

54:4-6.2 to 6.13

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:4-6.2 to 54:4-6.13 ("Tenants' Property Tax Rebate Act")

Laws of 1976 Chapter 63

Bill No. S1546

Sponsor(s) Garramone, Dunn & Skevin

Date Introduced June 17, 1976

Committee: Assembly Taxation

Senate -

Amended during passage Yes No

Date of passage: Assembly August 11, 1976

Senate June 17, 1976

Date of approval August 17, 1976

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

For background see:

974.901 New Jersey. Governor, 1970-74 (Cahill)
G52 A master plan for tax reform.
[pages 27-29 enclosed]

(over)

Do Not Remove From Library
DEPOSITORY COPY

10/4/76
SEP 1977

[All documents deal with the subject of tenants property tax rebate.]

974.90 N.J. Tax Policy Committee.
T235 Report [press folder] for February 23, 1972.
1972a Trenton, 1972.

974.90 N.J. Tax Policy Committee.
T235 Report: submitted to Gov. William T. Cahill
1972b pursuant to Executive Order no. 5 of 1970.
[volume 5 and summary report recommend legislation
on tenants' tax rebate.]

974.90 Garramone, Raymond
T235 A proposal to provide financing for a "thorough and
1974n efficient" education and to achieve property tax relief
and reform. Trenton, 6/27/74

974.90 N.J. Legislature. Assembly. Committee on Taxation.
T235 Public hearings on various tax proposals before the
1974g legislature...Trenton, 1974.
vol.1-pages 91, 92
vol.3-pages 2, 44
vol.6-pages 14-15, 44-46

974.901 New Jersey. Governor, 1974- (Byrne)
G52 A plan for education and tax reform in New Jersey;
special message to the Legislature. 6/13/74

974.90 N.J. Urban Education Observatory.
T235 The impact of the NJ income tax and property tax
1977 rebates on local municipalities. Trenton, 1977.

SENATE, No. 1546

STATE OF NEW JERSEY

INTRODUCED JUNE 17, 1976

By Senators GARRAMONE, DUNN and SKEVIN

(Without Reference)

AN ACT providing for property tax rebates for residential tenants
in certain cases.

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

1 1. This act shall be known and may be cited as the "Tenants'
2 Property Tax Rebate Act."

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

3 a. "Qualified real rental property" means real property rented
4 or leased for residential purposes containing more than four units,
5 except hotels, motels or other guesthouses serving transient or
6 seasonal guests.

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

12 c. "Tax period" with respect to preparation of tax bills for the
13 tax year 1977 means the fourth calendar quarter of 1976 and the
14 first and second calendar quarters of 1977; thereafter "tax period"
15 means the third and fourth quarters of the previous calendar year
16 and the first and second quarters of the year in which the tax bills
17 are prepared.

1 3. An owner of qualified real rental property shall provide a
2 property tax rebate to the tenants thereof as provided in this act
3 for each tax period in which he receives a property tax reduction.

1 4. At the time when municipal property tax bills are prepared
2 pursuant to R. S. 54:4-64 for the tax year 1977, the municipal tax
3 collector shall compute the amount of property tax reduction for
4 the tax period for each property owner of qualified real rental
5 property by multiplying 50% of the amount of aid received during

6 the tax period from the State Aid for Schools Fund by that pro-
7 portion by which the assessed value of the qualified rental prop-
8 erty for the tax period bears to the assessed value of all taxable real
9 property in the municipality for the tax period and shall provide a
10 notice to inform the property owner receiving a property tax reduc-
11 tion of the amount thereof and of his obligations under this act.

1 5. The property tax rebate for each tenant shall be computed in
2 the following manner:

3 The property tax reduction on the qualified real rental property
4 for the tax period shall be divided by the total annual rent for all
5 dwelling units on such property for the said tax period to determine
6 the property tax rebate as a fixed percentage of rebate for every
7 tenant who rented or leased a dwelling unit during the said tax
8 period or any part thereof. The annual rent of each unit shall be
9 multiplied by such fixed percentage to determine the annual amount
10 of tax rebate for each such unit.

1 6. The property tax rebate for each dwelling unit shall be paid
2 to the tenant, who rented or leased a dwelling unit during the tax
3 period, within 45 days from the date of the notice issued by the tax
4 collector with respect to the property tax reduction.

1 7. Any person filing a corporation tax return pursuant to the
2 "Corporation Business Tax Act (1945)" (P. L. 1945, c. 162,
3 C. 54:10A-1 et seq.) or the "Corporation Income Tax Act
4 (1972)" (P. L. 1973, c. 170, C. 54:10E-1 et seq.) who is a property
5 owner of qualified real rental property shall state on a form re-
6 quired to be filed under such acts the total property tax rebate paid
7 with respect to such qualified real rental property and shall certify
8 that the corporation has complied with the provisions of this act.

1 8. Any individual or partnership filing a return pursuant to the
2 "New Jersey Gross Income Tax Act," (P. L. . . . , C. . . .) (Title
3 54A of the New Jersey Statutes), who is a property owner of
4 qualified real rental property shall state on a form prescribed for
5 filing under that act the total property tax rebate paid with respect
6 to qualified real rental property and shall certify that the individual
7 or partnership has complied with the provisions of this act.

1 9. The Director of the Division of Local Government Services
2 shall by regulation prescribe the procedures for computing prop-
3 erty tax reductions and rebates in 1977 and thereafter, and the
4 necessary forms to be used for the notices required by this act and
5 any additional information he deems advisable to be provided in
6 such notices, and such other rules or regulations as he deems
7 necessary or advisable for the efficient administration and imple-
8 mentation of the purposes and provisions of this act.

1 10. Any property owner of qualified real rental property who
2 fails to provide a tenant with a property tax rebate in accordance
3 with the provisions of this act shall be liable to the tenant for twice
4 the amount of the property tax rebate to which the tenant was
5 entitled or \$100.00, whichever is greater.

1 11. Any landlord who fails to provide property tax rebates to
2 his tenants in accordance with the provisions of this act, or who
3 knowingly and willfully fails to provide or post any notice, certifica-
4 tion, information or statement required by this act shall be liable
5 for a penalty of not more than \$100.00 for each offense. Such
6 penalty shall be collected and enforced by summary proceedings
7 pursuant to the Penalty Enforcement Law (N. J. S. 2A:58-1
8 et seq.) The county district court of the county and the municipal
9 court of the municipality in which the qualified real rental prop-
10 erty is located shall have jurisdiction over such proceedings.
11 Process shall be in the nature of a summons or warrant, and shall
12 be issued upon the complaint of the local enforcement agency, or
13 any other person. Any money received as a result of such proceed-
14 ings shall be paid over to the governing body of the municipality
15 in which the qualified real rental property is located and may be
16 used by the governing body for any lawful municipal purpose.

1 12. If any section, subsection, clause, sentence, paragraph, or
2 part of this act or the application thereof to any person or circum-
3 stances, shall, for any reason, be adjudged by a court of compe-
4 tent jurisdiction to be invalid, such judgment shall not affect,
5 impair, or invalidate the remainder of this act.

1 13. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to ensure that the benefits of any prop-
erty tax savings which would result from tax reform legislation
would be provided tenants in addition to landlords, homeowners
and commercial taxpayers. Pending tax reform legislation would
levy an income tax on both homeowners and tenants in order to
reduce property tax burdens. But since tenants pay property taxes
indirectly through their landlords, without some type of pass-
through mechanism like that provided by this bill, landlords would
reap a windfall from any property tax reduction scheme. Without
this bill, tenants who provide the money for the property taxes
of their apartments would receive little or no benefit from any
expected property tax reduction, but they would nonetheless have
to assume new burdens under the income tax.

This bill would require landlords who benefit by the property tax relief provided by the State Aid for Schools Fund to pass 50% of it on to their tenants. Such tax rebate would have to be provided annually so long as said fund is computed separately from the passage of Senate Bill No. 1513 and thereafter. Notice of the tax rebate would have to be given to each tenant and a local enforcement agency, and be posted on the rented premises. Violations of the act would entitle tenants to recover twice the amount of the rebate but not less than \$100.00. Violations would also subject a landlord to a monetary penalty of not more than \$100.00 to be enforced by the local enforcement agency.

4 the amount of the property tax rebate to which the tenant was
5 entitled or \$100.00, whichever is greater.

1 11. Any landlord who fails to provide property tax rebates to
2 his tenants in accordance with the provisions of this act, or who
3 knowingly and willfully fails to provide or post any notice, certifica-
4 tion, information or statement required by this act shall be liable
5 for a penalty of not more than \$100.00 for each offense. Such
6 penalty shall be collected and enforced by summary proceedings
7 pursuant to the Penalty Enforcement Law (N. J. S. 2A:58-1
8 et seq.) The county district court of the county and the municipal
9 court of the municipality in which the qualified real rental prop-
10 erty is located shall have jurisdiction over such proceedings.
11 Process shall be in the nature of a summons or warrant, and shall
12 be issued upon the complaint of the local enforcement agency, or
13 any other person. Any money received as a result of such proceed-
14 ings shall be paid over to the governing body of the municipality
15 in which the qualified real rental property is located and may be
16 used by the governing body for any lawful municipal purpose.

1 12. If any section, subsection, clause, sentence, paragraph, or
2 part of this act or the application thereof to any person or circum-
3 stances, shall, for any reason, be adjudged by a court of compe-
4 tent jurisdiction to be invalid, such judgment shall not affect,
5 impair, or invalidate the remainder of this act.

1 13. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to ensure that the benefits of any prop-
erty tax savings which would result from tax reform legislation
would be provided tenants in addition to landlords, homeowners
and commercial taxpayers. Pending tax reform legislation would
levy an income tax on both homeowners and tenants in order to
reduce property tax burdens. But since tenants pay property taxes
indirectly through their landlords, without some type of pass-
through mechanism like that provided by this bill, landlords would
reap a windfall from any property tax reduction scheme. Without
this bill, tenants who provide the money for the property taxes
of their apartments would receive little or no benefit from any
expected property tax reduction, but they would nonetheless have
to assume new burdens under the income tax.

51546 (1976)

51546 (1976)

4

This bill would require landlords who benefit by the property tax relief provided by the State Aid for Schools Fund to pass 50% of it on to their tenants. Such tax rebate would have to be provided annually so long as said fund is computed separately from the passage of Senate Bill No. 1513 and thereafter. Notice of the tax rebate would have to be given to each tenant and a local enforcement agency, and be posted on the rented premises. Violations of the act would entitle tenants to recover twice the amount of the rebate but not less than \$100.00. Violations would also subject a landlord to a monetary penalty of not more than \$100.00 to be enforced by the local enforcement agency.

This can be accomplished by the landlord determining how much square footage is occupied by each tenant, including common areas and apportioning the total property taxes accordingly.

I am also suggesting tax relief for the tenant who files a short State income tax form. The forms will provide a way for these tenants to take a line item deduction for the amount of property taxes allowable. This should be of particular help to the low-income tenant and the senior citizen on a fixed income who pay a larger percentage of income for rent.

In order that no undue advantage may accrue to any owner of income property, I am suggesting that for the first three years of the tax reform program the property tax savings for residential rental property owners be classified as "excess gains" and be taxed at the rate of 75 percent of such savings. The amount of money thus received would then be returned proportionately to each tenant in the form of a credit towards his State income tax. In the event that the credit is greater than his income tax, the tenant should be entitled to a cash rebate.

It is apparent, therefore, that the owner of income property is being permitted to keep 25 percent of the property tax savings. This is recommended in recognition that the average landlord/owner will pay increased corporate, business and personal

State income tax and will face the same rising prices as everyone else. In addition, the landlord will have the burden of computing and providing accurate data to each tenant with respect to actual property tax attributable to the unit which he occupies.

I would suggest that owner-occupied family dwellings not to exceed three units be exempt from such a tax.

This is, of course, a new program and will necessarily be watched very closely to make sure that it achieves equity and that no one circumvents it. The intent is obvious and all parties would be expected to conform to the spirit and the letter of the law.