of the total health care costs in the prior year  
33 and the average percentage increase of the State Health Benefits  
34 Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually  
35 determined by the Division of Pensions and Benefits in the  
36 Department of the Treasury.

37 (6) Notwithstanding the other provisions of this subsection, when  
38 the appropriation for all debt service is less than the amount  
39 appropriated for all debt service in the prior fiscal year, the amount  
40 of the difference shall be deducted from the sum of the exclusions  
41 listed in paragraphs (1) through (5) of this subsection. If there are  
42 no exclusions, then the amount of the difference shall reduce the  
43 adjusted tax levy by that amount. Any cancelled or unexpended  
44 appropriation for any exclusion pursuant to this subsection or  
45 waiver pursuant to section 11 of P.L. , c. (C. ) (pending  
46 before the Legislature as this bill), also shall be deducted from the  
47 sum of the exclusions listed in paragraphs (1) through (5) or  
48 directly reduce the adjusted tax levy if there are no exclusions.

1       11. (New section) a. The governing body of a local unit may  
2 request approval from the Local Finance Board in the Department  
3 of Community Affairs for a waiver to increase its amount to be  
4 raised by taxes to address extraordinary costs, which may include  
5 but not limited to:

6       (1) increases in appropriations for capital lease payments;  
7       (2) energy cost increases in excess of four percent;  
8       (3) increases in insurance costs over the prebudget year in excess  
9 of four percent;

10       (4) offsetting the loss of a non-recurring general fund revenue or  
11 surplus;

12       (5) total net expenditures for new mandated services or net  
13 expenditure increases above four percent for the cost of those  
14 services that are mandated by any order of court, by any federal or  
15 State statute, or by administrative rule, directive, order, or other  
16 legally binding device issued by a State agency which has identified  
17 such cost as mandated expenditures on certification to the Local  
18 Finance Board by the State agency; and

19       (6) any purpose related to the provision of government services  
20 that the board deems essential to protect or promote the public  
21 health, safety, or welfare.

22       (7) Amounts raised pursuant to a waiver granted pursuant to this  
23 subsection shall be included in the calculation of the adjusted tax  
24 levy in a subsequent year, unless otherwise required by the waiver.

25       (8) Any decision of the Local Finance Board as to the  
26 entitlement of any local unit to a tax levy cap increase under this  
27 section shall be final and conclusive, and no appeal or review shall  
28 be taken therefrom; provided, however, that the matter may be put  
29 before the voters pursuant to subsection b. of this section.

30       b. (1) Notwithstanding subsection a. of this section, the  
31 governing body of a local unit may request approval, through a  
32 public question submitted to the legal voters residing in its territory  
33 to increase the amount to be raised by taxation by more than the  
34 allowable adjusted tax levy. Approval shall be by an affirmative  
35 vote of 60 percent or more of the people voting on the question at  
36 the election. The local unit budget proposing the increase shall be  
37 introduced and approved in the manner otherwise provided for  
38 budgets of that local unit at least 20 days prior to the date on which  
39 the referendum is to be held, and shall be published in the manner  
40 otherwise provided for budgets of the local unit at least 12 days  
41 prior to the referendum date, unless otherwise directed by the  
42 Director of the Division of Local Government Services in the  
43 Department of Community Affairs.

44       (2) The public question to be submitted to the voters at the  
45 referendum shall state only the amount by which the adjusted tax  
46 levy shall be increased by more than the otherwise allowable  
47 adjusted tax levy, and the percentage rate of increase which that  
48 amount represents over the allowable adjusted tax levy. The public

1 question shall include an accompanying explanatory statement that  
2 identifies the changes in appropriations or revenues that warranted  
3 the governing body's decision to ask the public question; or, in the  
4 alternative and subject to the approval of the Director of the  
5 Division of Local Government Services in the Department of  
6 Community Affairs, a clear and concise narrative explanation of the  
7 circumstances for the increased adjusted tax levy being proposed.

8 (3) Unless otherwise provided pursuant to section 1 of P.L.1989,  
9 c.31 (C.40A:4-5.1), a referendum conducted pursuant to this  
10 subsection shall be held:

11 (a) for calendar year budgets only on the fourth Tuesday in  
12 January and the second Tuesday in March other than in year when a  
13 presidential primary election occurs, in which case no such election  
14 on that date may be called, and

15 (b) for fiscal year budgets, only the last Tuesday in September,  
16 or the second Tuesday in December;  
17 provided, however, that no referendum shall held on the same day  
18 as a referendum to exceed the school district levy cap.

19 (4) Any decision of the voters rejecting an increase to the tax  
20 levy cap under this subsection shall be final and conclusive, and no  
21 appeal or review shall be taken therefrom and no waiver application  
22 shall be made to the Local Finance Board.

23 (5) The director is authorized to act as necessary in order to  
24 consolidate ballot questions and procedures when a governing body  
25 elects to hold a referendum under both this section and section 9 of  
26 P.L.1983, c.49 (C.40A:4-45.16).

27 c. The Local Finance Board shall have the authority to grant  
28 additional waivers, applicable to all or some local units, as  
29 determined by the board, and only effective for the local budget  
30 year in which the waiver is granted, upon a finding of extraordinary  
31 circumstances that result in an unanticipated increase in  
32 expenditures for a service essential to the health, safety, and welfare  
33 of the residents of the State.

34 d. The adjusted tax levy shall be increased or decreased  
35 accordingly whenever the responsibility and associated cost of an  
36 activity performed by a local unit is transferred to or from a local  
37 unit, other government entity, or other service provider.

38  
39 12. (New section) a. The Director of the Division of Local  
40 Government Services in the Department of Community Affairs  
41 shall take such action as is deemed necessary and consistent with  
42 the intent of sections 9 through 11 P.L. , c. (C. ) (pending  
43 before the Legislature as this bill) to implement its provisions.

44 b. The director, in consultation with the Commissioner of  
45 Education regarding referendum dates, shall promulgate rules and  
46 regulations to effectuate the purposes of subsection b. of section 11  
47 of P.L. , c. (C. ) (pending before the Legislature as this bill).



1       13. (New section) In addition to the exceptions to the limits on  
2 increases to municipal appropriations set forth in section 3 of  
3 P.L.1976, c.68 (C.40A:4-45.3) and to the county tax levy set forth  
4 in section 4 of P.L.1976, c.68 (C.40A:4-45.4), an increase in  
5 appropriations that represents expenditures made by a municipality  
6 or county for the purpose of funding the provision of health  
7 insurance shall be exempt from the limits on increases to municipal  
8 appropriations and to the limits on increases to the county tax levy  
9 in county budgets, respectively, for any budget year, to the extent  
10 that the increases in health care costs equal that portion of the actual  
11 increase in total health care costs for the budget year that is in  
12 excess of four percent of the total health care costs in the prior year,  
13 but is not in excess of the product of the total health care costs in  
14 the prior year and the average percentage increase of the State  
15 Health Benefits program, as annually determined by the Division of  
16 Pensions and Benefits in the Department of the Treasury.

17

18       14. Section 3 of P.L.1977, c.85 (C.34:13A-16) is amended to  
19 read as follows:

20       3. a. (1) Negotiations between a public fire or police department  
21 and an exclusive representative concerning the terms and conditions  
22 of employment shall begin at least 120 days prior to the day on  
23 which their collective negotiation agreement is to expire. The  
24 parties shall meet at least three times during that 120-day period.  
25 The first of those three meetings shall take place no later than the  
26 90th day prior to the day on which their collective negotiation  
27 agreement is to expire. By mutual consent, the parties may agree to  
28 extend the period during which the second and third meetings are  
29 required to take place beyond the day on which their collective  
30 negotiation agreement is to expire. A violation of this paragraph  
31 shall constitute an unfair practice and the violator shall be subject to  
32 the penalties prescribed by the commission pursuant to rule and  
33 regulation.

34       (2) Whenever those negotiations concerning the terms and  
35 conditions of employment shall reach an impasse, the commission,  
36 through the Division of Public Employment Relations shall, upon  
37 the request of either party, or upon its own motion take such steps,  
38 including the assignment of a mediator, as it may deem expedient to  
39 effect a voluntary resolution of the impasse.

40       b. (1) In the event of a failure to resolve the impasse by  
41 mediation, the Division of Public Employment Relations, at the  
42 request of either party, shall invoke factfinding with  
43 recommendation for settlement of all issues in dispute unless the  
44 parties reach a voluntary settlement prior to the issuance of the  
45 factfinder's report and recommended terms of settlement.  
46 Factfindings shall be limited to those issues that are within the  
47 required scope of negotiations unless the parties to the factfinding  
48 agree to factfinding on permissive subjects of negotiation. In the

1 event of a continuing failure to resolve an impasse by means of the  
2 procedure set forth in this paragraph, and notwithstanding the fact  
3 that such procedures have not been exhausted, the parties shall  
4 notify the commission, at a time and in a manner prescribed by the  
5 commission, as to whether or not they have agreed upon a terminal  
6 procedure for resolving the issues in dispute. Any terminal  
7 procedure mutually agreed upon by the parties shall be reduced to  
8 writing, provide for finality in resolving the issues in dispute, and  
9 shall be submitted to the commission for approval.

10 (2) Notwithstanding the provisions of paragraph (2) of  
11 subsection a. of this section or paragraph (1) of this subsection,  
12 either party may petition the commission for arbitration on or after  
13 the date on which their collective negotiation agreement expires.  
14 The petition shall be filed in a manner and form prescribed by the  
15 commission. The party filing the petition shall notify the other  
16 party of its action. The notice shall be given in a manner and form  
17 prescribed by the commission.

18 Within 10 days of the receipt of the notice by the non-petitioning  
19 party, the parties shall notify the commission as to whether or not  
20 they have agreed upon a terminal procedure for resolving the issues  
21 in dispute. Any terminal procedure mutually agreed upon by the  
22 parties shall be reduced to writing, provide for finality in resolving  
23 the issues in dispute, and shall be submitted to the commission for  
24 approval. If the parties fail to agree on a terminal procedure, they  
25 shall be subject to the provisions of subsection d. of this section.

26 c. Terminal procedures that are approvable include, but shall not  
27 be limited to the following:

28 (1) Conventional arbitration of all unsettled items.

29 (2) Arbitration under which the award by an arbitrator or panel  
30 of arbitrators is confined to a choice between (a) the last offer of the  
31 employer and (b) the last offer of the employees' representative, as  
32 a single package.

33 (3) Arbitration under which the award is confined to a choice  
34 between (a) the last offer of the employer and (b) the last offer of  
35 the employees' representative, on each issue in dispute, with the  
36 decision on an issue-by-issue basis.

37 (4) If there is a factfinder's report with recommendations on the  
38 issues in dispute, the parties may agree to arbitration under which  
39 the award would be confined to a choice among three positions: (a)  
40 the last offer of the employer as a single package, (b) the last offer  
41 of the employees' representative as a single package, or (c) the  
42 factfinder's recommendations as a single package.

43 (5) If there is a factfinder's report with a recommendation on  
44 each of the issues in dispute, the parties may agree to arbitration  
45 under which the award would be confined to a choice on each issue  
46 from among three positions: (a) the last offer of the employer on  
47 the issue, (b) the employee representative's last offer on the issue,  
48 or (c) the factfinder's recommendation on the issue.

1 (6) Arbitration under which the award on the economic issues in  
2 dispute is confined to a choice between (a) the last offer of the  
3 employer on the economic issues as a single package and (b) the  
4 employee representative's last offer on the economic issues as a  
5 single package; and, on any noneconomic issues in dispute, the  
6 award is confined to a choice between (a) the last offer of the  
7 employer on each issue in dispute and (b) the employee  
8 representative's last offer on that issue.

9 d. The following procedure shall be utilized if parties fail to  
10 agree on a terminal procedure for the settlement of an impasse  
11 dispute:

12 (1) In the event of a failure of the parties to agree upon an  
13 acceptable terminal procedure the parties shall separately so notify  
14 the commission in writing, indicating all issues in dispute and the  
15 reasons for their inability to agree on the procedure. The substance  
16 of a written notification shall not provide the basis for any delay in  
17 effectuating the provisions of this subsection.

18 (2) Upon receipt of such notification from either party or on the  
19 commission's own motion, the procedure to provide finality for the  
20 resolution of issues in dispute shall be binding arbitration under  
21 which the award on the unsettled issues is determined by  
22 conventional arbitration. The arbitrator shall separately determine  
23 whether the total net annual economic changes for each year of the  
24 agreement are reasonable under the eight statutory criteria set forth  
25 in subsection g. of this section.

26 e. (1) The commission shall take measures to assure the  
27 impartial selection of an arbitrator or arbitrators from its special  
28 panel of arbitrators. Unless the parties, in a time and manner  
29 prescribed by the commission, mutually agree upon the selection of  
30 an arbitrator from the commission's special panel of arbitrators and  
31 so notify the commission in writing of that selection, the  
32 assignment of any arbitrator for the purposes of this act shall be the  
33 responsibility of the commission, independent of and without any  
34 participation by either of the parties. The commission shall select  
35 the arbitrator for assignment by lot.

36 In any proceeding where an arbitrator selected by mutual  
37 agreement is unable to serve, the two parties shall be afforded an  
38 opportunity to select a replacement. If the two parties are unable to  
39 mutually agree upon the selection of a replacement within a time  
40 period prescribed by the commission, the commission shall select  
41 the replacement in the manner hereinafter provided.

42 In any proceeding where an assigned arbitrator is unable to serve  
43 or, pursuant to the preceding paragraph, the two parties are unable  
44 to mutually agree upon a replacement, the commission shall assign  
45 a replacement arbitrator. The assignment shall be the responsibility  
46 of the commission, independent of and without any participation by  
47 either of the parties. The commission shall select the replacement  
48 arbitrator for assignment by lot.

1 (2) Appointment to the commission's special panel of arbitrators  
2 shall be for a three-year term, with reappointment contingent upon a  
3 screening process similar to that used for determining initial  
4 appointments.

5 The commission may suspend, remove, or otherwise discipline  
6 an arbitrator for a violation of P.L.1977, c.85 (C.34:13A-14 et seq.),  
7 section 4 of P.L.1995, c.425 (C.34:13A-16.1) or for good cause.

8 f. (1) At a time prescribed by the commission, the parties shall  
9 submit to the arbitrator or tripartite panel of arbitrators their final  
10 offers on each economic and non-economic issue in dispute. The  
11 offers submitted pursuant to this section shall be used by the  
12 arbitrator for the purposes of determining an award pursuant to  
13 paragraph (2) of subsection d. of this section. The commission  
14 shall promulgate rules and procedures governing the submission of  
15 the offers required under this paragraph, including when those  
16 offers shall be deemed final, binding and irreversible.

17 (2) In the event of a dispute, the commission shall have the  
18 power to decide which issues are economic issues. Economic  
19 issues include those items which have a direct relation to employee  
20 income including wages, salaries, hours in relation to earnings, and  
21 other forms of compensation such as paid vacation, paid holidays,  
22 health and medical insurance, and other economic benefits to  
23 employees.

24 (3) Throughout formal arbitration proceedings the chosen  
25 arbitrator or panel of arbitrators may mediate or assist the parties in  
26 reaching a mutually agreeable settlement.

27 (4) Arbitration shall be limited to those subjects that are within  
28 the required scope of collective negotiations, except that the parties  
29 may agree to submit to arbitration one or more permissive subjects  
30 of negotiation.

31 (5) The decision of an arbitrator or panel of arbitrators shall  
32 include an opinion and an award, and shall be rendered within 120  
33 days of the selection of the arbitrator by the mutual agreement of  
34 both parties or the commission's assignment of that arbitrator or  
35 panel of arbitrators, as the case may be, pursuant to paragraph (1) of  
36 subsection e. of this section; provided, however, the arbitrator or  
37 panel of arbitrators, for good cause, may petition the commission  
38 for an extension of not more than 60 days. The two parties, by  
39 mutual consent, may agree to an extension. The parties shall notify  
40 the arbitrator and the commission of any such agreement in writing.  
41 The notice shall set forth the specific date on which the extension  
42 shall expire. Any arbitrator or panel of arbitrators violating the  
43 provisions of this paragraph may be subject to the commission's  
44 powers under paragraph (2) of subsection e. of this section. The  
45 decision shall be final and binding upon the parties and shall be  
46 irreversible, except:

47 (a) Within 14 days of receiving an award, an aggrieved party  
48 may file notice of an appeal of an award to the commission on the

1 grounds that the arbitrator failed to apply the criteria specified in  
2 subsection g. of this section or violated the standards set forth in  
3 N.J.S.2A:24-8 or N.J.S.2A:24-9. The appeal shall be filed in a form  
4 and manner prescribed by the commission. In deciding an appeal,  
5 the commission, pursuant to rule and regulation and upon petition,  
6 may afford the parties the opportunity to present oral arguments.  
7 The commission may affirm, modify, correct or vacate the award or  
8 may, at its discretion, remand the award to the same arbitrator or to  
9 another arbitrator, selected by lot, for reconsideration. An  
10 aggrieved party may appeal a decision of the commission to the  
11 Appellate Division of the Superior Court.

12 (b) An award that is not appealed to the commission shall be  
13 implemented immediately. An award that is appealed and not set  
14 aside by the commission shall be implemented within 14 days of the  
15 receipt of the commission's decision absent a stay.

16 (6) The parties shall bear the costs of arbitration subject to a fee  
17 schedule approved by the commission.

18 g. The arbitrator or panel of arbitrators shall decide the dispute  
19 based on a reasonable determination of the issues, giving due  
20 weight to those factors listed below that are judged relevant for the  
21 resolution of the specific dispute. In the award, the arbitrator or  
22 panel of arbitrators shall indicate which of the factors are deemed  
23 relevant, satisfactorily explain why the others are not relevant, and  
24 provide an analysis of the evidence on each relevant factor:

25 (1) The interests and welfare of the public. Among the items the  
26 arbitrator or panel of arbitrators shall assess when considering this  
27 factor are the limitations imposed upon the employer by P.L.1976,  
28 c.68 (C.40A:4-45.1 et seq.).

29 (2) Comparison of the wages, salaries, hours, and conditions of  
30 employment of the employees involved in the arbitration  
31 proceedings with the wages, hours, and conditions of employment  
32 of other employees performing the same or similar services and  
33 with other employees generally:

34 (a) In private employment in general; provided, however, each  
35 party shall have the right to submit additional evidence for the  
36 arbitrator's consideration.

37 (b) In public employment in general; provided, however, each  
38 party shall have the right to submit additional evidence for the  
39 arbitrator's consideration.

40 (c) In public employment in the same or similar comparable  
41 jurisdictions, as determined in accordance with section 5 of  
42 P.L.1995, c.425 (C.34:13A-16.2); provided, however, that each  
43 party shall have the right to submit additional evidence concerning  
44 the comparability of jurisdictions for the arbitrator's consideration.

45 (3) The overall compensation presently received by the  
46 employees, inclusive of direct wages, salary, vacations, holidays,  
47 excused leaves, insurance and pensions, medical and hospitalization  
48 benefits, and all other economic benefits received.

1 (4) Stipulations of the parties.

2 (5) The lawful authority of the employer. Among the items the  
3 arbitrator or panel of arbitrators shall assess when considering this  
4 factor are the limitations imposed upon the employer by P.L.1976,  
5 c.68 (C.40A:4-45.1 et seq.).

6 (6) The financial impact on the governing unit, its residents and  
7 taxpayers. When considering this factor in a dispute in which the  
8 public employer is a county or a municipality, the arbitrator or  
9 panel of arbitrators shall take into account, to the extent that  
10 evidence is introduced, how the award will affect the municipal or  
11 county purposes element, as the case may be, of the local property  
12 tax; a comparison of the percentage of the municipal purposes  
13 element or, in the case of a county, the county purposes element,  
14 required to fund the employees' contract in the preceding local  
15 budget year with that required under the award for the current local  
16 budget year; the impact of the award for each income sector of the  
17 property taxpayers of the local unit; the impact of the award on the  
18 ability of the governing body to (a) maintain existing local  
19 programs and services, (b) expand existing local programs and  
20 services for which public moneys have been designated by the  
21 governing body in a proposed local budget, or (c) initiate any new  
22 programs and services for which public moneys have been  
23 designated by the governing body in a proposed local budget.

24 (7) The cost of living.

25 (8) The continuity and stability of employment including  
26 seniority rights and such other factors not confined to the foregoing  
27 which are ordinarily or traditionally considered in the determination  
28 of wages, hours, and conditions of employment through collective  
29 negotiations and collective bargaining between the parties in the  
30 public service and in private employment.

31 (9) Statutory restrictions imposed on the employer. Among the  
32 items the arbitrator or panel of arbitrators shall assess when  
33 considering this factor are the limitations imposed upon the  
34 employer by section 10 of P.L. , c. (C. ) (pending before the  
35 Legislature as this bill).

36 h. A mediator, factfinder, or arbitrator while functioning in a  
37 mediatory capacity shall not be required to disclose any files,  
38 records, reports, documents, or other papers classified as  
39 confidential received or prepared by him or to testify with regard to  
40 mediation, conducted by him under this act on behalf of any party  
41 to any cause pending in any type of proceeding under this act.  
42 Nothing contained herein shall exempt such an individual from  
43 disclosing information relating to the commission of a crime.  
44 (cf: P.L.1997, c.183, s.1)

45  
46 15. (New section) On or before January 15, 2012, the New  
47 Jersey Tax and Fiscal Policy Study Commission created by P.L. ,  
48 c. (C. ) (pending before the Legislature as Senate Bill No. 50 of

1 2006) shall report to the Governor and Legislature, pursuant to  
2 section 2 of P.L.1991, c.164 (C.52:14-19.1), evaluating the efficacy  
3 of the tax levy caps and making recommendations.

4  
5 16. N.J.S.40A:2-3 is amended to read as follows:

6 40A:2-3. Any local unit, by bond ordinance, may incur  
7 indebtedness, borrow money, authorize and issue negotiable  
8 obligations for financing:

9 a. any capital improvement or property which it may lawfully  
10 make or acquire;

11 b. any purpose for which it is authorized or required by law to  
12 make an appropriation, except current expenses, as may be defined  
13 by rule and regulation of the Local Finance Board, and payment of  
14 obligations (other than those for temporary financing); or

15 c. the amount of any contribution by a local unit that is a  
16 sending municipality under a regional contribution agreement  
17 pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312).

18 No local unit shall borrow money or issue its obligations for  
19 purposes authorized under this chapter except as provided in this  
20 chapter.

21 (cf: P.L.1996, c.113, s.9)

22  
23 17. N.J.S.40A:2-22 is amended to read as follows:

24 40A:2-22. The governing body of the local unit shall determine  
25 the period of usefulness of any purpose according to its reasonable  
26 life computed from the date of the bonds, which period shall not be  
27 greater than the following:

28 a. Buildings and structures.

29 1. Bridges, including retaining walls and approaches, or  
30 permanent structures of brick, stone, concrete or metal, or similar  
31 durable construction, 30 years.

32 2. Buildings, including the original furnishings and equipment  
33 therefor:

34 Class A: A building, of which all walls, floors, partitions, stairs  
35 and roof are wholly of incombustible material, except the window  
36 frames, doors, top flooring and wooden handrails on the stairs, 40  
37 years;

38 Class B: A building, the outer walls of which are wholly of  
39 incombustible material, except the window frames and doors, 30  
40 years;

41 Class C: A building which does not meet the requirements of  
42 Class A or Class B, 20 years.

43 3. Buildings or structures acquired substantially reconstructed or  
44 additions thereto, one-half the period fixed in this subsection for  
45 such buildings or structures.

46 4. Additional furnishings, five years.

47 b. Marine improvements.

48 1. Harbor improvements, docks or marine terminals, 40 years.

- 1       2. Dikes, bulkheads, jetties or similar devices of stone, concrete  
2 or metal, 15 years; of wood or partly of wood, 10 years.
- 3       c. Additional equipment and machinery.
- 4       1. Additional or replacement equipment and machinery, 15  
5 years.
- 6       2. Voting machines, 15 years.
- 7       3. Information technology and telecommunications equipment, 7  
8 years, except that for items with a unit cost of less than \$5,000, 5  
9 years.
- 10      d. Real property.
- 11      1. Acquisition for any public purpose of lands or riparian rights,  
12 or both, and the original dredging, grading, draining or planting  
13 thereof, 40 years.
- 14      2. Improvement of airport, cemetery, golf course, park,  
15 playground, 15 years.
- 16      3. Stadia of concrete or other incombustible materials, 20 years.
- 17      e. Streets or thoroughfares.
- 18      1. Elimination of grade crossings, 35 years.
- 19      2. Streets or roads:
- 20          Class A: Rigid pavement. A pavement of not less than eight  
21 inches of cement concrete or a six-inch cement concrete base with  
22 not less than three-inch bituminous concrete surface course, or  
23 equivalent wearing surface, 20 years.
- 24          Flexible pavement. A pavement not less than 10 inches in depth  
25 consisting of five-inch macadam base, three-inch modified  
26 penetration macadam and three-inch bituminous concrete surface  
27 course or other pavements of equivalent strength, in accordance  
28 with the findings of the American Association of State Highway  
29 Officials (AASHO) Road Test, 20 years.
- 30          Class B: Mixed surface-treated road. An eight-inch surface of  
31 gravel, stone or other selected material under partial control mixed  
32 with cement or lime and fly ash, six inches in compacted thickness  
33 with bituminous surface treatment and cover, 10 years.
- 34          Bituminous penetration road. A five-inch gravel or stone base  
35 course and a three-inch course bound with a bituminous or  
36 equivalent binder, 10 years.
- 37          Class C: Mixed bituminous road. An eight-inch surface of  
38 gravel, stone, or other selected material under partial control mixed  
39 with bituminous material one inch or more in compacted thickness,  
40 five years.
- 41          Penetration macadam road. A road of sand, gravel or water-  
42 bound macadam, or surfacing with penetration macadam, five years.
- 43      3. Sidewalks, curbs and gutters of stone, concrete or brick, 10  
44 years.
- 45      The period of usefulness in this subsection shall apply to  
46 construction and reconstruction of streets and thoroughfares.
- 47      f. Utilities and municipal systems.



- 1       1. Sewerage system, whether sanitary or storm water, water  
2 supply or distribution system, 40 years.
- 3       2. Electric light, power or gas systems, garbage, refuse or ashes  
4 incinerator or disposal plant, 25 years.
- 5       3. Communication and signal systems, 10 years.
- 6       4. House connections to publicly-owned gas, water or sewerage  
7 systems from the service main in the street to the curb or property  
8 lines where not part of original installation, five years.
- 9       g. Vehicles and apparatus.
  - 10      1. Fire engines, apparatus and equipment, when purchased new,  
11 but not fire equipment purchased separately, 10 years.
  - 12      2. Automotive vehicles, including original apparatus and  
13 equipment (other than passenger cars and station wagons), when  
14 purchased new, five years.
  - 15      3. Major repairs, reconditioning or overhaul of fire engines and  
16 apparatus, ambulances, rescue vehicles, and similar public safety  
17 vehicles (other than passenger cars and station wagons) which may  
18 reasonably be expected to extend for at least five years the period of  
19 usefulness thereof, five years.
- 20       h. The closure of a sanitary landfill facility utilized, owned or  
21 operated by a county or municipality, 15 years; provided that the  
22 closure has been approved by the Board of Public Utilities and the  
23 Department of Environmental Protection. For the purposes of this  
24 subsection "closure" means all activities associated with the design,  
25 purchase or construction of all measures required by the  
26 Department of Environmental Protection, pursuant to law, in order  
27 to prevent, minimize or monitor pollution or health hazards  
28 resulting from sanitary landfill facilities subsequent to the  
29 termination of operations at any portion thereof, including, but not  
30 necessarily limited to, the costs of the placement of earthen or  
31 vegetative cover, and the installation of methane gas vents or  
32 monitors and leachate monitoring wells or collection systems at the  
33 site of any sanitary landfill facility.
- 34       i. **Any purpose, except vehicles, not included in the foregoing,**  
35 **for which obligations may be issued, 15 years.** (Deleted by  
36 amendment, P.L. , c. .) (pending before the Legislature as this  
37 bill)
- 38       j. The prefunding of a claims account for environmental liability  
39 claims by an environmental impairment liability insurance pool  
40 pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.  
41 (cf: P.L.2005, c.174, s.1)
- 42
- 43       18. (New section) A local unit may request, in a form and  
44 manner determined by rule and regulation of the Local Finance  
45 Board, that the Director of the Division of Local Government  
46 Services in the Department of Community Affairs determine a  
47 period of usefulness for any capital improvement or property not

1 included in N.J.S.40A:2-22, provided that the maximum period of  
2 usefulness so determined shall not exceed 15 years.

3

4 19. The title of P.L.1999, c.63 is amended to read as follows:  
5 **AN ACT** providing for direct property tax relief for individual  
6 homestead owners and renters in this State, establishing the New  
7 Jersey **[School Assessment Valuation Exemption Relief and]**  
8 Homestead Property Tax **[Rebate]** Credit Act (the NJ **[SAVER**  
9 **and]** Homestead **[Rebate]** Credit Act), amending and  
10 supplementing P.L.1990, c.61 (C.54:4-8.57 et seq.), amending  
11 P.L.1981, c.239 and P.L.1997, c.348, and making an  
12 appropriation.

13 (cf: P.L.1999, c.63, Title)

14

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

17 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through  
18 54:4-8.66) and sections 3, 14 through 16, 18 and 19 of P.L.1999,  
19 c.63 (C.54:4-8.58a and C.54:4-8.66a through C.54:4-8.66e) shall be  
20 known and may be cited as the "**[2004]** Homestead Property Tax  
21 **[Rebate]** Credit Act".

22 (cf: P.L.2004, c.40, s.1)

23

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

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

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

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

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

43 "Continuing care retirement community" means a residential  
44 facility primarily for retired persons where lodging and nursing,  
45 medical or other health related services at the same or another  
46 location are provided as continuing care to an individual pursuant to  
47 an agreement effective for the life of the individual or for a period  
48 greater than one year, including mutually terminable contracts, and

1 in consideration of the payment of an entrance fee with or without  
2 other periodic charges;

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

10 "Director" means the Director of the Division of Taxation in the  
11 Department of the Treasury;

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

17 "Homestead" means:

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

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

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

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

42 b. a unit in a cooperative or mutual housing corporation which  
43 constitutes the place of domicile of a residential shareholder or  
44 lessee therein, or of a lessee, or shareholder who is not a residential  
45 shareholder therein, and which is used by the claimant as the  
46 claimant's principal residence; and

47 c. a unit of residential rental property which unit constitutes the  
48 place of the claimant's domicile and is used by the claimant as the

1 claimant's principal residence;

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

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

12 "Manufactured home" or "mobile home" means a unit of housing  
13 which:

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

17 (2) Is built on a permanent chassis;

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

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

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

37 (1) The construction and maintenance of streets;

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

39 (3) Garbage removal;

40 (4) Snow removal; and

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

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

1 "Principal residence" means a homestead actually and  
2 continually occupied by a claimant as the claimant's permanent  
3 residence, as distinguished from a vacation home, property owned  
4 and rented or offered for rent by the claimant, and other secondary  
5 real property holdings;

6 "Property tax" means payments to a municipality based upon an  
7 assessment made by the municipality upon real property on an ad  
8 valorem basis on land and improvements, but shall not include  
9 payments made in lieu of taxes;

10 "Rent" means the amount due in an arm's-length transaction  
11 solely for the right of occupancy of a homestead that is a unit of  
12 residential rental property. Rent shall not include any amount paid  
13 under the federal Housing Choice Voucher (Section 8) Program or  
14 paid as a rental assistance grant under section 1 of P.L.2004, c.140  
15 (C.52:27D-287.1). If the director finds that the parties in a rental  
16 transaction have not dealt with each other in an arm's-length  
17 transaction and that the rent due was excessive, the director may,  
18 for purposes of the homestead rebate claim, adjust the rent claimed  
19 in the homestead rebate application to a reasonable amount of rent;

20 "Rent constituting property taxes" means 18% of the rent paid by  
21 the homestead rebate claimant during the tax year on a unit of  
22 residential rental property which constitutes the claimant's  
23 homestead, and in the case of a manufactured home or mobile home  
24 in a mobile home park which constitutes the claimant's homestead  
25 means 18% of the site fee paid by the claimant during the tax year  
26 to the owner of the mobile home park. Provided however, that for  
27 tax year 2004 and for each tax year thereafter, rent constituting  
28 property taxes shall equal 18% of annualized rent, and in the case of  
29 a manufactured home or mobile home in a mobile home park rent  
30 constituting property taxes shall equal 18% of a similarly  
31 annualized site fee;

32 "Resident" means an individual:

33 a. who is domiciled in this State, unless he maintains no  
34 permanent place of abode in this State, maintains a permanent place  
35 of abode elsewhere, and spends in the aggregate no more than 30  
36 days of the tax year in this State; or

37 b. who is not domiciled in this State but maintains a permanent  
38 place of abode in this State and spends in the aggregate more than  
39 183 days of the tax year in this State, unless the individual is in the  
40 Armed Forces of the United States;

41 "Residential rental property" means:

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

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

47 c. any building or structure or complex of buildings or structures  
48 constructed under the following sections of the National Housing

1 Act (Pub.L.73-479) as amended and supplemented: section 202,  
2 Housing Act of 1959 (Pub.L.86-372) and as subsequently amended,  
3 section 231, Housing Act of 1959; and

4 d. a site in a mobile home park equipped for the installation of  
5 manufactured or mobile homes, where these sites are under  
6 common ownership and control for the purpose of leasing each site  
7 to the owner of a manufactured or mobile home for the installation  
8 thereof;

9 "Residential shareholder in a cooperative or mutual housing  
10 corporation" means a tenant or holder of a membership interest in  
11 that cooperative or corporation, whose residential unit therein  
12 constitutes the tenant or holder's domicile and principal residence,  
13 and who may deduct real property taxes for purposes of federal  
14 income tax pursuant to section 216 of the federal Internal Revenue  
15 Code of 1986, 26 U.S.C. s.216; and

16 "Tax year" means the calendar year in which property taxes are  
17 due and payable.

18 (cf: P.L.2004, c.40, s.2)

19

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

22 3. a. For tax year 2003, the director shall determine the amount  
23 of the homestead rebate that shall be paid to each claimant pursuant  
24 to P.L.1990, c.61 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-  
25 8.58a et al.), as amended by P.L.2004, c.40, based upon the  
26 information provided by the individual applicant in the application  
27 for either a NJ SAVER rebate or for a homestead rebate, or from  
28 any other information as may be available to the director in order  
29 that each individual applicant shall be paid the homestead rebate  
30 that may be allowed to the claimant pursuant to sections 3 through 5  
31 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director  
32 determines is appropriate.

33 b. (1) For tax year 2003, a resident of this State who has paid  
34 property taxes for the tax year on a homestead that is owned as  
35 such, who has filed an application for an NJ SAVER rebate  
36 pursuant to the provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), or  
37 pursuant to that act as amended and supplemented by P.L.2004,  
38 c.40, and who meets the prerequisites for an NJ SAVER rebate at  
39 12:01 A.M. on October 1, 2003 for that tax year, shall be  
40 considered to have applied for a homestead rebate and shall be  
41 allowed a homestead rebate instead of an NJ SAVER rebate for that  
42 tax year pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.), and  
43 P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.40.  
44 An application for an NJ SAVER rebate shall be allowed as a  
45 homestead rebate for a homestead the title to which is held by a  
46 partnership, to the extent of the applicant's interest as a partner  
47 therein, and by a guardian, trustee, committee, conservator or other  
48 fiduciary for any individual who would otherwise be eligible for an

1 NJ SAVER rebate. An application for an NJ SAVER rebate shall  
2 not be allowed for a homestead, the title to which is held partially  
3 or entirely by a corporate entity of any type, except as otherwise  
4 specifically allowed for applications from residents of properties  
5 owned by continuing care retirement community, cooperative or  
6 mutual housing corporations.

7 (2) For tax year 2004 and **[for tax years thereafter]** tax year  
8 2005, any rebates applied for and paid pursuant to P.L.1990, c.61  
9 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-8.58a et al.), as  
10 amended and supplemented by P.L.2004, c.40, shall be homestead  
11 rebates.

12 (3) For tax year 2006 and for tax years thereafter, any homestead  
13 benefit applied for and provided pursuant to this act shall be a  
14 rebate or credit, as annually determined by the Director of the  
15 Division of Taxation.

16 (cf: P.L.2004, c.40, s.3)

17

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

20 3. a. A resident of this State shall be allowed a homestead rebate  
21 or credit for the tax year equal to the amount **[by which]**  
22 determined as a percentage of property taxes not in excess of  
23 \$10,000 paid by the claimant in that tax year on the claimant's  
24 homestead **[exceed 5% of the claimant's gross income]**, rounded to  
25 the nearest whole dollar, **[but within the appropriate range, but not**  
26 **more than the amount of property taxes actually paid. As used in**  
27 **this section,**

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

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

34 Range 3 equals \$500 for tax year 2003, and shall be subject to  
35 the cost-of-living adjustment for each tax year thereafter as  
36 provided in subsection h. of this section. **]**

37 as follows:

38

For Resident Taxpayer With Tax

<u>Year Gross Income:</u>	<u>Percentage:</u>
<u>not over</u>	
<u>\$100,000.....</u>	<u>20%</u>
<u>over \$100,000</u>	
<u>but not over</u>	
<u>\$150,000.....</u>	<u>15%</u>

over \$150,000  
but not over  
\$250,000.....10%

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

5       With Tax Year Gross Income:       Range:  
6       not over \$70,000                   (1)  
7       over \$70,000 but  
8       not over \$125,000               (2)  
9       over \$125,000 but  
10      not over \$200,000               (3)**]**

11 , shall be allowed a homestead rebate or credit for the tax year equal  
12 to the greater of (a) the amount determined pursuant to subsection a.  
13 of this section or (b) the amount equal to an amount by which  
14 property taxes paid by the claimant in that tax year on the claimant's  
15 homestead exceed 5% of the claimant's gross income, rounded to  
16 the nearest whole dollar, but within the appropriate range, but not  
17 more than the amount of property taxes actually paid, as follows:

With Tax Year Gross Income:                   Range:  
not over \$70,000..... \$1,200 to \$1,000  
over \$70,000  
but not over \$125,000..... \$800 to \$600  
over \$125,000  
but not over \$200,000..... \$500

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

22       With Tax Year Gross Income:       Range:  
23       not over \$125,000                   (2)  
24       over \$125,000 but  
25       not over \$200,000               (3)

26       (3) (a) A homestead rebate shall be allowed for tax year 2003  
27 pursuant to this section in relation to the amount of the property  
28 taxes actually paid by or allocable to a resident property taxpayer  
29 who is a claimant on more than one homestead, but the aggregate  
30 amount of the property taxes claimed shall not exceed the total of  
31 the proportionate amounts of property taxes assessed and levied  
32 against or allocable to each homestead for the portion of the tax  
33 year the claimant occupied it as the claimant's principal residence.

34       (b)**]**Notwithstanding any provision of this act to the contrary, a  
35 homestead rebate or credit shall be allowed **for tax year 2004 and**  
36 **thereafter** pursuant to this section in relation to the amount of the  
37 property taxes actually paid during the tax year for the homestead  
38 owned and occupied as such at 12:01 a.m. on October 1 of the tax



1 year, whether paid for the entire tax year by the claimant or by any  
2 pre-October 1 owner or owners of that homestead during that tax  
3 year.

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

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

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

40 d. If the homestead of a claimant is a residential property  
41 consisting of more than one unit, that claimant shall be allowed a  
42 homestead rebate or credit pursuant to this section only in relation  
43 to the proportionate share of the property taxes assessed and levied  
44 against the residential unit occupied by that claimant, as determined  
45 by the local tax assessor.

46 e. Nothing in this section shall preclude a co-owner, who is  
47 other than a husband or wife claiming a homestead rebate or credit  
48 on the same homestead, from receiving a homestead rebate or credit

1 determined pursuant to this section if another co-owner claims a  
2 homestead rebate or credit pursuant to this section, provided  
3 however, that each claim for a homestead rebate or credit  
4 determined pursuant to this section shall be separately subject to  
5 the provisions of subsections c. and d. of this section.

6 f. (Deleted by amendment, P.L.2004, c.40.)

7 g. (Deleted by amendment, P.L.2004, c.40.)

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

16 (2) "Cost-of-living adjustment" for any tax year means the factor  
17 calculated by dividing the consumer price index for all urban  
18 consumers for the nation, as prepared by the United States  
19 Department of Labor as of the close of the 12-month period ending  
20 on August 31 of the tax year, by that index as of the close of the 12-  
21 month period ending on August 31 of the calendar year preceding  
22 the tax year in which the recomputation of the homestead rebate  
23 ranges is made.] (Deleted by amendment, P.L. , c. .) (pending  
24 before the Legislature as this bill)  
25 (cf: 2004, c.40, s.4)

26  
27 24. Section 6 of P.L.1990, c.61 (C.54:4-8.62) is amended to read  
28 as follows:

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

1 P.L.1990, c.61 (C.54:4-8.59) shall be submitted (1) as part of the  
2 applicant's gross income tax return filed pursuant to the "New  
3 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or (2) on any  
4 other form, in any other format and at any time and prior to any  
5 date as the director shall prescribe. The director shall, for good  
6 cause shown, extend the time of any applicant to file a claim for a  
7 homestead rebate or credit for a reasonable period, and in such case,  
8 the application shall be processed and payment of a homestead  
9 rebate or credit made in accordance with the procedures established  
10 in the case of applications timely filed, except the date for payment  
11 of the rebate or credit may be delayed for a reasonable period. If an  
12 applicant or an applicant's spouse has filed an application for an  
13 extension of time to file a gross income tax return, the date by  
14 which the applicant shall file the homestead rebate or credit  
15 application may, in the discretion of the director, be extended for a  
16 reasonable period, and the date for the payment of the rebate or  
17 credit may be delayed for a reasonable period. The director may  
18 require sworn applications. In the event that the director waives the  
19 requirement of sworn applications, all declarations by claimants  
20 shall be considered as if made under oath and claimants, as to false  
21 declarations, shall be subject to the penalties as provided by law for  
22 perjury.

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

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

44 c. If a homestead rebate application contains a claim for a rebate  
45 or credit that is incorrectly determined by the claimant or is based  
46 upon incorrect or insufficient information from which the director is  
47 to approve the claim, the director may determine the eligibility of  
48 the claimant for a homestead rebate or credit and the correct amount

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

7 d. In the case of a claimant for a homestead rebate whose  
8 homestead is a unit in a cooperative, mutual housing corporation or  
9 continuing care retirement community, the director may provide  
10 that the application shall include the name and address of the  
11 location of the property and the amount of real property taxes  
12 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  
16 retirement community for the same year.

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

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

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

37 (cf: P.L.2004, c.40, s.7)

38

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

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

47 b. A homestead credit allowed by the Director of the Division of  
48 Taxation to a claimant who claimed a homestead credit pursuant to

1 section 3 of P.L.1990, c.61 (C.54:4-8.59), and whose homestead is  
2 not a unit in a cooperative, mutual housing corporation or  
3 continuing care retirement community, shall be paid by the State  
4 Treasurer, through electronic funds transfer made by the director to  
5 the local property tax account maintained by the local tax collector  
6 for the homestead of the claimant as the claimant shall identify, in  
7 equal installments after the application for the credit has been  
8 approved, at the dates and in the manner as the director shall  
9 determine to best coincide with the next local property tax quarterly  
10 due dates of August 1 and November 1. Notice of payments of  
11 credit installments shall be provided to the claimant and the  
12 appropriate local tax collector.

13 c. Notwithstanding subsection b. of this section, the director  
14 shall provide a homestead benefit under this act as a credit only if  
15 the director can ensure that the benefit will be applied to the  
16 appropriate taxpayer. Otherwise, the director may remit a  
17 homestead benefit to an eligible taxpayer as a rebate.

18 d. Notwithstanding subsection b. of this section, a resident  
19 homeowner of this State who is 65 years of age or older at the close  
20 of the tax year or who is allowed to claim a personal deduction as a  
21 blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-  
22 1, shall receive the credit in the form of a rebate payment in  
23 calendar year 2007, but will receive credits in future years starting  
24 in calendar year 2008, unless the claimant elects in the claimant's  
25 homestead credit application to receive a rebate.

26 e. Notwithstanding subsection b. of this section, if the director  
27 determines that homestead benefits for a particular tax year cannot  
28 be administered and delivered as credits efficiently, the director  
29 may remit homestead benefits for that year as rebates.

30 (cf: P.L.2004, c.40, s.8)

31

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

34 8. a. The tax collector of each municipality shall, on or before  
35 **【May 15】** April 1 of each year, furnish the director with a list of  
36 property taxpayers in the district delinquent for taxes due and  
37 payable for the year immediately preceding and the amounts of such  
38 delinquencies. The collector shall report on such list the name, lot  
39 and block number on the property tax duplicate as may be  
40 applicable, and the address of each owner to whom a delinquency is  
41 attributable together with the amount of such delinquency so  
42 identified. No homestead rebate payment under this act shall be  
43 made to a property owner, and no homestead credit shall be applied  
44 as provided in subsection b. of section 7 of P.L.1990, c.61 (C.54:4-  
45 8.63), while that property owner's delinquency remains; provided  
46 however that for the purposes of this act, for an assessment on a  
47 property which is on appeal and for which the statutory percentage

- 1 of the tax as provided in R.S.54:3-27 has been paid, the taxes  
2 assessed on that property shall not be regarded as delinquent.
- 3 b. If the director receives the list as provided for in subsection a.  
4 of this section, and the director determines that a property tax  
5 delinquency remains for the preceding tax year on ~~【May 15】~~ April  
6 1, the director shall ascertain the amount of the homestead rebate or  
7 credit required to be withheld because of such delinquency in each  
8 municipality in the State, and shall certify such amounts to the State  
9 Treasurer as soon thereafter as may be practicable.
- 10 c. On or before November 15, the director shall notify each  
11 homestead rebate or credit claimant whose rebate or credit has been  
12 withheld because of delinquency that the amount of the rebate or  
13 credit to which the claimant otherwise would have been entitled has  
14 been sent to the tax collector in the municipality to be credited  
15 against the claimant's delinquency.
- 16 d. Upon certification by the director as to the amount of  
17 homestead rebates or credits required to be withheld because of  
18 delinquency in the several municipalities, the State Treasurer upon  
19 the warrant of the ~~【State Comptroller】~~ Director of the Division of  
20 Budget and Accounting, shall pay such amount on or before  
21 October 30 to the tax collector in each municipality.
- 22 e. The tax collector in each municipality shall credit the tax  
23 delinquency of each property taxpayer who appears on the  
24 delinquency list set forth in subsection a. of this section in the  
25 amount that otherwise would have been returned to the property  
26 taxpayer as a homestead rebate or credit. In the event that the  
27 amount so credited by the tax collector exceeds the amount of  
28 delinquency, the tax collector may return the difference to the  
29 taxpayer or credit such amount to the subsequent property tax bill.
- 30 f. In the case of delinquency in the payment of property taxes by  
31 a cooperative, mutual housing corporation or continuing care  
32 retirement community, a homestead rebate that may be due an  
33 individual resident shall be paid by the State Treasurer to the tax  
34 collector of the municipality. The tax collector shall credit the  
35 cooperative, mutual housing corporation or continuing care  
36 retirement community with such payment and the cooperative,  
37 mutual housing corporation or continuing care retirement  
38 community shall, in turn, credit the individual unit owner to the  
39 extent of the rebate and notify the applicant of the amount to be  
40 credited.
- 41 g. If a tax collector fails to comply with the provisions of  
42 subsection a. of this section requiring the tax collector to furnish the  
43 director with a list, on or before ~~【May 15】~~ April 1 of each year, of  
44 property taxpayers in the district delinquent for taxes due and  
45 payable for the year immediately preceding and the amounts of such  
46 delinquencies, the director shall either pay the homestead rebate  
47 directly to the delinquent applicant rather than to the tax collector of

1 the municipality as set forth in subsection d. of this section or  
2 provide a credit for the applicant under this act.

3 h. All provisions of this section shall apply to NJ SAVER rebate  
4 applications filed for and paid as homestead rebates for tax year  
5 2003.

6 (cf: P.L.2004, c.40, s.9)

7  
8 27. Section 9 of P.L.1990, c.61 (C.54:4-8.65) is amended to read  
9 as follows:

10 9. The homestead rebates and credits authorized under this act  
11 shall not be subject to garnishment, attachment, execution or other  
12 legal process, except as provided in section 1 of P.L.1981, c.239  
13 (C.54A:9-8.1), or except for an income withholding order issued  
14 pursuant to P.L.1981, c.417 (C.2A:17-56.8 et seq.), nor shall the  
15 payment thereof be anticipated.

16 (cf: P.L.2004, c.40, s.10)

17  
18 28. Section 10 of P.L.1990, c.61 (C.54:4-8.66) is amended to  
19 read as follows:

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

35 (2) An applicant for a homestead rebate or credit authorized  
36 under this act who is aggrieved by any decision, order, finding, or  
37 denial by the director of all or part of that applicant's homestead  
38 rebate or credit may appeal therefrom to the New Jersey Tax Court  
39 in accordance with the provisions of the State Uniform Tax  
40 Procedure Law, R.S. 54-48-1 et seq.

41 b. The appeal provided by this section shall be the exclusive  
42 remedy available to an applicant for review of a decision of the  
43 director in respect to the determination of all or part of a homestead  
44 rebate or credit authorized under this act.

45 (cf: P.L.2004, c.40, s.12)

46  
47 29. Section 14 of P.L.1999, c.63 (C.54:4-8.66a) is amended to  
48 read as follows:

1       14. Any individual who receives a homestead rebate or credit  
2 otherwise authorized under this act but as a result of an intentional  
3 misrepresentation of a material fact shall be required to repay to the  
4 director the amount of the homestead rebate or credit and shall be  
5 liable to a penalty equal to 150% of the amount of the homestead  
6 rebate or credit paid as a result of that misrepresentation.  
7 (cf: 2004, c.40, s.13)

8  
9       30. Section 15 of P.L.1999, c.63 (C.54:4-8.66b) is amended to  
10 read as follows:

11       15. Any person who receives a homestead rebate or credit  
12 otherwise authorized under this act but which has been paid in error  
13 and which is recoverable by the director, and fails to return the  
14 payment within 45 days of receiving notice from the director that  
15 such payment was erroneous, shall pay, in addition to the amount of  
16 the erroneous rebate or credit, interest at the rate prescribed in  
17 R.S.54:49-3, assessed for each month or fraction thereof,  
18 compounded annually at the end of each year, from the date next  
19 following the 45th day after receiving the notice from the director  
20 that such payment was erroneous until the date of the return of the  
21 erroneous payment.  
22 (cf: P.L.2004, c.40, s.14)

23  
24       31. Section 16 of P.L.1999, c.63 (C.54:4-8.66c) is amended to  
25 read as follows:

26       16. A homestead rebate or credit paid as a result of  
27 misrepresentation or paid in error and any penalties and interest as  
28 imposed thereon by this act, shall be payable to and recoverable by  
29 the director in the same manner as a deficiency with respect to the  
30 payment of a State tax in accordance with the State Uniform Tax  
31 Procedure Law, R.S.54:48-1 et seq.  
32 (cf: P.L.2004, c.40, s.15)

33  
34       32. Section 6 of P.L.1997, c.348 (C.54:4-8.73) is amended to  
35 read as follows:

36       6. Pursuant to the "Administrative Procedure Act," P.L.1968,  
37 c.410 (C.52:14B-1 et seq.), the director shall promulgate such rules  
38 and regulations and prescribe such forms as the director shall deem  
39 necessary to implement this act. The director shall also promulgate  
40 rules and regulations to implement an appeals process for aggrieved  
41 persons to use if eligibility for a homestead property tax  
42 reimbursement rebate or credit is denied.  
43 (cf: P.L.1997, c.348, s.6)

44  
45       33. R.S.54:4-64 is amended to read as follows:

46       54:4-64. a. (1) As soon as the tax duplicate is delivered to the  
47 collector of the taxing district, as provided in R.S.54:4-55, he shall  
48 at once begin the work of preparing, completing, mailing or



1 otherwise delivering tax bills to the individuals assessed[, and shall  
2 complete that work on or before June 14]. He shall also[, at least  
3 two months before the first installment of taxes for the calendar  
4 year falls due,] prepare and mail, or otherwise deliver to the  
5 individuals assessed, a tax bill for such following first and second  
6 installments, computed as provided in R.S.54:4-66 or section 2 of  
7 P.L.1994, c.72 (C.54:4-66.1), as appropriate.

8 (2) When any individual assessed has authorized the collector to  
9 mail or otherwise deliver his tax bill to a mortgagee or any other  
10 agent, the collector shall, at the same time, mail or otherwise  
11 deliver a duplicate tax bill to the individual assessed and shall print  
12 across the face of such duplicate tax bill the following inscription:  
13 "This is not a bill -- for advice only."

14 (3) The validity of any tax or assessment, or the time at which it  
15 shall be payable, shall not be affected by the failure of a taxpayer to  
16 receive a tax bill, but every taxpayer is put on notice to ascertain  
17 from the proper official of the taxing district the amount which may  
18 be due for taxes or assessments against him or his property.

19 (4) Notwithstanding the provisions of any law to the contrary,  
20 the third installment of current year taxes shall not be subject to  
21 interest until the later of August 1, the additional interest-free  
22 period authorized pursuant to R.S.54:4-67, or the twenty-fifth  
23 calendar day after the date that the tax bill for the third installment  
24 was mailed or otherwise delivered. Any payment received after the  
25 later of August 1, the additional interest-free period authorized  
26 pursuant to R.S.54:4-67, or the twenty-fifth calendar day after the  
27 date that the tax bill for the third installment was mailed or  
28 otherwise delivered may be charged interest back to August 1. The  
29 tax bill shall contain a notice specifying the date on which interest  
30 may begin to accrue.

31 b. As provided in subsection a. of this section, a mortgagor as  
32 the individual assessed for property taxes or other municipal  
33 charges with respect to the property securing a mortgage loan, may  
34 authorize the tax collector to mail or otherwise deliver his tax bill to  
35 a mortgagee or servicing organization. This tax authorization form  
36 shall be assignable in the event the mortgagee or servicing  
37 organization sells, assigns or transfers the servicing of the mortgage  
38 loan to another mortgagee or servicing organization.

39 c. The tax collector of the taxing district shall, upon receipt of a  
40 written request from a mortgagee or servicing organization on a  
41 form approved by the commissioner, mail or otherwise deliver a  
42 mortgagor's tax bill to a property tax processing organization. The  
43 commissioner shall provide by regulation for a procedure by which  
44 the tax collector of a taxing district may request the Director of the  
45 Division of Local Government Services in the Department of  
46 Community Affairs to review the appropriateness of the request to  
47 mail or otherwise deliver a mortgagor's tax bill to a property tax  
48 processing organization.

1 d. If a mortgagee, servicing organization, or property tax  
2 processing organization requests a duplicate copy of a tax bill, the  
3 tax collector of a taxing district shall issue a duplicate copy and  
4 may charge a maximum of \$5 for the first duplicate copy and a  
5 maximum of \$25 for each subsequent duplicate copy of the same  
6 tax bill in the same fiscal year, the actual charge being set by  
7 municipal ordinance. The commissioner shall promulgate  
8 regulations to effectuate the provisions of this subsection d. which  
9 regulations shall include a procedure by which a mortgagee,  
10 servicing organization, or property tax processing organization may  
11 appeal and be reimbursed for the amount it has paid for a duplicate  
12 copy of a tax bill, or any part thereof.

13 e. As used in subsections a., b., c., and d. of this section,  
14 "mortgagee," "mortgagor," "mortgage loan," "servicing  
15 organization" and "property tax processing organization" shall have  
16 the same meaning as the terms have pursuant to section 1 of  
17 P.L.1990, c.69 (C.17:16F-15).  
18 (cf: P.L.1994, c.32, s.1)

19

20 34. R.S.54:4-65 is amended to read as follows:

21 54:4-65. a. The Director of the Division of Local Government  
22 Services in the Department of Community Affairs shall approve the  
23 form and content of property tax bills.

24 b. (1) Each tax bill shall have printed thereon a brief tabulation  
25 showing the distribution of the amount raised by taxation in the  
26 taxing district, in such form as to disclose the rate per \$100.00 of  
27 assessed valuation or the number of cents in each dollar paid by the  
28 taxpayer which is to be used for the payment of State school taxes,  
29 other State taxes, county taxes, local school expenditures and other  
30 local expenditures. The last named item may be further subdivided  
31 so as to show the amount for each of the several departments of the  
32 municipal government. In lieu of printing such information on the  
33 tax bill, any municipality may furnish the tabulation required  
34 hereunder and any other pertinent information in a statement  
35 accompanying the mailing or delivery of the tax bill.

36 (2) When a parcel receives a homestead property tax credit  
37 pursuant to provisions of P.L. , c. (C. ) (pending before the  
38 Legislature as this bill), the amount of the credit shall be included  
39 with the tax calculation as a reduction in the total tax calculation for  
40 the year. One-half of the amount of the credit shall be deducted  
41 from taxes otherwise due for the third installment and the remaining  
42 one-half shall be deducted from taxes otherwise due for the fourth  
43 installment.

44 (3) There shall be included on or with the tax bill the delinquent  
45 interest rate or rates to be charged and any end of year penalty that  
46 is authorized and any other such information that the director may  
47 require from time to time.

1 c. The **[appropriate]** tax bill **[or form mailed with the tax bill]**  
2 shall also **[contain a statement reporting]** include a calculation  
3 stating the amounts of State aid and assistance received by the  
4 municipality, school districts, special districts and county  
5 governments **[used to offset local tax levies]** that offset property  
6 taxes that are otherwise due on each parcel. The director shall  
7 **[provide]** certify to each tax collector [with a certification of] the  
8 amounts of said State aid and assistance **[for inclusion in the tax**  
9 **bill]** that shall serve as the basis for the calculation for each parcel.  
10 The director shall set standards for the calculation and display of  
11 the statement on the tax bill.

12 d. The tax bill or form mailed with the tax bill shall include  
13 thereon the date upon which each installment is due.

14 e. If a property tax bill includes in its calculation a homestead  
15 property tax credit, the bill shall, in addition to the calculation  
16 showing taxes due, either display a notice concerning the credit on  
17 the face of the property tax bill or with a separate notice, with the  
18 content and wording as the director provides.

19 (cf: P.L.1997, c.99, s.1)

20

21 35. Section 3 of P.L.1994, c.72 (C.54:4-66.2) is amended to read  
22 as follows:

23 3. a. Notwithstanding any provision of law, rule or regulation to  
24 the contrary, whenever a municipal governing body determines that  
25 the municipal tax collector will be unable to complete the mailing  
26 or delivery of tax bills in a municipality operating under a calendar  
27 fiscal year by June 14 or in a municipality operating under the State  
28 fiscal year by June 14 or December 1, as appropriate, because the  
29 county board of taxation has not certified a tax levy, or for any  
30 other reason, subject to regulations promulgated by the Local  
31 Finance Board, the governing body may direct, by resolution, the  
32 collector to prepare, complete, mail or otherwise deliver as soon as  
33 practicable to each individual assessed, or as provided in R.S.54:4-  
34 64 to the individual's mortgagee or servicing organization,  
35 estimated and reconciled tax bills in accordance with the procedures  
36 set forth in section 4 or 5, as appropriate, of P.L.1994, c.72 (C.54:4-  
37 66.3 or C.54:4-66.4).

38 b. Except as otherwise provided for by this section, an estimated  
39 tax bill and a reconciled tax bill issued pursuant to subsection a. of  
40 this section shall be considered the same as a regular tax bill with  
41 regard to other laws governing tax bills.

42 c. An estimated tax bill issued pursuant to this section may be  
43 used by a mortgagee or servicing organization in calculating the  
44 anticipated disbursements from mortgage escrow accounts as  
45 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

46 d. Notwithstanding anything in Title 54 of the Revised Statutes  
47 to the contrary, a municipality shall not issue more than four

1 quarterly installment tax bills, whether estimated or final, during  
2 any calendar year. This subsection shall not apply to bills for added  
3 or omitted assessments.

4 e. The provisions of this section and sections 4 and 5 of  
5 P.L.1994, c.72 (C.54:4-66.3 and C.54:4-66.4) related to third  
6 installment tax bills shall not be operative in years when homestead  
7 property tax credits are provided through the property tax billing  
8 process. In such years, the director shall notify municipal officials  
9 of the suspension of this provision and that no estimated tax bills  
10 shall be printed or otherwise issued.

11 (cf: P.L.1994, c.72, s.3)

12

13 36. R.S.54:4-74 is amended to read as follows:

14 54:4-74. The governing body of each municipality shall cause to  
15 be paid to the treasurer of the county, in four installments, the  
16 amount of county taxes required to be assessed and raised in such  
17 municipality, on the fifteenth day of the month in which each  
18 installment of taxes shall become payable, except, that in those  
19 years when the third installment has been determined by the tax  
20 collector to be due after August 10, the installment shall be due no  
21 later than five days after the twenty-fifth day from when the tax bill  
22 was mailed or otherwise delivered pursuant to subsection a. of  
23 R.S.54:4-64, but no later than September 15. The amount to be  
24 payable as each of the first two installments shall be one-quarter of  
25 the total tax finally levied against the municipality for the preceding  
26 year, and the amount to be payable for the third and fourth  
27 installments shall be the full tax as levied for the current year, less  
28 the amount charged as the first and second installments. The  
29 amount thus found to be payable as the last two installments shall  
30 be divided equally for and as each installment. The governing body  
31 of each municipality shall cause to be paid to the county treasurer  
32 on December fifteenth of each year all of the taxes required to be  
33 assessed and raised by taxation in such taxing district for state  
34 school and other state purposes.

35 (cf: R.S.54:4-74)

36

37 37. R.S.54:4-75 is amended to read as follows:

38 54:4-75. The governing body of each municipality shall pay  
39 over to the custodian of school moneys, in the case of school  
40 districts in which appropriations for school purposes are made by  
41 the inhabitants of the school district, within forty days after the  
42 beginning of the school year, twenty per centum (20%) of the  
43 appropriation for local school purposes, and thereafter, but prior to  
44 the last day of the school year, the balance of the moneys raised in  
45 the municipality for school purposes in such amounts as may from  
46 time to time be requested by the Board of Education, within thirty  
47 days after each request. The Board of Education shall not request  
48 any more money at any one time than shall be required for its

1 expenditures for a period of eight weeks in advance; provided,  
2 however, that the Board of Education may at any time, but not  
3 earlier than fifteen days prior to the beginning of the school year,  
4 request sufficient moneys to meet all interest and debt redemption  
5 charges maturing during the first forty days of the school year. The  
6 governing body may make payments of such moneys in advance of  
7 the time and in excess of the amounts required by this section.  
8 Notwithstanding provisions of this section to the contrary, in those  
9 years when the third installment of property taxes has been  
10 determined by the tax collector to be due after August 10, the  
11 installment shall be due no later than five days after the twenty-fifth  
12 day from when the tax bill was mailed or otherwise delivered  
13 pursuant to subsection a. of R.S.54:4-64, but no later than  
14 September 1.

15 (cf: P.L.1952, c.274, s.1)

16

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

19 1. a. Whenever any taxpayer or resident shall be entitled to any  
20 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"  
21 (N.J.S.54A:1-1 et seq.), including an earned income tax credit  
22 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.),  
23 or whenever any individual is eligible to receive a homestead rebate  
24 or credit pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), P.L.1999,  
25 c.63 (C.54:4-8.58a et al.) 【or】, P.L.2004, c.40 or P.L. \_\_\_\_\_, c.  
26 (C. \_\_\_\_\_) (pending before the Legislature as this bill), and if the  
27 rebate or credit is not required to be paid over to the municipal tax  
28 collector under the provisions of section 8 of P.L.1990, c.61  
29 (C.54:4-8.64), and at the same time the taxpayer or resident shall be  
30 indebted to any agency or institution of State Government, to the  
31 Victims of Crime Compensation Board for the portion of an  
32 assessment ordered pursuant to N.J.S.2C:43-3.1 for deposit in the  
33 Victims of Crime Compensation Board Account or restitution  
34 ordered to be paid to the board pursuant to N.J.S.2C:44-2 for  
35 deposit in the Victims of Crime Compensation Board Account, or  
36 for child support under Title IV-A, Title IV-D, or Title IV-E of the  
37 federal Social Security Act (42 U.S.C. s.601 et seq.), or other  
38 indebtedness in accordance with section 1 of P.L.1995, c.290  
39 (C.2A:17-56.11b) the Department of the Treasury shall apply or  
40 cause to be applied the refund, homestead rebate or credit, or all, or  
41 so much of any or all as shall be necessary, to satisfy the  
42 indebtedness. Child support indebtedness shall take precedence  
43 over all other indebtedness. The Department of the Treasury shall  
44 retain a percentage of the proceeds of any collection setoff as shall  
45 be necessary to provide for any expenses of the collection effort.

46 b. A State department or agency which is owed a debt shall  
47 notify the Department of the Treasury of the existence of the debt

1 and shall request that the Department of the Treasury execute a  
2 setoff as provided for in this section.  
3 (cf: P.L.2005, c.124, s.12)

4  
5 39. Section 2 of P.L.1981, c.239 (C.54A:9-8.2) is amended to  
6 read as follows:

7 2. The Department of the Treasury shall promulgate regulations  
8 concerning the procedures and methods to be employed by all  
9 agencies and institutions in the executive branch in the collection or  
10 the setting off of delinquent accounts. The regulations shall be  
11 consistent with all Federal requirements or limitations regarding  
12 any information utilized in any collection or setoff, and shall in  
13 addition provide for due notice to the debtor and opportunity for a  
14 hearing upon request prior to any setoff; safeguards against the  
15 disclosure or inappropriate use of any personally identifiable  
16 information regarding the debtor obtained or maintained pursuant to  
17 this act; and the appropriate apportionment of any setoff in the case  
18 of a debtor's joint filing of a joint income tax return or homestead  
19 rebate or credit application.  
20 (cf: P.L.1981, c.239, s.2)

21  
22 40. (New section) For the fiscal year beginning July 1, 2007,  
23 the sum that shall be appropriated for homestead property tax  
24 rebates for residential tenants shall be not less than twice the  
25 amount appropriated for the same purpose in the prior fiscal year  
26 and shall be allocated in a manner prescribed by law.

27  
28 41. Section 1 of P.L.1995, c.44 (C.2B:20-2) is amended to read  
29 as follows:

30 1. a. The names of persons eligible for jury service shall be  
31 selected from a single juror source list of county residents whose  
32 names and addresses shall be obtained from a merger of the  
33 following lists: registered voters, licensed drivers, filers of State  
34 gross income tax returns and filers of homestead rebate or credit  
35 application forms. The county election board, the Division of  
36 Motor Vehicles and the State Division of Taxation shall provide  
37 these lists annually to the Assignment Judge of the county. The  
38 Assignment Judge may provide for the merger of additional lists of  
39 persons eligible for jury service that may contribute to the breadth  
40 of the juror source list. Merger of the lists of eligible jurors into a  
41 single juror source list shall include a reasonable attempt to  
42 eliminate duplication of names.

43 b. The juror source list shall be compiled once a year or more  
44 often as directed by the Assignment Judge.

45 c. The juror source list may be expanded by the Supreme Court  
46 as it deems appropriate.  
47 (cf: P.L.1995, c.44, s.1)

1       42. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
2 read as follows:

3       7. a. The Division of Pensions and Benefits shall certify to the  
4 certifying agent of each employer electing participation under the  
5 program the premium rates and periodic charges applicable to the  
6 coverage provided for employees and dependents. The  
7 participating employer shall remit to the division all contributions  
8 to premiums and periodic charges in advance of their due dates,  
9 subject to the rules and regulations of the commission.

10       Notwithstanding the provisions of any other law to the contrary,  
11 the obligations of a participating employer other than the State to  
12 pay the premium or periodic charges for health benefits coverage  
13 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be  
14 determined by means of a binding collective negotiations  
15 agreement. With respect to employees for whom there is no  
16 majority representative for collective negotiations purposes, the  
17 employer may, in its sole discretion, modify the respective payment  
18 obligations set forth in law for the employer and such employees in  
19 a manner consistent with the terms of any collective negotiations  
20 agreement binding on the employer.

21       b. (1) From funds allocated therefor, the employer other than the  
22 State, upon the adoption and submission to the division of an  
23 appropriate resolution prescribed by the commission, may pay the  
24 premium or periodic charges for the benefits provided to a retired  
25 employee and the employee's dependents covered under the  
26 program, if the employee retired from a State or locally-  
27 administered retirement system, excepting the employee who  
28 elected deferred retirement, and may also reimburse the retired  
29 employee for the employee's premium charges under Part B of  
30 Medicare covering the retired employee and the employee's spouse  
31 if the employee:

32       (a) retired on a disability pension; or

33       (b) retired after 25 or more years of nonconcurrent service credit  
34 in one or more State or locally-administered retirement systems and  
35 a period of service of up to 25 years with the employer at the time  
36 of retirement, such period of service to be determined by the  
37 employer and set forth in an ordinance or resolution as appropriate;  
38 or

39       (c) retired and reached the age of 65 years or older with 25 years  
40 or more of nonconcurrent service credit in one or more State or  
41 locally-administered retirement systems and a period of service of  
42 up to 25 years with the employer at the time of retirement, such  
43 period of service to be determined by the employer and set forth in  
44 an ordinance or resolution as appropriate; or

45       (d) retired and reached the age of 62 years or older with at least  
46 15 years of service with the employer.

47       "Retired employee and the employee's dependents" may, upon  
48 adoption of an appropriate resolution therefor by the participating

1 employer, also include otherwise eligible employees, and their  
2 dependents, who retired from one or more State or locally-  
3 administered retirement systems prior to the date that the employer  
4 became a participating employer in the New Jersey State Health  
5 Benefits Program or who did not elect to continue coverage in the  
6 program during such time after the employer became a participating  
7 employer that the employer did not pay premium or periodic  
8 charges for benefits to retired employees and their dependents  
9 pursuant to this section. Eligibility and enrollment of such  
10 employees and dependents shall be in accordance with such rules  
11 and regulations as may be adopted by the State Health Benefits  
12 Commission.

13 The employer other than the State may, by resolution, pay the  
14 premium or periodic charges for the benefits provided to the  
15 surviving spouse of a retired employee and the employee's  
16 dependents covered under the program as provided in this section.

17 (2) Notwithstanding the provisions of any other law to the  
18 contrary, the obligations of an employer other than the State, except  
19 an independent State authority, board, commission, corporation,  
20 agency, or organization deemed to be covered by section 6 of  
21 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose  
22 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
23 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
24 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
25 periodic charges for health benefits coverage under the provisions  
26 of paragraph (1) may be determined by means of a binding  
27 collective negotiations agreement, including any agreement in force  
28 at the time of the adoption of this act, P.L.1999, c.48. With respect  
29 to employees for whom there is no majority representative for  
30 collective negotiations purposes, the employer may, in its sole  
31 discretion, determine the payment obligations for the employer and  
32 the employees, except that if there are collective negotiations  
33 agreements binding upon the employer for employees who are  
34 within the same community of interest as employees in a collective  
35 negotiations unit but are excluded from participation in the unit by  
36 the "New Jersey Employer-Employee Relations Act," P.L.1941,  
37 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
38 determined in a manner consistent with the terms of any collective  
39 negotiations agreement applicable to the collective negotiations  
40 unit.

41 c. Notwithstanding the provisions of any other law to the  
42 contrary, the payment obligations of an employee of an employer  
43 other than the State, except an independent State authority, board,  
44 commission, corporation, agency, or organization, for health  
45 benefits coverage under subsection b. shall be the payment  
46 obligations applicable to the employee on the date the employee  
47 retires on a disability pension or the date the employee meets the



1 service credit and service requirements for the employer payment  
2 for the coverage, as the case may be.  
3 (cf: P.L.2001, c.209, s.4)

4  
5 43. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to  
6 read as follows:

7 9. An employee enrolling for **[dependents]** coverage shall, at  
8 the time of enrollment, authorize the participating employer to  
9 withhold, on an advance basis, from his wages or salary the  
10 contribution required by such employer for such coverage, which  
11 shall not exceed the premium or periodic charge therefor. The  
12 remainder of the premiums and periodic charges for employee and  
13 dependents coverage shall be paid by the participating employer out  
14 of its own funds.  
15 (cf: P.L.1964, c.125, s.9)

16  
17 44. (New section) Notwithstanding the provisions of any other  
18 law to the contrary, a board of education, or an agency or  
19 instrumentality thereof, may establish as an employer a cafeteria  
20 plan for its employees pursuant to section 125 of the federal  
21 Internal Revenue Code, 26 U.S.C.§125. The plan may provide for a  
22 reduction in an employee's salary, through payroll deductions or  
23 otherwise, in exchange for payment by the employer of medical or  
24 dental expenses not covered by a health benefits plan, and  
25 dependent care expenses as provided in section 129 of the code, 26  
26 U.S.C.§129, and such other benefits as are consistent with section  
27 125 which are included under the plan. The amount of any  
28 reduction in an employee's salary for the purpose of contributing to  
29 the plan shall continue to be treated as regular compensation for all  
30 other purposes, including the calculation of pension contributions  
31 and the amount of any retirement allowance, but, to the extent  
32 permitted by the federal Internal Revenue Code, shall not be  
33 included in the computation of federal taxes withheld from the  
34 employee's salary.

35  
36 45. (New section) Notwithstanding the provisions of any other  
37 law to the contrary, a local unit of government, or an agency, board,  
38 commission, authority or instrumentality thereof, may establish as  
39 an employer a cafeteria plan for its employees pursuant to section  
40 125 of the federal Internal Revenue Code, 26 U.S.C.§125. The plan  
41 may provide for a reduction in an employee's salary, through  
42 payroll deductions or otherwise, in exchange for payment by the  
43 employer of medical or dental expenses not covered by a health  
44 benefits plan, and dependent care expenses as provided in section  
45 129 of the code, 26 U.S.C.§129, and such other benefits as are  
46 consistent with section 125 which are included under the plan. The  
47 amount of any reduction in an employee's salary for the purpose of  
48 contributing to the plan shall continue to be treated as regular

1 compensation for all other purposes, including the calculation of  
2 pension contributions and the amount of any retirement allowance,  
3 but, to the extent permitted by the federal Internal Revenue Code,  
4 shall not be included in the computation of federal taxes withheld  
5 from the employee's salary.  
6

7 46. a. There is appropriated to the Department of Education the  
8 Treasury from the General Fund an amount as the Commissioner of  
9 Education shall determine is necessary for the administrative costs  
10 of implementing the levy cap provisions of this act applicable to  
11 school districts, subject to the approval of the Director of the  
12 Division of Budget and Accounting.

13 b. There is appropriated to the Department of Community  
14 Affairs from the General Fund an amount as the Commissioner of  
15 Community Affairs shall determine is necessary for the  
16 administrative costs of implementing the levy cap provisions of this  
17 act applicable to local units, subject to the approval of the Director  
18 of the Division of Budget and Accounting.

19 c. There is appropriated to the Department of the Treasury from  
20 the General Fund an amount as the Director of the Division of  
21 Taxation in the Department of the Treasury shall determine is  
22 necessary for the administrative costs of implementing the credit  
23 provisions of this act (sections 19 through 40), subject to the  
24 approval of the Director of the Division of Budget and Accounting.  
25

26 47. This act shall take effect immediately; provided, however,  
27 sections 2 through 12 shall be applicable only to budget years  
28 beginning on or after July 1, 2007, and shall not be applicable to  
29 budget years beginning after June 30, 2012; section 13 shall be  
30 retroactive to July 1, 2006, and shall not be applicable to budget  
31 years beginning after June 30, 2012; and sections 19 through 40  
32 shall first apply to claims for rebates and credits for property taxes  
33 paid for the tax year 2006.  
34

#### 35 STATEMENT

36  
37 This bill provides a homestead property tax credit for residents  
38 of New Jersey and provides a means to ensure that the property tax  
39 relief is sustainable through a property tax levy cap of four percent  
40 that is applicable to school districts, counties, municipalities, fire  
41 districts, and solid waste collection districts. Sections 19 through  
42 41 of this bill establish a homestead credit program for New Jersey  
43 homeowners and residential tenants. These sections replace the  
44 current homestead rebate program for homeowners that provides  
45 benefits in set dollar amounts in ranges based on income. An  
46 additional section, to benefit residential tenants, requires that for the  
47 fiscal year beginning July 1, 2007, the sum to be appropriated for  
48 homestead property tax rebates for residential tenants shall be not

1 less than twice the amount appropriated for the same purpose in the  
2 prior fiscal year. The credit program retains the rebate program's  
3 definition of income and provides a benefit based on a percentage  
4 of property taxes paid for the previous year. The percentages vary  
5 based on three income levels: 20% for incomes up to \$100,000,  
6 15% for incomes over \$100,000 up to \$150,000, and 10% for  
7 incomes over \$150,000 up to \$250,000. Taxpayers with incomes  
8 over \$250,000 receive no benefit. If a property tax bill is higher  
9 than \$10,000, the benefit only applies to a percentage of the first  
10 \$10,000 of property taxes paid. The benefit amounts do not vary  
11 based upon a taxpayers age or disability status. This bill provides  
12 immediate property tax relief to a large number of homeowners and  
13 residential tenants.

14 For seniors and residents who are blind or disabled, the bill  
15 either retains the current calculation of property tax rebates or  
16 applies the new credit formula, whichever provides a greater  
17 benefit. Under the current calculation the homestead benefit for the  
18 tax year equals the amount by which property taxes paid by the  
19 claimant in that tax year on the claimant's homestead exceed 5% of  
20 the claimant's gross income, with certain maximum and minimum  
21 benefits. Most of these taxpayers are eligible for a benefit of  
22 \$1,200.

23 The new percentage-based benefit will be provided to taxpayers  
24 in the form of a credit rather than a rebate. However, the director  
25 retains the discretion to provide rebates when there is uncertainty  
26 that the benefit will be accurately provided to the correct taxpayer.  
27 In addition, seniors will receive the benefit as a rebate in the first  
28 year, and may individually choose to continue to do so in following  
29 years.

30 Credits will be reflected annually in the August and November  
31 property tax bills beginning in 2007. A taxpayer must reside in a  
32 homestead on October 1 of a tax year to be eligible for the credit.

33 The bill requires each property tax bill to show the taxpayer the  
34 amount of credit the taxpayer receives, and makes additional  
35 technical changes to statutes affecting the format and content of tax  
36 bills.

37 Sections 2 through 7 of this bill establishes a property tax levy  
38 cap for school districts, with very limited exceptions. During the  
39 first school budget year following enactment of this bill, the school  
40 district could go to its voters, as it does now, for approval to exceed  
41 the 4% levy cap. After the first year, the school district would need  
42 approval by at least 60% of the voters to exceed the levy cap. The  
43 bill ensures a great degree of transparency so that the ballot  
44 question and statement accurately explains the purpose for the  
45 additional funding request. After the first year, the school district  
46 also would be able to seek a waiver from the Commissioner of  
47 Education for limited categories of purposes, instead of or prior to  
48 seeking voter approval.

1 Sections 9 through 13 of the bill establish a property tax levy cap  
2 of four percent for local units, namely counties, municipalities, fire  
3 districts, and solid waste collection districts, with very limited  
4 exceptions. In the case of a county, this levy cap is intended to be  
5 tighter than the existing levy cap, but regardless, the smaller cap  
6 would apply. In the case of a municipality, this levy cap  
7 supplements the existing municipal expenditure cap and so would  
8 act as an additional constraint on municipal spending. Fire districts  
9 and solid waste collection districts currently are not subject to any  
10 expenditure or levy caps. The Local Finance Board would be  
11 authorized to grant waivers from the four percent cap in very  
12 limited circumstances.

13 Sections 42 through 45 of the bill provide local governments,  
14 including local boards of education, with the ability to modify,  
15 through collective negotiations agreements with their active  
16 employees, the payment obligations of the employer for active  
17 employee coverage under the State Health Benefits Program  
18 (SHBP). The ability to negotiate the amount of SHBP premium or  
19 periodic charges to be paid by the employer has been available to  
20 the State since 1997, and to local governments with regard to their  
21 future retirees since 1999.

22 The bill also permits all local units of government (including  
23 boards of education, county colleges, and local authorities) to  
24 establish cafeteria plans pursuant to section 125 of the federal  
25 Internal Revenue Code, 26 U.S.C. §125, to provide for a reduction  
26 in an employee's salary, through payroll deductions or otherwise, in  
27 exchange for payment by the employer of medical or dental  
28 expenses not covered by a health benefits plan, of dependent care  
29 expenses as provided in section 129 of the code, 26 U.S.C. §129,  
30 and of such other benefits as are consistent with section 125 which  
31 are included under the plan. The amount of any reduction in an  
32 employee's salary will continue to be treated as regular  
33 compensation for all other purposes, including the calculation of  
34 pension contributions and the amount of any retirement allowance,  
35 but, to the extent permitted by the federal Internal Revenue Code,  
36 will not be included in the computation of federal taxes withheld  
37 from the employee's salary. The State was given the authority to  
38 establish such cafeteria plans in 1996 pursuant to N.J.S.A.52:14-  
39 15.1a.

40 These provisions will provide local governments that participate  
41 in the SHBP with flexibility to make negotiate changes required to  
42 control costs.

43 The bill appropriates funds necessary for the administrative costs  
44 of implementing the levy caps. The bill also appropriates funds  
45 necessary for the administrative costs of implementing the credit  
46 program, in an amount determined by the Director of the Division  
47 of Taxation in the Department of the Treasury, with the approval of  
48 the Director of the Division of Budget and Accounting.

1  
2  
3  
4  
5



Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.

[Corrected Copy]

**ASSEMBLY, No. 1**

**STATE OF NEW JERSEY**

**212th LEGISLATURE**

INTRODUCED JANUARY 25, 2007

**Sponsored by:**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex)**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**Co-Sponsored by:**

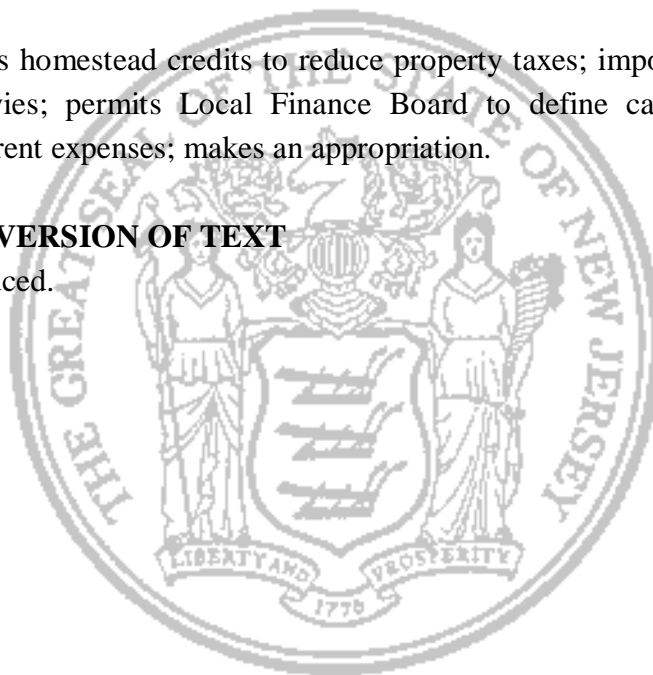
**Senators Codey and Kenny**

**SYNOPSIS**

Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/6/2007)**

1 AN ACT providing local property tax relief through homestead  
2 rebates and credits and limits on local tax levies, amending and  
3 supplementing various parts of the statutory law, and making an  
4 appropriation.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8

9 1. The Legislature finds and declares:

10 a. On June 6, 2006, the New Jersey Senate President and the  
11 Assembly Speaker announced “an unprecedented special legislative  
12 session”;

13 b. On July 28, 2006, the Governor addressed a joint session of  
14 the Legislature and commended the Senate President and the  
15 Assembly Speaker for calling the special session;

16 c. At that time the Governor stated that property tax relief and  
17 reform should be addressed in a suitable manner;

18 d. The Governor proposed the creation of a new property tax  
19 credit program that would provide immediate relief to New Jersey  
20 homeowners and also urged the establishment of a four percent cap  
21 on property taxes;

22 e. Subsequent to the Governor's address, the Legislature adopted  
23 Assembly Concurrent Resolution No. 3, which created four  
24 bicameral, bipartisan Joint Committees to review and formulate  
25 proposals to reform property taxes;

26 f. The four Joint Committees followed an open and inclusive  
27 process, which consisted of 32 public meetings, broadcast live and  
28 archived on the Internet, and nine public hearings;

29 g. The four Joint Committees solicited testimony in person and  
30 through teleconferencing from State and national experts,  
31 academics, practitioners, and officials; reviewed thousands of pages  
32 of background materials; and received over 3,700 public emails;

33 h. The four Joint Committees issued comprehensive final reports  
34 that contained nearly 100 recommendations for short term property  
35 tax relief and long term reform;

36 i. One of the four Joint Committee final reports, "The Final  
37 Report of the Joint Legislative Committee on Constitutional Reform  
38 and Citizens' Property Tax Constitutional Convention," set forth  
39 findings and recommendations concerning property tax reform  
40 through amendments to the State Constitution and other proposals;

41 j. In its Final Report, the Joint Legislative Committee on  
42 Constitutional Reform and Citizens' Property Tax Constitutional  
43 Convention found that although the State's rebate programs have  
44 provided property tax relief to many residents, and particularly

**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 seniors, certain reforms and enhancements are necessary to improve  
2 the efficacy of the programs;
- 3 k. The Joint Committee also found that the property tax is  
4 regressive in nature and that many low and middle income New  
5 Jerseyans suffer from a disproportionately high property tax burden;
- 6 l. Accordingly, the Joint Committee recommended that the State  
7 should implement a credit program to replace the system of rebates  
8 and that additional funds should be allocated to the program to  
9 provide meaningful relief to those who need it most;
- 10 m. Thus, the Joint Committee concluded that the benefit under  
11 the new program should be increased to 20 percent for as many  
12 taxpayers as resources allow;
- 13 n. The Joint Committee found that the Legislature must work  
14 with the Governor to ensure that the new program will provide  
15 sustainable relief to New Jersey's taxpayers;
- 16 o. The Joint Committee studied the Governor's proposal to  
17 adopt a four percent property tax levy cap that provided limited  
18 exceptions and a sunset provision so that any unintended  
19 consequences such as those realized by other states that have  
20 adopted caps could be addressed before the cap would be made  
21 permanent;
- 22 p. The Joint Committee found that property tax levy caps have  
23 been shown to hold down rising property taxes, and therefore, the  
24 Legislature should develop a property tax levy cap that  
25 accomplishes this goal but does not lead to unintended, adverse  
26 consequences;
- 27 q. The Joint Committee recommended that the levy cap should  
28 protect taxpayers from large annual increases of recent years that  
29 have resulted in widespread dissatisfaction with prevailing tax  
30 burdens and made the State unaffordable for some;
- 31 r. The Joint Committee also recommended that the levy cap  
32 should contain a narrowly crafted set of exceptions to provide  
33 flexibility during periods of rapid growth or local emergencies and  
34 that it should include a sunset provision, which would act as a  
35 "safety valve" so that any unexpected consequences of imposing a  
36 levy cap could be addressed before the cap would be made  
37 permanent;
- 38 s. The Legislature commends the work of the Joint Committee  
39 and has fully considered its Final Report;
- 40 t. A new credit program with sufficient funding to provide a 20  
41 percent benefit to most homeowners and residential tenants is the  
42 most practical and efficient means to reduce the State's property tax  
43 burden;
- 44 u. A property tax levy cap is necessary to sustain the benefits of  
45 the new program;
- 46 v. A property tax levy cap is crucial to controlling various areas  
47 of government spending, especially those areas which have  
48 outpaced the growth in spending in the private sector;



1 w. A property tax levy cap will force government to live within  
2 their means, encourage public officials to elevate the public interest  
3 over special interests, and most importantly, reduce the rate of  
4 growth in property taxes;

5 x. The Governor in his 2007 State of the State Address agreed  
6 that a property tax levy cap, with limited exceptions and provisions  
7 for voter override, is the key to the sustainability of the relief in the  
8 20 percent credit program;

9 y. The Governor also has expressed that a property tax levy cap  
10 will compel all governmental units to prioritize spending decisions  
11 and to aggressively search for structural changes that will bring  
12 down long term costs;

13 z. Changing the law to give local governmental units, including  
14 boards of education, the same flexibility that State government has  
15 to modify the payment obligations of the employer for active  
16 employee coverage under the State Health Benefits Program will  
17 assist local governmental units, including boards of education, in  
18 prioritizing spending decisions and aggressively searching for  
19 structural changes that will bring down long term costs;

20 aa. Property tax reform requires fiscal restraint at all levels and  
21 the State must continue to abide by the State Appropriations  
22 Limitation Cap, which curbs growth in spending on the State  
23 bureaucracy and held spending growth below 2.96% in the current  
24 fiscal year; and

25 bb. The State recognizes that sustaining property tax reform at  
26 the local levels requires the State to be a full partner in the funding  
27 of local needs and that State aid must continue to grow so that the  
28 full burden of providing necessary services does not fall on property  
29 taxpayers.

30

31 2. (New section) For the purposes of sections 2 through 7 of  
32 P.L. , c. (C. ) (pending before the Legislature as this bill):

33 "Adjusted tax levy" means the amount raised by property  
34 taxation for the purposes of the school district, excluding any debt  
35 service payment.

36 "Commissioner" means the Commissioner of Education.

37 "New Jersey Quality Single Accountability Continuum" or  
38 "NJQSAC" means the monitoring and evaluation process of school  
39 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

40 "Prebudget year adjusted tax levy" means the amount raised by  
41 property taxation in the prebudget year for the purposes of the  
42 school district, excluding any debt service payment, less any  
43 amounts raised after approval of a waiver by the commissioner or  
44 separate question by the voters or board of school estimate in the  
45 prebudget year unless such approval explicitly allows the approved  
46 increases to be permanent.

1 "School district" means any local or regional school district  
2 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
3 New Jersey Statutes.

4 "Unrestricted State aid" means formula State aid that is included  
5 in a school district's State aid notice and allocated pursuant to  
6 P.L.1996 c.138 (C.18A:7F-1 et seq.) or any other law for  
7 appropriation in a school district's general fund plus early  
8 childhood program aid allocated pursuant to section 16 of P.L.1996,  
9 c.138 (C.18A:7F-16) or any other law and demonstrably effective  
10 program aid and instructional supplement aid allocated pursuant to  
11 section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law.

12 "Weighted resident enrollment" means weighted resident  
13 enrollment as calculated pursuant to subsection a. of section 13 of  
14 P.L.1996, c.138 (C.18A:7F-13) and as projected by the  
15 commissioner.

16

17 3. (New section) a. Notwithstanding the provisions of any  
18 other law to the contrary, a school district shall not adopt a budget  
19 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
20 18A:7F-6) with an increase in its adjusted tax levy that exceeds the  
21 tax levy growth limitation calculated as follows: the sum of the  
22 prebudget year adjusted tax levy and the adjustment for increases in  
23 enrollment multiplied by four percent, and adjustments for a  
24 reduction in total unrestricted State aid from the prebudget year, an  
25 increase in health care costs, and beginning in the 2008-2009 school  
26 year, amounts approved by a waiver granted by the commissioner  
27 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
28 Legislature as this bill).

29 b. (1) The allowable adjustment for increases in enrollment  
30 authorized pursuant to subsection a. of this section shall equal the  
31 per pupil prebudget year adjusted tax levy multiplied by EP, where  
32 EP equals the sum of:

33 (a) 0.50 for each unit of weighted resident enrollment that  
34 constitutes an increase from the prebudget year over 1%, but not  
35 more than 2.5%;

36 (b) 0.75 for each unit of weighted resident enrollment that  
37 constitutes an increase from the prebudget year over 2.5%, but  
38 not more than 4%; and

39 (c) 1.00 for each unit of weighted resident enrollment that  
40 constitutes an increase from the prebudget year over 4%.

41 (2) A school district may request approval from the  
42 commissioner to calculate EP equal to 1.00 for any increase in  
43 weighted resident enrollment if it can demonstrate that the  
44 calculation pursuant to paragraph (1) of this subsection would result  
45 in an average class size that exceeds 10% above the facilities  
46 efficiency standards established pursuant to P.L.2000, c.72  
47 (C.18A:7G-1 et al.).

1 c. The allowable adjustment for a reduction in total unrestricted  
2 State aid authorized pursuant to subsection a. of this section shall  
3 equal any reduction in total unrestricted State aid from the  
4 prebudget to the budget year.

5 d. The allowable adjustment for increases in health care costs  
6 authorized pursuant to subsection a. of this section shall equal that  
7 portion of the actual increase in total health care costs for the budget  
8 year, less any withdrawals from the current expense emergency  
9 reserve account for increases in total health care costs, that exceeds  
10 four percent of the total health care costs in the prebudget year, but  
11 that is not in excess of the product of the total health care costs in the  
12 prebudget year multiplied by the average percentage increase of the  
13 State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
14 seq.), as annually determined by the Division of Pensions and Benefits  
15 in the Department of the Treasury.

16 e. In addition to the adjustments authorized pursuant to  
17 subsection a. of this section, for the purpose of determining a school  
18 district's allowable tax levy growth limitation for the 2007-2008  
19 school year, a school district may apply to the commissioner for an  
20 adjustment for increases in special education costs over \$40,000 per  
21 pupil, increases in tuition, capital outlay increases, and incremental  
22 increases in costs for opening a new school facility in the budget  
23 year.

24 (1) The allowable adjustment for increases in special education  
25 costs over \$40,000 per pupil shall equal any increase in the sum of  
26 per pupil amounts in excess of \$40,000 for the budget year less the  
27 sum of per pupil amounts in excess of \$40,000 for the prebudget  
28 year indexed by four percent.

29 (2) The allowable adjustment for increases in tuition shall equal  
30 any increase in the tuition for the budget year charged to a sending  
31 district by the receiving district pursuant to the provisions of  
32 N.J.S.18A:38-19 or charged by a county vocational school district  
33 pursuant to the provisions of section 71 of P.L.1990, c.52  
34 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget  
35 year charged to a sending district by the receiving district pursuant  
36 to the provisions of N.J.S.18A:38-19 or charged by a county  
37 vocational school district pursuant to the provisions of section 71 of  
38 P.L.1990, c.52 (C.18A:54-20.1).

39 (3) The allowable adjustment for increases in capital outlay shall  
40 equal any increase in capital outlay, less any withdrawals from the  
41 capital reserve account, over the prebudget year in excess of four  
42 percent.

43 f. The adjusted tax levy shall be increased or decreased  
44 accordingly whenever the responsibility and associated cost of a  
45 school district activity is transferred to another school district or  
46 governmental entity.

1       4. (New section) a. (1) Beginning in the 2008-2009 school  
2 year, a school district may request approval from the commissioner  
3 for a waiver to increase its adjusted tax levy by more than the  
4 allowable amount authorized in section 3 of P.L.     , c. (C.     )  
5 (pending before the Legislature as this bill) to address extraordinary  
6 costs which may include, but not be limited to:  
7       (a) a district's failure to meet the core curriculum content  
8 standards as determined through the New Jersey Quality Single  
9 Accountability Continuum. Prior to full implementation of  
10 NJQSAC, such determination shall be based on a school district's  
11 status under the "No Child Left Behind Act of 2001," Pub.L. 107-  
12 110. The commissioner shall approve the increase only if the  
13 district satisfactorily demonstrates that the increase will be used to  
14 implement or expand programs or services to address the causes of  
15 the district's failure to meet the core curriculum content standards  
16 or other performance indicators as determined through NJQSAC;  
17       (b) energy cost increases over the prebudget year in excess of  
18 four percent;  
19       (c) capital outlay increases, less any withdrawals from the capital  
20 reserve account, over the prebudget year in excess of four percent;  
21       (d) the appropriation of non-recurring general fund revenues in  
22 the prebudget year original budget, including the appropriation of  
23 surplus;  
24       (e) increases in insurance costs over the prebudget year in excess  
25 of four percent;  
26       (f) increases in transportation costs required to service hazardous  
27 routes over the prebudget year in excess of four percent;  
28       (g) increases in special education costs that exceed \$40,000 per  
29 each special education pupil over the prebudget year in excess of  
30 four percent;  
31       (h) increases in tuition costs charged to a sending district by the  
32 receiving district pursuant to the provision of N.J.S.18A:38-19 over  
33 the prebudget year in excess of four percent or charged by a county  
34 vocational school district pursuant to the provisions of section 71 of  
35 P.L.1990, c.52 (C.18A:54-20.1) over the prebudget year in excess  
36 of four percent; and  
37       (i) incremental increases in costs associated with opening a new  
38 school facility in the budget year.  
39       (2) A waiver request shall be submitted at least five working  
40 days prior to the required budget submission dates established  
41 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
42 18A:7F-6) in a form required by the commissioner, as appropriate,  
43 and shall include such information and documentation as the  
44 commissioner deems necessary.  
45       (3) In considering a waiver request, in addition to the authority  
46 granted to the commissioner pursuant to section 6 of P.L.1996,  
47 c.138 (C.18A:7F-6), the commissioner shall have the power to  
48 make budgetary reallocations up to the total amount of the waiver

1 request. The commissioner shall not reduce or reallocate any line  
2 item accounts that will impact the district's ability to meet the core  
3 curriculum content standards and provide a thorough and efficient  
4 education.

5 (4) A waiver approval shall specify whether the adjusted tax levy  
6 increase shall be limited to the budget year or added to the adjusted  
7 tax levy as a permanent increase.

8 (5) Any decision of the commissioner as to the entitlement of  
9 any school district to an increase of its adjusted tax levy pursuant to  
10 this section shall be final and conclusive, and no appeal or review  
11 shall be taken therefrom; except that the matter may be put before  
12 the voters pursuant to subsection c. of this section.

13 b. (1) The commissioner may direct a school district to increase  
14 specific line item expenditure accounts, for specific purposes, to  
15 address low achievement or the causes of the district's failure to  
16 meet the core curriculum content standards as determined through  
17 NJQSAC, or prior to full implementation of NJQSAC, as  
18 determined based on a school district's status under the "No Child  
19 Left Behind Act of 2001," Pub.L.107-110.

20 (2) The commissioner is authorized to approve a school district  
21 budget with an increase in its adjusted tax levy by more than the  
22 allowable amount authorized pursuant to section 3 of P.L. , c.  
23 (C. ) (pending before the Legislature as this bill), up to the  
24 amount required to support the increase in expenditure accounts as  
25 directed in paragraph (1) of this subsection.

26 c. For the 2007-2008 school year, or for the 2008-2009 through  
27 2011-2012 school years if a waiver requested pursuant to subsection  
28 a. of this section fails to be approved by the commissioner or if the  
29 school district elects not to request a waiver, the school district may  
30 submit to the voters at the April school election, or on such other  
31 date as is set by regulation of the commissioner, a proposal or  
32 proposals to increase the tax levy by more than the allowable  
33 amount authorized pursuant to section 3 of P.L. , c. (C. )  
34 (pending before the Legislature as this bill). The proposal or  
35 proposals to increase the tax levy shall be approved if a majority of  
36 people voting at the April 2007 school election vote in the  
37 affirmative, or if 60 percent of the people voting at the April 2008  
38 through April 2011 school elections vote in the affirmative. In the  
39 case of a school district with a board of school estimate, the  
40 additional tax levy shall be authorized only if a quorum is present  
41 for the vote and a majority of those board members who are present  
42 vote in the affirmative to authorize the additional tax levy.

43 (1) A proposal or proposals submitted to the voters or the board  
44 of school estimate to increase the tax levy pursuant to this  
45 subsection shall not include any programs or services necessary for  
46 students to achieve the core curriculum content standards.

47 (2) All proposals to increase the tax levy submitted pursuant to  
48 this subsection shall include interpretive statements specifically

1 identifying the program purposes for which the proposed funds  
2 shall be used and a clear statement on whether approval will affect  
3 only the current year or result in a permanent increase in the levy.  
4 The proposals shall be submitted and approved pursuant to sections  
5 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6).

6 (3) For only the 2007-2008 school budget year, any proposal or  
7 proposals rejected by the voters shall be submitted to the municipal  
8 governing body or bodies for a determination as to the amount, if  
9 any, that should be expended notwithstanding voter rejection. The  
10 decision of the municipal governing body or bodies or board of  
11 school estimate, as appropriate, shall be final and no appeals shall  
12 be made to the commissioner.

13 d. The commissioner shall have the authority to grant additional  
14 waivers, applicable to all or some school districts, as determined by  
15 the commissioner, and only effective for the school budget year in  
16 which the waiver is granted, upon a finding of extraordinary  
17 circumstances that result in an unanticipated increase in  
18 expenditures for a service essential to the health, safety and welfare  
19 of the school children of the State.

20

21 5. (New section) a. Notwithstanding any provision of  
22 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) or  
23 section 36 of P.L.2000, c.126 (C.18A:7F-5a) to the contrary, for the  
24 2007-2008 through 2011-2012 school years the increase in a school  
25 district's general fund tax levy shall be calculated in accordance  
26 with the provisions of sections 2 through 4 of P.L. , c. (C. )  
27 (pending before the Legislature as this bill).

28 b. Notwithstanding any provision of paragraph (9) of subsection  
29 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, for  
30 the 2007-2008 through 2011-2012 school years the submission of a  
31 separate proposal or proposals for additional funds to the voters or  
32 the board of school estimate shall be submitted in accordance with  
33 the provisions of subsection c. of section 4 of P.L. , c. (C. )  
34 (pending before the Legislature as this bill).

35

36 6. (New section) Notwithstanding the provisions of any law or  
37 regulation to the contrary:

38 a. A board of education or board of school estimate, as  
39 appropriate, may supplement a capital reserve account through a  
40 transfer by board resolution at year end of any unanticipated  
41 revenue or unexpended line-item appropriation amounts, or both,  
42 for withdrawal in subsequent school years.

43 b. A board of education or board of school estimate, as  
44 appropriate, may supplement a maintenance reserve account  
45 through a transfer by board resolution at year end of any  
46 unanticipated revenue or unexpended line-item appropriation  
47 amounts, or both, for withdrawal in subsequent school years.

1 c. A board of education or a board of school estimate, as  
2 appropriate, may through the adoption of a board resolution  
3 establish the following reserve accounts:

4 (1) Current expense emergency reserve account. The funds in  
5 the reserve shall be used to finance unanticipated general fund  
6 current expense costs required for a thorough and efficient  
7 education. The account shall not exceed \$250,000 or one percent of  
8 the district's general fund budget up to a maximum of \$1,000,000,  
9 whichever is greater. A board of education may appropriate funds  
10 to establish or supplement the reserve in the district's annual budget  
11 or through a transfer by board resolution at year end of any  
12 unanticipated revenue and unexpended line-item appropriation  
13 amounts. Withdrawals from the reserve shall require the approval  
14 of the commissioner unless the withdrawal is necessary to meet an  
15 increase in total health care costs in excess of four percent.

16 (2) Debt service reserve account in the debt service fund for  
17 proceeds from the sale of district property. The funds in the reserve  
18 shall be used to retire outstanding debt service obligations of the  
19 district. The reserve shall be liquidated within the lesser of five  
20 years from its inception or the remaining term on the obligations.  
21 Any remaining balance shall be used for tax relief.

22 d. All reserve accounts shall be established and held in  
23 accordance with GAAP and shall be subject to annual audit. Any  
24 capital gains or interest earned shall become part of the reserve  
25 account. A separate bank account is not required, however, a  
26 separate identity for each reserve account shall be maintained.

27

28 7. (New section) a. Within 60 days of the effective date of  
29 P.L. , c. (C. )(pending before the Legislature as this bill), the  
30 Commissioner of Education shall promulgate emergency rules and  
31 regulations necessary to effectuate the purposes of sections 2  
32 through 6 of P.L. , c. (C. through ) (pending before the  
33 Legislature as this bill) for the 2007-08 school year.

34 b. For the 2008-09 school year and thereafter, the Commissioner  
35 of Education shall adopt, pursuant to the "Administrative Procedure  
36 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to  
37 effectuate the purposes of sections 2 through 6 of P.L. , c. (C.  
38 through ) (pending before the Legislature as this bill).

39

40 8. Section 7 of P.L.1996, c.138 (C.18A:7F-7) is amended to read  
41 as follows:

42 7. a. For the 2004-2005 school year, an undesignated general  
43 fund balance in excess of 3% of the budgeted general fund for the  
44 prebudget year or \$100,000, whichever is greater, shall be  
45 appropriated by a school district based on surplus as anticipated  
46 pursuant to paragraph (2) of subsection a. of N.J.S.18A:22-8 and  
47 included in the budget prepared pursuant to section 5 of this act. In  
48 the event that the district's 2004-2005 budget is not approved by the

1 voters of the district or the board of school estimate, the district  
2 may use the undesignated general fund balance which exceeds 3%  
3 to meet the reduction in tax levy certified by the municipal  
4 governing body or bodies or board of school estimate following  
5 review of the defeated budget. Any appropriation of the  
6 undesignated general fund balance made by board resolution  
7 following the April 2004 school budget election and prior to the  
8 effective date of P.L.2004, c.73 to the capital reserve account or  
9 maintenance reserve account or to increase spending for the 2003-  
10 2004 school year shall be null and void unless, upon written  
11 application to the commissioner, the district demonstrates that the  
12 appropriation was necessary for use in the 2003-2004 school year to  
13 meet the thoroughness standards established pursuant to subsection  
14 a. of section 4 of P.L.1996, c.138 (C.18A:7F-4) and no other line  
15 item account balances were available.

16 In the 2005-2006 school year and thereafter, an undesignated  
17 general fund balance in excess of 2% of the budgeted general fund  
18 for the prebudget year or ~~[\$100,000]~~ \$250,000, whichever is  
19 greater, shall be appropriated by a school district for the purpose of  
20 the budget prepared pursuant to section 5 of this act.

21 The amount of any funds made available for appropriation as a  
22 result of the reduction in the percentage of authorized undesignated  
23 general fund balance pursuant to P.L.2004, c.73 shall be used to  
24 reduce the general fund tax levy required for the budget year.

25 In the case of a county vocational school district, if the amount  
26 of the budgeted general fund for the prebudget year is \$100 million  
27 or less, an undesignated general fund balance in excess of 6% of  
28 that amount or ~~[\$100,000]~~ \$250,000, whichever is greater, shall be  
29 appropriated by the county vocational school district for the  
30 purpose of the budget prepared pursuant to section 5 of P.L.1996,  
31 c.138 (C.18A:7F-5). If the amount of the budgeted general fund for  
32 the prebudget year exceeds \$100 million, an undesignated general  
33 fund balance in excess of 6% of the first \$100 million and in excess  
34 of 3% of the amount which exceeds \$100 million shall be  
35 appropriated by a county vocational school district for the purpose  
36 of the budget prepared pursuant to section 5 of P.L.1996, c.138  
37 (C.18A:7F-5).

38 b. Notwithstanding the provisions of subsection a. of this  
39 section, ~~if the district has a formal plan to expand, renovate or~~  
40 ~~construct school facilities, join a distance learning network, or make~~  
41 ~~a major replacement or acquisition of instructional equipment~~  
42 ~~within the subsequent five years,~~ the district may, with the  
43 approval of the commissioner, ~~transfer the~~ appropriate any  
44 anticipated excess undesignated general fund balance to the capital  
45 reserve account established pursuant to N.J.S.18A:21-3 or section  
46 57 of P.L.2000, c.72 (C.18A:7G-31) for that purpose.

47 c. If it is determined that the undesignated general fund balances  
48 at June 30 of any school year exceed those permitted under



1 subsection a. of this section, the excess undesignated general fund  
2 balances shall be reserved and designated in the subsequent year's  
3 budget submitted to the commissioner pursuant to subsection c. of  
4 section 5 of this act.

5 d. The commissioner may withhold State aid in an amount not to  
6 exceed the excess undesignated general fund balances for failure to  
7 comply with subsection c. of this section.

8 e. Proceeds from the sale and lease-back of textbooks and non-  
9 consumable instructional materials shall not be included in the  
10 calculation of excess undesignated general fund balance during the  
11 budget year in which they are realized.

12 (cf: P.L.2004, c.73, s.3)

13

14 9. (New section) For the purposes of sections 9 through 13 of  
15 P.L. , c. (C. ) (pending before the Legislature as this bill):

16 "Adjusted tax levy" means an amount not greater than the  
17 amount to be raised by taxation of the previous fiscal year, less any  
18 waivers from a prior fiscal year required to be deducted by the  
19 Local Finance Board pursuant to section 11 of P.L. , c. (C. )  
20 (pending before the Legislature as this bill), that result multiplied  
21 by 1.04, to which the sum of exclusions defined in subsection b. of  
22 section 10 of P.L. , c. (C. ) (pending before the Legislature  
23 as this bill) shall be added.

24 "Amount to be raised by taxation" means the property tax levy  
25 set in the annual budget of a local unit.

26 "Local unit" means a municipality, county, fire district, or solid  
27 waste collection district, but shall not include a municipality that  
28 had a municipal purposes tax rate of \$0.10 or less per \$100 for the  
29 previous tax year.

30 "New ratables" means the product of the taxable value of any  
31 new construction or improvements times the tax rate of a local unit  
32 for its previous tax year.

33

34 10. (New section) a. In the preparation of its budget the amount  
35 to be raised by taxation by a local unit shall not exceed the sum of  
36 new ratables, the adjusted tax levy, and the total of waivers  
37 approved pursuant to section 11 of P.L. , c. (C. ) (pending  
38 before the Legislature as this bill; provided, however, that in the  
39 case of a county, the amount to be raised by taxation shall not  
40 exceed the amount permitted by section 4 of P.L.1976, c. 68  
41 (C.40A:4-45.4).

42 b. The following exclusions shall be added to the calculation of  
43 the adjusted tax levy:

44 (1) increases in amounts required to be raised for (a) all debt  
45 service and (b) lease payments with county improvement authorities  
46 pursuant to leases in effect on the effective date of P.L. ,

47 c. (C. ) (pending before the Legislature as this bill);

1 (2) increases in amounts required to be raised to replace State  
2 formula aid due to a reduction in State formula aid from the  
3 previous local budget year;

4 (3) increases in amounts for certain pension contributions set  
5 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
6 set forth in that section;

7 (4) with respect to municipalities, any increase, greater than four  
8 percent, in the reserve for uncollected taxes that is required by law;

9 (5) increases in health care costs equal to that portion of the actual  
10 increase in total health care costs for the budget year that is in excess  
11 of four percent of the total health care costs in the prior year, but is not  
12 in excess of the product of the total health care costs in the prior year  
13 and the average percentage increase of the State Health Benefits  
14 Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually  
15 determined by the Division of Pensions and Benefits in the  
16 Department of the Treasury.

17 (6) Notwithstanding the other provisions of this subsection, when  
18 the appropriation for all debt service is less than the amount  
19 appropriated for all debt service in the prior fiscal year, the amount  
20 of the difference shall be deducted from the sum of the exclusions  
21 listed in paragraphs (1) through (5) of this subsection. If there are  
22 no exclusions, then the amount of the difference shall reduce the  
23 adjusted tax levy by that amount. Any cancelled or unexpended  
24 appropriation for any exclusion pursuant to this subsection or  
25 waiver pursuant to section 11 of P.L. , c. (C. ) (pending  
26 before the Legislature as this bill), also shall be deducted from the  
27 sum of the exclusions listed in paragraphs (1) through (5) or  
28 directly reduce the adjusted tax levy if there are no exclusions.

29

30 11. (New section) a. The governing body of a local unit may  
31 request approval from the Local Finance Board in the Department  
32 of Community Affairs for a waiver to increase its amount to be  
33 raised by taxes to address extraordinary costs, which may include  
34 but not limited to:

35 (1) increases in appropriations for capital lease payments;

36 (2) energy cost increases in excess of four percent;

37 (3) increases in insurance costs over the prebudget year in excess  
38 of four percent;

39 (4) offsetting the loss of a non-recurring general fund revenue or  
40 surplus;

41 (5) total net expenditures for new mandated services or net  
42 expenditure increases above four percent for the cost of those  
43 services that are mandated by any order of court, by any federal or  
44 State statute, or by administrative rule, directive, order, or other  
45 legally binding device issued by a State agency which has identified  
46 such cost as mandated expenditures on certification to the Local  
47 Finance Board by the State agency; and

1 (6) any purpose related to the provision of government services  
2 that the board deems essential to protect or promote the public  
3 health, safety, or welfare.

4 (7) Amounts raised pursuant to a waiver granted pursuant to this  
5 subsection shall be included in the calculation of the adjusted tax  
6 levy in a subsequent year, unless otherwise required by the waiver.

7 (8) Any decision of the Local Finance Board as to the  
8 entitlement of any local unit to a tax levy cap increase under this  
9 section shall be final and conclusive, and no appeal or review shall  
10 be taken therefrom; provided, however, that the matter may be put  
11 before the voters pursuant to subsection b. of this section.

12 b. (1) Notwithstanding subsection a. of this section, the  
13 governing body of a local unit may request approval, through a  
14 public question submitted to the legal voters residing in its territory  
15 to increase the amount to be raised by taxation by more than the  
16 allowable adjusted tax levy. Approval shall be by an affirmative  
17 vote of 60 percent or more of the people voting on the question at  
18 the election. The local unit budget proposing the increase shall be  
19 introduced and approved in the manner otherwise provided for  
20 budgets of that local unit at least 20 days prior to the date on which  
21 the referendum is to be held, and shall be published in the manner  
22 otherwise provided for budgets of the local unit at least 12 days  
23 prior to the referendum date, unless otherwise directed by the  
24 Director of the Division of Local Government Services in the  
25 Department of Community Affairs.

26 (2) The public question to be submitted to the voters at the  
27 referendum shall state only the amount by which the adjusted tax  
28 levy shall be increased by more than the otherwise allowable  
29 adjusted tax levy, and the percentage rate of increase which that  
30 amount represents over the allowable adjusted tax levy. The public  
31 question shall include an accompanying explanatory statement that  
32 identifies the changes in appropriations or revenues that warranted  
33 the governing body's decision to ask the public question; or, in the  
34 alternative and subject to the approval of the Director of the  
35 Division of Local Government Services in the Department of  
36 Community Affairs, a clear and concise narrative explanation of the  
37 circumstances for the increased adjusted tax levy being proposed.

38 (3) Unless otherwise provided pursuant to section 1 of P.L.1989,  
39 c.31 (C.40A:4-5.1), a referendum conducted pursuant to this  
40 subsection shall be held:

41 (a) for calendar year budgets only on the fourth Tuesday in  
42 January and the second Tuesday in March other than in year when a  
43 presidential primary election occurs, in which case no such election  
44 on that date may be called, and

45 (b) for fiscal year budgets, only the last Tuesday in September,  
46 or the second Tuesday in December;  
47 provided, however, that no referendum shall held on the same day  
48 as a referendum to exceed the school district levy cap.

1 (4) Any decision of the voters rejecting an increase to the tax  
2 levy cap under this subsection shall be final and conclusive, and no  
3 appeal or review shall be taken therefrom and no waiver application  
4 shall be made to the Local Finance Board.

5 (5) The director is authorized to act as necessary in order to  
6 consolidate ballot questions and procedures when a governing body  
7 elects to hold a referendum under both this section and section 9 of  
8 P.L.1983, c.49 (C.40A:4-45.16).

9 c. The Local Finance Board shall have the authority to grant  
10 additional waivers, applicable to all or some local units, as  
11 determined by the board, and only effective for the local budget  
12 year in which the waiver is granted, upon a finding of extraordinary  
13 circumstances that result in an unanticipated increase in  
14 expenditures for a service essential to the health, safety, and welfare  
15 of the residents of the State.

16 d. The adjusted tax levy shall be increased or decreased  
17 accordingly whenever the responsibility and associated cost of an  
18 activity performed by a local unit is transferred to or from a local  
19 unit, other government entity, or other service provider.

20

21 12. (New section) a. The Director of the Division of Local  
22 Government Services in the Department of Community Affairs  
23 shall take such action as is deemed necessary and consistent with  
24 the intent of sections 9 through 11 P.L. , c. (C. ) (pending  
25 before the Legislature as this bill) to implement its provisions.

26 b. The director, in consultation with the Commissioner of  
27 Education regarding referendum dates, shall promulgate rules and  
28 regulations to effectuate the purposes of subsection b. of section 11  
29 of P.L. , c. (C. ) (pending before the Legislature as this bill).

30

31 13. (New section) In addition to the exceptions to the limits on  
32 increases to municipal appropriations set forth in section 3 of  
33 P.L.1976, c.68 (C.40A:4-45.3) and to the county tax levy set forth  
34 in section 4 of P.L.1976, c.68 (C.40A:4-45.4), an increase in  
35 appropriations that represents expenditures made by a municipality  
36 or county for the purpose of funding the provision of health  
37 insurance shall be exempt from the limits on increases to municipal  
38 appropriations and to the limits on increases to the county tax levy  
39 in county budgets, respectively, for any budget year, to the extent  
40 that the increases in health care costs equal that portion of the actual  
41 increase in total health care costs for the budget year that is in  
42 excess of four percent of the total health care costs in the prior year,  
43 but is not in excess of the product of the total health care costs in  
44 the prior year and the average percentage increase of the State  
45 Health Benefits program, as annually determined by the Division of  
46 Pensions and Benefits in the Department of the Treasury.

1       14. Section 3 of P.L.1977, c.85 (C.34:13A-16) is amended to  
2 read as follows:

3       3. a. (1) Negotiations between a public fire or police department  
4 and an exclusive representative concerning the terms and conditions  
5 of employment shall begin at least 120 days prior to the day on  
6 which their collective negotiation agreement is to expire. The  
7 parties shall meet at least three times during that 120-day period.  
8 The first of those three meetings shall take place no later than the  
9 90th day prior to the day on which their collective negotiation  
10 agreement is to expire. By mutual consent, the parties may agree to  
11 extend the period during which the second and third meetings are  
12 required to take place beyond the day on which their collective  
13 negotiation agreement is to expire. A violation of this paragraph  
14 shall constitute an unfair practice and the violator shall be subject to  
15 the penalties prescribed by the commission pursuant to rule and  
16 regulation.

17       (2) Whenever those negotiations concerning the terms and  
18 conditions of employment shall reach an impasse, the commission,  
19 through the Division of Public Employment Relations shall, upon  
20 the request of either party, or upon its own motion take such steps,  
21 including the assignment of a mediator, as it may deem expedient to  
22 effect a voluntary resolution of the impasse.

23       b. (1) In the event of a failure to resolve the impasse by  
24 mediation, the Division of Public Employment Relations, at the  
25 request of either party, shall invoke factfinding with  
26 recommendation for settlement of all issues in dispute unless the  
27 parties reach a voluntary settlement prior to the issuance of the  
28 factfinder's report and recommended terms of settlement.  
29 Factfindings shall be limited to those issues that are within the  
30 required scope of negotiations unless the parties to the factfinding  
31 agree to factfinding on permissive subjects of negotiation. In the  
32 event of a continuing failure to resolve an impasse by means of the  
33 procedure set forth in this paragraph, and notwithstanding the fact  
34 that such procedures have not been exhausted, the parties shall  
35 notify the commission, at a time and in a manner prescribed by the  
36 commission, as to whether or not they have agreed upon a terminal  
37 procedure for resolving the issues in dispute. Any terminal  
38 procedure mutually agreed upon by the parties shall be reduced to  
39 writing, provide for finality in resolving the issues in dispute, and  
40 shall be submitted to the commission for approval.

41       (2) Notwithstanding the provisions of paragraph (2) of  
42 subsection a. of this section or paragraph (1) of this subsection,  
43 either party may petition the commission for arbitration on or after  
44 the date on which their collective negotiation agreement expires.  
45 The petition shall be filed in a manner and form prescribed by the  
46 commission. The party filing the petition shall notify the other  
47 party of its action. The notice shall be given in a manner and form  
48 prescribed by the commission.

1        Within 10 days of the receipt of the notice by the non-petitioning  
2 party, the parties shall notify the commission as to whether or not  
3 they have agreed upon a terminal procedure for resolving the issues  
4 in dispute. Any terminal procedure mutually agreed upon by the  
5 parties shall be reduced to writing, provide for finality in resolving  
6 the issues in dispute, and shall be submitted to the commission for  
7 approval. If the parties fail to agree on a terminal procedure, they  
8 shall be subject to the provisions of subsection d. of this section.

9        c. Terminal procedures that are approvable include, but shall not  
10 be limited to the following:

11        (1) Conventional arbitration of all unsettled items.

12        (2) Arbitration under which the award by an arbitrator or panel  
13 of arbitrators is confined to a choice between (a) the last offer of the  
14 employer and (b) the last offer of the employees' representative, as  
15 a single package.

16        (3) Arbitration under which the award is confined to a choice  
17 between (a) the last offer of the employer and (b) the last offer of  
18 the employees' representative, on each issue in dispute, with the  
19 decision on an issue-by-issue basis.

20        (4) If there is a factfinder's report with recommendations on the  
21 issues in dispute, the parties may agree to arbitration under which  
22 the award would be confined to a choice among three positions: (a)  
23 the last offer of the employer as a single package, (b) the last offer  
24 of the employees' representative as a single package, or (c) the  
25 factfinder's recommendations as a single package.

26        (5) If there is a factfinder's report with a recommendation on  
27 each of the issues in dispute, the parties may agree to arbitration  
28 under which the award would be confined to a choice on each issue  
29 from among three positions: (a) the last offer of the employer on  
30 the issue, (b) the employee representative's last offer on the issue,  
31 or (c) the factfinder's recommendation on the issue.

32        (6) Arbitration under which the award on the economic issues in  
33 dispute is confined to a choice between (a) the last offer of the  
34 employer on the economic issues as a single package and (b) the  
35 employee representative's last offer on the economic issues as a  
36 single package; and, on any noneconomic issues in dispute, the  
37 award is confined to a choice between (a) the last offer of the  
38 employer on each issue in dispute and (b) the employee  
39 representative's last offer on that issue.

40        d. The following procedure shall be utilized if parties fail to  
41 agree on a terminal procedure for the settlement of an impasse  
42 dispute:

43        (1) In the event of a failure of the parties to agree upon an  
44 acceptable terminal procedure the parties shall separately so notify  
45 the commission in writing, indicating all issues in dispute and the  
46 reasons for their inability to agree on the procedure. The substance  
47 of a written notification shall not provide the basis for any delay in  
48 effectuating the provisions of this subsection.

1 (2) Upon receipt of such notification from either party or on the  
2 commission's own motion, the procedure to provide finality for the  
3 resolution of issues in dispute shall be binding arbitration under  
4 which the award on the unsettled issues is determined by  
5 conventional arbitration. The arbitrator shall separately determine  
6 whether the total net annual economic changes for each year of the  
7 agreement are reasonable under the eight statutory criteria set forth  
8 in subsection g. of this section.

9 e. (1) The commission shall take measures to assure the  
10 impartial selection of an arbitrator or arbitrators from its special  
11 panel of arbitrators. Unless the parties, in a time and manner  
12 prescribed by the commission, mutually agree upon the selection of  
13 an arbitrator from the commission's special panel of arbitrators and  
14 so notify the commission in writing of that selection, the  
15 assignment of any arbitrator for the purposes of this act shall be the  
16 responsibility of the commission, independent of and without any  
17 participation by either of the parties. The commission shall select  
18 the arbitrator for assignment by lot.

19 In any proceeding where an arbitrator selected by mutual  
20 agreement is unable to serve, the two parties shall be afforded an  
21 opportunity to select a replacement. If the two parties are unable to  
22 mutually agree upon the selection of a replacement within a time  
23 period prescribed by the commission, the commission shall select  
24 the replacement in the manner hereinafter provided.

25 In any proceeding where an assigned arbitrator is unable to serve  
26 or, pursuant to the preceding paragraph, the two parties are unable  
27 to mutually agree upon a replacement, the commission shall assign  
28 a replacement arbitrator. The assignment shall be the responsibility  
29 of the commission, independent of and without any participation by  
30 either of the parties. The commission shall select the replacement  
31 arbitrator for assignment by lot.

32 (2) Appointment to the commission's special panel of arbitrators  
33 shall be for a three-year term, with reappointment contingent upon a  
34 screening process similar to that used for determining initial  
35 appointments.

36 The commission may suspend, remove, or otherwise discipline  
37 an arbitrator for a violation of P.L.1977, c.85 (C.34:13A-14 et seq.),  
38 section 4 of P.L.1995, c.425 (C.34:13A-16.1) or for good cause.

39 f. (1) At a time prescribed by the commission, the parties shall  
40 submit to the arbitrator or tripartite panel of arbitrators their final  
41 offers on each economic and non-economic issue in dispute. The  
42 offers submitted pursuant to this section shall be used by the  
43 arbitrator for the purposes of determining an award pursuant to  
44 paragraph (2) of subsection d. of this section. The commission  
45 shall promulgate rules and procedures governing the submission of  
46 the offers required under this paragraph, including when those  
47 offers shall be deemed final, binding and irreversible.

1 (2) In the event of a dispute, the commission shall have the  
2 power to decide which issues are economic issues. Economic  
3 issues include those items which have a direct relation to employee  
4 income including wages, salaries, hours in relation to earnings, and  
5 other forms of compensation such as paid vacation, paid holidays,  
6 health and medical insurance, and other economic benefits to  
7 employees.

8 (3) Throughout formal arbitration proceedings the chosen  
9 arbitrator or panel of arbitrators may mediate or assist the parties in  
10 reaching a mutually agreeable settlement.

11 (4) Arbitration shall be limited to those subjects that are within  
12 the required scope of collective negotiations, except that the parties  
13 may agree to submit to arbitration one or more permissive subjects  
14 of negotiation.

15 (5) The decision of an arbitrator or panel of arbitrators shall  
16 include an opinion and an award, and shall be rendered within 120  
17 days of the selection of the arbitrator by the mutual agreement of  
18 both parties or the commission's assignment of that arbitrator or  
19 panel of arbitrators, as the case may be, pursuant to paragraph (1) of  
20 subsection e. of this section; provided, however, the arbitrator or  
21 panel of arbitrators, for good cause, may petition the commission  
22 for an extension of not more than 60 days. The two parties, by  
23 mutual consent, may agree to an extension. The parties shall notify  
24 the arbitrator and the commission of any such agreement in writing.  
25 The notice shall set forth the specific date on which the extension  
26 shall expire. Any arbitrator or panel of arbitrators violating the  
27 provisions of this paragraph may be subject to the commission's  
28 powers under paragraph (2) of subsection e. of this section. The  
29 decision shall be final and binding upon the parties and shall be  
30 irreversible, except:

31 (a) Within 14 days of receiving an award, an aggrieved party  
32 may file notice of an appeal of an award to the commission on the  
33 grounds that the arbitrator failed to apply the criteria specified in  
34 subsection g. of this section or violated the standards set forth in  
35 N.J.S.2A:24-8 or N.J.S.2A:24-9. The appeal shall be filed in a form  
36 and manner prescribed by the commission. In deciding an appeal,  
37 the commission, pursuant to rule and regulation and upon petition,  
38 may afford the parties the opportunity to present oral arguments.  
39 The commission may affirm, modify, correct or vacate the award or  
40 may, at its discretion, remand the award to the same arbitrator or to  
41 another arbitrator, selected by lot, for reconsideration. An  
42 aggrieved party may appeal a decision of the commission to the  
43 Appellate Division of the Superior Court.

44 (b) An award that is not appealed to the commission shall be  
45 implemented immediately. An award that is appealed and not set  
46 aside by the commission shall be implemented within 14 days of the  
47 receipt of the commission's decision absent a stay.



1 (6) The parties shall bear the costs of arbitration subject to a fee  
2 schedule approved by the commission.

3 g. The arbitrator or panel of arbitrators shall decide the dispute  
4 based on a reasonable determination of the issues, giving due  
5 weight to those factors listed below that are judged relevant for the  
6 resolution of the specific dispute. In the award, the arbitrator or  
7 panel of arbitrators shall indicate which of the factors are deemed  
8 relevant, satisfactorily explain why the others are not relevant, and  
9 provide an analysis of the evidence on each relevant factor:

10 (1) The interests and welfare of the public. Among the items the  
11 arbitrator or panel of arbitrators shall assess when considering this  
12 factor are the limitations imposed upon the employer by P.L.1976,  
13 c.68 (C.40A:4-45.1 et seq.).

14 (2) Comparison of the wages, salaries, hours, and conditions of  
15 employment of the employees involved in the arbitration  
16 proceedings with the wages, hours, and conditions of employment  
17 of other employees performing the same or similar services and  
18 with other employees generally:

19 (a) In private employment in general; provided, however, each  
20 party shall have the right to submit additional evidence for the  
21 arbitrator's consideration.

22 (b) In public employment in general; provided, however, each  
23 party shall have the right to submit additional evidence for the  
24 arbitrator's consideration.

25 (c) In public employment in the same or similar comparable  
26 jurisdictions, as determined in accordance with section 5 of  
27 P.L.1995, c.425 (C.34:13A-16.2); provided, however, that each  
28 party shall have the right to submit additional evidence concerning  
29 the comparability of jurisdictions for the arbitrator's consideration.

30 (3) The overall compensation presently received by the  
31 employees, inclusive of direct wages, salary, vacations, holidays,  
32 excused leaves, insurance and pensions, medical and hospitalization  
33 benefits, and all other economic benefits received.

34 (4) Stipulations of the parties.

35 (5) The lawful authority of the employer. Among the items the  
36 arbitrator or panel of arbitrators shall assess when considering this  
37 factor are the limitations imposed upon the employer by P.L.1976,  
38 c.68 (C.40A:4-45.1 et seq.).

39 (6) The financial impact on the governing unit, its residents and  
40 taxpayers. When considering this factor in a dispute in which the  
41 public employer is a county or a municipality, the arbitrator or  
42 panel of arbitrators shall take into account, to the extent that  
43 evidence is introduced, how the award will affect the municipal or  
44 county purposes element, as the case may be, of the local property  
45 tax; a comparison of the percentage of the municipal purposes  
46 element or, in the case of a county, the county purposes element,  
47 required to fund the employees' contract in the preceding local  
48 budget year with that required under the award for the current local

1 budget year; the impact of the award for each income sector of the  
2 property taxpayers of the local unit; the impact of the award on the  
3 ability of the governing body to (a) maintain existing local  
4 programs and services, (b) expand existing local programs and  
5 services for which public moneys have been designated by the  
6 governing body in a proposed local budget, or (c) initiate any new  
7 programs and services for which public moneys have been  
8 designated by the governing body in a proposed local budget.

9 (7) The cost of living.

10 (8) The continuity and stability of employment including  
11 seniority rights and such other factors not confined to the foregoing  
12 which are ordinarily or traditionally considered in the determination  
13 of wages, hours, and conditions of employment through collective  
14 negotiations and collective bargaining between the parties in the  
15 public service and in private employment.

16 (9) Statutory restrictions imposed on the employer. Among the  
17 items the arbitrator or panel of arbitrators shall assess when  
18 considering this factor are the limitations imposed upon the  
19 employer by section 10 of P.L. , c. (C. ) (pending before the  
20 Legislature as this bill).

21 h. A mediator, factfinder, or arbitrator while functioning in a  
22 mediatory capacity shall not be required to disclose any files,  
23 records, reports, documents, or other papers classified as  
24 confidential received or prepared by him or to testify with regard to  
25 mediation, conducted by him under this act on behalf of any party  
26 to any cause pending in any type of proceeding under this act.  
27 Nothing contained herein shall exempt such an individual from  
28 disclosing information relating to the commission of a crime.

29 (cf: P.L.1997, c.183, s.1)

30  
31 15. (New section) On or before January 15, 2012, the New  
32 Jersey Tax and Fiscal Policy Study Commission created by P.L. ,  
33 c. (C. ) (pending before the Legislature as Senate Bill No. 50 of  
34 2006) shall report to the Governor and Legislature, pursuant to  
35 section 2 of P.L.1991, c.164 (C.52:14-19.1), evaluating the efficacy  
36 of the tax levy caps and making recommendations.

37  
38 16. N.J.S.40A:2-3 is amended to read as follows:

39 40A:2-3. Any local unit, by bond ordinance, may incur  
40 indebtedness, borrow money, authorize and issue negotiable  
41 obligations for financing:

42 a. any capital improvement or property which it may lawfully  
43 make or acquire;

44 b. any purpose for which it is authorized or required by law to  
45 make an appropriation, except current expenses, as may be defined  
46 by rule and regulation of the Local Finance Board, and payment of  
47 obligations (other than those for temporary financing); or

1 c. the amount of any contribution by a local unit that is a  
2 sending municipality under a regional contribution agreement  
3 pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312).

4 No local unit shall borrow money or issue its obligations for  
5 purposes authorized under this chapter except as provided in this  
6 chapter.

7 (cf: P.L.1996, c.113, s.9)

8

9 17. N.J.S.40A:2-22 is amended to read as follows:

10 40A:2-22. The governing body of the local unit shall determine  
11 the period of usefulness of any purpose according to its reasonable  
12 life computed from the date of the bonds, which period shall not be  
13 greater than the following:

14 a. Buildings and structures.

15 1. Bridges, including retaining walls and approaches, or  
16 permanent structures of brick, stone, concrete or metal, or similar  
17 durable construction, 30 years.

18 2. Buildings, including the original furnishings and equipment  
19 therefor:

20 Class A: A building, of which all walls, floors, partitions, stairs  
21 and roof are wholly of incombustible material, except the window  
22 frames, doors, top flooring and wooden handrails on the stairs, 40  
23 years;

24 Class B: A building, the outer walls of which are wholly of  
25 incombustible material, except the window frames and doors, 30  
26 years;

27 Class C: A building which does not meet the requirements of  
28 Class A or Class B, 20 years.

29 3. Buildings or structures acquired substantially reconstructed or  
30 additions thereto, one-half the period fixed in this subsection for  
31 such buildings or structures.

32 4. Additional furnishings, five years.

33 b. Marine improvements.

34 1. Harbor improvements, docks or marine terminals, 40 years.

35 2. Dikes, bulkheads, jetties or similar devices of stone, concrete  
36 or metal, 15 years; of wood or partly of wood, 10 years.

37 c. Additional equipment and machinery.

38 1. Additional or replacement equipment and machinery, 15  
39 years.

40 2. Voting machines, 15 years.

41 3. Information technology and telecommunications equipment, 7  
42 years, except that for items with a unit cost of less than \$5,000, 5  
43 years.

44 d. Real property.

45 1. Acquisition for any public purpose of lands or riparian rights,  
46 or both, and the original dredging, grading, draining or planting  
47 thereof, 40 years.

- 1       2. Improvement of airport, cemetery, golf course, park,  
2 playground, 15 years.
- 3       3. Stadia of concrete or other incombustible materials, 20 years.
- 4       e. Streets or thoroughfares.
- 5       1. Elimination of grade crossings, 35 years.
- 6       2. Streets or roads:
  - 7       Class A: Rigid pavement. A pavement of not less than eight  
8 inches of cement concrete or a six-inch cement concrete base with  
9 not less than three-inch bituminous concrete surface course, or  
10 equivalent wearing surface, 20 years.
  - 11       Flexible pavement. A pavement not less than 10 inches in depth  
12 consisting of five-inch macadam base, three-inch modified  
13 penetration macadam and three-inch bituminous concrete surface  
14 course or other pavements of equivalent strength, in accordance  
15 with the findings of the American Association of State Highway  
16 Officials (AASHO) Road Test, 20 years.
  - 17       Class B: Mixed surface-treated road. An eight-inch surface of  
18 gravel, stone or other selected material under partial control mixed  
19 with cement or lime and fly ash, six inches in compacted thickness  
20 with bituminous surface treatment and cover, 10 years.
  - 21       Bituminous penetration road. A five-inch gravel or stone base  
22 course and a three-inch course bound with a bituminous or  
23 equivalent binder, 10 years.
  - 24       Class C: Mixed bituminous road. An eight-inch surface of  
25 gravel, stone, or other selected material under partial control mixed  
26 with bituminous material one inch or more in compacted thickness,  
27 five years.
  - 28       Penetration macadam road. A road of sand, gravel or water-  
29 bound macadam, or surfacing with penetration macadam, five years.
- 30       3. Sidewalks, curbs and gutters of stone, concrete or brick, 10  
31 years.
- 32       The period of usefulness in this subsection shall apply to  
33 construction and reconstruction of streets and thoroughfares.
- 34       f. Utilities and municipal systems.
  - 35       1. Sewerage system, whether sanitary or storm water, water  
36 supply or distribution system, 40 years.
  - 37       2. Electric light, power or gas systems, garbage, refuse or ashes  
38 incinerator or disposal plant, 25 years.
  - 39       3. Communication and signal systems, 10 years.
  - 40       4. House connections to publicly-owned gas, water or sewerage  
41 systems from the service main in the street to the curb or property  
42 lines where not part of original installation, five years.
- 43       g. Vehicles and apparatus.
  - 44       1. Fire engines, apparatus and equipment, when purchased new,  
45 but not fire equipment purchased separately, 10 years.
  - 46       2. Automotive vehicles, including original apparatus and  
47 equipment (other than passenger cars and station wagons), when  
48 purchased new, five years.

1       3. Major repairs, reconditioning or overhaul of fire engines and  
2 apparatus, ambulances, rescue vehicles, and similar public safety  
3 vehicles (other than passenger cars and station wagons) which may  
4 reasonably be expected to extend for at least five years the period of  
5 usefulness thereof, five years.

6       h. The closure of a sanitary landfill facility utilized, owned or  
7 operated by a county or municipality, 15 years; provided that the  
8 closure has been approved by the Board of Public Utilities and the  
9 Department of Environmental Protection. For the purposes of this  
10 subsection "closure" means all activities associated with the design,  
11 purchase or construction of all measures required by the  
12 Department of Environmental Protection, pursuant to law, in order  
13 to prevent, minimize or monitor pollution or health hazards  
14 resulting from sanitary landfill facilities subsequent to the  
15 termination of operations at any portion thereof, including, but not  
16 necessarily limited to, the costs of the placement of earthen or  
17 vegetative cover, and the installation of methane gas vents or  
18 monitors and leachate monitoring wells or collection systems at the  
19 site of any sanitary landfill facility.

20       i. **Any purpose, except vehicles, not included in the foregoing,**  
21 **for which obligations may be issued, 15 years.** (Deleted by  
22 amendment, P.L. ., c. .) (pending before the Legislature as this  
23 bill)

24       j. The prefunding of a claims account for environmental liability  
25 claims by an environmental impairment liability insurance pool  
26 pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.  
27 (cf: P.L.2005, c.174, s.1)

28  
29       18. (New section) A local unit may request, in a form and  
30 manner determined by rule and regulation of the Local Finance  
31 Board, that the Director of the Division of Local Government  
32 Services in the Department of Community Affairs determine a  
33 period of usefulness for any capital improvement or property not  
34 included in N.J.S.40A:2-22, provided that the maximum period of  
35 usefulness so determined shall not exceed 15 years.

36  
37       19. The title of P.L.1999, c.63 is amended to read as follows:  
38 **AN ACT** providing for direct property tax relief for individual  
39 homestead owners and renters in this State, establishing the New  
40 Jersey **[School Assessment Valuation Exemption Relief and]**  
41 **Homestead Property Tax [Rebate] Credit Act** (the NJ **[SAVER**  
42 **and] Homestead [Rebate] Credit Act**), amending and  
43 supplementing P.L.1990, c.61 (C.54:4-8.57 et seq.), amending  
44 P.L.1981, c.239 and P.L.1997, c.348, and making an  
45 appropriation.  
46 (cf: P.L.1999, c.63, Title)

47  
48       20. Section 1 of P.L.1990, c.61 (C.54:4-8.57) is amended to read

1 as follows:

2 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through  
3 54:4-8.66) and sections 3, 14 through 16, 18 and 19 of P.L.1999,  
4 c.63 (C.54:4-8.58a and C.54:4-8.66a through C.54:4-8.66e) shall be  
5 known and may be cited as the "[2004] Homestead Property Tax  
6 **Rebate** Credit Act".  
7 (cf: P.L.2004, c.40, s.1)  
8

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

11 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-  
12 8.58 through 54:4-8.66) and sections 3 and 14 through 16 of  
13 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

14 "Annualized rent" means, for tax years 2004 and thereafter, the  
15 rent paid by the claimant during the tax year for which the  
16 homestead rebate is being claimed, and if paid for a lease term  
17 covering less than the full tax year, the actual rent paid for the days  
18 during the term of the lease of the homestead proportionalized as if  
19 the term of the lease had been for 365 days of the tax year;

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

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

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

36 "Cooperative" means a housing corporation or association which  
37 entitles the holder of a share or membership interest thereof to  
38 possess and occupy for dwelling purposes a house, apartment,  
39 manufactured or mobile home or other unit of housing owned or  
40 leased by the corporation or association, or to lease or purchase a  
41 unit of housing constructed or to be constructed by the corporation  
42 or association;

43 "Director" means the Director of the Division of Taxation in the  
44 Department of the Treasury;

45 "Dwelling house" means any residential property assessed as real  
46 property which consists of not more than four units, of which not  
47 more than one may be used for commercial purposes, but shall not  
48 include a unit in a condominium, cooperative, horizontal property

1 regime or mutual housing corporation;

2 "Homestead" means:

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

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

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

14 (4) for purposes of this definition as provided in this subsection,  
15 in addition to the generally accepted meaning of owned or  
16 ownership, a homestead shall be deemed to be owned by a person if  
17 that person is a tenant for life or a tenant under a lease for 99 years  
18 or more and is entitled to and actually takes possession of the  
19 homestead under an executory contract for the sale thereof or under  
20 an agreement with a lending institution which holds title as security  
21 for a loan, or is a resident of a continuing care retirement  
22 community pursuant to a contract for continuing care for the life of  
23 that person which requires the resident to bear a share of the  
24 property taxes that are assessed upon the continuing care retirement  
25 community, if a share is attributable to the unit that the resident  
26 occupies;

27 b. a unit in a cooperative or mutual housing corporation which  
28 constitutes the place of domicile of a residential shareholder or  
29 lessee therein, or of a lessee, or shareholder who is not a residential  
30 shareholder therein, and which is used by the claimant as the  
31 claimant's principal residence; and

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

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

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

45 "Manufactured home" or "mobile home" means a unit of housing  
46 which:

47 (1) Consists of one or more transportable sections which are  
48 substantially constructed off site and, if more than one section, are

1 joined together on site;

2 (2) Is built on a permanent chassis;

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

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

13 "Mobile home park" means a parcel of land, or two or more  
14 parcels of land, containing no fewer than 10 sites equipped for the  
15 installation of manufactured or mobile homes, where these sites are  
16 under common ownership and control for the purpose of leasing  
17 each site to the owner of a manufactured or mobile home for the  
18 installation thereof, and where the owner or owners provide  
19 services, which are provided by the municipality in which the park  
20 is located for property owners outside the park, which services may  
21 include but shall not be limited to:

22 (1) The construction and maintenance of streets;

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

24 (3) Garbage removal;

25 (4) Snow removal; and

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

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

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

39 "Property tax" means payments to a municipality based upon an  
40 assessment made by the municipality upon real property on an ad  
41 valorem basis on land and improvements, but shall not include  
42 payments made in lieu of taxes;

43 "Rent" means the amount due in an arm's-length transaction  
44 solely for the right of occupancy of a homestead that is a unit of  
45 residential rental property. Rent shall not include any amount paid  
46 under the federal Housing Choice Voucher (Section 8) Program or  
47 paid as a rental assistance grant under section 1 of P.L.2004, c.140  
48 (C.52:27D-287.1). If the director finds that the parties in a rental



1 transaction have not dealt with each other in an arm's-length  
2 transaction and that the rent due was excessive, the director may,  
3 for purposes of the homestead rebate claim, adjust the rent claimed  
4 in the homestead rebate application to a reasonable amount of rent;

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

17 "Resident" means an individual:

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

22 b. who is not domiciled in this State but maintains a permanent  
23 place of abode in this State and spends in the aggregate more than  
24 183 days of the tax year in this State, unless the individual is in the  
25 Armed Forces of the United States;

26 "Residential rental property" means:

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

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

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

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

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

1 "Tax year" means the calendar year in which property taxes are  
2 due and payable.

3 (cf: P.L.2004, c.40, s.2)

4

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

7 3. a. For tax year 2003, the director shall determine the amount  
8 of the homestead rebate that shall be paid to each claimant pursuant  
9 to P.L.1990, c.61 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-  
10 8.58a et al.), as amended by P.L.2004, c.40, based upon the  
11 information provided by the individual applicant in the application  
12 for either a NJ SAVER rebate or for a homestead rebate, or from  
13 any other information as may be available to the director in order  
14 that each individual applicant shall be paid the homestead rebate  
15 that may be allowed to the claimant pursuant to sections 3 through 5  
16 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director  
17 determines is appropriate.

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

40 (2) For tax year 2004 and **[for tax years thereafter]** tax year  
41 2005, any rebates applied for and paid pursuant to P.L.1990, c.61  
42 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-8.58a et al.), as  
43 amended and supplemented by P.L.2004, c.40, shall be homestead  
44 rebates.

45 (3) For tax year 2006 and for tax years thereafter, any homestead  
46 benefit applied for and provided pursuant to this act shall be a  
47 rebate or credit, as annually determined by the Director of the

1 Division of Taxation.  
 2 (cf: P.L.2004, c.40, s.3)

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

6 3. a. A resident of this State shall be allowed a homestead rebate  
 7 or credit for the tax year equal to the amount **[by which]**  
 8 determined as a percentage of property taxes not in excess of  
 9 \$10,000 paid by the claimant in that tax year on the claimant's  
 10 homestead **[exceed 5% of the claimant's gross income]**, rounded to  
 11 the nearest whole dollar, **[but within the appropriate range, but not**  
 12 **more than the amount of property taxes actually paid. As used in**  
 13 **this section,**

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

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

20 Range 3 equals \$500 for tax year 2003, and shall be subject to  
 21 the cost-of-living adjustment for each tax year thereafter as  
 22 provided in subsection h. of this section. **]**

23 as follows:

24

<u>For Resident Taxpayer With Tax</u>	
<u>Year Gross Income:</u>	<u>Percentage:</u>
<u>not over</u>	
<u>\$100,000.....</u>	<u>20%</u>
<u>over \$100,000</u>	
<u>but not over</u>	
<u>\$150,000.....</u>	<u>15%</u>
<u>over \$150,000</u>	
<u>but not over</u>	
<u>\$250,000.....</u>	<u>10%</u>

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

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

35 , shall be allowed a homestead rebate or credit for the tax year equal  
 36 to the greater of (a) the amount determined pursuant to subsection a.  
 37 of this section or (b) the amount equal to an amount by which

1 property taxes paid by the claimant in that tax year on the claimant's  
 2 homestead exceed 5% of the claimant's gross income, rounded to  
 3 the nearest whole dollar, but within the appropriate range, but not  
 4 more than the amount of property taxes actually paid, as follows:

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
<u>not over \$70,000.....</u>	<u>\$1,200 to \$1,000</u>
<u>over \$70,000</u>	
<u>but not over \$125,000.....</u>	<u>\$800 to \$600</u>
<u>over \$125,000</u>	
<u>but not over \$200,000.....</u>	<u>\$500</u>

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

9 With Tax Year Gross Income: Range:  
 10 not over \$125,000 (2)  
 11 over \$125,000 but

12 not over \$200,000 (3)

13 (3) (a) A homestead rebate shall be allowed for tax year 2003  
 14 pursuant to this section in relation to the amount of the property  
 15 taxes actually paid by or allocable to a resident property taxpayer  
 16 who is a claimant on more than one homestead, but the aggregate  
 17 amount of the property taxes claimed shall not exceed the total of  
 18 the proportionate amounts of property taxes assessed and levied  
 19 against or allocable to each homestead for the portion of the tax  
 20 year the claimant occupied it as the claimant's principal residence.

21 (b) **】**Notwithstanding any provision of this act to the contrary, a  
 22 homestead rebate or credit shall be allowed **【**for tax year 2004 and  
 23 thereafter**】** pursuant to this section in relation to the amount of the  
 24 property taxes actually paid during the tax year for the homestead  
 25 owned and occupied as such at 12:01 a.m. on October 1 of the tax  
 26 year, whether paid for the entire tax year by the claimant or by any  
 27 pre-October 1 owner or owners of that homestead during that tax  
 28 year.

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

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

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

24 d. If the homestead of a claimant is a residential property  
25 consisting of more than one unit, that claimant shall be allowed a  
26 homestead rebate or credit pursuant to this section only in relation  
27 to the proportionate share of the property taxes assessed and levied  
28 against the residential unit occupied by that claimant, as determined  
29 by the local tax assessor.

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

38 f. (Deleted by amendment, P.L.2004, c.40.)

39 g. (Deleted by amendment, P.L.2004, c.40.)

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

1 (2) "Cost-of-living adjustment" for any tax year means the factor  
2 calculated by dividing the consumer price index for all urban  
3 consumers for the nation, as prepared by the United States  
4 Department of Labor as of the close of the 12-month period ending  
5 on August 31 of the tax year, by that index as of the close of the 12-  
6 month period ending on August 31 of the calendar year preceding  
7 the tax year in which the recomputation of the homestead rebate  
8 ranges is made. ] (Deleted by amendment, P.L. , c. .) (pending  
9 before the Legislature as this bill))  
10 (cf: 2004, c.40, s.4)  
11

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

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

1 reasonable period, and the date for the payment of the rebate or  
2 credit may be delayed for a reasonable period. The director may  
3 require sworn applications. In the event that the director waives the  
4 requirement of sworn applications, all declarations by claimants  
5 shall be considered as if made under oath and claimants, as to false  
6 declarations, shall be subject to the penalties as provided by law for  
7 perjury.

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

18 b. Upon approval of homestead rebate or credit applications by  
19 the director, the director shall prepare lists of individuals entitled to  
20 a rebate or credit, together with the respective amounts due each  
21 claimant and shall forward such lists to the State Treasurer, the  
22 Director of the Division of Budget and Accounting and any other  
23 officials as the director deems appropriate on or before the earliest  
24 of such date or dates as may be convenient for the director to  
25 compile such lists. The director may inspect all records in the  
26 offices of the tax collector and tax assessor of a municipality with  
27 respect to applications, claims and allowances for homestead  
28 rebates or credits.

29 c. If a homestead rebate application contains a claim for a rebate  
30 or credit that is incorrectly determined by the claimant or is based  
31 upon incorrect or insufficient information from which the director is  
32 to approve the claim, the director may determine the eligibility of  
33 the claimant for a homestead rebate or credit and the correct amount  
34 of a homestead rebate or credit to be paid to that claimant from such  
35 other information as may be available to the director. In addition,  
36 the director may adjust the amount of any homestead rebate or  
37 credit to which a claimant may be entitled by any part of the amount  
38 of any previous homestead rebate or credit erroneously claimed by  
39 and paid to that claimant.

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

1 cooperative, mutual housing corporation or continuing care  
2 retirement community for the same year.

3 e. A homestead rebate or credit shall be allowed pursuant to this  
4 act for a claimant whose ownership of an interest in a homestead is  
5 satisfied by the holding of the beneficial interest if legal title thereto  
6 or share therein is held by another for the benefit of the claimant.

7 f. All provisions of this section shall apply to NJ SAVER rebate  
8 applications filed for and paid as homestead rebates for tax year  
9 2003.

10 g. The director may, in writing, require the owner of residential  
11 rental property upon which property tax is not assessed, and the  
12 owner's agents and representatives, to provide the names of  
13 residents and tenants on the residential rental property and such  
14 other information, in such form, as the director deems reasonable to  
15 ensure that no claimant claiming a unit of that residential rental  
16 property as a homestead under this act receives a homestead rebate  
17 for which the claimant is not eligible. Any individual or entity  
18 failing to provide the required information within 60 days of the  
19 written request of the director shall be liable, in the discretion of the  
20 director, to a penalty of up to \$500 for each month that the required  
21 information is not provided, unless it is shown that such failure is  
22 due to reasonable cause and not to willful neglect.

23 (cf: P.L.2004, c.40, s.7)

24

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

27 7. a. The State Treasurer annually on or before October 31,  
28 upon certification of the director and upon warrant of the [State  
29 Comptroller] Director of the Division of Budget and Accounting,  
30 shall pay and distribute the amount of a homestead rebate payable  
31 under this act that is claimed for the prior tax year to each claimant  
32 whose rebate is approved by the director.

33 b. A homestead credit allowed by the Director of the Division of  
34 Taxation to a claimant who claimed a homestead credit pursuant to  
35 section 3 of P.L.1990, c.61 (C.54:4-8.59), and whose homestead is  
36 not a unit in a cooperative, mutual housing corporation or  
37 continuing care retirement community, shall be paid by the State  
38 Treasurer, through electronic funds transfer made by the director to  
39 the local property tax account maintained by the local tax collector  
40 for the homestead of the claimant as the claimant shall identify, in  
41 equal installments after the application for the credit has been  
42 approved, at the dates and in the manner as the director shall  
43 determine to best coincide with the next local property tax quarterly  
44 due dates of August 1 and November 1. Notice of payments of  
45 credit installments shall be provided to the claimant and the  
46 appropriate local tax collector.

47 c. Notwithstanding subsection b. of this section, the director  
48 shall provide a homestead benefit under this act as a credit only if



1 the director can ensure that the benefit will be applied to the  
2 appropriate taxpayer. Otherwise, the director may remit a  
3 homestead benefit to an eligible taxpayer as a rebate.

4 d. Notwithstanding subsection b. of this section, a resident  
5 homeowner of this State who is 65 years of age or older at the close  
6 of the tax year or who is allowed to claim a personal deduction as a  
7 blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-  
8 1, shall receive the credit in the form of a rebate payment in  
9 calendar year 2007, but will receive credits in future years starting  
10 in calendar year 2008, unless the claimant elects in the claimant's  
11 homestead credit application to receive a rebate.

12 e. Notwithstanding subsection b. of this section, if the director  
13 determines that homestead benefits for a particular tax year cannot  
14 be administered and delivered as credits efficiently, the director  
15 may remit homestead benefits for that year as rebates.

16 (cf: P.L.2004, c.40, s.8)

17

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

20 8. a. The tax collector of each municipality shall, on or before  
21 **【May 15】** April 1 of each year, furnish the director with a list of  
22 property taxpayers in the district delinquent for taxes due and  
23 payable for the year immediately preceding and the amounts of such  
24 delinquencies. The collector shall report on such list the name, lot  
25 and block number on the property tax duplicate as may be  
26 applicable, and the address of each owner to whom a delinquency is  
27 attributable together with the amount of such delinquency so  
28 identified. No homestead rebate payment under this act shall be  
29 made to a property owner, and no homestead credit shall be applied  
30 as provided in subsection b. of section 7 of P.L.1990, c.61 (C.54:4-  
31 8.63), while that property owner's delinquency remains; provided  
32 however that for the purposes of this act, for an assessment on a  
33 property which is on appeal and for which the statutory percentage  
34 of the tax as provided in R.S.54:3-27 has been paid, the taxes  
35 assessed on that property shall not be regarded as delinquent.

36 b. If the director receives the list as provided for in subsection a.  
37 of this section, and the director determines that a property tax  
38 delinquency remains for the preceding tax year on **【May 15】** April  
39 1, the director shall ascertain the amount of the homestead rebate or  
40 credit required to be withheld because of such delinquency in each  
41 municipality in the State, and shall certify such amounts to the State  
42 Treasurer as soon thereafter as may be practicable.

43 c. On or before November 15, the director shall notify each  
44 homestead rebate or credit claimant whose rebate or credit has been  
45 withheld because of delinquency that the amount of the rebate or  
46 credit to which the claimant otherwise would have been entitled has  
47 been sent to the tax collector in the municipality to be credited  
48 against the claimant's delinquency.

1 d. Upon certification by the director as to the amount of  
2 homestead rebates or credits required to be withheld because of  
3 delinquency in the several municipalities, the State Treasurer upon  
4 the warrant of the **[State Comptroller]** Director of the Division of  
5 Budget and Accounting, shall pay such amount on or before  
6 October 30 to the tax collector in each municipality.

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

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

26 g. If a tax collector fails to comply with the provisions of  
27 subsection a. of this section requiring the tax collector to furnish the  
28 director with a list, on or before **[May 15]** April 1 of each year, of  
29 property taxpayers in the district delinquent for taxes due and  
30 payable for the year immediately preceding and the amounts of such  
31 delinquencies, the director shall either pay the homestead rebate  
32 directly to the delinquent applicant rather than to the tax collector of  
33 the municipality as set forth in subsection d. of this section or  
34 provide a credit for the applicant under this act.

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  
37 2003.

38 (cf: P.L.2004, c.40, s.9)

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

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

48 (cf: P.L.2004, c.40, s.10)

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

3       10. a. (1) The director shall determine the amount of the rebate  
4 or credit, if any, that shall be **[paid to]** provided for each claimant  
5 pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.) based upon the  
6 information provided by the individual applicant in the application  
7 or from any other information as may be available to the director  
8 and shall notify the applicant of the determined amount in the form  
9 of the homestead rebate check or credit or in any other manner as  
10 the director may deem appropriate. Subject to the provisions of the  
11 State Uniform Tax Procedure Law, R.S.54:48-1 et seq., such  
12 notification shall finally and irrevocably fix the amount of the  
13 rebate or credit unless the applicant, within 90 days after having  
14 been given notice of such determination, shall apply to the director  
15 for a hearing, or unless the director shall redetermine the same.  
16 After such hearing the director shall give notice of the final  
17 determination to the applicant.

18       (2) An applicant for a homestead rebate or credit authorized  
19 under this act who is aggrieved by any decision, order, finding, or  
20 denial by the director of all or part of that applicant's homestead  
21 rebate or credit may appeal therefrom to the New Jersey Tax Court  
22 in accordance with the provisions of the State Uniform Tax  
23 Procedure Law, R.S. 54-48-1 et seq.

24       b. The appeal provided by this section shall be the exclusive  
25 remedy available to an applicant for review of a decision of the  
26 director in respect to the determination of all or part of a homestead  
27 rebate or credit authorized under this act.

28 (cf: P.L.2004, c.40, s.12)

29

30       29. Section 14 of P.L.1999, c.63 (C.54:4-8.66a) is amended to  
31 read as follows:

32       14. Any individual who receives a homestead rebate or credit  
33 otherwise authorized under this act but as a result of an intentional  
34 misrepresentation of a material fact shall be required to repay to the  
35 director the amount of the homestead rebate or credit and shall be  
36 liable to a penalty equal to 150% of the amount of the homestead  
37 rebate or credit paid as a result of that misrepresentation.

38 (cf: 2004, c.40, s.13)

39

40       30. Section 15 of P.L.1999, c.63 (C.54:4-8.66b) is amended to  
41 read as follows:

42       15. Any person who receives a homestead rebate or credit  
43 otherwise authorized under this act but which has been paid in error  
44 and which is recoverable by the director, and fails to return the  
45 payment within 45 days of receiving notice from the director that  
46 such payment was erroneous, shall pay, in addition to the amount of  
47 the erroneous rebate or credit, interest at the rate prescribed in  
48 R.S.54:49-3, assessed for each month or fraction thereof,

1 compounded annually at the end of each year, from the date next  
2 following the 45th day after receiving the notice from the director  
3 that such payment was erroneous until the date of the return of the  
4 erroneous payment.

5 (cf: P.L.2004, c.40, s.14)

6

7 31. Section 16 of P.L.1999, c.63 (C.54:4-8.66c) is amended to  
8 read as follows:

9 16. A homestead rebate or credit paid as a result of  
10 misrepresentation or paid in error and any penalties and interest as  
11 imposed thereon by this act, shall be payable to and recoverable by  
12 the director in the same manner as a deficiency with respect to the  
13 payment of a State tax in accordance with the State Uniform Tax  
14 Procedure Law, R.S.54:48-1 et seq.

15 (cf: P.L.2004, c.40, s.15)

16

17 32. Section 6 of P.L.1997, c.348 (C.54:4-8.73) is amended to  
18 read as follows:

19 6. Pursuant to the "Administrative Procedure Act," P.L.1968,  
20 c.410 (C.52:14B-1 et seq.), the director shall promulgate such rules  
21 and regulations and prescribe such forms as the director shall deem  
22 necessary to implement this act. The director shall also promulgate  
23 rules and regulations to implement an appeals process for aggrieved  
24 persons to use if eligibility for a homestead property tax  
25 reimbursement rebate or credit is denied.

26 (cf: P.L.1997, c.348, s.6)

27

28 33. R.S.54:4-64 is amended to read as follows:

29 54:4-64. a. (1) As soon as the tax duplicate is delivered to the  
30 collector of the taxing district, as provided in R.S.54:4-55, he shall  
31 at once begin the work of preparing, completing, mailing or  
32 otherwise delivering tax bills to the individuals assessed[, and shall  
33 complete that work on or before June 14]. He shall also[, at least  
34 two months before the first installment of taxes for the calendar  
35 year falls due,] prepare and mail, or otherwise deliver to the  
36 individuals assessed, a tax bill for such following first and second  
37 installments, computed as provided in R.S.54:4-66 or section 2 of  
38 P.L.1994, c.72 (C.54:4-66.1), as appropriate.

39 (2) When any individual assessed has authorized the collector to  
40 mail or otherwise deliver his tax bill to a mortgagee or any other  
41 agent, the collector shall, at the same time, mail or otherwise  
42 deliver a duplicate tax bill to the individual assessed and shall print  
43 across the face of such duplicate tax bill the following inscription:  
44 "This is not a bill -- for advice only."

45 (3). The validity of any tax or assessment, or the time at which it  
46 shall be payable, shall not be affected by the failure of a taxpayer to  
47 receive a tax bill, but every taxpayer is put on notice to ascertain

1 from the proper official of the taxing district the amount which may  
2 be due for taxes or assessments against him or his property.

3 (4). Notwithstanding the provisions of any law to the contrary,  
4 the third installment of current year taxes shall not be subject to  
5 interest until the later of August 1, the additional interest-free  
6 period authorized pursuant to R.S.54:4-67, or the twenty-fifth  
7 calendar day after the date that the tax bill for the third installment  
8 was mailed or otherwise delivered. Any payment received after the  
9 later of August 1, the additional interest-free period authorized  
10 pursuant to R.S.54:4-67, or the twenty-fifth calendar day after the  
11 date that the tax bill for the third installment was mailed or  
12 otherwise delivered may be charged interest back to August 1. The  
13 tax bill shall contain a notice specifying the date on which interest  
14 may begin to accrue.

15 b. As provided in subsection a. of this section, a mortgagor as  
16 the individual assessed for property taxes or other municipal  
17 charges with respect to the property securing a mortgage loan, may  
18 authorize the tax collector to mail or otherwise deliver his tax bill to  
19 a mortgagee or servicing organization. This tax authorization form  
20 shall be assignable in the event the mortgagee or servicing  
21 organization sells, assigns or transfers the servicing of the mortgage  
22 loan to another mortgagee or servicing organization.

23 c. The tax collector of the taxing district shall, upon receipt of a  
24 written request from a mortgagee or servicing organization on a  
25 form approved by the commissioner, mail or otherwise deliver a  
26 mortgagor's tax bill to a property tax processing organization. The  
27 commissioner shall provide by regulation for a procedure by which  
28 the tax collector of a taxing district may request the Director of the  
29 Division of Local Government Services in the Department of  
30 Community Affairs to review the appropriateness of the request to  
31 mail or otherwise deliver a mortgagor's tax bill to a property tax  
32 processing organization.

33 d. If a mortgagee, servicing organization, or property tax  
34 processing organization requests a duplicate copy of a tax bill, the  
35 tax collector of a taxing district shall issue a duplicate copy and  
36 may charge a maximum of \$5 for the first duplicate copy and a  
37 maximum of \$25 for each subsequent duplicate copy of the same  
38 tax bill in the same fiscal year, the actual charge being set by  
39 municipal ordinance. The commissioner shall promulgate  
40 regulations to effectuate the provisions of this subsection d. which  
41 regulations shall include a procedure by which a mortgagee,  
42 servicing organization, or property tax processing organization may  
43 appeal and be reimbursed for the amount it has paid for a duplicate  
44 copy of a tax bill, or any part thereof.

45 e. As used in subsections a., b., c., and d. of this section,  
46 "mortgagee," "mortgagor," "mortgage loan," "servicing  
47 organization" and "property tax processing organization" shall have

1 the same meaning as the terms have pursuant to section 1 of  
2 P.L.1990, c.69 (C.17:16F-15).

3 (cf: P.L.1994, c.32, s.1)

4

5 34. R.S.54:4-65 is amended to read as follows:

6 54:4-65. a. The Director of the Division of Local Government  
7 Services in the Department of Community Affairs shall approve the  
8 form and content of property tax bills.

9 b. (1) Each tax bill shall have printed thereon a brief tabulation  
10 showing the distribution of the amount raised by taxation in the  
11 taxing district, in such form as to disclose the rate per \$100.00 of  
12 assessed valuation or the number of cents in each dollar paid by the  
13 taxpayer which is to be used for the payment of State school taxes,  
14 other State taxes, county taxes, local school expenditures and other  
15 local expenditures. The last named item may be further subdivided  
16 so as to show the amount for each of the several departments of the  
17 municipal government. In lieu of printing such information on the  
18 tax bill, any municipality may furnish the tabulation required  
19 hereunder and any other pertinent information in a statement  
20 accompanying the mailing or delivery of the tax bill.

21 (2) When a parcel receives a homestead property tax credit  
22 pursuant to provisions of P.L. , c. (C. ) (pending before the  
23 Legislature as this bill), the amount of the credit shall be included  
24 with the tax calculation as a reduction in the total tax calculation for  
25 the year. One-half of the amount of the credit shall be deducted  
26 from taxes otherwise due for the third installment and the remaining  
27 one-half shall be deducted from taxes otherwise due for the fourth  
28 installment.

29 (3) There shall be included on or with the tax bill the delinquent  
30 interest rate or rates to be charged and any end of year penalty that  
31 is authorized and any other such information that the director may  
32 require from time to time.

33 c. The **appropriate** tax bill **or form mailed with the tax bill**  
34 shall also **contain a statement reporting** include a calculation  
35 stating the amounts of State aid and assistance received by the  
36 municipality, school districts, special districts and county  
37 governments **used to offset local tax levies** that offset property  
38 taxes that are otherwise due on each parcel. The director shall  
39 **provide** certify to each tax collector [with a certification of] the  
40 amounts of said State aid and assistance **for inclusion in the tax**  
41 **bill** that shall serve as the basis for the calculation for each parcel.  
42 The director shall set standards for the calculation and display of  
43 the statement on the tax bill.

44 d. The tax bill or form mailed with the tax bill shall include  
45 thereon the date upon which each installment is due.

46 e. If a property tax bill includes in its calculation a homestead  
47 property tax credit, the bill shall, in addition to the calculation

1 showing taxes due, either display a notice concerning the credit on  
2 the face of the property tax bill or with a separate notice, with the  
3 content and wording as the director provides.

4 (cf: P.L.1997, c.99, s.1)

5

6 35. Section 3 of P.L.1994, c.72 (C.54:4-66.2) is amended to read  
7 as follows:

8 3. a. Notwithstanding any provision of law, rule or regulation to  
9 the contrary, whenever a municipal governing body determines that  
10 the municipal tax collector will be unable to complete the mailing  
11 or delivery of tax bills in a municipality operating under a calendar  
12 fiscal year by June 14 or in a municipality operating under the State  
13 fiscal year by June 14 or December 1, as appropriate, because the  
14 county board of taxation has not certified a tax levy, or for any  
15 other reason, subject to regulations promulgated by the Local  
16 Finance Board, the governing body may direct, by resolution, the  
17 collector to prepare, complete, mail or otherwise deliver as soon as  
18 practicable to each individual assessed, or as provided in R.S.54:4-  
19 64 to the individual's mortgagee or servicing organization,  
20 estimated and reconciled tax bills in accordance with the procedures  
21 set forth in section 4 or 5, as appropriate, of P.L.1994, c.72 (C.54:4-  
22 66.3 or C.54:4-66.4).

23 b. Except as otherwise provided for by this section, an estimated  
24 tax bill and a reconciled tax bill issued pursuant to subsection a. of  
25 this section shall be considered the same as a regular tax bill with  
26 regard to other laws governing tax bills.

27 c. An estimated tax bill issued pursuant to this section may be  
28 used by a mortgagee or servicing organization in calculating the  
29 anticipated disbursements from mortgage escrow accounts as  
30 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

31 d. Notwithstanding anything in Title 54 of the Revised Statutes  
32 to the contrary, a municipality shall not issue more than four  
33 quarterly installment tax bills, whether estimated or final, during  
34 any calendar year. This subsection shall not apply to bills for added  
35 or omitted assessments.

36 e. The provisions of this section and sections 4 and 5 of  
37 P.L.1994, c.72 (C.54:4-66.3 and C.54:4-66.4) related to third  
38 installment tax bills shall not be operative in years when homestead  
39 property tax credits are provided through the property tax billing  
40 process. In such years, the director shall notify municipal officials  
41 of the suspension of this provision and that no estimated tax bills  
42 shall be printed or otherwise issued.

43 (cf: P.L.1994, c.72, s.3)

44

45 36. R.S.54:4-74 is amended to read as follows:

46 54:4-74. The governing body of each municipality shall cause to  
47 be paid to the treasurer of the county, in four installments, the  
48 amount of county taxes required to be assessed and raised in such

1 municipality, on the fifteenth day of the month in which each  
2 installment of taxes shall become payable, except, that in those  
3 years when the third installment has been determined by the tax  
4 collector to be due after August 10, the installment shall be due no  
5 later than five days after the twenty-fifth day from when the tax bill  
6 was mailed or otherwise delivered pursuant to subsection a. of  
7 R.S.54:4-64, but no later than September 15. The amount to be  
8 payable as each of the first two installments shall be one-quarter of  
9 the total tax finally levied against the municipality for the preceding  
10 year, and the amount to be payable for the third and fourth  
11 installments shall be the full tax as levied for the current year, less  
12 the amount charged as the first and second installments. The  
13 amount thus found to be payable as the last two installments shall  
14 be divided equally for and as each installment. The governing body  
15 of each municipality shall cause to be paid to the county treasurer  
16 on December fifteenth of each year all of the taxes required to be  
17 assessed and raised by taxation in such taxing district for state  
18 school and other state purposes.

19 (cf: R.S.54:4-74)

20

21 37. R.S.54:4-75 is amended to read as follows:

22 54:4-75. The governing body of each municipality shall pay  
23 over to the custodian of school moneys, in the case of school  
24 districts in which appropriations for school purposes are made by  
25 the inhabitants of the school district, within forty days after the  
26 beginning of the school year, twenty per centum (20%) of the  
27 appropriation for local school purposes, and thereafter, but prior to  
28 the last day of the school year, the balance of the moneys raised in  
29 the municipality for school purposes in such amounts as may from  
30 time to time be requested by the Board of Education, within thirty  
31 days after each request. The Board of Education shall not request  
32 any more money at any one time than shall be required for its  
33 expenditures for a period of eight weeks in advance; provided,  
34 however, that the Board of Education may at any time, but not  
35 earlier than fifteen days prior to the beginning of the school year,  
36 request sufficient moneys to meet all interest and debt redemption  
37 charges maturing during the first forty days of the school year. The  
38 governing body may make payments of such moneys in advance of  
39 the time and in excess of the amounts required by this section.  
40 Notwithstanding provisions of this section to the contrary, in those  
41 years when the third installment of property taxes has been  
42 determined by the tax collector to be due after August 10, the  
43 installment shall be due no later than five days after the twenty-fifth  
44 day from when the tax bill was mailed or otherwise delivered  
45 pursuant to subsection a. of R.S.54:4-64, but no later than  
46 September 1.

47 (cf: P.L.1952, c.274, s.1)



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

3       1. a. 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.),  
7 or whenever any individual is eligible to receive a homestead rebate  
8 or credit pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), P.L.1999,  
9 c.63 (C.54:4-8.58a et al.) or, P.L.2004, c.40 or P.L. \_\_\_\_\_, c  
10 (C. \_\_\_\_\_) (pending before the Legislature as this bill), and if the  
11 rebate or credit is not required to be paid over to the municipal tax  
12 collector under the provisions of section 8 of P.L.1990, c.61  
13 (C.54:4-8.64), and at the same time the taxpayer or resident shall be  
14 indebted to any agency or institution of State Government, to the  
15 Victims of Crime Compensation Board for the portion of an  
16 assessment ordered pursuant to N.J.S.2C:43-3.1 for deposit in the  
17 Victims of Crime Compensation Board Account or restitution  
18 ordered to be paid to the board pursuant to N.J.S.2C:44-2 for  
19 deposit in the Victims of Crime Compensation Board Account, or  
20 for child support under Title IV-A, Title IV-D, or Title IV-E of the  
21 federal Social Security Act (42 U.S.C. s.601 et seq.), or other  
22 indebtedness in accordance with section 1 of P.L.1995, c.290  
23 (C.2A:17-56.11b) the Department of the Treasury shall apply or  
24 cause to be applied the refund, homestead rebate or credit, or all, or  
25 so much of any or all as shall be necessary, to satisfy the  
26 indebtedness. Child support indebtedness shall take precedence  
27 over all other indebtedness. The Department of the Treasury shall  
28 retain a percentage of the proceeds of any collection setoff as shall  
29 be necessary to provide for any expenses of the collection effort.

30       b. A State department or agency which is owed a debt shall  
31 notify the Department of the Treasury of the existence of the debt  
32 and shall request that the Department of the Treasury execute a  
33 setoff as provided for in this section.

34 (cf: P.L.2005, c.124, s.12)

35

36       39. Section 2 of P.L.1981, c.239 (C.54A:9-8.2) is amended to  
37 read as follows:

38       2. The Department of the Treasury shall promulgate regulations  
39 concerning the procedures and methods to be employed by all  
40 agencies and institutions in the executive branch in the collection or  
41 the setting off of delinquent accounts. The regulations shall be  
42 consistent with all Federal requirements or limitations regarding  
43 any information utilized in any collection or setoff, and shall in  
44 addition provide for due notice to the debtor and opportunity for a  
45 hearing upon request prior to any setoff; safeguards against the  
46 disclosure or inappropriate use of any personally identifiable  
47 information regarding the debtor obtained or maintained pursuant to  
48 this act; and the appropriate apportionment of any setoff in the case

1 of a debtor's joint filing of a joint income tax return or homestead  
2 rebate or credit application.

3 (cf: P.L.1981, c.239, s.2)

4

5 40. (New section) For the fiscal year beginning July 1, 2007,  
6 the sum that shall be appropriated for homestead property tax  
7 rebates for residential tenants shall be not less than twice the  
8 amount appropriated for the same purpose in the prior fiscal year  
9 and shall be allocated in a manner prescribed by law.

10

11 41. Section 1 of P.L.1995, c.44 (C.2B:20-2) is amended to read  
12 as follows:

13 1. a. The names of persons eligible for jury service shall be  
14 selected from a single juror source list of county residents whose  
15 names and addresses shall be obtained from a merger of the  
16 following lists: registered voters, licensed drivers, filers of State  
17 gross income tax returns and filers of homestead rebate or credit  
18 application forms. The county election board, the Division of  
19 Motor Vehicles and the State Division of Taxation shall provide  
20 these lists annually to the Assignment Judge of the county. The  
21 Assignment Judge may provide for the merger of additional lists of  
22 persons eligible for jury service that may contribute to the breadth  
23 of the juror source list. Merger of the lists of eligible jurors into a  
24 single juror source list shall include a reasonable attempt to  
25 eliminate duplication of names.

26 b. The juror source list shall be compiled once a year or more  
27 often as directed by the Assignment Judge.

28 c. The juror source list may be expanded by the Supreme Court  
29 as it deems appropriate.

30 (cf: P.L.1995, c.44, s.1)

31

32 42. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
33 read as follows:

34 7. a. The Division of Pensions and Benefits shall certify to the  
35 certifying agent of each employer electing participation under the  
36 program the premium rates and periodic charges applicable to the  
37 coverage provided for employees and dependents. The  
38 participating employer shall remit to the division all contributions  
39 to premiums and periodic charges in advance of their due dates,  
40 subject to the rules and regulations of the commission.

41 Notwithstanding the provisions of any other law to the contrary,  
42 the obligations of a participating employer other than the State to  
43 pay the premium or periodic charges for health benefits coverage  
44 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be  
45 determined by means of a binding collective negotiations  
46 agreement. With respect to employees for whom there is no  
47 majority representative for collective negotiations purposes, the  
48 employer may, in its sole discretion, modify the respective payment

1 obligations set forth in law for the employer and such employees in  
2 a manner consistent with the terms of any collective negotiations  
3 agreement binding on the employer.

4 b. (1) From funds allocated therefor, the employer other than the  
5 State, upon the adoption and submission to the division of an  
6 appropriate resolution prescribed by the commission, may pay the  
7 premium or periodic charges for the benefits provided to a retired  
8 employee and the employee's dependents covered under the  
9 program, if the employee retired from a State or locally-  
10 administered retirement system, excepting the employee who  
11 elected deferred retirement, and may also reimburse the retired  
12 employee for the employee's premium charges under Part B of  
13 Medicare covering the retired employee and the employee's spouse  
14 if the employee:

15 (a) retired on a disability pension; or

16 (b) retired after 25 or more years of nonconcurrent service credit  
17 in one or more State or locally-administered retirement systems and  
18 a period of service of up to 25 years with the employer at the time  
19 of retirement, such period of service to be determined by the  
20 employer and set forth in an ordinance or resolution as appropriate;  
21 or

22 (c) retired and reached the age of 65 years or older with 25 years  
23 or more of nonconcurrent service credit in one or more State or  
24 locally-administered retirement systems and a period of service of  
25 up to 25 years with the employer at the time of retirement, such  
26 period of service to be determined by the employer and set forth in  
27 an ordinance or resolution as appropriate; or

28 (d) retired and reached the age of 62 years or older with at least  
29 15 years of service with the employer.

30 "Retired employee and the employee's dependents" may, upon  
31 adoption of an appropriate resolution therefor by the participating  
32 employer, also include otherwise eligible employees, and their  
33 dependents, who retired from one or more State or locally-  
34 administered retirement systems prior to the date that the employer  
35 became a participating employer in the New Jersey State Health  
36 Benefits Program or who did not elect to continue coverage in the  
37 program during such time after the employer became a participating  
38 employer that the employer did not pay premium or periodic  
39 charges for benefits to retired employees and their dependents  
40 pursuant to this section. Eligibility and enrollment of such  
41 employees and dependents shall be in accordance with such rules  
42 and regulations as may be adopted by the State Health Benefits  
43 Commission.

44 The employer other than the State may, by resolution, pay the  
45 premium or periodic charges for the benefits provided to the  
46 surviving spouse of a retired employee and the employee's  
47 dependents covered under the program as provided in this section.

1 (2) Notwithstanding the provisions of any other law to the  
2 contrary, the obligations of an employer other than the State, except  
3 an independent State authority, board, commission, corporation,  
4 agency, or organization deemed to be covered by section 6 of  
5 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose  
6 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
7 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
8 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
9 periodic charges for health benefits coverage under the provisions  
10 of paragraph (1) may be determined by means of a binding  
11 collective negotiations agreement, including any agreement in force  
12 at the time of the adoption of this act, P.L.1999, c.48. With respect  
13 to employees for whom there is no majority representative for  
14 collective negotiations purposes, the employer may, in its sole  
15 discretion, determine the payment obligations for the employer and  
16 the employees, except that if there are collective negotiations  
17 agreements binding upon the employer for employees who are  
18 within the same community of interest as employees in a collective  
19 negotiations unit but are excluded from participation in the unit by  
20 the "New Jersey Employer-Employee Relations Act," P.L.1941,  
21 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
22 determined in a manner consistent with the terms of any collective  
23 negotiations agreement applicable to the collective negotiations  
24 unit.

25 c. Notwithstanding the provisions of any other law to the  
26 contrary, the payment obligations of an employee of an employer  
27 other than the State, except an independent State authority, board,  
28 commission, corporation, agency, or organization, for health  
29 benefits coverage under subsection b. shall be the payment  
30 obligations applicable to the employee on the date the employee  
31 retires on a disability pension or the date the employee meets the  
32 service credit and service requirements for the employer payment  
33 for the coverage, as the case may be.

34 (cf: P.L.2001, c.209, s.4)

35

36 43. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to  
37 read as follows:

38 9. An employee enrolling for **[dependents]** coverage shall, at  
39 the time of enrollment, authorize the participating employer to  
40 withhold, on an advance basis, from his wages or salary the  
41 contribution required by such employer for such coverage, which  
42 shall not exceed the premium or periodic charge therefor. The  
43 remainder of the premiums and periodic charges for employee and  
44 dependents coverage shall be paid by the participating employer out  
45 of its own funds.

46 (cf: P.L.1964, c.125, s.9)

1       44. (New section) Notwithstanding the provisions of any other  
2 law to the contrary, a board of education, or an agency or  
3 instrumentality thereof, may establish as an employer a cafeteria  
4 plan for its employees pursuant to section 125 of the federal  
5 Internal Revenue Code, 26 U.S.C.§125. The plan may provide for a  
6 reduction in an employee's salary, through payroll deductions or  
7 otherwise, in exchange for payment by the employer of medical or  
8 dental expenses not covered by a health benefits plan, and  
9 dependent care expenses as provided in section 129 of the code, 26  
10 U.S.C.§129, and such other benefits as are consistent with section  
11 125 which are included under the plan. The amount of any  
12 reduction in an employee's salary for the purpose of contributing to  
13 the plan shall continue to be treated as regular compensation for all  
14 other purposes, including the calculation of pension contributions  
15 and the amount of any retirement allowance, but, to the extent  
16 permitted by the federal Internal Revenue Code, shall not be  
17 included in the computation of federal taxes withheld from the  
18 employee's salary.

19  
20       45. (New section) Notwithstanding the provisions of any other  
21 law to the contrary, a local unit of government, or an agency, board,  
22 commission, authority or instrumentality thereof, may establish as  
23 an employer a cafeteria plan for its employees pursuant to section  
24 125 of the federal Internal Revenue Code, 26 U.S.C.§125. The plan  
25 may provide for a reduction in an employee's salary, through  
26 payroll deductions or otherwise, in exchange for payment by the  
27 employer of medical or dental expenses not covered by a health  
28 benefits plan, and dependent care expenses as provided in section  
29 129 of the code, 26 U.S.C.§129, and such other benefits as are  
30 consistent with section 125 which are included under the plan. The  
31 amount of any reduction in an employee's salary for the purpose of  
32 contributing to the plan shall continue to be treated as regular  
33 compensation for all other purposes, including the calculation of  
34 pension contributions and the amount of any retirement allowance,  
35 but, to the extent permitted by the federal Internal Revenue Code,  
36 shall not be included in the computation of federal taxes withheld  
37 from the employee's salary.

38  
39       46. a. There is appropriated to the Department of Education the  
40 Treasury from the General Fund an amount as the Commissioner of  
41 Education shall determine is necessary for the administrative costs  
42 of implementing the levy cap provisions of this act applicable to  
43 school districts, subject to the approval of the Director of the  
44 Division of Budget and Accounting.

45       b. There is appropriated to the Department of Community  
46 Affairs from the General Fund an amount as the Commissioner of  
47 Community Affairs shall determine is necessary for the  
48 administrative costs of implementing the levy cap provisions of this

1 act applicable to local units, subject to the approval of the Director  
2 of the Division of Budget and Accounting.

3 c. There is appropriated to the Department of the Treasury from  
4 the General Fund an amount as the Director of the Division of  
5 Taxation in the Department of the Treasury shall determine is  
6 necessary for the administrative costs of implementing the credit  
7 provisions of this act (sections 19 through 40), subject to the  
8 approval of the Director of the Division of Budget and Accounting.  
9

10 47. This act shall take effect immediately; provided, however,  
11 sections 2 through 12 shall be applicable only to budget years  
12 beginning on or after July 1, 2007, and shall not be applicable to  
13 budget years beginning after June 30, 2012; section 13 shall be  
14 retroactive to July 1, 2006, and shall not be applicable to budget  
15 years beginning after June 30, 2012; and sections 19 through 40  
16 shall first apply to claims for rebates and credits for property taxes  
17 paid for the tax year 2006.  
18  
19

20 STATEMENT  
21

22 This bill provides a homestead property tax credit for residents  
23 of New Jersey and provides a means to ensure that the property tax  
24 relief is sustainable through a property tax levy cap of four percent  
25 that is applicable to school districts, counties, municipalities, fire  
26 districts, and solid waste collection districts. Sections 19 through  
27 41 of this bill establish a homestead credit program for New Jersey  
28 homeowners and residential tenants. These sections replace the  
29 current homestead rebate program for homeowners that provides  
30 benefits in set dollar amounts in ranges based on income. An  
31 additional section, to benefit residential tenants, requires that for the  
32 fiscal year beginning July 1, 2007, the sum to be appropriated for  
33 homestead property tax rebates for residential tenants shall be not  
34 less than twice the amount appropriated for the same purpose in the  
35 prior fiscal year. The credit program retains the rebate program's  
36 definition of income and provides a benefit based on a percentage  
37 of property taxes paid for the previous year. The percentages vary  
38 based on three income levels: 20% for incomes up to \$100,000,  
39 15% for incomes over \$100,000 up to \$150,000, and 10% for  
40 incomes over \$150,000 up to \$250,000. Taxpayers with incomes  
41 over \$250,000 receive no benefit. If a property tax bill is higher  
42 than \$10,000, the benefit only applies to a percentage of the first  
43 \$10,000 of property taxes paid. The benefit amounts do not vary  
44 based upon a taxpayers age or disability status. This bill provides  
45 immediate property tax relief to a large number of homeowners and  
46 residential tenants.

47 For seniors and residents who are blind or disabled, the bill  
48 either retains the current calculation of property tax rebates or

1 applies the new credit formula, whichever provides a greater  
2 benefit. Under the current calculation the homestead benefit for the  
3 tax year equals the amount by which property taxes paid by the  
4 claimant in that tax year on the claimant's homestead exceed 5% of  
5 the claimant's gross income, with certain maximum and minimum  
6 benefits. Most of these taxpayers are eligible for a benefit of  
7 \$1,200.

8 The new percentage-based benefit will be provided to taxpayers  
9 in the form of a credit rather than a rebate. However, the director  
10 retains the discretion to provide rebates when there is uncertainty  
11 that the benefit will be accurately provided to the correct taxpayer.  
12 In addition, seniors will receive the benefit as a rebate in the first  
13 year, and may individually choose to continue to do so in following  
14 years.

15 Credits will be reflected annually in the August and November  
16 property tax bills beginning in 2007. A taxpayer must reside in a  
17 homestead on October 1 of a tax year to be eligible for the credit.

18 The bill requires each property tax bill to show the taxpayer the  
19 amount of credit the taxpayer receives, and makes additional  
20 technical changes to statutes affecting the format and content of tax  
21 bills.

22 Sections 2 through 7 of this bill establishes a property tax levy  
23 cap for school districts, with very limited exceptions. During the  
24 first school budget year following enactment of this bill, the school  
25 district could go to its voters, as it does now, for approval to exceed  
26 the 4% levy cap. After the first year, the school district would need  
27 approval by at least 60% of the voters to exceed the levy cap. The  
28 bill ensures a great degree of transparency so that the ballot  
29 question and statement accurately explains the purpose for the  
30 additional funding request. After the first year, the school district  
31 also would be able to seek a waiver from the Commissioner of  
32 Education for limited categories of purposes, instead of or prior to  
33 seeking voter approval.

34 Sections 9 through 13 of the bill establish a property tax levy cap  
35 of four percent for local units, namely counties, municipalities, fire  
36 districts, and solid waste collection districts, with very limited  
37 exceptions. In the case of a county, this levy cap is intended to be  
38 tighter than the existing levy cap, but regardless, the smaller cap  
39 would apply. In the case of a municipality, this levy cap  
40 supplements the existing municipal expenditure cap and so would  
41 act as an additional constraint on municipal spending. Fire districts  
42 and solid waste collection districts currently are not subject to any  
43 expenditure or levy caps. The Local Finance Board would be  
44 authorized to grant waivers from the four percent cap in very  
45 limited circumstances.

46 Sections 42 through 45 of the bill provide local governments,  
47 including local boards of education, with the ability to modify,  
48 through collective negotiations agreements with their active

1 employees, the payment obligations of the employer for active  
2 employee coverage under the State Health Benefits Program  
3 (SHBP). The ability to negotiate the amount of SHBP premium or  
4 periodic charges to be paid by the employer has been available to  
5 the State since 1997, and to local governments with regard to their  
6 future retirees since 1999.

7 The bill also permits all local units of government (including  
8 boards of education, county colleges, and local authorities) to  
9 establish cafeteria plans pursuant to section 125 of the federal  
10 Internal Revenue Code, 26 U.S.C. §125, to provide for a reduction  
11 in an employee's salary, through payroll deductions or otherwise, in  
12 exchange for payment by the employer of medical or dental  
13 expenses not covered by a health benefits plan, of dependent care  
14 expenses as provided in section 129 of the code, 26 U.S.C. §129,  
15 and of such other benefits as are consistent with section 125 which  
16 are included under the plan. The amount of any reduction in an  
17 employee's salary will continue to be treated as regular  
18 compensation for all other purposes, including the calculation of  
19 pension contributions and the amount of any retirement allowance,  
20 but, to the extent permitted by the federal Internal Revenue Code,  
21 will not be included in the computation of federal taxes withheld  
22 from the employee's salary. The State was given the authority to  
23 establish such cafeteria plans in 1996 pursuant to N.J.S.A.52:14-  
24 15.1a.

25 These provisions will provide local governments that participate  
26 in the SHBP with flexibility to make negotiate changes required to  
27 control costs.

28 The bill appropriates funds necessary for the administrative costs  
29 of implementing the levy caps. The bill also appropriates funds  
30 necessary for the administrative costs of implementing the credit  
31 program, in an amount determined by the Director of the Division  
32 of Taxation in the Department of the Treasury, with the approval of  
33 the Director of the Division of Budget and Accounting.



**LEGISLATIVE FISCAL ESTIMATE**  
**CORRECTED COPY**  
**ASSEMBLY, No. 1**  
**STATE OF NEW JERSEY**  
**212th LEGISLATURE**

DATED: FEBRUARY 14, 2007

**SUMMARY**

- Synopsis:** Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.
- Type of Impact:** State expenditure increase; possible decrease in local property tax revenue.
- Agencies Affected:** Departments of the Treasury, Education and Community Affairs; counties, municipalities, local school districts, special taxing districts.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>
<b>State Cost</b>	\$1.186 billion	Indeterminate but similar level	
<b>Local Property Tax Levies</b>	Indeterminate Potential Restraint of Growth Rates-See Comments Below		

- The Office of Legislative Services (OLS) estimates that this bill will increase State expenditures for homestead property tax rebates and credits by about \$1,186,000,000 in FY 2008, and by indeterminate amounts in succeeding fiscal years. Homestead property tax relief for homeowners would increase by \$1.06 billion, and homestead property tax relief for tenants would increase by \$126 million in FY 2008.
- The OLS estimates that this bill would provide homestead property tax rebates and credits averaging \$1,205 to about 500,000 senior and disabled homeowners, and homestead property tax rebates and credits averaging \$1,070 to about 1,300,000 non-senior homeowners.
- This bill provides property tax credits of 20 percent of the first \$10,000 in property taxes to homeowners with income of \$100,000 or less; property tax credits of 15 percent of the first \$10,000 in property taxes to homeowners with income between \$100,000 and \$150,000; and property tax credits of 10 percent of the first \$10,000 in property taxes to homeowners with income between \$150,000 and \$250,000.

- This bill requires a minimum FY 2008 appropriation for tenants' property tax rebates of at least two times the FY 2007 appropriation, or \$252 million.
- The OLS estimates that new local property tax growth limits ("caps") may result in lower local property tax levies than would otherwise occur under existing law, by indeterminate amounts. The bill establishes new four percent caps on annual increases in the property tax levies of school districts, counties, municipalities and special taxing districts.

## **BILL DESCRIPTION**

The Corrected Copy to Assembly Bill No. 1 of 2007 provides a homestead property tax credit for New Jersey resident homeowners; provides for increased funding for residential tenants' property tax rebates; and establishes a property tax levy growth limitation (hereafter, "cap") of four percent that is applicable to school districts, counties, municipalities, fire districts, and solid waste collection districts.

### **Homestead Property Tax Credit**

Sections 19 through 39 of this bill establish a homestead credit program for New Jersey homeowners. The credit program retains the current rebate program's definition of income and provides a benefit based on a percentage of property taxes paid for the previous year. The percentages vary based on three income levels: 20 percent for incomes up to \$100,000, 15 percent for incomes over \$100,000 up to \$150,000, and 10 percent for incomes over \$150,000 up to \$250,000. Taxpayers with incomes over \$250,000 receive no benefit. If a property tax bill is higher than \$10,000, the benefit only applies to a percentage of the first \$10,000 of property taxes paid. The benefit amounts do not vary based upon a taxpayer's age or disability status.

For homeowners who are senior citizens, blind or disabled, the bill retains the current calculation of property tax rebates as well as extending eligibility for the new credit, and provides whichever is the greater benefit. Under the current calculation, the homestead benefit for the tax year equals the amount by which property taxes paid by the claimant in that tax year on the claimant's homestead exceed 5 percent of the claimant's gross income, with certain maximum and minimum benefits. Most of these homeowners are eligible for a benefit of \$1,200.

The new benefits will be provided to taxpayers in the form of a credit rather than a rebate. However, the Director of the Division of Taxation retains the discretion to provide rebates when there is uncertainty that the benefit will be accurately provided to the correct taxpayer. In addition, seniors will receive the benefit as a rebate in the first year, and may individually choose to continue to do so in following years. Credits will be reflected annually in the August and November property tax bills beginning in 2007. A taxpayer must reside in a homestead on October 1 of a tax year to be eligible for the credit. The bill requires each property tax bill to show the taxpayer the amount of credit the taxpayer receives, and makes additional technical changes to statutes affecting the format and content of tax bills.

### **Increased Funding for Residential Tenants' Property Tax Rebates**

Section 40 of this bill requires that for the fiscal year beginning July 1, 2007, the sum to be appropriated for homestead property tax rebates for residential tenants shall be not less than

twice the amount appropriated for the same purpose in the prior fiscal year. Amounts appropriated for this purpose are to be allocated in a manner prescribed by law.

### **Property Tax Levy Caps**

Sections 2 through 7 of this bill establish a four percent cap on annual increases in the property tax levy for each school district, with certain exceptions. During the first school budget year following enactment of this bill, a school district would be authorized, as under current law, to seek voter approval to exceed the maximum levy. After the first year, a school district would need approval by at least 60 percent of the voters to exceed the maximum levy. After the first year, a school district also would be able to seek a cap waiver from the Commissioner of Education for limited categories or purposes, instead of or prior to seeking voter approval.

Sections 9 through 11 of the bill establish a four percent cap on annual increases in the property tax levy for counties, municipalities, fire districts, and solid waste collection districts, with certain exceptions. In the case of a county, this new levy cap applies in addition to the existing levy cap, with the more restrictive of the two prevailing. In the case of a municipality, this new levy cap supplements existing limits on increases in municipal expenditures. This bill further establishes a new four percent cap on increases in fire district and solid waste collection district tax levies; these local entities currently are not subject to any expenditure or levy growth caps. The Local Finance Board would be authorized to grant cap waivers in certain circumstances.

### **Other Provisions**

Sections 42 through 45 of the bill permit local governments, including local boards of education, to modify, through collective negotiations agreements with their active employees, the payment obligations of the employer for active employee coverage under the State Health Benefits Program (SHBP). The ability to negotiate the amount of SHBP premium or periodic charges to be paid by the employer has been available to the State since 1997, and to local governments with regard to their future retirees since 1999.

The bill also permits all local units of government (including boards of education, county colleges, and local authorities) to establish cafeteria plans pursuant to section 125 of the federal Internal Revenue Code, 26 U.S.C. §125, to provide for a reduction in an employee's salary, through payroll deductions or otherwise, in exchange for payment by the employer of medical or dental expenses not covered by a health benefits plan, of dependent care expenses as provided in section 129 of the code, 26 U.S.C. §129, and of such other benefits as are consistent with section 125 which are included under the plan. The amount of any reduction in an employee's salary will continue to be treated as regular compensation for all other purposes, including the calculation of pension contributions and the amount of any retirement allowance, but, to the extent permitted by the federal Internal Revenue Code, will not be included in the computation of federal taxes withheld from the employee's salary.

Section 46 of the bill appropriates to the departments of Community Affairs and Education funds necessary for the administrative costs of implementing the tax levy caps. The bill also appropriates funds necessary for the administrative costs of implementing the credit program, in an amount determined by the Director of the Division of Taxation in the Department of the Treasury, with the approval of the Director of the Division of Budget and Accounting.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

The Department of the Treasury provided information on which the OLS based its estimates of the fiscal impact of the homestead credit program established in this bill.

### *OFFICE OF LEGISLATIVE SERVICES*

**Property Tax Credits and Rebates:** The OLS estimates that this bill will increase State expenditures by about \$1,186,000,000 in FY 2008. The property tax credit in part replaces and in part supplements the FAIR homestead rebate program for homeowners and tenants. The table below displays the homeowner and tenant components for the FAIR program in FY 2007, for the estimated FY 2008 results of this bill, and the net estimated cost increase to the State.

<b>Corrected Copy Assembly Bill No. 1 Credit/Rebate Cost Estimate</b>			
	<b>FY 2007 Approp.</b>	<b>FY 2008 Est.</b>	<b>Net Cost Increase</b>
Homeowners	\$931 million	\$1,991 million	\$1,060 million
Tenants	\$126 million	\$252 million	\$126 million
<b>Total</b>	<b>\$1,057 million</b>	<b>\$2,243 million</b>	<b>\$1,186 million</b>

After FY 2008, the annual cost of the program should increase at a rate somewhat below the annual rate of growth in residential property taxes (a rate which the OLS is unable to estimate due to myriad determinants, e.g., local spending, revenue and taxing decisions, changes in the composition of the property tax base). The applicability of the credit to only the first \$10,000 of property taxes effectively restricts the rate at which the cost of the credit can increase. Moreover, the three income thresholds (at \$100,000, at \$150,000, and at \$250,000) in the bill will reduce or eliminate some credits as recipient income grows.

The estimates are based on OLS extrapolations of state Department of the Treasury data. For estimates of property taxes, the OLS used 2004 data from a statistical match of gross income tax data, FAIR homeowner data, the MOD IV property tax data. For estimates of the number of potential recipients, the OLS used FY 2005 FAIR data. The OLS then extrapolated these data to estimate the impact in FY 2008. The extrapolations indicate that this bill would affect about 500,000 senior and disabled homeowners, for an average credit amount of about \$1,205, and affect about 1,300,000 non-senior homeowners, for an average credit amount of about \$1,070. The OLS notes that extrapolations from detailed but incomplete data are subject to some degree of error.

The maximum credit any recipient with income of \$100,000 or less could receive is \$2,000 (20 percent credit against a \$10,000 maximum property tax). The maximum credit any recipient with income between \$100,000 and \$150,000 could receive is \$1,500 (15 percent credit against a \$10,000 maximum property tax). The maximum credit any recipient with income between \$150,000 and \$250,000 could receive is \$1,000 (10 percent credit against a \$10,000 maximum property tax). Senior, blind and disabled homeowners would continue to receive a benefit calculated under the current FAIR program if that calculation produces a larger benefit. Homeowners with income over \$250,000 would be ineligible for the credit. The OLS estimates that about 94 percent of primary residents would be eligible, although this percentage would decline over time as incomes rise and additional homeowners cross above the maximum threshold.

The bill requires in FY 2008 a doubling of the FY 2007 appropriation for tenants' property tax rebates. The manner in which increased funding would be allocated would be determined by another subsequent law. About 100,000 senior or disabled tenants and 700,000 other tenants currently receive these benefits. The bill does not address funding for tenants' tax relief beyond FY 2008.

### **Local Property Tax Caps**

The OLS estimates that new local property tax caps may result in lower local property tax levies than would otherwise occur under existing law, by indeterminate amounts. The OLS notes that local budgetary decisions that determine annual changes in local property tax levies are affected by multiple factors, such as the provisions of labor contracts, costs of goods and services, levels of local non-property tax revenues, debt service requirements and the number of pupils required to be educated by local school districts. It is reasonable to conclude that the new tax levy caps comprise greater restraints on annual property tax increases than the restraints imposed under current law, but it is not feasible to estimate the degree to which this is the case, or to quantify the amount by which future property levies would be lowered by the effect of these new caps.

State operating expenditures may increase as a result of administering new tax levy caps, by an indeterminate amount. The OLS lacks sufficient information about current costs and operational practices of the departments of Education and Community Affairs with which to develop an estimate of a level of spending adequate to implement and administer new caps.

State operating expenditures may ultimately decrease by indeterminate but modest amounts as the means of providing homestead property tax relief changes from rebates to tax bill credits. The extent to which reductions occur will be most affected by the proportion of senior citizens that prefer to homestead tax relief through rebates.

Other provisions of the bill provide permissive grants of authority to local officials to pursue changes in funding of employee health benefits that, while intended to result in lower local health benefit costs wherever possible, do not have a direct fiscal impact.

*Section: Legislative Budget and Finance Office*

*Analyst: Martin Poethke*  
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*Legislative Budget and Finance Officer*

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

# SENATE, No. 20

## STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JANUARY 29, 2007

**Sponsored by:**

**Senator RICHARD J. CODEY**

**District 27 (Essex)**

**Senator BERNARD F. KENNY, JR.**

**District 33 (Hudson)**

**SYNOPSIS**

Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT providing local property tax relief through homestead  
2 rebates and credits and limits on local tax levies, amending and  
3 supplementing various parts of the statutory law, and making an  
4 appropriation.

5

6 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
7 *of New Jersey:*

8

9 1. (New section) The Legislature finds and declares:

10 a. On June 6, 2006, the New Jersey Senate President and the  
11 Assembly Speaker announced “an unprecedented special legislative  
12 session”;

13 b. On July 28, 2006, the Governor addressed a joint session of  
14 the Legislature and commended the Senate President and the  
15 Assembly Speaker for calling the special session;

16 c. At that time the Governor stated that property tax relief and  
17 reform should be addressed in a suitable manner;

18 d. The Governor proposed the creation of a new property tax  
19 credit program that would provide immediate relief to New Jersey  
20 homeowners and also urged the establishment of a four percent cap  
21 on property taxes;

22 e. Subsequent to the Governor's address, the Legislature adopted  
23 Assembly Concurrent Resolution No. 3, which created four  
24 bicameral, bipartisan Joint Committees to review and formulate  
25 proposals to reform property taxes;

26 f. The four Joint Committees followed an open and inclusive  
27 process, which consisted of 32 public meetings, broadcast live and  
28 archived on the Internet, and nine public hearings;

29 g. The four Joint Committees solicited testimony in person and  
30 through teleconferencing from State and national experts,  
31 academics, practitioners, and officials; reviewed thousands of pages  
32 of background materials; and received over 3,700 public emails;

33 h. The four Joint Committees issued comprehensive final reports  
34 that contained nearly 100 recommendations for short term property  
35 tax relief and long term reform;

36 i. One of the four Joint Committee final reports, "The Final  
37 Report of the Joint Legislative Committee on Constitutional Reform  
38 and Citizens' Property Tax Constitutional Convention," set forth  
39 findings and recommendations concerning property tax reform  
40 through amendments to the State Constitution and other proposals;

41 j. In its Final Report, the Joint Legislative Committee on  
42 Constitutional Reform and Citizens' Property Tax Constitutional  
43 Convention found that although the State's rebate programs have  
44 provided property tax relief to many residents, and particularly

**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 seniors, certain reforms and enhancements are necessary to improve  
2 the efficacy of the programs;
- 3 k. The Joint Committee also found that the property tax is  
4 regressive in nature and that many low and middle income New  
5 Jerseyans suffer from a disproportionately high property tax burden;
- 6 l. Accordingly, the Joint Committee recommended that the State  
7 should implement a credit program to replace the system of rebates  
8 and that additional funds should be allocated to the program to  
9 provide meaningful relief to those who need it most;
- 10 m. Thus, the Joint Committee concluded that the benefit under  
11 the new program should be increased to 20 percent for as many  
12 taxpayers as resources allow;
- 13 n. The Joint Committee found that the Legislature must work  
14 with the Governor to ensure that the new program will provide  
15 sustainable relief to New Jersey's taxpayers;
- 16 o. The Joint Committee studied the Governor's proposal to  
17 adopt a four percent property tax levy cap that provided limited  
18 exceptions and a sunset provision so that any unintended  
19 consequences such as those realized by other states that have  
20 adopted caps could be addressed before the cap would be made  
21 permanent;
- 22 p. The Joint Committee found that property tax levy caps have  
23 been shown to hold down rising property taxes, and therefore, the  
24 Legislature should develop a property tax levy cap that  
25 accomplishes this goal but does not lead to unintended, adverse  
26 consequences;
- 27 q. The Joint Committee recommended that the levy cap should  
28 protect taxpayers from large annual increases of recent years that  
29 have resulted in widespread dissatisfaction with prevailing tax  
30 burdens and made the State unaffordable for some;
- 31 r. The Joint Committee also recommended that the levy cap  
32 should contain a narrowly crafted set of exceptions to provide  
33 flexibility during periods of rapid growth or local emergencies and  
34 that it should include a sunset provision, which would act as a  
35 "safety valve" so that any unexpected consequences of imposing a  
36 levy cap could be addressed before the cap would be made  
37 permanent;
- 38 s. The Legislature commends the work of the Joint Committee  
39 and has fully considered its Final Report;
- 40 t. A new credit program with sufficient funding to provide a 20  
41 percent benefit to most homeowners and residential tenants is the  
42 most practical and efficient means to reduce the State's property tax  
43 burden;
- 44 u. A property tax levy cap is necessary to sustain the benefits of  
45 the new program;
- 46 v. A property tax levy cap is crucial to controlling various areas  
47 of government spending, especially those areas which have  
48 outpaced the growth in spending in the private sector;



1 w. A property tax levy cap will force government to live within  
2 their means, encourage public officials to elevate the public interest  
3 over special interests, and most importantly, reduce the rate of  
4 growth in property taxes;

5 x. The Governor in his 2007 State of the State Address agreed  
6 that a property tax levy cap, with limited exceptions and provisions  
7 for voter override, is the key to the sustainability of the relief in the  
8 20 percent credit program;

9 y. The Governor also has expressed that a property tax levy cap  
10 will compel all governmental units to prioritize spending decisions  
11 and to aggressively search for structural changes that will bring  
12 down long term costs;

13 z. Changing the law to give local governmental units, including  
14 boards of education, the same flexibility that State government has  
15 to modify the payment obligations of the employer for active  
16 employee coverage under the State Health Benefits Program will  
17 assist local governmental units, including boards of education, in  
18 prioritizing spending decisions and aggressively searching for  
19 structural changes that will bring down long term costs;

20 aa. Property tax reform requires fiscal restraint at all levels and  
21 the State must continue to abide by the State Appropriations  
22 Limitation Cap, which curbs growth in spending on the State  
23 bureaucracy and held spending growth below 2.96% in the current  
24 fiscal year; and

25 bb. The State recognizes that sustaining property tax reform at  
26 the local levels requires the State to be a full partner in the funding  
27 of local needs and that State aid must continue to grow so that the  
28 full burden of providing necessary services does not fall on property  
29 taxpayers.

30

31 2. (New section) For the purposes of sections 2 through 7 of  
32 P.L. , c. (C. ) (pending before the Legislature as this bill):

33 "Adjusted tax levy" means the amount raised by property  
34 taxation for the purposes of the school district, excluding any debt  
35 service payment.

36 "Commissioner" means the Commissioner of Education.

37 "New Jersey Quality Single Accountability Continuum" or  
38 "NJQSAC" means the monitoring and evaluation process of school  
39 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

40 "Prebudget year adjusted tax levy" means the amount raised by  
41 property taxation in the prebudget year for the purposes of the  
42 school district, excluding any debt service payment, less any  
43 amounts raised after approval of a waiver by the commissioner or  
44 separate question by the voters or board of school estimate in the  
45 prebudget year unless such approval explicitly allows the approved  
46 increases to be permanent.

1 "School district" means any local or regional school district  
2 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
3 New Jersey Statutes.

4 "Unrestricted State aid" means formula State aid that is included  
5 in a school district's State aid notice and allocated pursuant to  
6 P.L.1996 c.138 (C.18A:7F-1 et seq.) or any other law for  
7 appropriation in a school district's general fund plus early  
8 childhood program aid allocated pursuant to section 16 of P.L.1996,  
9 c.138 (C.18A:7F-16) or any other law and demonstrably effective  
10 program aid and instructional supplement aid allocated pursuant to  
11 section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law.

12 "Weighted resident enrollment" means weighted resident  
13 enrollment as calculated pursuant to subsection a. of section 13 of  
14 P.L.1996, c.138 (C.18A:7F-13) and as projected by the  
15 commissioner.

16

17 3. (New section) a. Notwithstanding the provisions of any  
18 other law to the contrary, a school district shall not adopt a budget  
19 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
20 18A:7F-6) with an increase in its adjusted tax levy that exceeds the  
21 tax levy growth limitation calculated as follows: the sum of the  
22 prebudget year adjusted tax levy and the adjustment for increases in  
23 enrollment multiplied by four percent, and adjustments for a  
24 reduction in total unrestricted State aid from the prebudget year, an  
25 increase in health care costs, and beginning in the 2008-2009 school  
26 year, amounts approved by a waiver granted by the commissioner  
27 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
28 Legislature as this bill).

29 b. (1) The allowable adjustment for increases in enrollment  
30 authorized pursuant to subsection a. of this section shall equal the  
31 per pupil prebudget year adjusted tax levy multiplied by EP, where  
32 EP equals the sum of:

33 (a) 0.50 for each unit of weighted resident enrollment that  
34 constitutes an increase from the prebudget year over 1%, but  
35 not more than 2.5%;

36 (b) 0.75 for each unit of weighted resident enrollment that  
37 constitutes an increase from the prebudget year over 2.5%, but  
38 not more than 4%; and

39 (c) 1.00 for each unit of weighted resident enrollment that  
40 constitutes an increase from the prebudget year over 4%.

41 (2) A school district may request approval from the  
42 commissioner to calculate EP equal to 1.00 for any increase in  
43 weighted resident enrollment if it can demonstrate that the  
44 calculation pursuant to paragraph (1) of this subsection would result  
45 in an average class size that exceeds 10% above the facilities  
46 efficiency standards established pursuant to P.L.2000, c.72  
47 (C.18A:7G-1 et al.).

1 c. The allowable adjustment for a reduction in total unrestricted  
2 State aid authorized pursuant to subsection a. of this section shall  
3 equal any reduction in total unrestricted State aid from the  
4 prebudget to the budget year.

5 d. The allowable adjustment for increases in health care costs  
6 authorized pursuant to subsection a. of this section shall equal that  
7 portion of the actual increase in total health care costs for the budget  
8 year, less any withdrawals from the current expense emergency  
9 reserve account for increases in total health care costs, that exceeds  
10 four percent of the total health care costs in the prebudget year, but  
11 that is not in excess of the product of the total health care costs in the  
12 prebudget year multiplied by the average percentage increase of the  
13 State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
14 seq.), as annually determined by the Division of Pensions and Benefits  
15 in the Department of the Treasury.

16 e. In addition to the adjustments authorized pursuant to  
17 subsection a. of this section, for the purpose of determining a school  
18 district's allowable tax levy growth limitation for the 2007-2008  
19 school year, a school district may apply to the commissioner for an  
20 adjustment for increases in special education costs over \$40,000 per  
21 pupil, increases in tuition, capital outlay increases, and incremental  
22 increases in costs for opening a new school facility in the budget  
23 year.

24 (1) The allowable adjustment for increases in special education  
25 costs over \$40,000 per pupil shall equal any increase in the sum of  
26 per pupil amounts in excess of \$40,000 for the budget year less the  
27 sum of per pupil amounts in excess of \$40,000 for the prebudget  
28 year indexed by four percent.

29 (2) The allowable adjustment for increases in tuition shall equal  
30 any increase in the tuition for the budget year charged to a sending  
31 district by the receiving district pursuant to the provisions of  
32 N.J.S.18A:38-19 or charged by a county vocational school district  
33 pursuant to the provisions of section 71 of P.L.1990, c.52  
34 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget  
35 year charged to a sending district by the receiving district pursuant  
36 to the provisions of N.J.S.18A:38-19 or charged by a county  
37 vocational school district pursuant to the provisions of section 71 of  
38 P.L.1990, c.52 (C.18A:54-20.1).

39 (3) The allowable adjustment for increases in capital outlay shall  
40 equal any increase in capital outlay, less any withdrawals from the  
41 capital reserve account, over the prebudget year in excess of four  
42 percent.

43 f. The adjusted tax levy shall be increased or decreased  
44 accordingly whenever the responsibility and associated cost of a  
45 school district activity is transferred to another school district or  
46 governmental entity.

1 4. (New section) a. (1) Beginning in the 2008-2009 school  
2 year, a school district may request approval from the commissioner  
3 for a waiver to increase its adjusted tax levy by more than the  
4 allowable amount authorized in section 3 of P.L. , c. (C. )  
5 (pending before the Legislature as this bill) to address extraordinary  
6 costs which may include, but not be limited to:

7 (a) a district's failure to meet the core curriculum content  
8 standards as determined through the New Jersey Quality Single  
9 Accountability Continuum. Prior to full implementation of  
10 NJQSAC, such determination shall be based on a school district's  
11 status under the "No Child Left Behind Act of 2001," Pub.L. 107-  
12 110. The commissioner shall approve the increase only if the  
13 district satisfactorily demonstrates that the increase will be used to  
14 implement or expand programs or services to address the causes of  
15 the district's failure to meet the core curriculum content standards  
16 or other performance indicators as determined through NJQSAC;

17 (b) energy cost increases over the prebudget year in excess of  
18 four percent;

19 (c) capital outlay increases, less any withdrawals from the capital  
20 reserve account, over the prebudget year in excess of four percent;

21 (d) the appropriation of non-recurring general fund revenues in  
22 the prebudget year original budget, including the appropriation of  
23 surplus;

24 (e) increases in insurance costs over the prebudget year in excess  
25 of four percent;

26 (f) increases in transportation costs required to service hazardous  
27 routes over the prebudget year in excess of four percent;

28 (g) increases in special education costs that exceed \$40,000 per  
29 each special education pupil over the prebudget year in excess of  
30 four percent;

31 (h) increases in tuition costs charged to a sending district by the  
32 receiving district pursuant to the provision of N.J.S.18A:38-19 over  
33 the prebudget year in excess of four percent or charged by a county  
34 vocational school district pursuant to the provisions of section 71 of  
35 P.L.1990, c.52 (C.18A:54-20.1) over the prebudget year in excess  
36 of four percent; and

37 (i) incremental increases in costs associated with opening a new  
38 school facility in the budget year.

39 (2) A waiver request shall be submitted at least five working  
40 days prior to the required budget submission dates established  
41 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and  
42 18A:7F-6) in a form required by the commissioner, as appropriate,  
43 and shall include such information and documentation as the  
44 commissioner deems necessary.

45 (3) In considering a waiver request, in addition to the authority  
46 granted to the commissioner pursuant to section 6 of P.L.1996,  
47 c.138 (C.18A:7F-6), the commissioner shall have the power to  
48 make budgetary reallocations up to the total amount of the waiver

1 request. The commissioner shall not reduce or reallocate any line  
2 item accounts that will impact the district's ability to meet the core  
3 curriculum content standards and provide a thorough and efficient  
4 education.

5 (4) A waiver approval shall specify whether the adjusted tax levy  
6 increase shall be limited to the budget year or added to the adjusted  
7 tax levy as a permanent increase.

8 (5) Any decision of the commissioner as to the entitlement of  
9 any school district to an increase of its adjusted tax levy pursuant to  
10 this section shall be final and conclusive, and no appeal or review  
11 shall be taken therefrom; except that the matter may be put before  
12 the voters pursuant to subsection c. of this section.

13 b. (1) The commissioner may direct a school district to increase  
14 specific line item expenditure accounts, for specific purposes, to  
15 address low achievement or the causes of the district's failure to  
16 meet the core curriculum content standards as determined through  
17 NJQSAC, or prior to full implementation of NJQSAC, as  
18 determined based on a school district's status under the "No Child  
19 Left Behind Act of 2001," Pub.L.107-110.

20 (2) The commissioner is authorized to approve a school district  
21 budget with an increase in its adjusted tax levy by more than the  
22 allowable amount authorized pursuant to section 3 of  
23 P.L. , c. (C. ) (pending before the Legislature as this bill), up  
24 to the amount required to support the increase in expenditure  
25 accounts as directed in paragraph (1) of this subsection.

26 c. For the 2007-2008 school year, or for the 2008-2009 through  
27 2011-2012 school years if a waiver requested pursuant to subsection  
28 a. of this section fails to be approved by the commissioner or if the  
29 school district elects not to request a waiver, the school district may  
30 submit to the voters at the April school election, or on such other  
31 date as is set by regulation of the commissioner, a proposal or  
32 proposals to increase the tax levy by more than the allowable  
33 amount authorized pursuant to section 3 of P.L. , c. (C. )  
34 (pending before the Legislature as this bill). The proposal or  
35 proposals to increase the tax levy shall be approved if a majority of  
36 people voting at the April 2007 school election vote in the  
37 affirmative, or if 60 percent of the people voting at the April 2008  
38 through April 2011 school elections vote in the affirmative. In the  
39 case of a school district with a board of school estimate, the  
40 additional tax levy shall be authorized only if a quorum is present  
41 for the vote and a majority of those board members who are present  
42 vote in the affirmative to authorize the additional tax levy.

43 (1) A proposal or proposals submitted to the voters or the board  
44 of school estimate to increase the tax levy pursuant to this  
45 subsection shall not include any programs or services necessary for  
46 students to achieve the core curriculum content standards.

47 (2) All proposals to increase the tax levy submitted pursuant to  
48 this subsection shall include interpretive statements specifically

1 identifying the program purposes for which the proposed funds  
2 shall be used and a clear statement on whether approval will affect  
3 only the current year or result in a permanent increase in the levy.  
4 The proposals shall be submitted and approved pursuant to sections  
5 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6).

6 (3) For only the 2007-2008 school budget year, any proposal or  
7 proposals rejected by the voters shall be submitted to the municipal  
8 governing body or bodies for a determination as to the amount, if  
9 any, that should be expended notwithstanding voter rejection. The  
10 decision of the municipal governing body or bodies or board of  
11 school estimate, as appropriate, shall be final and no appeals shall  
12 be made to the commissioner.

13 d. The commissioner shall have the authority to grant additional  
14 waivers, applicable to all or some school districts, as determined by  
15 the commissioner, and only effective for the school budget year in  
16 which the waiver is granted, upon a finding of extraordinary  
17 circumstances that result in an unanticipated increase in  
18 expenditures for a service essential to the health, safety and welfare  
19 of the school children of the State.

20

21 5. (New section) a. Notwithstanding any provision of  
22 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) or  
23 section 36 of P.L.2000, c.126 (C.18A:7F-5a) to the contrary, for the  
24 2007-2008 through 2011-2012 school years the increase in a school  
25 district's general fund tax levy shall be calculated in accordance  
26 with the provisions of sections 2 through 4 of P.L. , c. (C. )  
27 (pending before the Legislature as this bill).

28 b. Notwithstanding any provision of paragraph (9) of subsection  
29 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, for  
30 the 2007-2008 through 2011-2012 school years the submission of a  
31 separate proposal or proposals for additional funds to the voters or  
32 the board of school estimate shall be submitted in accordance with  
33 the provisions of subsection c. of section 4 of P.L. , c. (C. )  
34 (pending before the Legislature as this bill).

35

36 6. (New section) Notwithstanding the provisions of any law or  
37 regulation to the contrary:

38 a. A board of education or board of school estimate, as  
39 appropriate, may supplement a capital reserve account through a  
40 transfer by board resolution at year end of any unanticipated  
41 revenue or unexpended line-item appropriation amounts, or both,  
42 for withdrawal in subsequent school years.

43 b. A board of education or board of school estimate, as  
44 appropriate, may supplement a maintenance reserve account  
45 through a transfer by board resolution at year end of any  
46 unanticipated revenue or unexpended line-item appropriation  
47 amounts, or both, for withdrawal in subsequent school years.

1 c. A board of education or a board of school estimate, as  
2 appropriate, may through the adoption of a board resolution  
3 establish the following reserve accounts:

4 (1) Current expense emergency reserve account. The funds in  
5 the reserve shall be used to finance unanticipated general fund  
6 current expense costs required for a thorough and efficient  
7 education. The account shall not exceed \$250,000 or one percent of  
8 the district's general fund budget up to a maximum of \$1,000,000,  
9 whichever is greater. A board of education may appropriate funds  
10 to establish or supplement the reserve in the district's annual budget  
11 or through a transfer by board resolution at year end of any  
12 unanticipated revenue and unexpended line-item appropriation  
13 amounts. Withdrawals from the reserve shall require the approval  
14 of the commissioner unless the withdrawal is necessary to meet an  
15 increase in total health care costs in excess of four percent.

16 (2) Debt service reserve account in the debt service fund for  
17 proceeds from the sale of district property. The funds in the reserve  
18 shall be used to retire outstanding debt service obligations of the  
19 district. The reserve shall be liquidated within the lesser of five  
20 years from its inception or the remaining term on the obligations.  
21 Any remaining balance shall be used for tax relief.

22 d. All reserve accounts shall be established and held in  
23 accordance with GAAP and shall be subject to annual audit. Any  
24 capital gains or interest earned shall become part of the reserve  
25 account. A separate bank account is not required, however, a  
26 separate identity for each reserve account shall be maintained.

27  
28 7. (New section) a. Within 60 days of the effective date of  
29 P.L. , c. (C. )(pending before the Legislature as this bill), the  
30 Commissioner of Education shall promulgate emergency rules and  
31 regulations necessary to effectuate the purposes of sections 2  
32 through 6 of P.L. , c. (C. through ) (pending before the  
33 Legislature as this bill) for the 2007-08 school year.

34 b. For the 2008-09 school year and thereafter, the Commissioner  
35 of Education shall adopt, pursuant to the "Administrative Procedure  
36 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to  
37 effectuate the purposes of sections 2 through 6 of  
38 P.L. , c. (C. through ) (pending before the Legislature as this  
39 bill).

40  
41 8. Section 7 of P.L.1996, c.138 (C.18A:7F-7) is amended to read  
42 as follows:

43 7. a. For the 2004-2005 school year, an undesignated general  
44 fund balance in excess of 3% of the budgeted general fund for the  
45 prebudget year or \$100,000, whichever is greater, shall be  
46 appropriated by a school district based on surplus as anticipated  
47 pursuant to paragraph (2) of subsection a. of N.J.S.18A:22-8 and  
48 included in the budget prepared pursuant to section 5 of this act. In

1 the event that the district's 2004-2005 budget is not approved by the  
2 voters of the district or the board of school estimate, the district  
3 may use the undesignated general fund balance which exceeds 3%  
4 to meet the reduction in tax levy certified by the municipal  
5 governing body or bodies or board of school estimate following  
6 review of the defeated budget. Any appropriation of the  
7 undesignated general fund balance made by board resolution  
8 following the April 2004 school budget election and prior to the  
9 effective date of P.L.2004, c.73 to the capital reserve account or  
10 maintenance reserve account or to increase spending for the 2003-  
11 2004 school year shall be null and void unless, upon written  
12 application to the commissioner, the district demonstrates that the  
13 appropriation was necessary for use in the 2003-2004 school year to  
14 meet the thoroughness standards established pursuant to subsection  
15 a. of section 4 of P.L.1996, c.138 (C.18A:7F-4) and no other line  
16 item account balances were available.

17 In the 2005-2006 school year and thereafter, an undesignated  
18 general fund balance in excess of 2% of the budgeted general fund  
19 for the prebudget year or ~~[\$100,000]~~ \$250,000, whichever is  
20 greater, shall be appropriated by a school district for the purpose of  
21 the budget prepared pursuant to section 5 of this act.

22 The amount of any funds made available for appropriation as a  
23 result of the reduction in the percentage of authorized undesignated  
24 general fund balance pursuant to P.L.2004, c.73 shall be used to  
25 reduce the general fund tax levy required for the budget year.

26 In the case of a county vocational school district, if the amount  
27 of the budgeted general fund for the prebudget year is \$100 million  
28 or less, an undesignated general fund balance in excess of 6% of  
29 that amount or ~~[\$100,000]~~ \$250,000, whichever is greater, shall be  
30 appropriated by the county vocational school district for the  
31 purpose of the budget prepared pursuant to section 5 of P.L.1996,  
32 c.138 (C.18A:7F-5). If the amount of the budgeted general fund for  
33 the prebudget year exceeds \$100 million, an undesignated general  
34 fund balance in excess of 6% of the first \$100 million and in excess  
35 of 3% of the amount which exceeds \$100 million shall be  
36 appropriated by a county vocational school district for the purpose  
37 of the budget prepared pursuant to section 5 of P.L.1996, c.138  
38 (C.18A:7F-5).

39 b. Notwithstanding the provisions of subsection a. of this  
40 section, ~~if the district has a formal plan to expand, renovate or~~  
41 ~~construct school facilities, join a distance learning network, or make~~  
42 ~~a major replacement or acquisition of instructional equipment~~  
43 ~~within the subsequent five years,] the district may, with the~~  
44 approval of the commissioner, ~~transfer the~~ appropriate any  
45 anticipated excess undesignated general fund balance to the capital  
46 reserve account established pursuant to N.J.S.18A:21-3 or section  
47 57 of P.L.2000, c.72 (C.18A:7G-31) for that purpose.



1 c. If it is determined that the undesignated general fund balances  
2 at June 30 of any school year exceed those permitted under  
3 subsection a. of this section, the excess undesignated general fund  
4 balances shall be reserved and designated in the subsequent year's  
5 budget submitted to the commissioner pursuant to subsection c. of  
6 section 5 of this act.

7 d. The commissioner may withhold State aid in an amount not to  
8 exceed the excess undesignated general fund balances for failure to  
9 comply with subsection c. of this section.

10 e. Proceeds from the sale and lease-back of textbooks and non-  
11 consumable instructional materials shall not be included in the  
12 calculation of excess undesignated general fund balance during the  
13 budget year in which they are realized.

14 (cf: P.L.2004, c.73, s.3)

15

16 9. (New section) For the purposes of sections 9 through 13 of  
17 P.L. , c. (C. ) (pending before the Legislature as this bill):

18 "Adjusted tax levy" means an amount not greater than the  
19 amount to be raised by taxation of the previous fiscal year, less any  
20 waivers from a prior fiscal year required to be deducted by the  
21 Local Finance Board pursuant to section 11 of P.L. , c. (C. )  
22 (pending before the Legislature as this bill), that result multiplied  
23 by 1.04, to which the sum of exclusions defined in subsection b. of  
24 section 10 of P.L. , c. (C. ) (pending before the Legislature  
25 as this bill) shall be added.

26 "Amount to be raised by taxation" means the property tax levy  
27 set in the annual budget of a local unit.

28 "Local unit" means a municipality, county, fire district, or solid  
29 waste collection district, but shall not include a municipality that  
30 had a municipal purposes tax rate of \$0.10 or less per \$100 for the  
31 previous tax year.

32 "New ratables" means the product of the taxable value of any  
33 new construction or improvements times the tax rate of a local unit  
34 for its previous tax year.

35

36 10. (New section) a. In the preparation of its budget the amount  
37 to be raised by taxation by a local unit shall not exceed the sum of  
38 new ratables, the adjusted tax levy, and the total of waivers  
39 approved pursuant to section 11 of P.L. , c. (C. ) (pending  
40 before the Legislature as this bill; provided, however, that in the  
41 case of a county, the amount to be raised by taxation shall not  
42 exceed the amount permitted by section 4 of P.L.1976, c. 68  
43 (C.40A:4-45.4).

44 b. The following exclusions shall be added to the calculation of  
45 the adjusted tax levy:

46 (1) increases in amounts required to be raised for (a) all debt  
47 service and (b) lease payments with county improvement authorities

1 pursuant to leases in effect on the effective date of  
2 P.L. , c. (C. ) (pending before the Legislature as this bill);

3 (2) increases in amounts required to be raised to replace State  
4 formula aid due to a reduction in State formula aid from the  
5 previous local budget year;

6 (3) increases in amounts for certain pension contributions set  
7 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
8 set forth in that section;

9 (4) with respect to municipalities, any increase, greater than four  
10 percent, in the reserve for uncollected taxes that is required by law;

11 (5) increases in health care costs equal to that portion of the actual  
12 increase in total health care costs for the budget year that is in excess  
13 of four percent of the total health care costs in the prior year, but is not  
14 in excess of the product of the total health care costs in the prior year  
15 and the average percentage increase of the State Health Benefits  
16 Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually  
17 determined by the Division of Pensions and Benefits in the  
18 Department of the Treasury.

19 (6) Notwithstanding the other provisions of this subsection, when  
20 the appropriation for all debt service is less than the amount  
21 appropriated for all debt service in the prior fiscal year, the amount  
22 of the difference shall be deducted from the sum of the exclusions  
23 listed in paragraphs (1) through (5) of this subsection. If there are  
24 no exclusions, then the amount of the difference shall reduce the  
25 adjusted tax levy by that amount. Any cancelled or unexpended  
26 appropriation for any exclusion pursuant to this subsection or  
27 waiver pursuant to section 11 of P.L. , c. (C. ) (pending  
28 before the Legislature as this bill), also shall be deducted from the  
29 sum of the exclusions listed in paragraphs (1) through (5) or  
30 directly reduce the adjusted tax levy if there are no exclusions.

31

32 11. (New section) a. The governing body of a local unit may  
33 request approval from the Local Finance Board in the Department  
34 of Community Affairs for a waiver to increase its amount to be  
35 raised by taxes to address extraordinary costs, which may include  
36 but not limited to:

37 (1) increases in appropriations for capital lease payments;

38 (2) energy cost increases in excess of four percent;

39 (3) increases in insurance costs over the prebudget year in excess  
40 of four percent;

41 (4) offsetting the loss of a non-recurring general fund revenue or  
42 surplus;

43 (5) total net expenditures for new mandated services or net  
44 expenditure increases above four percent for the cost of those  
45 services that are mandated by any order of court, by any federal or  
46 State statute, or by administrative rule, directive, order, or other  
47 legally binding device issued by a State agency which has identified

1 such cost as mandated expenditures on certification to the Local  
2 Finance Board by the State agency; and

3 (6) any purpose related to the provision of government services  
4 that the board deems essential to protect or promote the public  
5 health, safety, or welfare.

6 (7) Amounts raised pursuant to a waiver granted pursuant to this  
7 subsection shall be included in the calculation of the adjusted tax  
8 levy in a subsequent year, unless otherwise required by the waiver.

9 (8) Any decision of the Local Finance Board as to the  
10 entitlement of any local unit to a tax levy cap increase under this  
11 section shall be final and conclusive, and no appeal or review shall  
12 be taken therefrom; provided, however, that the matter may be put  
13 before the voters pursuant to subsection b. of this section.

14 b. (1) Notwithstanding subsection a. of this section, the  
15 governing body of a local unit may request approval, through a  
16 public question submitted to the legal voters residing in its territory  
17 to increase the amount to be raised by taxation by more than the  
18 allowable adjusted tax levy. Approval shall be by an affirmative  
19 vote of 60 percent or more of the people voting on the question at  
20 the election. The local unit budget proposing the increase shall be  
21 introduced and approved in the manner otherwise provided for  
22 budgets of that local unit at least 20 days prior to the date on which  
23 the referendum is to be held, and shall be published in the manner  
24 otherwise provided for budgets of the local unit at least 12 days  
25 prior to the referendum date, unless otherwise directed by the  
26 Director of the Division of Local Government Services in the  
27 Department of Community Affairs.

28 (2) The public question to be submitted to the voters at the  
29 referendum shall state only the amount by which the adjusted tax  
30 levy shall be increased by more than the otherwise allowable  
31 adjusted tax levy, and the percentage rate of increase which that  
32 amount represents over the allowable adjusted tax levy. The public  
33 question shall include an accompanying explanatory statement that  
34 identifies the changes in appropriations or revenues that warranted  
35 the governing body's decision to ask the public question; or, in the  
36 alternative and subject to the approval of the Director of the  
37 Division of Local Government Services in the Department of  
38 Community Affairs, a clear and concise narrative explanation of the  
39 circumstances for the increased adjusted tax levy being proposed.

40 (3) Unless otherwise provided pursuant to section 1 of P.L.1989,  
41 c.31 (C.40A:4-5.1), a referendum conducted pursuant to this  
42 subsection shall be held:

43 (a) for calendar year budgets only on the fourth Tuesday in  
44 January and the second Tuesday in March other than in year when a  
45 presidential primary election occurs, in which case no such election  
46 on that date may be called, and

47 (b) for fiscal year budgets, only the last Tuesday in September,  
48 or the second Tuesday in December;

1 provided, however, that no referendum shall held on the same day  
2 as a referendum to exceed the school district levy cap.

3 (4) Any decision of the voters rejecting an increase to the tax  
4 levy cap under this subsection shall be final and conclusive, and no  
5 appeal or review shall be taken therefrom and no waiver application  
6 shall be made to the Local Finance Board.

7 (5) The director is authorized to act as necessary in order to  
8 consolidate ballot questions and procedures when a governing body  
9 elects to hold a referendum under both this section and section 9 of  
10 P.L.1983, c.49 (C.40A:4-45.16).

11 c. The Local Finance Board shall have the authority to grant  
12 additional waivers, applicable to all or some local units, as  
13 determined by the board, and only effective for the local budget  
14 year in which the waiver is granted, upon a finding of extraordinary  
15 circumstances that result in an unanticipated increase in  
16 expenditures for a service essential to the health, safety, and welfare  
17 of the residents of the State.

18 d. The adjusted tax levy shall be increased or decreased  
19 accordingly whenever the responsibility and associated cost of an  
20 activity performed by a local unit is transferred to or from a local  
21 unit, other government entity, or other service provider.

22

23 12. (New section) a. The Director of the Division of Local  
24 Government Services in the Department of Community Affairs  
25 shall take such action as is deemed necessary and consistent with  
26 the intent of sections 9 through 11 P.L. , c. (C. ) (pending  
27 before the Legislature as this bill) to implement its provisions.

28 b. The director, in consultation with the Commissioner of  
29 Education regarding referendum dates, shall promulgate rules and  
30 regulations to effectuate the purposes of subsection b. of section 11  
31 of P.L. , c. (C. ) (pending before the Legislature as this bill).

32

33 13. (New section) In addition to the exceptions to the limits on  
34 increases to municipal appropriations set forth in section 3 of  
35 P.L.1976, c.68 (C.40A:4-45.3) and to the county tax levy set forth  
36 in section 4 of P.L.1976, c.68 (C.40A:4-45.4), an increase in  
37 appropriations that represents expenditures made by a municipality  
38 or county for the purpose of funding the provision of health  
39 insurance shall be exempt from the limits on increases to municipal  
40 appropriations and to the limits on increases to the county tax levy  
41 in county budgets, respectively, for any budget year, to the extent  
42 that the increases in health care costs equal that portion of the actual  
43 increase in total health care costs for the budget year that is in  
44 excess of four percent of the total health care costs in the prior year,  
45 but is not in excess of the product of the total health care costs in  
46 the prior year and the average percentage increase of the State  
47 Health Benefits program, as annually determined by the Division of  
48 Pensions and Benefits in the Department of the Treasury.

1       14. Section 3 of P.L.1977, c.85 (C.34:13A-16) is amended to  
2 read as follows:

3       3. a. (1) Negotiations between a public fire or police department  
4 and an exclusive representative concerning the terms and conditions  
5 of employment shall begin at least 120 days prior to the day on  
6 which their collective negotiation agreement is to expire. The  
7 parties shall meet at least three times during that 120-day period.  
8 The first of those three meetings shall take place no later than the  
9 90th day prior to the day on which their collective negotiation  
10 agreement is to expire. By mutual consent, the parties may agree to  
11 extend the period during which the second and third meetings are  
12 required to take place beyond the day on which their collective  
13 negotiation agreement is to expire. A violation of this paragraph  
14 shall constitute an unfair practice and the violator shall be subject to  
15 the penalties prescribed by the commission pursuant to rule and  
16 regulation.

17       (2) Whenever those negotiations concerning the terms and  
18 conditions of employment shall reach an impasse, the commission,  
19 through the Division of Public Employment Relations shall, upon  
20 the request of either party, or upon its own motion take such steps,  
21 including the assignment of a mediator, as it may deem expedient to  
22 effect a voluntary resolution of the impasse.

23       b. (1) In the event of a failure to resolve the impasse by  
24 mediation, the Division of Public Employment Relations, at the  
25 request of either party, shall invoke factfinding with  
26 recommendation for settlement of all issues in dispute unless the  
27 parties reach a voluntary settlement prior to the issuance of the  
28 factfinder's report and recommended terms of settlement.  
29 Factfindings shall be limited to those issues that are within the  
30 required scope of negotiations unless the parties to the factfinding  
31 agree to factfinding on permissive subjects of negotiation. In the  
32 event of a continuing failure to resolve an impasse by means of the  
33 procedure set forth in this paragraph, and notwithstanding the fact  
34 that such procedures have not been exhausted, the parties shall  
35 notify the commission, at a time and in a manner prescribed by the  
36 commission, as to whether or not they have agreed upon a terminal  
37 procedure for resolving the issues in dispute. Any terminal  
38 procedure mutually agreed upon by the parties shall be reduced to  
39 writing, provide for finality in resolving the issues in dispute, and  
40 shall be submitted to the commission for approval.

41       (2) Notwithstanding the provisions of paragraph (2) of  
42 subsection a. of this section or paragraph (1) of this subsection,  
43 either party may petition the commission for arbitration on or after  
44 the date on which their collective negotiation agreement expires.  
45 The petition shall be filed in a manner and form prescribed by the  
46 commission. The party filing the petition shall notify the other  
47 party of its action. The notice shall be given in a manner and form  
48 prescribed by the commission.

1       Within 10 days of the receipt of the notice by the non-petitioning  
2 party, the parties shall notify the commission as to whether or not  
3 they have agreed upon a terminal procedure for resolving the issues  
4 in dispute. Any terminal procedure mutually agreed upon by the  
5 parties shall be reduced to writing, provide for finality in resolving  
6 the issues in dispute, and shall be submitted to the commission for  
7 approval. If the parties fail to agree on a terminal procedure, they  
8 shall be subject to the provisions of subsection d. of this section.

9       c. Terminal procedures that are approvable include, but shall not  
10 be limited to the following:

11       (1) Conventional arbitration of all unsettled items.

12       (2) Arbitration under which the award by an arbitrator or panel  
13 of arbitrators is confined to a choice between (a) the last offer of the  
14 employer and (b) the last offer of the employees' representative, as  
15 a single package.

16       (3) Arbitration under which the award is confined to a choice  
17 between (a) the last offer of the employer and (b) the last offer of  
18 the employees' representative, on each issue in dispute, with the  
19 decision on an issue-by-issue basis.

20       (4) If there is a factfinder's report with recommendations on the  
21 issues in dispute, the parties may agree to arbitration under which  
22 the award would be confined to a choice among three positions: (a)  
23 the last offer of the employer as a single package, (b) the last offer  
24 of the employees' representative as a single package, or (c) the  
25 factfinder's recommendations as a single package.

26       (5) If there is a factfinder's report with a recommendation on  
27 each of the issues in dispute, the parties may agree to arbitration  
28 under which the award would be confined to a choice on each issue  
29 from among three positions: (a) the last offer of the employer on  
30 the issue, (b) the employee representative's last offer on the issue,  
31 or (c) the factfinder's recommendation on the issue.

32       (6) Arbitration under which the award on the economic issues in  
33 dispute is confined to a choice between (a) the last offer of the  
34 employer on the economic issues as a single package and (b) the  
35 employee representative's last offer on the economic issues as a  
36 single package; and, on any noneconomic issues in dispute, the  
37 award is confined to a choice between (a) the last offer of the  
38 employer on each issue in dispute and (b) the employee  
39 representative's last offer on that issue.

40       d. The following procedure shall be utilized if parties fail to  
41 agree on a terminal procedure for the settlement of an impasse  
42 dispute:

43       (1) In the event of a failure of the parties to agree upon an  
44 acceptable terminal procedure the parties shall separately so notify  
45 the commission in writing, indicating all issues in dispute and the  
46 reasons for their inability to agree on the procedure. The substance  
47 of a written notification shall not provide the basis for any delay in  
48 effectuating the provisions of this subsection.

1 (2) Upon receipt of such notification from either party or on the  
2 commission's own motion, the procedure to provide finality for the  
3 resolution of issues in dispute shall be binding arbitration under  
4 which the award on the unsettled issues is determined by  
5 conventional arbitration. The arbitrator shall separately determine  
6 whether the total net annual economic changes for each year of the  
7 agreement are reasonable under the eight statutory criteria set forth  
8 in subsection g. of this section.

9 e. (1) The commission shall take measures to assure the  
10 impartial selection of an arbitrator or arbitrators from its special  
11 panel of arbitrators. Unless the parties, in a time and manner  
12 prescribed by the commission, mutually agree upon the selection of  
13 an arbitrator from the commission's special panel of arbitrators and  
14 so notify the commission in writing of that selection, the  
15 assignment of any arbitrator for the purposes of this act shall be the  
16 responsibility of the commission, independent of and without any  
17 participation by either of the parties. The commission shall select  
18 the arbitrator for assignment by lot.

19 In any proceeding where an arbitrator selected by mutual  
20 agreement is unable to serve, the two parties shall be afforded an  
21 opportunity to select a replacement. If the two parties are unable to  
22 mutually agree upon the selection of a replacement within a time  
23 period prescribed by the commission, the commission shall select  
24 the replacement in the manner hereinafter provided.

25 In any proceeding where an assigned arbitrator is unable to serve  
26 or, pursuant to the preceding paragraph, the two parties are unable  
27 to mutually agree upon a replacement, the commission shall assign  
28 a replacement arbitrator. The assignment shall be the responsibility  
29 of the commission, independent of and without any participation by  
30 either of the parties. The commission shall select the replacement  
31 arbitrator for assignment by lot.

32 (2) Appointment to the commission's special panel of arbitrators  
33 shall be for a three-year term, with reappointment contingent upon a  
34 screening process similar to that used for determining initial  
35 appointments.

36 The commission may suspend, remove, or otherwise discipline  
37 an arbitrator for a violation of P.L.1977, c.85 (C.34:13A-14 et seq.),  
38 section 4 of P.L.1995, c.425 (C.34:13A-16.1) or for good cause.

39 f. (1) At a time prescribed by the commission, the parties shall  
40 submit to the arbitrator or tripartite panel of arbitrators their final  
41 offers on each economic and non-economic issue in dispute. The  
42 offers submitted pursuant to this section shall be used by the  
43 arbitrator for the purposes of determining an award pursuant to  
44 paragraph (2) of subsection d. of this section. The commission  
45 shall promulgate rules and procedures governing the submission of  
46 the offers required under this paragraph, including when those  
47 offers shall be deemed final, binding and irreversible.

1 (2) In the event of a dispute, the commission shall have the  
2 power to decide which issues are economic issues. Economic  
3 issues include those items which have a direct relation to employee  
4 income including wages, salaries, hours in relation to earnings, and  
5 other forms of compensation such as paid vacation, paid holidays,  
6 health and medical insurance, and other economic benefits to  
7 employees.

8 (3) Throughout formal arbitration proceedings the chosen  
9 arbitrator or panel of arbitrators may mediate or assist the parties in  
10 reaching a mutually agreeable settlement.

11 (4) Arbitration shall be limited to those subjects that are within  
12 the required scope of collective negotiations, except that the parties  
13 may agree to submit to arbitration one or more permissive subjects  
14 of negotiation.

15 (5) The decision of an arbitrator or panel of arbitrators shall  
16 include an opinion and an award, and shall be rendered within 120  
17 days of the selection of the arbitrator by the mutual agreement of  
18 both parties or the commission's assignment of that arbitrator or  
19 panel of arbitrators, as the case may be, pursuant to paragraph (1) of  
20 subsection e. of this section; provided, however, the arbitrator or  
21 panel of arbitrators, for good cause, may petition the commission  
22 for an extension of not more than 60 days. The two parties, by  
23 mutual consent, may agree to an extension. The parties shall notify  
24 the arbitrator and the commission of any such agreement in writing.  
25 The notice shall set forth the specific date on which the extension  
26 shall expire. Any arbitrator or panel of arbitrators violating the  
27 provisions of this paragraph may be subject to the commission's  
28 powers under paragraph (2) of subsection e. of this section. The  
29 decision shall be final and binding upon the parties and shall be  
30 irreversible, except:

31 (a) Within 14 days of receiving an award, an aggrieved party  
32 may file notice of an appeal of an award to the commission on the  
33 grounds that the arbitrator failed to apply the criteria specified in  
34 subsection g. of this section or violated the standards set forth in  
35 N.J.S.2A:24-8 or N.J.S.2A:24-9. The appeal shall be filed in a form  
36 and manner prescribed by the commission. In deciding an appeal,  
37 the commission, pursuant to rule and regulation and upon petition,  
38 may afford the parties the opportunity to present oral arguments.  
39 The commission may affirm, modify, correct or vacate the award or  
40 may, at its discretion, remand the award to the same arbitrator or to  
41 another arbitrator, selected by lot, for reconsideration. An  
42 aggrieved party may appeal a decision of the commission to the  
43 Appellate Division of the Superior Court.

44 (b) An award that is not appealed to the commission shall be  
45 implemented immediately. An award that is appealed and not set  
46 aside by the commission shall be implemented within 14 days of the  
47 receipt of the commission's decision absent a stay.



1 (6) The parties shall bear the costs of arbitration subject to a fee  
2 schedule approved by the commission.

3 g. The arbitrator or panel of arbitrators shall decide the dispute  
4 based on a reasonable determination of the issues, giving due  
5 weight to those factors listed below that are judged relevant for the  
6 resolution of the specific dispute. In the award, the arbitrator or  
7 panel of arbitrators shall indicate which of the factors are deemed  
8 relevant, satisfactorily explain why the others are not relevant, and  
9 provide an analysis of the evidence on each relevant factor:

10 (1) The interests and welfare of the public. Among the items the  
11 arbitrator or panel of arbitrators shall assess when considering this  
12 factor are the limitations imposed upon the employer by P.L.1976,  
13 c.68 (C.40A:4-45.1 et seq.).

14 (2) Comparison of the wages, salaries, hours, and conditions of  
15 employment of the employees involved in the arbitration  
16 proceedings with the wages, hours, and conditions of employment  
17 of other employees performing the same or similar services and  
18 with other employees generally:

19 (a) In private employment in general; provided, however, each  
20 party shall have the right to submit additional evidence for the  
21 arbitrator's consideration.

22 (b) In public employment in general; provided, however, each  
23 party shall have the right to submit additional evidence for the  
24 arbitrator's consideration.

25 (c) In public employment in the same or similar comparable  
26 jurisdictions, as determined in accordance with section 5 of  
27 P.L.1995, c.425 (C.34:13A-16.2); provided, however, that each  
28 party shall have the right to submit additional evidence concerning  
29 the comparability of jurisdictions for the arbitrator's consideration.

30 (3) The overall compensation presently received by the  
31 employees, inclusive of direct wages, salary, vacations, holidays,  
32 excused leaves, insurance and pensions, medical and hospitalization  
33 benefits, and all other economic benefits received.

34 (4) Stipulations of the parties.

35 (5) The lawful authority of the employer. Among the items the  
36 arbitrator or panel of arbitrators shall assess when considering this  
37 factor are the limitations imposed upon the employer by P.L.1976,  
38 c.68 (C.40A:4-45.1 et seq.).

39 (6) The financial impact on the governing unit, its residents and  
40 taxpayers. When considering this factor in a dispute in which the  
41 public employer is a county or a municipality, the arbitrator or  
42 panel of arbitrators shall take into account, to the extent that  
43 evidence is introduced, how the award will affect the municipal or  
44 county purposes element, as the case may be, of the local property  
45 tax; a comparison of the percentage of the municipal purposes  
46 element or, in the case of a county, the county purposes element,  
47 required to fund the employees' contract in the preceding local  
48 budget year with that required under the award for the current local

1 budget year; the impact of the award for each income sector of the  
2 property taxpayers of the local unit; the impact of the award on the  
3 ability of the governing body to (a) maintain existing local  
4 programs and services, (b) expand existing local programs and  
5 services for which public moneys have been designated by the  
6 governing body in a proposed local budget, or (c) initiate any new  
7 programs and services for which public moneys have been  
8 designated by the governing body in a proposed local budget.

9 (7) The cost of living.

10 (8) The continuity and stability of employment including  
11 seniority rights and such other factors not confined to the foregoing  
12 which are ordinarily or traditionally considered in the determination  
13 of wages, hours, and conditions of employment through collective  
14 negotiations and collective bargaining between the parties in the  
15 public service and in private employment.

16 (9) Statutory restrictions imposed on the employer. Among the  
17 items the arbitrator or panel of arbitrators shall assess when  
18 considering this factor are the limitations imposed upon the  
19 employer by section 10 of P.L. , c. (C. ) (pending before the  
20 Legislature as this bill).

21 h. A mediator, factfinder, or arbitrator while functioning in a  
22 mediatory capacity shall not be required to disclose any files,  
23 records, reports, documents, or other papers classified as  
24 confidential received or prepared by him or to testify with regard to  
25 mediation, conducted by him under this act on behalf of any party  
26 to any cause pending in any type of proceeding under this act.  
27 Nothing contained herein shall exempt such an individual from  
28 disclosing information relating to the commission of a crime.

29 (cf: P.L.1997, c.183, s.1)

30  
31 15. (New section) On or before January 15, 2012, the New  
32 Jersey Tax and Fiscal Policy Study Commission created by  
33 P.L. , c. (C. ) (pending before the Legislature as Senate Bill  
34 No. 50 of 2006) shall report to the Governor and Legislature,  
35 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), evaluating  
36 the efficacy of the tax levy caps and making recommendations.

37  
38 16. N.J.S.40A:2-3 is amended to read as follows:

39 40A:2-3. Any local unit, by bond ordinance, may incur  
40 indebtedness, borrow money, authorize and issue negotiable  
41 obligations for financing:

42 a. any capital improvement or property which it may lawfully  
43 make or acquire;

44 b. any purpose for which it is authorized or required by law to  
45 make an appropriation, except current expenses, as may be defined  
46 by rule and regulation of the Local Finance Board, and payment of  
47 obligations (other than those for temporary financing); or

1 c. the amount of any contribution by a local unit that is a  
2 sending municipality under a regional contribution agreement  
3 pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312).

4 No local unit shall borrow money or issue its obligations for  
5 purposes authorized under this chapter except as provided in this  
6 chapter.

7 (cf: P.L.1996, c.113, s.9)

8

9 17. N.J.S.40A:2-22 is amended to read as follows:

10 40A:2-22. The governing body of the local unit shall determine  
11 the period of usefulness of any purpose according to its reasonable  
12 life computed from the date of the bonds, which period shall not be  
13 greater than the following:

14 a. Buildings and structures.

15 1. Bridges, including retaining walls and approaches, or  
16 permanent structures of brick, stone, concrete or metal, or similar  
17 durable construction, 30 years.

18 2. Buildings, including the original furnishings and equipment  
19 therefor:

20 Class A: A building, of which all walls, floors, partitions, stairs  
21 and roof are wholly of incombustible material, except the window  
22 frames, doors, top flooring and wooden handrails on the stairs, 40  
23 years;

24 Class B: A building, the outer walls of which are wholly of  
25 incombustible material, except the window frames and doors, 30  
26 years;

27 Class C: A building which does not meet the requirements of  
28 Class A or Class B, 20 years.

29 3. Buildings or structures acquired substantially reconstructed  
30 or additions thereto, one-half the period fixed in this subsection for  
31 such buildings or structures.

32 4. Additional furnishings, five years.

33 b. Marine improvements.

34 1. Harbor improvements, docks or marine terminals, 40 years.

35 2. Dikes, bulkheads, jetties or similar devices of stone,  
36 concrete or metal, 15 years; of wood or partly of wood, 10 years.

37 c. Additional equipment and machinery.

38 1. Additional or replacement equipment and machinery, 15  
39 years.

40 2. Voting machines, 15 years.

41 3. Information technology and telecommunications equipment, 7  
42 years, except that for items with a unit cost of less than \$5,000, 5  
43 years.

44 d. Real property.

45 1. Acquisition for any public purpose of lands or riparian  
46 rights, or both, and the original dredging, grading, draining or  
47 planting thereof, 40 years.

- 1       2. Improvement of airport, cemetery, golf course, park,  
2 playground, 15 years.
- 3       3. Stadia of concrete or other incombustible materials, 20  
4 years.
- 5       e. Streets or thoroughfares.
- 6       1. Elimination of grade crossings, 35 years.
- 7       2. Streets or roads:
- 8       Class A: Rigid pavement. A pavement of not less than eight  
9 inches of cement concrete or a six-inch cement concrete base with  
10 not less than three-inch bituminous concrete surface course, or  
11 equivalent wearing surface, 20 years.
- 12       Flexible pavement. A pavement not less than 10 inches in depth  
13 consisting of five-inch macadam base, three-inch modified  
14 penetration macadam and three-inch bituminous concrete surface  
15 course or other pavements of equivalent strength, in accordance  
16 with the findings of the American Association of State Highway  
17 Officials (AASHO) Road Test, 20 years.
- 18       Class B: Mixed surface-treated road. An eight-inch surface of  
19 gravel, stone or other selected material under partial control mixed  
20 with cement or lime and fly ash, six inches in compacted thickness  
21 with bituminous surface treatment and cover, 10 years.
- 22       Bituminous penetration road. A five-inch gravel or stone base  
23 course and a three-inch course bound with a bituminous or  
24 equivalent binder, 10 years.
- 25       Class C: Mixed bituminous road. An eight-inch surface of  
26 gravel, stone, or other selected material under partial control mixed  
27 with bituminous material one inch or more in compacted thickness,  
28 five years.
- 29       Penetration macadam road. A road of sand, gravel or water-  
30 bound macadam, or surfacing with penetration macadam, five years.
- 31       3. Sidewalks, curbs and gutters of stone, concrete or brick, 10  
32 years.
- 33       The period of usefulness in this subsection shall apply to  
34 construction and reconstruction of streets and thoroughfares.
- 35       f. Utilities and municipal systems.
- 36       1. Sewerage system, whether sanitary or storm water, water  
37 supply or distribution system, 40 years.
- 38       2. Electric light, power or gas systems, garbage, refuse or ashes  
39 incinerator or disposal plant, 25 years.
- 40       3. Communication and signal systems, 10 years.
- 41       4. House connections to publicly-owned gas, water or sewerage  
42 systems from the service main in the street to the curb or property  
43 lines where not part of original installation, five years.
- 44       g. Vehicles and apparatus.
- 45       1. Fire engines, apparatus and equipment, when purchased  
46 new, but not fire equipment purchased separately, 10 years.

1       2. Automotive vehicles, including original apparatus and  
2 equipment (other than passenger cars and station wagons), when  
3 purchased new, five years.

4       3. Major repairs, reconditioning or overhaul of fire engines and  
5 apparatus, ambulances, rescue vehicles, and similar public safety  
6 vehicles (other than passenger cars and station wagons) which may  
7 reasonably be expected to extend for at least five years the period of  
8 usefulness thereof, five years.

9       h. The closure of a sanitary landfill facility utilized, owned or  
10 operated by a county or municipality, 15 years; provided that the  
11 closure has been approved by the Board of Public Utilities and the  
12 Department of Environmental Protection. For the purposes of this  
13 subsection "closure" means all activities associated with the design,  
14 purchase or construction of all measures required by the  
15 Department of Environmental Protection, pursuant to law, in order  
16 to prevent, minimize or monitor pollution or health hazards  
17 resulting from sanitary landfill facilities subsequent to the  
18 termination of operations at any portion thereof, including, but not  
19 necessarily limited to, the costs of the placement of earthen or  
20 vegetative cover, and the installation of methane gas vents or  
21 monitors and leachate monitoring wells or collection systems at the  
22 site of any sanitary landfill facility.

23       i. **[Any purpose, except vehicles, not included in the**  
24 **foregoing, for which obligations may be issued, 15 years.]**  
25 **(Deleted by amendment, P.L. \_\_\_\_\_, c. \_\_\_\_\_.) (pending before the**  
26 **Legislature as this bill)**

27       j. The prefunding of a claims account for environmental  
28 liability claims by an environmental impairment liability insurance  
29 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.  
30 (cf: P.L.2005, c.174, s.1)

31

32       18. (New section) A local unit may request, in a form and  
33 manner determined by rule and regulation of the Local Finance  
34 Board, that the Director of the Division of Local Government  
35 Services in the Department of Community Affairs determine a  
36 period of usefulness for any capital improvement or property not  
37 included in N.J.S.40A:2-22, provided that the maximum period of  
38 usefulness so determined shall not exceed 15 years.

39

40       19. The title of P.L.1999, c.63 is amended to read as follows:

41       **AN ACT** providing for direct property tax relief for individual  
42 homestead owners and renters in this State, establishing the  
43 New Jersey **[School Assessment Valuation Exemption**  
44 **Relief and]** Homestead Property Tax **[Rebate]** Credit Act  
45 (the NJ **[SAVER and]** Homestead **[Rebate]** Credit Act),  
46 amending and supplementing P.L.1990, c.61 (C.54:4-8.57 et

1 seq.), amending P.L.1981, c.239 and P.L.1997, c.348, and  
2 making an appropriation.

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

4

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

7 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through  
8 54:4-8.66) and sections 3, 14 through 16, 18 and 19 of P.L.1999,  
9 c.63 (C.54:4-8.58a and C.54:4-8.66a through C.54:4-8.66e) shall be  
10 known and may be cited as the "[2004] Homestead Property Tax  
11 **[Rebate] Credit Act**".

12 (cf: P.L.2004, c.40, s.1)

13

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

16 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-  
17 8.58 through 54:4-8.66) and sections 3 and 14 through 16 of  
18 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

19 "Annualized rent" means, for tax years 2004 and thereafter, the  
20 rent paid by the claimant during the tax year for which the  
21 homestead rebate is being claimed, and if paid for a lease term  
22 covering less than the full tax year, the actual rent paid for the days  
23 during the term of the lease of the homestead proportionalized as if  
24 the term of the lease had been for 365 days of the tax year;

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

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

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

41 "Cooperative" means a housing corporation or association which  
42 entitles the holder of a share or membership interest thereof to  
43 possess and occupy for dwelling purposes a house, apartment,  
44 manufactured or mobile home or other unit of housing owned or  
45 leased by the corporation or association, or to lease or purchase a  
46 unit of housing constructed or to be constructed by the corporation  
47 or association;

48 "Director" means the Director of the Division of Taxation in the

1 Department of the Treasury;

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

7 "Homestead" means:

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

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

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

19 (4) for purposes of this definition as provided in this subsection,  
20 in addition to the generally accepted meaning of owned or  
21 ownership, a homestead shall be deemed to be owned by a person if  
22 that person is a tenant for life or a tenant under a lease for 99 years  
23 or more and is entitled to and actually takes possession of the  
24 homestead under an executory contract for the sale thereof or under  
25 an agreement with a lending institution which holds title as security  
26 for a loan, or is a resident of a continuing care retirement  
27 community pursuant to a contract for continuing care for the life of  
28 that person which requires the resident to bear a share of the  
29 property taxes that are assessed upon the continuing care retirement  
30 community, if a share is attributable to the unit that the resident  
31 occupies;

32 b. a unit in a cooperative or mutual housing corporation which  
33 constitutes the place of domicile of a residential shareholder or  
34 lessee therein, or of a lessee, or shareholder who is not a residential  
35 shareholder therein, and which is used by the claimant as the  
36 claimant's principal residence; and

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

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

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

1 homestead;

2 "Manufactured home" or "mobile home" means a unit of housing  
3 which:

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

7 (2) Is built on a permanent chassis;

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

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

18 "Mobile home park" means a parcel of land, or two or more  
19 parcels of land, containing no fewer than 10 sites equipped for the  
20 installation of manufactured or mobile homes, where these sites are  
21 under common ownership and control for the purpose of leasing  
22 each site to the owner of a manufactured or mobile home for the  
23 installation thereof, and where the owner or owners provide  
24 services, which are provided by the municipality in which the park  
25 is located for property owners outside the park, which services may  
26 include but shall not be limited to:

27 (1) The construction and maintenance of streets;

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

29 (3) Garbage removal;

30 (4) Snow removal; and

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

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

39 "Principal residence" means a homestead actually and  
40 continually occupied by a claimant as the claimant's permanent  
41 residence, as distinguished from a vacation home, property owned  
42 and rented or offered for rent by the claimant, and other secondary  
43 real property holdings;

44 "Property tax" means payments to a municipality based upon an  
45 assessment made by the municipality upon real property on an ad  
46 valorem basis on land and improvements, but shall not include  
47 payments made in lieu of taxes;

48 "Rent" means the amount due in an arm's-length transaction



1 solely for the right of occupancy of a homestead that is a unit of  
2 residential rental property. Rent shall not include any amount paid  
3 under the federal Housing Choice Voucher (Section 8) Program or  
4 paid as a rental assistance grant under section 1 of P.L.2004, c.140  
5 (C.52:27D-287.1). If the director finds that the parties in a rental  
6 transaction have not dealt with each other in an arm's-length  
7 transaction and that the rent due was excessive, the director may,  
8 for purposes of the homestead rebate claim, adjust the rent claimed  
9 in the homestead rebate application to a reasonable amount of rent;

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

22 "Resident" means an individual:

23 a. who is domiciled in this State, unless he maintains no  
24 permanent place of abode in this State, maintains a permanent place  
25 of abode elsewhere, and spends in the aggregate no more than 30  
26 days of the tax year in this State; or

27 b. who is not domiciled in this State but maintains a permanent  
28 place of abode in this State and spends in the aggregate more than  
29 183 days of the tax year in this State, unless the individual is in the  
30 Armed Forces of the United States;

31 "Residential rental property" means:

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

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

37 c. any building or structure or complex of buildings or structures  
38 constructed under the following sections of the National Housing  
39 Act (Pub.L.73-479) as amended and supplemented: section 202,  
40 Housing Act of 1959 (Pub.L.86-372) and as subsequently amended,  
41 section 231, Housing Act of 1959; and

42 d. a site in a mobile home park equipped for the installation of  
43 manufactured or mobile homes, where these sites are under  
44 common ownership and control for the purpose of leasing each site  
45 to the owner of a manufactured or mobile home for the installation  
46 thereof;

47 "Residential shareholder in a cooperative or mutual housing  
48 corporation" means a tenant or holder of a membership interest in

1 that cooperative or corporation, whose residential unit therein  
2 constitutes the tenant or holder's domicile and principal residence,  
3 and who may deduct real property taxes for purposes of federal  
4 income tax pursuant to section 216 of the federal Internal Revenue  
5 Code of 1986, 26 U.S.C. s.216; and

6 "Tax year" means the calendar year in which property taxes are  
7 due and payable.

8 (cf: P.L.2004, c.40, s.2)

9

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

12 3. a. For tax year 2003, the director shall determine the amount  
13 of the homestead rebate that shall be paid to each claimant pursuant  
14 to P.L.1990, c.61 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-  
15 8.58a et al.), as amended by P.L.2004, c.40, based upon the  
16 information provided by the individual applicant in the application  
17 for either a NJ SAVER rebate or for a homestead rebate, or from  
18 any other information as may be available to the director in order  
19 that each individual applicant shall be paid the homestead rebate  
20 that may be allowed to the claimant pursuant to sections 3 through 5  
21 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director  
22 determines is appropriate.

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

45 (2) For tax year 2004 and **【for tax years thereafter】** tax year  
46 2005, any rebates applied for and paid pursuant to P.L.1990, c.61  
47 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-8.58a et al.), as

1 amended and supplemented by P.L.2004, c.40, shall be homestead  
2 rebates.

3 (3) For tax year 2006 and for tax years thereafter, any homestead  
4 benefit applied for and provided pursuant to this act shall be a  
5 rebate or credit, as annually determined by the Director of the  
6 Division of Taxation.

7 (cf: P.L.2004, c.40, s.3)

8

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

11 3. a. A resident of this State shall be allowed a homestead rebate  
12 or credit for the tax year equal to the amount **[by which]**  
13 determined as a percentage of property taxes not in excess of  
14 \$10,000 paid by the claimant in that tax year on the claimant's  
15 homestead **[exceed 5% of the claimant's gross income]**, rounded to  
16 the nearest whole dollar, **[but within the appropriate range, but not**  
17 **more than the amount of property taxes actually paid. As used in**  
18 **this section,**

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

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

25 Range 3 equals \$500 for tax year 2003, and shall be subject to  
26 the cost-of-living adjustment for each tax year thereafter as  
27 provided in subsection h. of this section. **]**

28 as follows:

For Resident Taxpayer With Tax

<u>Year Gross Income:</u>	<u>Percentage:</u>
<u>not over</u>	
<u>\$100,000.....</u>	<u>20%</u>
<u>over \$100,000</u>	
<u>but not over</u>	
<u>\$150,000.....</u>	<u>15%</u>
<u>over \$150,000</u>	
<u>but not over</u>	
<u>\$250,000.....</u>	<u>10%</u>

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

1 With Tax Year Gross Income: Range:  
 2 not over \$70,000 (1)  
 3 over \$70,000 but  
 4 not over \$125,000 (2)  
 5 over \$125,000 but  
 6 not over \$200,000 (3)】  
 7 , shall be allowed a homestead rebate or credit for the tax year equal  
 8 to the greater of (a) the amount determined pursuant to subsection a.  
 9 of this section or (b) the amount equal to an amount by which  
 10 property taxes paid by the claimant in that tax year on the claimant's  
 11 homestead exceed 5% of the claimant's gross income, rounded to  
 12 the nearest whole dollar, but within the appropriate range, but not  
 13 more than the amount of property taxes actually paid, as follows:

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
<u>not over \$70,000.....</u>	<u>\$1,200 to \$1,000</u>
<u>over \$70,000</u>	
<u>but not over \$125,000.....</u>	<u>\$800 to \$600</u>
<u>over \$125,000</u>	
<u>but not over \$200,000.....</u>	<u>\$500</u>

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

18 With Tax Year Gross Income: Range:  
 19 not over \$125,000 (2)  
 20 over \$125,000 but  
 21 not over \$200,000 (3)

22 (3) (a) A homestead rebate shall be allowed for tax year 2003  
 23 pursuant to this section in relation to the amount of the property  
 24 taxes actually paid by or allocable to a resident property taxpayer  
 25 who is a claimant on more than one homestead, but the aggregate  
 26 amount of the property taxes claimed shall not exceed the total of  
 27 the proportionate amounts of property taxes assessed and levied  
 28 against or allocable to each homestead for the portion of the tax  
 29 year the claimant occupied it as the claimant's principal residence.

30 (b)【Notwithstanding any provision of this act to the contrary, a  
 31 homestead rebate or credit shall be allowed 【for tax year 2004 and  
 32 thereafter】 pursuant to this section in relation to the amount of the  
 33 property taxes actually paid during the tax year for the homestead  
 34 owned and occupied as such at 12:01 a.m. on October 1 of the tax  
 35 year, whether paid for the entire tax year by the claimant or by any  
 36 pre-October 1 owner or owners of that homestead during that tax  
 37 year.

38 c. (1) If title to a homestead is held by more than one individual  
 39 as joint tenants or tenants in common, each individual shall be  
 40 allowed a homestead rebate or credit pursuant to this section only in  
 41 relation to the individual's proportionate share of the property taxes

1 assessed and levied against the homestead. The individual's  
2 proportionate share of the property taxes on that homestead shall be  
3 equal to the share of that individual's interest in the title. Title shall  
4 be presumed to be held in equal shares among all co-owners, but if  
5 the claimant satisfactorily demonstrates to the director that the title  
6 provides for unequal interests, either under the conveyance under  
7 which the title is held, or as otherwise may be demonstrated, that  
8 claimant's share of the property taxes paid on that homestead shall  
9 be in proportion to the claimant's interest in the title.

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

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

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

39 e. Nothing in this section shall preclude a co-owner, who is  
40 other than a husband or wife claiming a homestead rebate or credit  
41 on the same homestead, from receiving a homestead rebate or credit  
42 determined pursuant to this section if another co-owner claims a  
43 homestead rebate or credit pursuant to this section, provided  
44 however, that each claim for a homestead rebate or credit  
45 determined pursuant to this section shall be separately subject to  
46 the provisions of subsections c. and d. of this section.

47 f. (Deleted by amendment, P.L.2004, c.40.)

48 g. (Deleted by amendment, P.L.2004, c.40.)

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

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

18 (cf: 2004, c.40, s.4)

19

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

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

1 the application shall be processed and payment of a homestead  
2 rebate or credit made in accordance with the procedures established  
3 in the case of applications timely filed, except the date for payment  
4 of the rebate or credit may be delayed for a reasonable period. If an  
5 applicant or an applicant's spouse has filed an application for an  
6 extension of time to file a gross income tax return, the date by  
7 which the applicant shall file the homestead rebate or credit  
8 application may, in the discretion of the director, be extended for a  
9 reasonable period, and the date for the payment of the rebate or  
10 credit may be delayed for a reasonable period. The director may  
11 require sworn applications. In the event that the director waives the  
12 requirement of sworn applications, all declarations by claimants  
13 shall be considered as if made under oath and claimants, as to false  
14 declarations, shall be subject to the penalties as provided by law for  
15 perjury.

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

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

37 c. If a homestead rebate application contains a claim for a rebate  
38 or credit that is incorrectly determined by the claimant or is based  
39 upon incorrect or insufficient information from which the director is  
40 to approve the claim, the director may determine the eligibility of  
41 the claimant for a homestead rebate or credit and the correct amount  
42 of a homestead rebate or credit to be paid to that claimant from such  
43 other information as may be available to the director. In addition,  
44 the director may adjust the amount of any homestead rebate or  
45 credit to which a claimant may be entitled by any part of the amount  
46 of any previous homestead rebate or credit erroneously claimed by  
47 and paid to that claimant.

1 d. In the case of a claimant for a homestead rebate whose  
2 homestead is a unit in a cooperative, mutual housing corporation or  
3 continuing care retirement community, the director may provide  
4 that the application shall include the name and address of the  
5 location of the property and the amount of real property taxes  
6 attributed to the cooperative, mutual housing residential unit or  
7 continuing care retirement community residential unit, as shall be  
8 indicated in an official notice which shall be furnished by the  
9 cooperative, mutual housing corporation or continuing care  
10 retirement community for the same year.

11 e. A homestead rebate or credit shall be allowed pursuant to this  
12 act for a claimant whose ownership of an interest in a homestead is  
13 satisfied by the holding of the beneficial interest if legal title thereto  
14 or share therein is held by another for the benefit of the claimant.

15 f. All provisions of this section shall apply to NJ SAVER rebate  
16 applications filed for and paid as homestead rebates for tax year  
17 2003.

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

31 (cf: P.L.2004, c.40, s.7)

32

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

35 7. a. The State Treasurer annually on or before October 31,  
36 upon certification of the director and upon warrant of the [State  
37 Comptroller] Director of the Division of Budget and Accounting,  
38 shall pay and distribute the amount of a homestead rebate payable  
39 under this act that is claimed for the prior tax year to each claimant  
40 whose rebate is approved by the director.

41 b. A homestead credit allowed by the Director of the Division of  
42 Taxation to a claimant who claimed a homestead credit pursuant to  
43 section 3 of P.L.1990, c.61 (C.54:4-8.59), and whose homestead is  
44 not a unit in a cooperative, mutual housing corporation or  
45 continuing care retirement community, shall be paid by the State  
46 Treasurer, through electronic funds transfer made by the director to  
47 the local property tax account maintained by the local tax collector  
48 for the homestead of the claimant as the claimant shall identify, in



1 equal installments after the application for the credit has been  
2 approved, at the dates and in the manner as the director shall  
3 determine to best coincide with the next local property tax quarterly  
4 due dates of August 1 and November 1. Notice of payments of  
5 credit installments shall be provided to the claimant and the  
6 appropriate local tax collector.

7 c. Notwithstanding subsection b. of this section, the director  
8 shall provide a homestead benefit under this act as a credit only if  
9 the director can ensure that the benefit will be applied to the  
10 appropriate taxpayer. Otherwise, the director may remit a  
11 homestead benefit to an eligible taxpayer as a rebate.

12 d. Notwithstanding subsection b. of this section, a resident  
13 homeowner of this State who is 65 years of age or older at the close  
14 of the tax year or who is allowed to claim a personal deduction as a  
15 blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-  
16 1, shall receive the credit in the form of a rebate payment in  
17 calendar year 2007, but will receive credits in future years starting  
18 in calendar year 2008, unless the claimant elects in the claimant's  
19 homestead credit application to receive a rebate.

20 e. Notwithstanding subsection b. of this section, if the director  
21 determines that homestead benefits for a particular tax year cannot  
22 be administered and delivered as credits efficiently, the director  
23 may remit homestead benefits for that year as rebates.

24 (cf: P.L.2004, c.40, s.8)

25

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

28 8. a. The tax collector of each municipality shall, on or before  
29 **【May 15】** April 1 of each year, furnish the director with a list of  
30 property taxpayers in the district delinquent for taxes due and  
31 payable for the year immediately preceding and the amounts of such  
32 delinquencies. The collector shall report on such list the name, lot  
33 and block number on the property tax duplicate as may be  
34 applicable, and the address of each owner to whom a delinquency is  
35 attributable together with the amount of such delinquency so  
36 identified. No homestead rebate payment under this act shall be  
37 made to a property owner, and no homestead credit shall be applied  
38 as provided in subsection b. of section 7 of P.L.1990, c.61 (C.54:4-  
39 8.63), while that property owner's delinquency remains; provided  
40 however that for the purposes of this act, for an assessment on a  
41 property which is on appeal and for which the statutory percentage  
42 of the tax as provided in R.S.54:3-27 has been paid, the taxes  
43 assessed on that property shall not be regarded as delinquent.

44 b. If the director receives the list as provided for in subsection a.  
45 of this section, and the director determines that a property tax  
46 delinquency remains for the preceding tax year on **【May 15】** April  
47 1, the director shall ascertain the amount of the homestead rebate or  
48 credit required to be withheld because of such delinquency in each

1 municipality in the State, and shall certify such amounts to the State  
2 Treasurer as soon thereafter as may be practicable.

3 c. On or before November 15, the director shall notify each  
4 homestead rebate or credit claimant whose rebate or credit has been  
5 withheld because of delinquency that the amount of the rebate or  
6 credit to which the claimant otherwise would have been entitled has  
7 been sent to the tax collector in the municipality to be credited  
8 against the claimant's delinquency.

9 d. Upon certification by the director as to the amount of  
10 homestead rebates or credits required to be withheld because of  
11 delinquency in the several municipalities, the State Treasurer upon  
12 the warrant of the **【State Comptroller】** Director of the Division of  
13 Budget and Accounting, shall pay such amount on or before  
14 October 30 to the tax collector in each municipality.

15 e. The tax collector in each municipality shall credit the tax  
16 delinquency of each property taxpayer who appears on the  
17 delinquency list set forth in subsection a. of this section in the  
18 amount that otherwise would have been returned to the property  
19 taxpayer as a homestead rebate or credit. In the event that the  
20 amount so credited by the tax collector exceeds the amount of  
21 delinquency, the tax collector may return the difference to the  
22 taxpayer or credit such amount to the subsequent property tax bill.

23 f. In the case of delinquency in the payment of property taxes by  
24 a cooperative, mutual housing corporation or continuing care  
25 retirement community, a homestead rebate that may be due an  
26 individual resident shall be paid by the State Treasurer to the tax  
27 collector of the municipality. The tax collector shall credit the  
28 cooperative, mutual housing corporation or continuing care  
29 retirement community with such payment and the cooperative,  
30 mutual housing corporation or continuing care retirement  
31 community shall, in turn, credit the individual unit owner to the  
32 extent of the rebate and notify the applicant of the amount to be  
33 credited.

34 g. If a tax collector fails to comply with the provisions of  
35 subsection a. of this section requiring the tax collector to furnish the  
36 director with a list, on or before **【May 15】** April 1 of each year, of  
37 property taxpayers in the district delinquent for taxes due and  
38 payable for the year immediately preceding and the amounts of such  
39 delinquencies, the director shall either pay the homestead rebate  
40 directly to the delinquent applicant rather than to the tax collector of  
41 the municipality as set forth in subsection d. of this section or  
42 provide a credit for the applicant under this act.

43 h. All provisions of this section shall apply to NJ SAVER rebate  
44 applications filed for and paid as homestead rebates for tax year  
45 2003.

46 (cf: P.L.2004, c.40, s.9)

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

3       9. The homestead rebates and credits authorized under this act  
4 shall not be subject to garnishment, attachment, execution or other  
5 legal process, except as provided in section 1 of P.L.1981, c.239  
6 (C.54A:9-8.1), or except for an income withholding order issued  
7 pursuant to P.L.1981, c.417 (C.2A:17-56.8 et seq.), nor shall the  
8 payment thereof be anticipated.  
9 (cf: P.L.2004, c.40, s.10)

10

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

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

28       (2) An applicant for a homestead rebate or credit authorized  
29 under this act who is aggrieved by any decision, order, finding, or  
30 denial by the director of all or part of that applicant's homestead  
31 rebate or credit may appeal therefrom to the New Jersey Tax Court  
32 in accordance with the provisions of the State Uniform Tax  
33 Procedure Law, R.S. 54-48-1 et seq.

34       b. The appeal provided by this section shall be the exclusive  
35 remedy available to an applicant for review of a decision of the  
36 director in respect to the determination of all or part of a homestead  
37 rebate or credit authorized under this act.  
38 (cf: P.L.2004, c.40, s.12)

39

40       29. Section 14 of P.L.1999, c.63 (C.54:4-8.66a) is amended to  
41 read as follows:

42       14. Any individual who receives a homestead rebate or credit  
43 otherwise authorized under this act but as a result of an intentional  
44 misrepresentation of a material fact shall be required to repay to the  
45 director the amount of the homestead rebate or credit and shall be  
46 liable to a penalty equal to 150% of the amount of the homestead  
47 rebate or credit paid as a result of that misrepresentation.

48 (cf: 2004, c.40, s.13)

1       30. Section 15 of P.L.1999, c.63 (C.54:4-8.66b) is amended to  
2 read as follows:

3       15. Any person who receives a homestead rebate or credit  
4 otherwise authorized under this act but which has been paid in error  
5 and which is recoverable by the director, and fails to return the  
6 payment within 45 days of receiving notice from the director that  
7 such payment was erroneous, shall pay, in addition to the amount of  
8 the erroneous rebate or credit, interest at the rate prescribed in  
9 R.S.54:49-3, assessed for each month or fraction thereof,  
10 compounded annually at the end of each year, from the date next  
11 following the 45th day after receiving the notice from the director  
12 that such payment was erroneous until the date of the return of the  
13 erroneous payment.

14 (cf: P.L.2004, c.40, s.14)

15

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

18       16. A homestead rebate or credit paid as a result of  
19 misrepresentation or paid in error and any penalties and interest as  
20 imposed thereon by this act, shall be payable to and recoverable by  
21 the director in the same manner as a deficiency with respect to the  
22 payment of a State tax in accordance with the State Uniform Tax  
23 Procedure Law, R.S.54:48-1 et seq.

24 (cf: P.L.2004, c.40, s.15)

25

26       32. Section 6 of P.L.1997, c.348 (C.54:4-8.73) is amended to  
27 read as follows:

28       6. Pursuant to the "Administrative Procedure Act," P.L.1968,  
29 c.410 (C.52:14B-1 et seq.), the director shall promulgate such rules  
30 and regulations and prescribe such forms as the director shall deem  
31 necessary to implement this act. The director shall also promulgate  
32 rules and regulations to implement an appeals process for aggrieved  
33 persons to use if eligibility for a homestead property tax  
34 reimbursement rebate or credit is denied.

35 (cf: P.L.1997, c.348, s.6)

36

37       33. R.S.54:4-64 is amended to read as follows:

38       54:4-64. a. (1) As soon as the tax duplicate is delivered to the  
39 collector of the taxing district, as provided in R.S.54:4-55, he shall  
40 at once begin the work of preparing, completing, mailing or  
41 otherwise delivering tax bills to the individuals assessed[, and shall  
42 complete that work on or before June 14]. He shall also[, at least  
43 two months before the first installment of taxes for the calendar  
44 year falls due,] prepare and mail, or otherwise deliver to the  
45 individuals assessed, a tax bill for such following first and second  
46 installments, computed as provided in R.S.54:4-66 or section 2 of  
47 P.L.1994, c.72 (C.54:4-66.1), as appropriate.

1       (2) When any individual assessed has authorized the collector to  
2 mail or otherwise deliver his tax bill to a mortgagee or any other  
3 agent, the collector shall, at the same time, mail or otherwise  
4 deliver a duplicate tax bill to the individual assessed and shall print  
5 across the face of such duplicate tax bill the following inscription:  
6 "This is not a bill -- for advice only."

7       (3) The validity of any tax or assessment, or the time at which it  
8 shall be payable, shall not be affected by the failure of a taxpayer to  
9 receive a tax bill, but every taxpayer is put on notice to ascertain  
10 from the proper official of the taxing district the amount which may  
11 be due for taxes or assessments against him or his property.

12       (4). Notwithstanding the provisions of any law to the contrary,  
13 the third installment of current year taxes shall not be subject to  
14 interest until the later of August 1, the additional interest-free  
15 period authorized pursuant to R.S.54:4-67, or the twenty-fifth  
16 calendar day after the date that the tax bill for the third installment  
17 was mailed or otherwise delivered. Any payment received after the  
18 later of August 1, the additional interest-free period authorized  
19 pursuant to R.S.54:4-67, or the twenty-fifth calendar day after the  
20 date that the tax bill for the third installment was mailed or  
21 otherwise delivered may be charged interest back to August 1. The  
22 tax bill shall contain a notice specifying the date on which interest  
23 may begin to accrue.

24       b. As provided in subsection a. of this section, a mortgagor as  
25 the individual assessed for property taxes or other municipal  
26 charges with respect to the property securing a mortgage loan, may  
27 authorize the tax collector to mail or otherwise deliver his tax bill to  
28 a mortgagee or servicing organization. This tax authorization form  
29 shall be assignable in the event the mortgagee or servicing  
30 organization sells, assigns or transfers the servicing of the mortgage  
31 loan to another mortgagee or servicing organization.

32       c. The tax collector of the taxing district shall, upon receipt of a  
33 written request from a mortgagee or servicing organization on a  
34 form approved by the commissioner, mail or otherwise deliver a  
35 mortgagor's tax bill to a property tax processing organization. The  
36 commissioner shall provide by regulation for a procedure by which  
37 the tax collector of a taxing district may request the Director of the  
38 Division of Local Government Services in the Department of  
39 Community Affairs to review the appropriateness of the request to  
40 mail or otherwise deliver a mortgagor's tax bill to a property tax  
41 processing organization.

42       d. If a mortgagee, servicing organization, or property tax  
43 processing organization requests a duplicate copy of a tax bill, the  
44 tax collector of a taxing district shall issue a duplicate copy and  
45 may charge a maximum of \$5 for the first duplicate copy and a  
46 maximum of \$25 for each subsequent duplicate copy of the same  
47 tax bill in the same fiscal year, the actual charge being set by  
48 municipal ordinance. The commissioner shall promulgate

1 regulations to effectuate the provisions of this subsection d. which  
2 regulations shall include a procedure by which a mortgagee,  
3 servicing organization, or property tax processing organization may  
4 appeal and be reimbursed for the amount it has paid for a duplicate  
5 copy of a tax bill, or any part thereof.

6 e. As used in subsections a., b., c., and d. of this section,  
7 "mortgagee," "mortgagor," "mortgage loan," "servicing  
8 organization" and "property tax processing organization" shall have  
9 the same meaning as the terms have pursuant to section 1 of  
10 P.L.1990, c.69 (C.17:16F-15).

11 (cf: P.L.1994, c.32, s.1)

12

13 34. R.S.54:4-65 is amended to read as follows:

14 54:4-65. a. The Director of the Division of Local Government  
15 Services in the Department of Community Affairs shall approve the  
16 form and content of property tax bills.

17 b. (1) Each tax bill shall have printed thereon a brief tabulation  
18 showing the distribution of the amount raised by taxation in the  
19 taxing district, in such form as to disclose the rate per \$100.00 of  
20 assessed valuation or the number of cents in each dollar paid by the  
21 taxpayer which is to be used for the payment of State school taxes,  
22 other State taxes, county taxes, local school expenditures and other  
23 local expenditures. The last named item may be further subdivided  
24 so as to show the amount for each of the several departments of the  
25 municipal government. In lieu of printing such information on the  
26 tax bill, any municipality may furnish the tabulation required  
27 hereunder and any other pertinent information in a statement  
28 accompanying the mailing or delivery of the tax bill.

29 (2) When a parcel receives a homestead property tax credit  
30 pursuant to provisions of P.L. , c. (C. ) (pending before the  
31 Legislature as this bill), the amount of the credit shall be included  
32 with the tax calculation as a reduction in the total tax calculation for  
33 the year. One-half of the amount of the credit shall be deducted  
34 from taxes otherwise due for the third installment and the remaining  
35 one-half shall be deducted from taxes otherwise due for the fourth  
36 installment.

37 (3) There shall be included on or with the tax bill the delinquent  
38 interest rate or rates to be charged and any end of year penalty that  
39 is authorized and any other such information that the director may  
40 require from time to time.

41 c. The **appropriate** tax bill **or form mailed with the tax bill**  
42 shall also **contain a statement reporting** include a calculation  
43 stating the amounts of State aid and assistance received by the  
44 municipality, school districts, special districts and county  
45 governments **used to offset local tax levies** that offset property  
46 taxes that are otherwise due on each parcel. The director shall  
47 **provide** certify to each tax collector [with a certification of] the

1 amounts of said State aid and assistance **[for inclusion in the tax**  
2 **bill]** that shall serve as the basis for the calculation for each parcel.  
3 The director shall set standards for the calculation and display of  
4 the statement on the tax bill.

5 d. The tax bill or form mailed with the tax bill shall include  
6 thereon the date upon which each installment is due.

7 e. If a property tax bill includes in its calculation a homestead  
8 property tax credit, the bill shall, in addition to the calculation  
9 showing taxes due, either display a notice concerning the credit on  
10 the face of the property tax bill or with a separate notice, with the  
11 content and wording as the director provides.

12 (cf: P.L.1997, c.99, s.1)

13

14 35. Section 3 of P.L.1994, c.72 (C.54:4-66.2) is amended to read  
15 as follows:

16 3. a. Notwithstanding any provision of law, rule or regulation to  
17 the contrary, whenever a municipal governing body determines that  
18 the municipal tax collector will be unable to complete the mailing  
19 or delivery of tax bills in a municipality operating under a calendar  
20 fiscal year by June 14 or in a municipality operating under the State  
21 fiscal year by June 14 or December 1, as appropriate, because the  
22 county board of taxation has not certified a tax levy, or for any  
23 other reason, subject to regulations promulgated by the Local  
24 Finance Board, the governing body may direct, by resolution, the  
25 collector to prepare, complete, mail or otherwise deliver as soon as  
26 practicable to each individual assessed, or as provided in R.S.54:4-  
27 64 to the individual's mortgagee or servicing organization,  
28 estimated and reconciled tax bills in accordance with the procedures  
29 set forth in section 4 or 5, as appropriate, of P.L.1994, c.72 (C.54:4-  
30 66.3 or C.54:4-66.4).

31 b. Except as otherwise provided for by this section, an estimated  
32 tax bill and a reconciled tax bill issued pursuant to subsection a. of  
33 this section shall be considered the same as a regular tax bill with  
34 regard to other laws governing tax bills.

35 c. An estimated tax bill issued pursuant to this section may be  
36 used by a mortgagee or servicing organization in calculating the  
37 anticipated disbursements from mortgage escrow accounts as  
38 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

39 d. Notwithstanding anything in Title 54 of the Revised Statutes  
40 to the contrary, a municipality shall not issue more than four  
41 quarterly installment tax bills, whether estimated or final, during  
42 any calendar year. This subsection shall not apply to bills for added  
43 or omitted assessments.

44 e. The provisions of this section and sections 4 and 5 of  
45 P.L.1994, c.72 (C.54:4-66.3 and C.54:4-66.4) related to third  
46 installment tax bills shall not be operative in years when homestead  
47 property tax credits are provided through the property tax billing  
48 process. In such years, the director shall notify municipal officials

1 of the suspension of this provision and that no estimated tax bills  
2 shall be printed or otherwise issued.

3 (cf: P.L.1994, c.72, s.3)

4

5 36. R.S.54:4-74 is amended to read as follows:

6 54:4-74. The governing body of each municipality shall cause to  
7 be paid to the treasurer of the county, in four installments, the  
8 amount of county taxes required to be assessed and raised in such  
9 municipality, on the fifteenth day of the month in which each  
10 installment of taxes shall become payable, except, that in those  
11 years when the third installment has been determined by the tax  
12 collector to be due after August 10, the installment shall be due no  
13 later than five days after the twenty-fifth day from when the tax bill  
14 was mailed or otherwise delivered pursuant to subsection a. of  
15 R.S.54:4-64, but no later than September 15. The amount to be  
16 payable as each of the first two installments shall be one-quarter of  
17 the total tax finally levied against the municipality for the preceding  
18 year, and the amount to be payable for the third and fourth  
19 installments shall be the full tax as levied for the current year, less  
20 the amount charged as the first and second installments. The  
21 amount thus found to be payable as the last two installments shall  
22 be divided equally for and as each installment. The governing body  
23 of each municipality shall cause to be paid to the county treasurer  
24 on December fifteenth of each year all of the taxes required to be  
25 assessed and raised by taxation in such taxing district for state  
26 school and other state purposes.

27 (cf: R.S.54:4-74)

28

29 37. R.S.54:4-75 is amended to read as follows:

30 54:4-75. The governing body of each municipality shall pay  
31 over to the custodian of school moneys, in the case of school  
32 districts in which appropriations for school purposes are made by  
33 the inhabitants of the school district, within forty days after the  
34 beginning of the school year, twenty per centum (20%) of the  
35 appropriation for local school purposes, and thereafter, but prior to  
36 the last day of the school year, the balance of the moneys raised in  
37 the municipality for school purposes in such amounts as may from  
38 time to time be requested by the Board of Education, within thirty  
39 days after each request. The Board of Education shall not request  
40 any more money at any one time than shall be required for its  
41 expenditures for a period of eight weeks in advance; provided,  
42 however, that the Board of Education may at any time, but not  
43 earlier than fifteen days prior to the beginning of the school year,  
44 request sufficient moneys to meet all interest and debt redemption  
45 charges maturing during the first forty days of the school year. The  
46 governing body may make payments of such moneys in advance of  
47 the time and in excess of the amounts required by this section.  
48 Notwithstanding provisions of this section to the contrary, in those



1 years when the third installment of property taxes has been  
2 determined by the tax collector to be due after August 10, the  
3 installment shall be due no later than five days after the twenty-fifth  
4 day from when the tax bill was mailed or otherwise delivered  
5 pursuant to subsection a. of R.S.54:4-64, but no later than  
6 September 1.

7 (cf: P.L.1952, c.274, s.1)

8

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

11 1. a. Whenever any taxpayer or resident shall be entitled to any  
12 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"  
13 (N.J.S.54A:1-1 et seq.), including an earned income tax credit  
14 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.),  
15 or whenever any individual is eligible to receive a homestead rebate  
16 or credit pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), P.L.1999,  
17 c.63 (C.54:4-8.58a et al.) **[or]**, P.L.2004, c.40 or  
18 P.L. , c (C. ) (pending before the Legislature as this bill),  
19 and if the rebate or credit is not required to be paid over to the  
20 municipal tax collector under the provisions of section 8 of  
21 P.L.1990, c.61 (C.54:4-8.64), and at the same time the taxpayer or  
22 resident shall be indebted to any agency or institution of State  
23 Government, to the Victims of Crime Compensation Board for the  
24 portion of an assessment ordered pursuant to N.J.S.2C:43-3.1 for  
25 deposit in the Victims of Crime Compensation Board Account or  
26 restitution ordered to be paid to the board pursuant to N.J.S.2C:44-2  
27 for deposit in the Victims of Crime Compensation Board Account,  
28 or for child support under Title IV-A, Title IV-D, or Title IV-E of  
29 the federal Social Security Act (42 U.S.C. s.601 et seq.), or other  
30 indebtedness in accordance with section 1 of P.L.1995, c.290  
31 (C.2A:17-56.11b) the Department of the Treasury shall apply or  
32 cause to be applied the refund, homestead rebate or credit, or all, or  
33 so much of any or all as shall be necessary, to satisfy the  
34 indebtedness. Child support indebtedness shall take precedence  
35 over all other indebtedness. The Department of the Treasury shall  
36 retain a percentage of the proceeds of any collection setoff as shall  
37 be necessary to provide for any expenses of the collection effort.

38 b. A State department or agency which is owed a debt shall  
39 notify the Department of the Treasury of the existence of the debt  
40 and shall request that the Department of the Treasury execute a  
41 setoff as provided for in this section.

42 (cf: P.L.2005, c.124, s.12)

43

44 39. Section 2 of P.L.1981, c.239 (C.54A:9-8.2) is amended to  
45 read as follows:

46 2. The Department of the Treasury shall promulgate regulations  
47 concerning the procedures and methods to be employed by all  
48 agencies and institutions in the executive branch in the collection or

1 the setting off of delinquent accounts. The regulations shall be  
2 consistent with all Federal requirements or limitations regarding  
3 any information utilized in any collection or setoff, and shall in  
4 addition provide for due notice to the debtor and opportunity for a  
5 hearing upon request prior to any setoff; safeguards against the  
6 disclosure or inappropriate use of any personally identifiable  
7 information regarding the debtor obtained or maintained pursuant to  
8 this act; and the appropriate apportionment of any setoff in the case  
9 of a debtor's joint filing of a joint income tax return or homestead  
10 rebate or credit application.

11 (cf: P.L.1981, c.239, s.2)

12

13 40. (New section) For the fiscal year beginning July 1, 2007,  
14 the sum that shall be appropriated for homestead property tax  
15 rebates for residential tenants shall be not less than twice the  
16 amount appropriated for the same purpose in the prior fiscal year  
17 and shall be allocated in a manner prescribed by law.

18

19 41. Section 1 of P.L.1995, c.44 (C.2B:20-2) is amended to read  
20 as follows:

21 1. a. The names of persons eligible for jury service shall be  
22 selected from a single juror source list of county residents whose  
23 names and addresses shall be obtained from a merger of the  
24 following lists: registered voters, licensed drivers, filers of State  
25 gross income tax returns and filers of homestead rebate or credit  
26 application forms. The county election board, the Division of  
27 Motor Vehicles and the State Division of Taxation shall provide  
28 these lists annually to the Assignment Judge of the county. The  
29 Assignment Judge may provide for the merger of additional lists of  
30 persons eligible for jury service that may contribute to the breadth  
31 of the juror source list. Merger of the lists of eligible jurors into a  
32 single juror source list shall include a reasonable attempt to  
33 eliminate duplication of names.

34 b. The juror source list shall be compiled once a year or more  
35 often as directed by the Assignment Judge.

36 c. The juror source list may be expanded by the Supreme Court  
37 as it deems appropriate.

38 (cf: P.L.1995, c.44, s.1)

39

40 42. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
41 read as follows:

42 7. a. The Division of Pensions and Benefits shall certify to the  
43 certifying agent of each employer electing participation under the  
44 program the premium rates and periodic charges applicable to the  
45 coverage provided for employees and dependents. The  
46 participating employer shall remit to the division all contributions  
47 to premiums and periodic charges in advance of their due dates,  
48 subject to the rules and regulations of the commission.

1        Notwithstanding the provisions of any other law to the contrary,  
2 the obligations of a participating employer other than the State to  
3 pay the premium or periodic charges for health benefits coverage  
4 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be  
5 determined by means of a binding collective negotiations  
6 agreement. With respect to employees for whom there is no  
7 majority representative for collective negotiations purposes, the  
8 employer may, in its sole discretion, modify the respective payment  
9 obligations set forth in law for the employer and such employees in  
10 a manner consistent with the terms of any collective negotiations  
11 agreement binding on the employer.

12        b. (1) From funds allocated therefor, the employer other than the  
13 State, upon the adoption and submission to the division of an  
14 appropriate resolution prescribed by the commission, may pay the  
15 premium or periodic charges for the benefits provided to a retired  
16 employee and the employee's dependents covered under the  
17 program, if the employee retired from a State or locally-  
18 administered retirement system, excepting the employee who  
19 elected deferred retirement, and may also reimburse the retired  
20 employee for the employee's premium charges under Part B of  
21 Medicare covering the retired employee and the employee's spouse  
22 if the employee:

23        (a) retired on a disability pension; or

24        (b) retired after 25 or more years of nonconcurrent service credit  
25 in one or more State or locally-administered retirement systems and  
26 a period of service of up to 25 years with the employer at the time  
27 of retirement, such period of service to be determined by the  
28 employer and set forth in an ordinance or resolution as appropriate;  
29 or

30        (c) retired and reached the age of 65 years or older with 25 years  
31 or more of nonconcurrent service credit in one or more State or  
32 locally-administered retirement systems and a period of service of  
33 up to 25 years with the employer at the time of retirement, such  
34 period of service to be determined by the employer and set forth in  
35 an ordinance or resolution as appropriate; or

36        (d) retired and reached the age of 62 years or older with at least  
37 15 years of service with the employer.

38        "Retired employee and the employee's dependents" may, upon  
39 adoption of an appropriate resolution therefor by the participating  
40 employer, also include otherwise eligible employees, and their  
41 dependents, who retired from one or more State or locally-  
42 administered retirement systems prior to the date that the employer  
43 became a participating employer in the New Jersey State Health  
44 Benefits Program or who did not elect to continue coverage in the  
45 program during such time after the employer became a participating  
46 employer that the employer did not pay premium or periodic  
47 charges for benefits to retired employees and their dependents  
48 pursuant to this section. Eligibility and enrollment of such

1 employees and dependents shall be in accordance with such rules  
2 and regulations as may be adopted by the State Health Benefits  
3 Commission.

4 The employer other than the State may, by resolution, pay the  
5 premium or periodic charges for the benefits provided to the  
6 surviving spouse of a retired employee and the employee's  
7 dependents covered under the program as provided in this section.

8 (2) Notwithstanding the provisions of any other law to the  
9 contrary, the obligations of an employer other than the State, except  
10 an independent State authority, board, commission, corporation,  
11 agency, or organization deemed to be covered by section 6 of  
12 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose  
13 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
14 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
15 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
16 periodic charges for health benefits coverage under the provisions  
17 of paragraph (1) may be determined by means of a binding  
18 collective negotiations agreement, including any agreement in force  
19 at the time of the adoption of this act, P.L.1999, c.48. With respect  
20 to employees for whom there is no majority representative for  
21 collective negotiations purposes, the employer may, in its sole  
22 discretion, determine the payment obligations for the employer and  
23 the employees, except that if there are collective negotiations  
24 agreements binding upon the employer for employees who are  
25 within the same community of interest as employees in a collective  
26 negotiations unit but are excluded from participation in the unit by  
27 the "New Jersey Employer-Employee Relations Act," P.L.1941,  
28 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
29 determined in a manner consistent with the terms of any collective  
30 negotiations agreement applicable to the collective negotiations  
31 unit.

32 c. Notwithstanding the provisions of any other law to the  
33 contrary, the payment obligations of an employee of an employer  
34 other than the State, except an independent State authority, board,  
35 commission, corporation, agency, or organization, for health  
36 benefits coverage under subsection b. shall be the payment  
37 obligations applicable to the employee on the date the employee  
38 retires on a disability pension or the date the employee meets the  
39 service credit and service requirements for the employer payment  
40 for the coverage, as the case may be.

41 (cf: P.L.2001, c.209, s.4)

42

43 43. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to  
44 read as follows:

45 9. An employee enrolling for **[dependents]** coverage shall, at  
46 the time of enrollment, authorize the participating employer to  
47 withhold, on an advance basis, from his wages or salary the  
48 contribution required by such employer for such coverage, which

1 shall not exceed the premium or periodic charge therefor. The  
2 remainder of the premiums and periodic charges for employee and  
3 dependents coverage shall be paid by the participating employer out  
4 of its own funds.

5 (cf: P.L.1964, c.125, s.9)

6  
7 44. (New section) Notwithstanding the provisions of any other  
8 law to the contrary, a board of education, or an agency or  
9 instrumentality thereof, may establish as an employer a cafeteria  
10 plan for its employees pursuant to section 125 of the federal  
11 Internal Revenue Code, 26 U.S.C.§125. The plan may provide for a  
12 reduction in an employee's salary, through payroll deductions or  
13 otherwise, in exchange for payment by the employer of medical or  
14 dental expenses not covered by a health benefits plan, and  
15 dependent care expenses as provided in section 129 of the code, 26  
16 U.S.C.§129, and such other benefits as are consistent with section  
17 125 which are included under the plan. The amount of any  
18 reduction in an employee's salary for the purpose of contributing to  
19 the plan shall continue to be treated as regular compensation for all  
20 other purposes, including the calculation of pension contributions  
21 and the amount of any retirement allowance, but, to the extent  
22 permitted by the federal Internal Revenue Code, shall not be  
23 included in the computation of federal taxes withheld from the  
24 employee's salary.

25  
26 45. (New section) Notwithstanding the provisions of any other  
27 law to the contrary, a local unit of government, or an agency, board,  
28 commission, authority or instrumentality thereof, may establish as  
29 an employer a cafeteria plan for its employees pursuant to section  
30 125 of the federal Internal Revenue Code, 26 U.S.C.§125. The plan  
31 may provide for a reduction in an employee's salary, through  
32 payroll deductions or otherwise, in exchange for payment by the  
33 employer of medical or dental expenses not covered by a health  
34 benefits plan, and dependent care expenses as provided in section  
35 129 of the code, 26 U.S.C.§129, and such other benefits as are  
36 consistent with section 125 which are included under the plan. The  
37 amount of any reduction in an employee's salary for the purpose of  
38 contributing to the plan shall continue to be treated as regular  
39 compensation for all other purposes, including the calculation of  
40 pension contributions and the amount of any retirement allowance,  
41 but, to the extent permitted by the federal Internal Revenue Code,  
42 shall not be included in the computation of federal taxes withheld  
43 from the employee's salary.

44  
45 46. a. There is appropriated to the Department of Education the  
46 Treasury from the General Fund an amount as the Commissioner of  
47 Education shall determine is necessary for the administrative costs  
48 of implementing the levy cap provisions of this act applicable to

1 school districts, subject to the approval of the Director of the  
2 Division of Budget and Accounting.

3 b. There is appropriated to the Department of Community  
4 Affairs from the General Fund an amount as the Commissioner of  
5 Community Affairs shall determine is necessary for the  
6 administrative costs of implementing the levy cap provisions of this  
7 act applicable to local units, subject to the approval of the Director  
8 of the Division of Budget and Accounting.

9 c. There is appropriated to the Department of the Treasury from  
10 the General Fund an amount as the Director of the Division of  
11 Taxation in the Department of the Treasury shall determine is  
12 necessary for the administrative costs of implementing the credit  
13 provisions of this act (sections 19 through 40), subject to the  
14 approval of the Director of the Division of Budget and Accounting.

15

16 47. This act shall take effect immediately; provided, however,  
17 sections 2 through 12 shall be applicable only to budget years  
18 beginning on or after July 1, 2007, and shall not be applicable to  
19 budget years beginning after June 30, 2012; section 13 shall be  
20 retroactive to July 1, 2006, and shall not be applicable to budget  
21 years beginning after June 30, 2012; and sections 19 through 40  
22 shall first apply to claims for rebates and credits for property taxes  
23 paid for the tax year 2006.

24

25

26

STATEMENT

27

28 This bill provides a homestead property tax credit for residents  
29 of New Jersey and provides a means to ensure that the property tax  
30 relief is sustainable through a property tax levy cap of four percent  
31 that is applicable to school districts, counties, municipalities, fire  
32 districts, and solid waste collection districts. Sections 19 through  
33 41 of this bill establish a homestead credit program for New Jersey  
34 homeowners and residential tenants. These sections replace the  
35 current homestead rebate program for homeowners that provides  
36 benefits in set dollar amounts in ranges based on income. An  
37 additional section, to benefit residential tenants, requires that for the  
38 fiscal year beginning July 1, 2007, the sum to be appropriated for  
39 homestead property tax rebates for residential tenants shall be not  
40 less than twice the amount appropriated for the same purpose in the  
41 prior fiscal year. The credit program retains the rebate program's  
42 definition of income and provides a benefit based on a percentage  
43 of property taxes paid for the previous year. The percentages vary  
44 based on three income levels: 20% for incomes up to \$100,000,  
45 15% for incomes over \$100,000 up to \$150,000, and 10% for  
46 incomes over \$150,000 up to \$250,000. Taxpayers with incomes  
47 over \$250,000 receive no benefit. If a property tax bill is higher  
48 than \$10,000, the benefit only applies to a percentage of the first

1 \$10,000 of property taxes paid. The benefit amounts do not vary  
2 based upon a taxpayers age or disability status. This bill provides  
3 immediate property tax relief to a large number of homeowners and  
4 residential tenants.

5 For seniors and residents who are blind or disabled, the bill  
6 either retains the current calculation of property tax rebates or  
7 applies the new credit formula, whichever provides a greater  
8 benefit. Under the current calculation the homestead benefit for the  
9 tax year equals the amount by which property taxes paid by the  
10 claimant in that tax year on the claimant's homestead exceed 5% of  
11 the claimant's gross income, with certain maximum and minimum  
12 benefits. Most of these taxpayers are eligible for a benefit of  
13 \$1,200.

14 The new percentage-based benefit will be provided to taxpayers  
15 in the form of a credit rather than a rebate. However, the director  
16 retains the discretion to provide rebates when there is uncertainty  
17 that the benefit will be accurately provided to the correct taxpayer.  
18 In addition, seniors will receive the benefit as a rebate in the first  
19 year, and may individually choose to continue to do so in following  
20 years.

21 Credits will be reflected annually in the August and November  
22 property tax bills beginning in 2007. A taxpayer must reside in a  
23 homestead on October 1 of a tax year to be eligible for the credit.

24 The bill requires each property tax bill to show the taxpayer the  
25 amount of credit the taxpayer receives, and makes additional  
26 technical changes to statutes affecting the format and content of tax  
27 bills.

28 Sections 2 through 7 of this bill establishes a property tax levy  
29 cap for school districts, with very limited exceptions. During the  
30 first school budget year following enactment of this bill, the school  
31 district could go to its voters, as it does now, for approval to exceed  
32 the 4% levy cap. After the first year, the school district would need  
33 approval by at least 60% of the voters to exceed the levy cap. The  
34 bill ensures a great degree of transparency so that the ballot  
35 question and statement accurately explains the purpose for the  
36 additional funding request. After the first year, the school district  
37 also would be able to seek a waiver from the Commissioner of  
38 Education for limited categories of purposes, instead of or prior to  
39 seeking voter approval.

40 Sections 9 through 13 of the bill establish a property tax levy cap  
41 of four percent for local units, namely counties, municipalities, fire  
42 districts, and solid waste collection districts, with very limited  
43 exceptions. In the case of a county, this levy cap is intended to be  
44 tighter than the existing levy cap, but regardless, the smaller cap  
45 would apply. In the case of a municipality, this levy cap  
46 supplements the existing municipal expenditure cap and so would  
47 act as an additional constraint on municipal spending. Fire districts  
48 and solid waste collection districts currently are not subject to any

1 expenditure or levy caps. The Local Finance Board would be  
2 authorized to grant waivers from the four percent cap in very  
3 limited circumstances.

4 Sections 42 through 45 of the bill provide local governments,  
5 including local boards of education, with the ability to modify,  
6 through collective negotiations agreements with their active  
7 employees, the payment obligations of the employer for active  
8 employee coverage under the State Health Benefits Program  
9 (SHBP). The ability to negotiate the amount of SHBP premium or  
10 periodic charges to be paid by the employer has been available to  
11 the State since 1997, and to local governments with regard to their  
12 future retirees since 1999.

13 The bill also permits all local units of government (including  
14 boards of education, county colleges, and local authorities) to  
15 establish cafeteria plans pursuant to section 125 of the federal  
16 Internal Revenue Code, 26 U.S.C.§125, to provide for a reduction  
17 in an employee's salary, through payroll deductions or otherwise, in  
18 exchange for payment by the employer of medical or dental  
19 expenses not covered by a health benefits plan, of dependent care  
20 expenses as provided in section 129 of the code, 26 U.S.C.§129,  
21 and of such other benefits as are consistent with section 125 which  
22 are included under the plan. The amount of any reduction in an  
23 employee's salary will continue to be treated as regular  
24 compensation for all other purposes, including the calculation of  
25 pension contributions and the amount of any retirement allowance,  
26 but, to the extent permitted by the federal Internal Revenue Code,  
27 will not be included in the computation of federal taxes withheld  
28 from the employee's salary. The State was given the authority to  
29 establish such cafeteria plans in 1996 pursuant to N.J.S.A.52:14-  
30 15.1a.

31 These provisions will provide local governments that participate  
32 in the SHBP with flexibility to make negotiate changes required to  
33 control costs.

34 The bill appropriates funds necessary for the administrative costs  
35 of implementing the levy caps. The bill also appropriates funds  
36 necessary for the administrative costs of implementing the credit  
37 program, in an amount determined by the Director of the Division  
38 of Taxation in the Department of the Treasury, with the approval of  
39 the Director of the Division of Budget and Accounting.



**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 20**  
**STATE OF NEW JERSEY**  
**212th LEGISLATURE**

DATED: FEBRUARY 21, 2007

**SUMMARY**

- Synopsis:** Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.
- Type of Impact:** State expenditure increase; possible decrease in local property tax revenue.
- Agencies Affected:** Departments of the Treasury, Education and Community Affairs; counties, municipalities, local school districts, special taxing districts.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>
<b>State Cost</b>	\$1.186 billion	Indeterminate but similar level	
<b>Local Property Tax Levies</b>	Indeterminate Potential Restraint of Growth Rates-See Comments Below		

- The Office of Legislative Services (OLS) estimates that this bill will increase State expenditures for homestead property tax rebates and credits by about \$1,186,000,000 in FY 2008, and by indeterminate amounts in succeeding fiscal years. Homestead property tax relief for homeowners would increase by \$1.06 billion, and homestead property tax relief for tenants would increase by \$126 million in FY 2008.
- The OLS estimates that this bill would provide homestead property tax rebates and credits averaging \$1,205 to about 500,000 senior and disabled homeowners, and homestead property tax rebates and credits averaging \$1,070 to about 1,300,000 non-senior homeowners.
- This bill provides property tax credits of 20 percent of the first \$10,000 in property taxes to homeowners with income of \$100,000 or less; property tax credits of 15 percent of the first \$10,000 in property taxes to homeowners with income between \$100,000 and \$150,000; and property tax credits of 10 percent of the first \$10,000 in property taxes to homeowners with income between \$150,000 and \$250,000.

- This bill requires a minimum FY 2008 appropriation for tenants' property tax rebates of at least two times the FY 2007 appropriation, or \$252 million.
- The OLS estimates that new local property tax growth limits ("caps") may result in lower local property tax levies than would otherwise occur under existing law, by indeterminate amounts. The bill establishes new four percent caps on annual increases in the property tax levies of school districts, counties, municipalities and special taxing districts.

## **BILL DESCRIPTION**

Senate Bill No. 20 of 2007 provides a homestead property tax credit for New Jersey resident homeowners; provides for increased funding for residential tenants' property tax rebates; and establishes a property tax levy growth limitation (hereafter, "cap") of four percent that is applicable to school districts, counties, municipalities, fire districts, and solid waste collection districts.

### **Homestead Property Tax Credit**

Sections 19 through 39 of this bill establish a homestead credit program for New Jersey homeowners. The credit program retains the current rebate program's definition of income and provides a benefit based on a percentage of property taxes paid for the previous year. The percentages vary based on three income levels: 20 percent for incomes up to \$100,000, 15 percent for incomes over \$100,000 up to \$150,000, and 10 percent for incomes over \$150,000 up to \$250,000. Taxpayers with incomes over \$250,000 receive no benefit. If a property tax bill is higher than \$10,000, the benefit only applies to a percentage of the first \$10,000 of property taxes paid. The benefit amounts do not vary based upon a taxpayer's age or disability status.

For homeowners who are senior citizens, blind or disabled, the bill retains the current calculation of property tax rebates as well as extending eligibility for the new credit, and provides whichever is the greater benefit. Under the current calculation, the homestead benefit for the tax year equals the amount by which property taxes paid by the claimant in that tax year on the claimant's homestead exceed 5 percent of the claimant's gross income, with certain maximum and minimum benefits. Most of these homeowners are eligible for a benefit of \$1,200.

The new benefits will be provided to taxpayers in the form of a credit rather than a rebate. However, the Director of the Division of Taxation retains the discretion to provide rebates when there is uncertainty that the benefit will be accurately provided to the correct taxpayer. In addition, seniors will receive the benefit as a rebate in the first year, and may individually choose to continue to do so in following years. Credits will be reflected annually in the August and November property tax bills beginning in 2007. A taxpayer must reside in a homestead on October 1 of a tax year to be eligible for the credit. The bill requires each property tax bill to show the taxpayer the amount of credit the taxpayer receives, and makes additional technical changes to statutes affecting the format and content of tax bills.

### **Increased Funding for Residential Tenants' Property Tax Rebates**

Section 40 of this bill requires that for the fiscal year beginning July 1, 2007, the sum to be appropriated for homestead property tax rebates for residential tenants shall be not less than twice the amount appropriated for the same purpose in the prior fiscal year. Amounts appropriated for this purpose are to be allocated in a manner prescribed by law.

**Property Tax Levy Caps**

Sections 2 through 7 of this bill establish a four percent cap on annual increases in the property tax levy for each school district, with certain exceptions. During the first school budget year following enactment of this bill, a school district would be authorized, as under current law, to seek voter approval to exceed the maximum levy. After the first year, a school district would need approval by at least 60 percent of the voters to exceed the maximum levy. After the first year, a school district also would be able to seek a cap waiver from the Commissioner of Education for limited categories or purposes, instead of or prior to seeking voter approval.

Sections 9 through 11 of the bill establish a four percent cap on annual increases in the property tax levy for counties, municipalities, fire districts, and solid waste collection districts, with certain exceptions. In the case of a county, this new levy cap applies in addition to the existing levy cap, with the more restrictive of the two prevailing. In the case of a municipality, this new levy cap supplements existing limits on increases in municipal expenditures. This bill further establishes a new four percent cap on increases in fire district and solid waste collection district tax levies; these local entities currently are not subject to any expenditure or levy growth caps. The Local Finance Board would be authorized to grant cap waivers in certain circumstances.

**Other Provisions**

Sections 42 through 45 of the bill permit local governments, including local boards of education, to modify, through collective negotiations agreements with their active employees, the payment obligations of the employer for active employee coverage under the State Health Benefits Program (SHBP). The ability to negotiate the amount of SHBP premium or periodic charges to be paid by the employer has been available to the State since 1997, and to local governments with regard to their future retirees since 1999.

The bill also permits all local units of government (including boards of education, county colleges, and local authorities) to establish cafeteria plans pursuant to section 125 of the federal Internal Revenue Code, 26 U.S.C. §125, to provide for a reduction in an employee's salary, through payroll deductions or otherwise, in exchange for payment by the employer of medical or dental expenses not covered by a health benefits plan, of dependent care expenses as provided in section 129 of the code, 26 U.S.C. §129, and of such other benefits as are consistent with section 125 which are included under the plan. The amount of any reduction in an employee's salary will continue to be treated as regular compensation for all other purposes, including the calculation of pension contributions and the amount of any retirement allowance, but, to the extent permitted by the federal Internal Revenue Code, will not be included in the computation of federal taxes withheld from the employee's salary.

Section 46 of the bill appropriates to the departments of Community Affairs and Education funds necessary for the administrative costs of implementing the tax levy caps. The bill also appropriates funds necessary for the administrative costs of implementing the credit program, in an amount determined by the Director of the Division of Taxation in the Department of the Treasury, with the approval of the Director of the Division of Budget and Accounting.

**FISCAL ANALYSIS*****EXECUTIVE BRANCH***

The Department of the Treasury provided information on which the OLS based its estimates of the fiscal impact of the homestead credit program established in this bill.

**OFFICE OF LEGISLATIVE SERVICES**

**Property Tax Credits and Rebates:** The OLS estimates that this bill will increase State expenditures by about \$1,186,000,000 in FY 2008. The property tax credit in part replaces and in part supplements the FAIR homestead rebate program for homeowners and tenants. The table below displays the homeowner and tenant components for the FAIR program in FY 2007, for the estimated FY 2008 results of this bill, and the net estimated cost increase to the State.

<b>Assembly Bill No. 1 Credit/Rebate Cost Estimate</b>			
	<b>FY 2007 Approp.</b>	<b>FY 2008 Est.</b>	<b>Net Cost Increase</b>
Homeowners	\$931 million	\$1,991 million	\$1,060 million
Tenants	\$126 million	\$252 million	\$126 million
<b>Total</b>	<b>\$1,057 million</b>	<b>\$2,243 million</b>	<b>\$1,186 million</b>

After FY 2008, the annual cost of the program should increase at a rate somewhat below the annual rate of growth in residential property taxes (a rate which the OLS is unable to estimate due to myriad determinants, e.g., local spending, revenue and taxing decisions, changes in the composition of the property tax base). The applicability of the credit to only the first \$10,000 of property taxes effectively restricts the rate at which the cost of the credit can increase. Moreover, the three income thresholds (at \$100,000, at \$150,000, and at \$250,000) in the bill will reduce or eliminate some credits as recipient income grows.

The estimates are based on OLS extrapolations of state Department of the Treasury data. For estimates of property taxes, the OLS used 2004 data from a statistical match of gross income tax data, FAIR homeowner data, the MOD IV property tax data. For estimates of the number of potential recipients, the OLS used FY 2005 FAIR data. The OLS then extrapolated these data to estimate the impact in FY 2008. The extrapolations indicate that this bill would affect about 500,000 senior and disabled homeowners, for an average credit amount of about \$1,205, and affect about 1,300,000 non-senior homeowners, for an average credit amount of about \$1,070. The OLS notes that extrapolations from detailed but incomplete data are subject to some degree of error.

The maximum credit any recipient with income of \$100,000 or less could receive is \$2,000 (20 percent credit against a \$10,000 maximum property tax). The maximum credit any recipient with income between \$100,000 and \$150,000 could receive is \$1,500 (15 percent credit against a \$10,000 maximum property tax). The maximum credit any recipient with income between \$150,000 and \$250,000 could receive is \$1,000 (10 percent credit against a \$10,000 maximum property tax). Senior, blind and disabled homeowners would continue to receive a benefit calculated under the current FAIR program if that calculation produces a larger benefit. Homeowners with income over \$250,000 would be ineligible for the credit. The OLS estimates that about 94 percent of primary residents would be eligible, although this percentage would decline over time as incomes rise and additional homeowners cross above the maximum threshold.

The bill requires in FY 2008 a doubling of the FY 2007 appropriation for tenants' property tax rebates. The manner in which increased funding would be allocated would be determined by another subsequent law. About 100,000 senior or disabled tenants and 700,000 other tenants currently receive these benefits. The bill does not address funding for tenants' tax relief beyond FY 2008.

**Local Property Tax Caps**

The OLS estimates that new local property tax caps may result in lower local property tax levies than would otherwise occur under existing law, by indeterminate amounts. The OLS notes that local budgetary decisions that determine annual changes in local property tax levies are affected by multiple factors, such as the provisions of labor contracts, costs of goods and services, levels of local non-property tax revenues, debt service requirements and the number of pupils required to be educated by local school districts. It is reasonable to conclude that the new tax levy caps comprise greater restraints on annual property tax increases than the restraints imposed under current law, but it is not feasible to estimate the degree to which this is the case, or to quantify the amount by which future property levies would be lowered by the effect of these new caps.

State operating expenditures may increase as a result of administering new tax levy caps, by an indeterminate amount. The OLS lacks sufficient information about current costs and operational practices of the departments of Education and Community Affairs with which to develop an estimate of a level of spending adequate to implement and administer new caps.

State operating expenditures may ultimately decrease by indeterminate but modest amounts as the means of providing homestead property tax relief changes from rebates to tax bill credits. The extent to which reductions occur will be most affected by the proportion of senior citizens that prefer to homestead tax relief through rebates.

Other provisions of the bill provide permissive grants of authority to local officials to pursue changes in funding of employee health benefits that, while intended to result in lower local health benefit costs wherever possible, do not have a direct fiscal impact.

*Section: Legislative Budget and Finance Office*

*Analyst: Martin Poethke*  
*Lead Fiscal Analyst*  
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*Approved: David J. Rosen*  
*Legislative Budget and Finance Officer*

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

## **Apr-03-07 Governor Signs Landmark Property Tax Reform**

FOR IMMEDIATE RELEASE  
April 3, 2007

Press Office  
609-777-2600

### **GOVERNOR SIGNS LANDMARK PROPERTY TAX REFORM**

#### ***Makes Broad, Sweeping Start to Rein in New Jersey's Highest in the Nation Property Taxes***

**TRENTON** - Governor Jon S. Corzine today signed landmark property tax legislation that will lower property taxes in the short-term while instituting long-term reforms to help break the decades-long cycle of steep annual property tax increases.

"I am proud to sign into law a remarkable combination of relief and reform that seemed impossible just a few years or even a few months ago," said Governor Corzine. "Through letters and e-mails, and at town hall meetings and sporting events across our state, I have heard from overburdened homeowners about their sizable and always-increasing property tax bills. Today, we are taking significant steps to ease that burden."

"This year, hardworking homeowners will experience the largest level of relief in state history. The four percent tax levy cap will be instrumental in helping to sustain this relief over time," said Senate President Richard J. Codey, a prime sponsor of S-20. "Rest assured, the totality of our efforts will produce long-term reform and in the interim taxpayers will get much-needed relief now."

"This is the double-dose of property tax reform and relief taxpayers have asked for and so desperately need," said Assembly Speaker Joseph J. Roberts, Jr. (D-Camden). "This initiative provides historic levels of property tax savings, cutting property taxes for the overwhelming majority of New Jerseyans and creating a four-percent cap to sustain them."

Bill A-1/S-20 will provide homeowners with immediate and substantial property tax relief. Homeowners with incomes up to \$100,000 will receive a 20 percent reduction in their property taxes through either a credit or a rebate. Those with incomes between \$100,000 and \$150,000 will receive a 15 percent reduction,

and those with incomes between \$150,000 and \$250,000 will receive at 10 percent reduction.

The program will provide benefits to 1.9 million homeowners - about 95 percent of all homeowners in the state - and to 800,000 tenants.

The overall average benefit for all eligible homeowners will be nearly \$1,100.

The average for senior homeowners, who are guaranteed to receive a rebate at least equal to last year's amount, is nearly \$1,250. The average benefit for non-senior homeowners is nearly \$1,000 and will be more than triple the amount of last year's benefit. Funding for tenant rebates will be doubled, with low-income tenants receiving a dramatic increase.

The legislation also imposes a 4 percent property tax levy cap on school districts and all county and local governments. The cap provisions of the bill permit only a small number of adjustments. To address "extraordinary" increases in costs, the bill creates a limited waiver process for school districts that will require application to and approval by the Commissioner of Education. The school district waiver process will be initiated for the 2008-2009 school year budgets.

The Local Finance Board in the Department of Community Affairs will consider county and local government waiver requests. Governor Corzine has directed both agencies to put the interests of taxpayers first in reviewing any waiver requests.

Under the new law, school districts and county and local governments are permitted to seek voter approval to exceed the tax levy cap. Any proposal to exceed the cap must be passed by a supermajority of 60 percent of the voters, except for the upcoming school elections where a simple majority of 50 percent will be required to approve a cap override.

Bill A-4/S-19 implements several reform proposals that were originally contained in the "CORE reform" package of legislation put forth by Assembly Speaker Roberts last year. This bill includes the "Uniform Shared Services and Consolidation Act," which is designed to encourage savings among local units of government through the use of shared services, joint meetings, and municipal

consolidation. Financial incentives will be made available to municipalities that participate in shared services opportunities under the “Share Available Resources Efficiently” (SHARE) program.

The legislation also sets new rules to bring increased openness and transparency to the budgeting process for schools and municipalities. All municipal budgets and municipal employee salary changes are required to be posted online. Budgets posted online must be accompanied by a user friendly plain language guide. Additionally, all compensation, benefits, separation benefits, and contract terms for school superintendents, assistant superintendents, and school business administrators must be clearly disclosed to the Commissioner of Education and will be made available for public review.

Finally, the legislation greatly expands the authority and responsibility of county superintendents of schools, who will now be known as executive county superintendents. The executive superintendents will have the authority to disapprove portions of a school district’s budget if a district has not implemented all potential administrative efficiencies or if a budget includes excessive non-instructional expenses. The executive superintendents also will be responsible for developing a plan to eliminate all so-called “non-operating” school districts, which are school districts without schools. Additionally, they will develop a proposal for submission to the voters to create or enlarge regional school districts so that school districts smaller than K-12 would be eliminated.

The signing of these bills comes on the heels of other significant reforms recently signed into law by Governor Corzine to control additional drivers of property tax increases.

On March 15, the Governor signed the following bills:

- **A-2/S-15** – legislation to create an independent Office of the Comptroller to root out waste, inefficiency and mismanagement in state and local government. The comptroller will have the authority to perform financial audits and performance reviews of all government entities.
- **A-5/S-4** – a bill to increase the fiscal oversight and accountability of school districts



- **A-15/S-12** – a measure creating a commission to study and recommend municipal consolidations and other actions designed to improve efficiency and eliminate duplication
- **S-14/A-20** -- a bill to mandate pension forfeiture and prison sentences for public officials or employees convicted of corruption

The Governor also has secured commitments from legislative leaders that they will pass a bill to ban dual office holding before he signs the FY08 budget.

"When we began the Property Tax Special Session last summer, we knew that success would be measured on two things – how much direct relief we could immediately get to homeowners and how effectively we could control spending," said Senate Majority Leader Bernard F. Kenny, Jr., (D-Hudson). "Today, we are providing New Jersey residents with a staggering amount of property tax relief – not only in terms of dollars but also in terms of families reached."

"Property taxes are issue number one, two, and three for the residents of this state," said Assemblyman John F. McKeon (D-Essex). "After years of out-of-control property tax increases and fluctuating relief, this combination of tax cuts and caps is just what the doctor ordered to help homeowners, renters, and senior citizens."

"This historic infusion of property tax savings will benefit millions of homeowners and renters," said John J. Burzichelli (D-Gloucester). "These credits, rebates, and caps will put the brakes on runaway property taxes and give residents the real relief they deserve."

Assembly Bill No. 1 was sponsored by Speaker Joseph J. Roberts, Jr. (D-Camden, Gloucester) and Assemblypersons John F. McKeon (D-Essex) and John J. Burzichelli (D-Salem, Cumberland, Gloucester). It was sponsored in the Senate by Senate President Richard J. Codey (D-Essex) and Senator Bernard F. Kenny, Jr. (D-Hudson).

Assembly Bill No. 4 was sponsored by Speaker Joseph J. Roberts, Jr. (D-Camden, Gloucester) and Assemblypersons John S. Wisniewski (D-Middlesex), Jerry Green (D-Middlesex, Somerset, Union), Robert M. Gordon (D-Bergen), Louis D. Greenwald (D-Camden), Pamela R. Lampitt (D-Camden), Bonnie

Watson Coleman (D-Mercer), Douglas H. Fisher (D-Salem/ Cumberland/ Gloucester), and Nilsa Cruz-Perez (D-Camden/Gloucester). It was sponsored in the Senate by Senator Bob Smith (D-Middlesex, Somerset).

###

## **Delivering Results -- Property Tax Relief and Reform**

*The Special Session on Property Taxes that Governor Corzine opened last summer has produced the most comprehensive set of measures ever enacted in New Jersey to provide immediate relief from high property taxes and to create structural reforms that will help break the decades-long cycle of steep annual property tax increases in New Jersey.*

### **Immediate Relief**

- The new property tax credit/rebate program will mean a **20% reduction** in property taxes for the great majority of property taxpayers – an average benefit of more than **\$1,100** for the nearly **1.4 million** New Jersey homeowners with incomes of **\$100,000 or less**.
- Another 500,000 homeowners – those with incomes between \$100,000 and \$250,000 – will see benefits that are significantly higher than they have ever been before.
- Overall, benefits for non-senior homeowners will on average be **more than three times the amount** of last year's benefit.
- Seniors will continue to receive a high level of relief, guaranteed to be at least as much as last year's and averaging nearly **\$1,250 for senior homeowners**.
- Funding for relief for nearly **800,000 tenant households will double**.

### **Long-Term Reform**

#### **Promoting Consolidation and Shared Services**

- The new Local Unit Alignment, Reorganization, and Consolidation Commission will allow thorough research, review, and development of proposals for shared service arrangements and consolidations that will reduce duplication and inefficiency.
- So-called “non-operating school districts,” which actually are school districts without schools, will be eliminated.
- The executive county superintendents will develop proposals to create or enlarge regional school districts so that school districts smaller than K-12 could be eliminated. These proposals will then be subject to voter approval.
- Civil service and other legal barriers that often make regional or consolidated approaches more difficult to design and implement will be eliminated.

### **Improving Ethics, Fiscal Oversight and Accountability**

- The new State Comptroller will have unprecedented authority to root out waste, fraud, and abuse and to improve performance and internal controls at all levels of government through fiscal audits, performance reviews, and procurement monitoring.
- Pension abuses like padding and tacking will be eliminated through pending reforms that will remove service credit for professional service work by independent contractors and place a cap on the amount of salary that will count toward a defined benefit pension.
- Mandatory pension forfeiture and a prison sentence will apply to public employees or officials convicted of corruption.
- To enable voters to have a better understanding of how their property tax dollars are being spent, all school districts and local governments will be required to prepare “user-friendly” budgets that will be publicly available and posted on the Internet
- Compensation for school superintendents and other top-level school administrators will be subject to greater oversight and control, including a requirement that all employment contracts for these officials be pre-approved by executive county superintendents.

### **Controlling Spending**

- The 4% cap on the local property tax levy will create a dynamic where school districts and local governments will have to prioritize spending decisions and aggressively search for structural changes to control long-term costs, especially compensation costs.
- School districts and local governments will now have the legal authority to achieve through negotiation greater employee contributions toward healthcare costs.
- School districts will be required to implement a variety of efficiency standards as a condition of State school aid.
- Executive county superintendents in each county will have the authority to disapprove portions of a school district's budget if a district has not implemented all potential administrative efficiencies or if a budget includes excessive non-instructional expenses.
- Municipalities will be graded against performance measures designed to promote cost savings in the delivery of services, and new Municipal Efficiency Promotion Aid will be available only to towns that meet those standards.

### **Reducing Reliance on Property Taxes**

- The proposed FY08 State budget calls for a significant increase in School Aid, including funding that is targeted to at-risk children regardless of where they live. This principle of linking funding to the needs of children, rather than the accident of geography, will be at the core of a new school funding formula currently under development.
- The budget also calls for an increase in State Aid to municipalities so they can reduce their reliance on property taxes to fund needed local services.

# NEW JERSEY LEGISLATURE NEWS RELEASE



**FOR RELEASE:**  
June 6, 2006

**CONTACT:**  
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## **CODEY, ROBERTS ANNOUNCE PLANS FOR SPECIAL SESSION ON PROPERTY TAXES**

*Legislature to Convene Bicameral, Bipartisan Joint Committees in July;  
Final Action on Property Tax Relief Measures Expected by End of Year*

(TRENTON) – Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts, Jr., today announced plans for an unprecedented special legislative session that would work throughout the summer and fall with the goal of enacting property tax reforms by the end of this year.

The announcement lays out an unparalleled framework to bring about legislative measures and corresponding action aimed at reducing the property tax burdens of New Jersey residents. It would mark the first time in state history that the Legislature will create special bicameral committees tasked with looking at the property tax problem from all angles.

“For too long property owners have been getting blitzed with taxes advancing further and further. It’s time that we not only hold the line, but push them back,” said Codey (D- Essex). “Unless we attempt to create greater efficiency and reduce spending at the local levels, we will only be chasing our tails.”

“Since New Jersey’s homeowners don’t get a vacation from high property taxes, the Legislature shouldn’t get one either,” said Roberts (D-Camden). “Solving the problem of sky-high property taxes cannot be left to one person, one party, or one half of the Legislature. Today we are launching a full-court press to make major repairs to New Jersey’s broken property tax system.”

The special legislative session process would begin in July when Governor Corzine would frame out the goals and expectations in an address to a joint session of the Legislature.

(MORE)

Following the Governor's address, the Senate and Assembly both would pass joint resolutions to create four bicameral, bipartisan joint committees:

- **Joint Committee on School Funding.** This panel would expand upon the Assembly task force that Speaker Roberts initially proposed in his recent CORE Reform Plan. This joint committee would seek to implement reforms to the current school funding formula to mitigate disparities and inequalities between urban and suburban/rural schools, among other changes;
- **Joint Committee on Benefits Reform.** The committee would use the recommendations from the Pension and Benefits Review Task Force, convened last year by Governor Codey, as the basis for legislative proposals to end abuses of the public benefit system and control benefits costs statewide;
- **Joint Committee on Government Consolidation and Shared Services.** This joint committee would serve as a launch pad for drafting measures to promote service sharing at all levels of government and examine potential consolidation of certain state government functions;
- **Joint Committee on a Citizens' Convention and Constitutional Reform.** The committee would address property tax issues that require constitutional remedies with the goal of laying the groundwork for a Citizen's Convention that would be put to the voters on the November 2007 ballot.

The joint committees would immediately begin work on developing legislative proposals, with a deadline for completing their work by September 30. The proposals would be forwarded to the Legislature's standing committees with the goal of achieving final legislative action by the end of the year.

Codey and Roberts said the plan was created in consultation with Governor Jon S. Corzine, who has called for both a special session and constitutional convention to tackle the state's decades-old problem of repressively high property taxes.

(MORE)

The leaders noted that the measures would be crafted jointly by both the Senate and Assembly, providing insurance against legislative gridlock and increasing the session's chances of success.

Unlike past special sessions – which historically have dissolved into political grandstanding – the Codey/Roberts plan's bicameral and bipartisan approach would ensure careful deliberation and discussion of all ideas.

“History has shown us that most partisan legislative initiatives are rarely successful,” said Codey. “Both houses working together, side by side, will be far more efficient and more meaningful.”

“In the end, taxpayers won't especially care whether this is called a ‘special session,’ ‘special committees,’ or ‘special process’ unless there are real results,” said Roberts. “This must be a process of meeting deadlines, not dead ends.”