

54:34-4

LEGISLATIVE HISTORY CHECKLIST

NSA 54:34-4 (Testamentary trusts--life insurance proceeds)
LAWS OF 1979 CHAPTER 137
Bill No. A995
Sponsor(s) McConnell
Date Introduced March 6, 1978
Committee: Assembly Taxation
Senate Revenue, Finance and Appropriations

Amended during passage Yes Amendments during passage denoted by asterisks
Date of Passage: Assembly Oct. 16, 1978
Senate May 10, 1979
Date of approval July 6, 1979

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/> (Below)
Committee Statement: Assembly	<input checked="" type="checkbox"/>	No
Senate	Yes	<input checked="" type="checkbox"/>
Fiscal Note	Yes	<input checked="" type="checkbox"/>
Veto message	<input checked="" type="checkbox"/>	No
Message on signing	<input checked="" type="checkbox"/>	No

Following were printed:

Reports	<input checked="" type="checkbox"/>	No
Hearings	<input checked="" type="checkbox"/>	No

Sponsor's statement:

This bill will except from taxation proceeds of life insurance passing to the trustees of a testamentary trust. Under present law the proceeds are exempt if they pass to an intervivos trust. This bill will result in the proceeds being directed in the same manner whether they pass to a testamentary trust or to an intervivos trust.

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 995

STATE OF NEW JERSEY

INTRODUCED MARCH 6, 1978

By Assemblywoman McCONNELL

Referred to Committee on Taxation

AN ACT relating to transfer inheritance taxes, and amending
R. S. 54:34-4.

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

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

2 54:34-4. The following transfers of property shall be exempt
3 from taxation:

4 a. Property passing to or for the use of the State of New Jersey
5 or for the use of a municipal corporation within the State or other
6 political subdivision thereof, for exclusively public purposes.

7 b. Property passing to a beneficiary or beneficiaries having any
8 present or future, vested, contingent or defeasible interest under
9 any trust deed or agreement heretofore or hereafter executed by a
10 resident or nonresident decedent, to the extent that the trust fund
11 results from the proceeds of contracts of insurance heretofore or
12 hereafter in force, insuring the life of such decedent, and paid or
13 payable, at or after the death of such decedent, to the trustee or
14 trustees under such trust deed or agreement.

15 c. Property passing to (i) a trustee or trustees of any trust deed
16 or agreement heretofore or hereafter executed or (ii) to a trustee
17 or trustees of a trust created by the will of a decedent, by virtue
18 of any contract of insurance heretofore or hereafter in force insur-
19 ing the life of a resident or nonresident decedent and the proceeds
20 of which are paid or payable at or after the death of such decedent
21 to such trustee or trustees for the benefit of a beneficiary or bene-
22 ficiaries having any present or future, vested, contingent or de-
23 feensible interest under such trust deed, **[or]** agreement or will.

24 d. That part of the estate of any decedent which passes to, for the
25 use of or in trust for any educational institution, church, hospital,
26 orphan asylum, public library or Bible and tract society or to, for

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

27 the use of or trust for any institution or organization organized and
28 operated exclusively for religious, charitable, benevolent, scientific,
29 literary or educational purposes, including any institution instruct-
30 ing the blind in the use of dogs as guides, no part of the net earn-
31 ings of which inures to the benefit of any private stockholder or
32 other individual or corporation; provided, that this exemption shall
33 not extend to transfers of property to such educational institutions
34 and organizations of other states, the District of Columbia,
35 territories and foreign countries which do not grant an equal, and
36 like exemption of transfers of property for the benefit of such insti-
37 tutions and organizations of this State.

38 e. That part of the estate of any decedent who has heretofore
39 died, or may hereafter die, received, either heretofore or hereafter,
40 by the legal representatives of such decedent, whether directly from
41 the United States, or through any intervening estate or estates, by
42 reason of any war risk insurance certificate or policy, either term or
43 converted, or any adjusted service certificate, issued by the United
44 States. Nothing contained in this paragraph (e) shall entitle any
45 person to a refund of any tax heretofore paid on the transfer of
46 property of the nature aforementioned; and provided further, that
47 the exemption provided for in this paragraph (e) shall not extend
48 to that part of the estate of any decedent composed of property of
49 the nature aforementioned, when such property was received by the
50 decedent before death.

51 f. The proceeds of any contract of insurance heretofore or here-
52 after in force insuring the life of a resident or nonresident decedent
53 paid or payable at or after the death of such decedent to any
54 beneficiary or beneficiaries other than the estate or the executor or
55 administrator of such decedent.

56 g. Any transfer, relinquishment, surrender or exercise at any
57 time or times by a resident or nonresident of any right to nominate
58 or change the beneficiary or beneficiaries of any contract of in-
59 surance heretofore or hereafter in force insuring the life of such
60 resident or nonresident irrespective of whether such transfer,
61 relinquishment, surrender or exercise of such right took place or
62 whether the proceeds of such policy were paid or payable, before
63 or after the taking effect of this act.

64 h. The value of any pension, annuity, retirement allowance,
65 return of contributions, or benefit payable by the Government of
66 the United States pursuant to the Civil Service Retirement Act to
67 a beneficiary or beneficiaries other than the estate of the executor
68 or administrator of a decedent.

69 **i. The value of any annuity payable by the Government of the*
70 *United States pursuant to the Retired Serviceman's Family*
71 *Protection Plan or the Survivor Benefit Plan to a beneficiary or*
72 *beneficiaries other than the estate or the executor or administrator*
73 *of a decedent.**

1 2. This act shall take effect immediately.

ASSEMBLY COMMITTEE AMENDMENT TO
ASSEMBLY, No. 995

STATE OF NEW JERSEY

ADOPTED SEPTEMBER 25, 1978

Amend page 2, section 1, line 68, add subsection "i" as follows:

"i. The value of any annuity payable by the Government of the United States pursuant to the Retired Serviceman's Family Protection Plan or the Survivor Benefit Plan to a beneficiary or beneficiaries other than the estate or the executor or administrator of a decedent."

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 995

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: MAY 3, 1979

Assembly Bill No. 995 amends that section of law that exempts certain transfers of property from inheritance taxes.

The bill adds two types of property transfers to the list of exemptions:

Life insurance proceeds passing to the trustee of a testamentary trust; and

Military pension benefits payable to a beneficiary other than the estate or the executor or administrator of a decedent.

The act is to take effect immediately.

The fiscal note on the bill indicates that an estimated total revenue loss of \$35,000.00 could be expected if the bill is signed into law.

FISCAL NOTE TO
ASSEMBLY, No. 995

STATE OF NEW JERSEY

DATED: OCTOBER 19, 1978

The Official Copy Reprint of Assembly Bill No. 995 exempts from taxation proceeds of life insurance passing to the trustee of a testamentary trust.

The Division of Taxation states that while precise figures are not available, it is estimated that the annual loss of revenue if this legislation is enacted would not be significant.

The Division comments further:

“Life insurance paid to a testamentary trustee is a relatively infrequent occurrence. When it occurs, the tax could be substantial; but due to infrequency of the situation, the annual revenue loss is estimated not to exceed \$25,000.00.

“The estimated revenue loss from exempting military pensions is believed to approximate \$10,000.00 annually.”

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

June 4, 1974 -27

A-1659, sponsored by Assemblyman Walter M.D. Kern, Jr., (R-Bergen), which permits graduated payment mortgage loans in New Jersey. The bill benefits those with lower incomes who expect their income to increase in the future.

A graduated payment mortgage loan includes monthly payments of principal and interest during the early years and higher payments in later years. Although the terms are fixed at the beginning of the lending period, the borrowers may convert to a conventional level mortgage at any time.

The mortgages must be secured by residential property, which includes a structure containing between one and six dwelling units.

A-1800, sponsored by William E. Flynn (D-Monmouth), which amends current law to permit the use of the word "corporation" as an acceptable method of indicating corporate status, in addition to the other terms provided in the statute.

S-801, sponsored by Senator Martin L. Greenberg (D-Essex), which clarifies the law to permit the manufacturer of lottery tickets in New Jersey which are authorized for sale in other states.

S-1483, sponsored by Senator Joseph P. Merlino, (D-Mercer) which allows greater flexibility to a municipality in allowing redemptions of tax sale certificates by installment payments.

The amendment no longer requires a one year period maximum for the installment redemptions for each year's taxes in arrearage. This allows the tax collector to negotiate a time period with the outside limit remaining at three years:

A-995, sponsored by Assemblywoman Barbara W. McConnell (D-Hunterdon), which amends the Inheritance Tax Act to exempt the taxation proceeds of life insurance policies passing to the trustee of a testamentary trust.

The bill also exempts the value of an annuity payable by the United States government to a beneficiary other than the estate, the executor or the administration for a decendant.