

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1998

CHAPTER: 15

NJSA: 54:4-6.3 et al

"Exempt properties from Tenant Property Tax Rebate Act"

BILL NO: A292 (Substituted for S719)

SPONSOR(S): Kelly and Roberts

DATE INTRODUCED: January 29, 1998

COMMITTEE:

ASSEMBLY: Appropriations

SENATE: ~~~~

AMENDED DURING PASSAGE:No

DATE OF PASSAGE:

*ASSEMBLY:*March 16, 1998

SENATE: March 19, 1998

DATE OF APPROVAL: May 4, 1998

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL:Original

(Amendments during passage denoted by superscript numbers)

A292

SPONSORS STATEMENT: *Yes* (Begins on page 7 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: Yes

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

S719

SPONSORS STATEMENT: *Yes* (Begins on page 7 of original bill)
(Bill and Sponsors Statement identical to A292)

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *Yes* (Identical to Assembly Statement for A292)

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES: *No*

ASSEMBLY, No. 292

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JANUARY 29, 1998

Sponsored by:

Assemblyman JOHN V. KELLY

District 36 (Bergen, Essex and Passaic)

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Co-Sponsored by:

Senators Palaia and Lynch

SYNOPSIS

Excludes certain properties from Tenant Property Tax Rebate Act; redefines property tax reduction.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/20/1998)

1 AN ACT concerning property tax rebates to tenants and amending
2 P.L.1976, c.63.

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

6
7 1. Section 2 of P.L.1976, c.63 (C.54:4-6.3) is amended to read as
8 follows:

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

11 a. "Qualified real rental property" means any building or structure
12 or complex of buildings or structures in which four or more housing
13 units are rented or leased or offered for rental or lease for residential
14 purposes except:

15 (1) hotels, motels or other guesthouses serving transient or
16 seasonal guests~~], residents of];~~

17 (2) buildings or structures which are subject to an abatement
18 agreement under which reduced or no property taxes are paid on the
19 improvements pursuant to statute, notwithstanding that payments in
20 lieu of taxes are paid in accordance with the agreement;

21 (3) buildings or structures located in municipalities in which a rent
22 control ordinance which does not provide for an automatic increase in
23 the amount of rent permitted to be charged by a property owner upon
24 an increase in the amount of property tax levied upon the property is
25 in effect for the base year and the current year;

26 (4) dwelling units in a residential cooperative [.] or mutual
27 housing corporation [or];

28 (5) dwelling units in a condominium, other than those dwelling units
29 which are occupied by qualified tenants under the "Tenant Protection
30 Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.);

31 (6) dwelling units in a continuing care retirement community [who
32 are entitled to a homestead rebate pursuant to section 1 of P.L.1976,
33 c.72 (C.54:4-3.80), and owner-occupied structures of three units or
34 less]; or

35 (7) dwelling units within residential health care facilities; assisted
36 living residences; facilities with a Class C license pursuant to
37 P.L.1979, c.496 (C.55:13B-1 et al.), the "Rooming and Boarding
38 House Act of 1979" or similar facilities for which occupancy is
39 predicated upon the receipt of medical, nursing or personal care
40 services for the residents and the cost thereof is included in the rent.

41 Owner occupation of a building shall not be a factor in whether a
42 building is qualified real rental property under P.L.1976, c.63

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 (C.54:4-6.2 et seq.).

2 b. "Property tax reduction" means the difference between the
3 amount of property tax paid or payable **[in any year]** on any qualified
4 real rental property**],** exclusive of improvements not included in the
5 assessment on the real property for the base year, and the amount of
6 property tax paid in the base year, but such calculations for the
7 property tax reduction shall exclude reductions resulting from
8 judgments entered by county boards of taxation, the tax court, or by
9 courts of competent jurisdiction. "Property tax reduction" shall also
10 include any rebate or refund of school property taxes which may be
11 provided pursuant to P.L.1976, c.113. "Property tax reduction" shall
12 not include any amount in excess of that which is identified herein.
13 Any such amount shall be retained by the property owner] in the base
14 year, and the amount of property taxes paid or payable in the current
15 year if less than the amount of property taxes paid or payable in the
16 base year.

17 c. "Base year" means**],** for qualified real rental property rented or
18 leased or offered for rent or lease on or after the effective date of this
19 act, the tax year prior to any year in which the property tax on that
20 property is decreased from the 1990 tax year or decreased from any
21 tax year since the 1990 tax year, whichever tax year results in the
22 largest property tax decrease**]** calendar year 1998.

23 If any of the following events occur, "base year" shall then mean:

24 (1) any calendar year after 1998 in which property taxes levied for
25 qualified real rental property exceed the property taxes levied for 1998
26 for that property;

27 (2) the first calendar year after 1998 during which qualified real
28 rental property is first offered for rent or lease;

29 (3) the first full calendar year after 1998 in which qualified real
30 rental property is no longer subject to a tax exemption or tax
31 abatement program;

32 (4) a calendar year subsequent to 1998 for which the property tax
33 calculation reflects an assessment reduction from the prior base year
34 assessment; or

35 (5) a calendar year subsequent to 1998 in which the property taxes
36 paid in the base year and the property taxes paid in the current year do
37 not reflect consistent budgetary and tax item components because
38 sewer, solid waste or similar services provided through a taxing entity
39 budget and reflected in the tax rate are changed to a separately billed
40 user fee.

41 d. "Assessment reduction" means a decrease in the amount of
42 assessed value of qualified real rental property resulting from an
43 agreement entered into with a municipal taxing authority, an
44 abatement, exemption, change in assessment imposed administratively
45 by a municipal tax assessor or county board of taxation, or a judgment
46 entered by a county board of taxation, the tax court, or by a court of

1 competent jurisdiction.

2 (cf: P.L.1991, c.65, s.1)

3

4 2. Section 4 of P.L.1976, c.63 (C.54:4-6.5) is amended to read as
5 follows:

6 4. a. At the time when municipal property tax bills are prepared
7 pursuant to R.S.54:4-64 [for the tax year 1977, and each year
8 thereafter,] the municipal tax collector shall compute the amount of
9 property tax reduction for the year for each property owner of
10 qualified real rental property and shall provide a notice to inform the
11 property owner receiving a property tax reduction of the amount
12 thereof and of [his] the owner's obligations under [this act] P.L.1976,
13 c.63 (C.54:4-6.2 et seq.).

14 b. In computing the property tax reduction, if the current year
15 property tax calculation reflects an assessment reduction from a base
16 year assessment, other than as provided in subsection c. of this section,
17 no property tax reduction has occurred and no rebate shall be due or
18 payable for that property for the current tax year.

19 c. In the event a municipal-wide revaluation or reassessment is
20 implemented in the current tax year, the property tax reduction shall
21 be the difference between the amount of property tax paid or payable
22 in the current tax year and the amount of property tax paid in the base
23 year. The year in which a municipal-wide revaluation or reassessment
24 is implemented shall become the base year in any subsequent tax year.

25 d. The tax collector shall compute the property tax reduction in
26 accordance with any tax appeal judgments entered or tax appeal
27 stipulations filed with a county tax board or court of competent
28 jurisdiction as of the date of his calculation. If the tax collector
29 receives notice of the entry of a tax appeal judgment or the filing of a
30 stipulation with a county tax board or court of competent jurisdiction
31 after the initial property tax reduction notice has been mailed to the
32 property owner, he shall, within 30 working days, recalculate the
33 property tax reduction accordingly and provide a revised notice of tax
34 reduction to the property owner. For the purposes of this subsection,
35 "receives notice" shall mean the tax collector has been notified by the
36 owner of real property or the owner's agent, or otherwise made aware
37 of the judgment or stipulation. A copy of the notice or any revised
38 notice shall be provided to the rent leveling board, or similar agency
39 charged with regulating rents or, where no such board exists, retained
40 by the tax collector.

41 (cf: P.L.1977, c.81, s.3)

42

43 3. Section 5 of P.L.1976, c.63 (C.54:4-6.6) is amended to read as
44 follows:

45 5. The property tax rebate for each tenant shall be computed by the
46 property owner [in the following manner:

1 The property tax reduction on the qualified real rental property for
2 the year shall be divided by the total annual rent for all dwelling units,
3 occupied or unoccupied, on such property for the said year to
4 determine the property tax rebate or credit as a fixed percentage of
5 rent for every tenant. The annual rent of each residential unit shall be
6 multiplied by such fixed percentage to determine the annual amount of
7 property tax rebate or credit for each such unit. However, a
8 municipality instead may provide by ordinance that the property tax
9 reduction for residential rental property shall be divided by the total
10 rentable square feet contained within all mobile home spaces or
11 residential rental units on such property to determine the annual
12 property tax rebate or credit per square foot for every residential unit
13 in the entire property. The square footage of each unit shall be
14 multiplied by such property tax rebate or credit per square foot to
15 determine the annual amount of property tax rebate or credit for each
16 residential unit. However where one or more residential rental units,
17 spaces or equivalent are occupied by the property owner or his
18 employees, the tax credit or rebate for the residential rental units on
19 such property shall be computed by first reducing the property tax
20 reduction by the proportion that the number of units occupied by the
21 property owner or his employees bears to the total number of
22 residential units on the property] by subtracting from the total
23 property tax reduction as calculated pursuant to section 4 of P.L.1976,
24 c.63 (C.54:4-6.5) an amount equal to the proportion that
25 nonresidential rents and the rental value of the owner's or the owner's
26 employee's personal occupancy bears to total rental value, and then by
27 dividing the remaining property tax reduction among all residential
28 tenants in proportion to the rent each is required to pay.
29 (cf: P.L.1977, c.81, s.4)

30

31 4. Section 6 of P.L.1976, c.63 (C.54:4-6.7) is amended to read as
32 follows:

33 6. The property tax rebate or credit for each dwelling unit shall be
34 paid to the tenant who was in residence of such unit [at the time each
35 rent payment is made] during the calendar year. The rebate shall be
36 paid monthly, except that the first rebate payment shall be cumulative
37 to the month following receipt of the notice of property tax reduction
38 pursuant to section 4 of P.L.1976, c.63 (C.54:4-6.5), and the last shall
39 be made by December 31; provided however, that if a notice is
40 received after November 1 of the tax year, the first rebate payment
41 need not be cumulative and the rebate may be payable in monthly
42 installments to the next following June 30. Such property tax
43 reduction shall, at the option of the owner, either be credited as a rent
44 reduction or paid directly to the tenant.

45 The amount of each monthly property tax rebate or credit shall be
46 equal to one twelfth of the annual amount of the rebate or credit

1 **【multiplied by the percentage of annual rent payable at such time】**;
2 provided, however, that the amount of the rebate or credit due the
3 tenant at the time the rent is paid shall be rounded off such that any
4 amount less than \$0.50 shall be reduced to the next lower dollar and
5 any amount \$0.50 or higher shall be increased to the next higher
6 dollar. Rebates shall be paid to a tenant only for the number of
7 months during the calendar year the tenant has been in residence. A
8 landlord shall use his or her best efforts to obtain the forwarding
9 address of a tenant who is entitled to a rebate and who has moved
10 from the rental premises.

11 An owner shall adjust the payment or crediting of a rebate
12 immediately upon the receipt of and in accordance with a revised
13 notice of property tax reduction pursuant to section 4 of P.L.1976,
14 c.63 (C.54:4-6.5); provided, however, that no amount of rebate
15 previously paid or credited may be recovered by the owner.

16 In the case of a lease terminated pursuant to P.L.1971, c.318
17 (C.46:8-9.1), any property tax rebate or credit due and owing prior to
18 that termination of the lease shall be paid to the executor or
19 administrator of the estate of the tenant or the surviving spouse of the
20 tenant terminating the lease.

21 (cf: P.L.1985, c.317, s.3)

22

23 5. Section 9 of P.L.1976, c.63 (C.54:4-6.10) is amended to read as
24 follows:

25 9. The Director of the Division of Local Government Services shall
26 by regulation prescribe the procedures for computing property tax
27 reductions and rebates **【in 1977 and thereafter】**, and the necessary
28 forms to be used for the notices required by this act and any additional
29 information **【he】** the director deems advisable to be provided in such
30 notices, and such other rules or regulations as **【he】** the director deems
31 necessary or advisable for the efficient administration and
32 implementation of the purposes and provisions of this act.

33 (cf: P.L.1976, c.63, s.9)

34

35 6. Section 11 of P.L.1976, c.63 (C.54:4-6.12) is amended to read
36 as follows:

37 11. Any landlord who fails to provide property tax rebates to **【his】**
38 tenants in accordance with the provisions of this act, or who
39 knowingly and willfully fails to provide or post any notice,
40 certification, information or statement required by this act shall be
41 liable for a penalty of not more than \$100.00 for each offense. Such
42 penalty shall be collected and enforced by summary proceedings
43 pursuant to "the penalty enforcement law" (N.J.S.2A:58-1 et seq.).
44 The Superior Court and the municipal court of the municipality in
45 which the qualified real rental property is located shall have
46 jurisdiction over such proceedings. Process shall be in the nature of

1 a summons or warrant, and shall be issued upon the complaint of the
2 local enforcement agency[,] or any [other person] tenant of the
3 qualified real rental property. Any money received as a result of such
4 proceedings shall be paid over to the governing body of the
5 municipality in which the qualified real rental property is located [and
6 may be used by the governing body for any lawful municipal purpose].
7 (cf: P.L.1991, c.91, s.503)

8
9 7. This act shall take effect on June 1, 1999.

10
11
12 STATEMENT

13
14 This bill makes changes to the "Tenants' Property Tax Rebate Act,"
15 P.L.1976, c.63 (C.54:4-6.2 et seq.), which requires landlords to rebate
16 reductions in property taxes to their residential tenants. The bill
17 redefines the property subject to the act, identifies the reductions to be
18 rebated, changes the calculation of the property tax reduction to be
19 rebated, and clarifies landlord and tenant procedures for making and
20 receiving rebates.

21 The bill redefines "qualified real rental property," property which
22 is subject to the act, to mean buildings containing four or more
23 housing units, with some exceptions. Owner occupancy would no
24 longer be a determining factor in qualification of rental property. In
25 addition to the property currently exempted from the act (such as
26 motels, hotels, cooperatives and continuing care facilities), the bill
27 exempts condominium units rented out by their owners (other than
28 units occupied by tenants who are protected under the "Tenant
29 Protection Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.), as
30 a result of a condominium conversion), certain structures subject to an
31 abatement agreement with a municipality, property subject to a rent
32 control ordinance that does not automatically allow a rent increase if
33 property taxes increase, and certain group residences such as
34 residential health care facilities for which the rent includes medical,
35 nursing or personal care services for the residents.

36 The bill distinguishes between those tax reductions which should be
37 rebated to tenants because they result from decreases in the general
38 property tax rate and those tax reductions that are specific to the
39 property and should be retained by the landlord as an incentive to the
40 filing of meritorious challenges to assessed valuations.

41 The bill also changes the calculation of the property tax reduction
42 and the rebate due to each tenant. The rebate would be "triggered" if
43 there is a difference between the taxes paid or payable in a base year
44 and the taxes paid or payable in the current year. The bill requires an
45 adjustment to the amount of taxes paid in the base year to reflect
46 assessment reductions from agreements entered into with municipal

1 taxing authorities, abatements, changes in assessments imposed
2 administratively by a tax assessor or county board of taxation, and
3 judgments entered by a county board of taxation, a tax court or a
4 court of competent jurisdiction, including the carryover effect of such
5 judgments for a tax year subsequent to the year of the judgment (such
6 as a “freeze act” year), so that those reductions will not be reflected
7 in the rebates to tenants.

8 The bill redefines "base year" as 1998 and establishes several
9 circumstances that would cause the base year to float, including an
10 assessment reduction or an inconsistency in the tax years being
11 compared because a tax funded service has been shifted to a separately
12 billed user fee. No rebate would be due in a year in which an
13 “assessment reduction” occurs; “assessment reduction” is defined as
14 a decrease in the amount of assessed value of qualified real rental
15 property resulting from an agreement with a municipal taxing
16 authority, an abatement, an exemption, a change in assessment
17 imposed administratively by a municipal tax assessor or county board
18 of taxation, or a judgment entered by a county board of taxation, the
19 tax court, or by a court of competent jurisdiction. The term does not
20 include a reduction in assessed value that is the result of a revaluation
21 or reassessment.

22 The rebate would be paid to a tenant upon a reduction in property
23 taxes resulting from a revaluation or reassessment, but only for the
24 year of the revaluation or reassessment; the base year would thereafter
25 change to the year of the revaluation or reassessment. The bill
26 clarifies that a landlord is required to allocate the rebate among the
27 tenants that occupied the premises during the calendar year in which
28 the property tax reduction occurred, and must exercise best efforts to
29 locate an eligible tenant who has moved from the rental premises.

30 The bill provides that rebates may be paid or credited in monthly
31 installments. A tenant of qualified real rental property may institute a
32 complaint upon a landlord's failure to pay a rebate.

33 The bill would take effect June 1, 1999.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 292

STATE OF NEW JERSEY

DATED: JANUARY 29, 1998

The Assembly Appropriations Committee reports favorably on Assembly Bill No. 292.

Assembly Bill No. 292 makes changes to the "Tenants' Property Tax Rebate Act," P.L.1976, c.63 (C.54:4-6.2 et seq.), which requires landlords to rebate reductions in property taxes to their residential tenants. The bill redefines the property subject to the act, identifies the reductions to be rebated, changes the calculation of the property tax reduction to be rebated, and clarifies landlord and tenant procedures for making and receiving rebates.

The bill redefines "qualified real rental property" property which is subject to the act, to mean buildings containing four or more housing units, with some exceptions. Owner occupancy would no longer be a determining factor in qualification of rental property. In addition to the property currently exempted from the act (such as motels, hotels, cooperatives and continuing care facilities), the bill exempts condominium units rented out by their owners (other than units occupied by tenants who are protected under the "Tenant Protection Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.), as a result of a condominium conversion), certain structures subject to an abatement agreement with a municipality, property subject to a rent control ordinance that does not automatically allow a rent increase if property taxes increase, and certain group residences such as residential health care facilities for which the rent includes medical, nursing or personal care services for the residents.

The bill distinguishes between those tax reductions which should be rebated to tenants because they result from decreases in the general property tax rate and those tax reductions that are specific to the property and should be retained by the landlord as an incentive to the filing of meritorious challenges to assessed valuations.

The bill also changes the calculation of the property tax reduction and the rebate due to each tenant. The rebate would be "triggered" if there is a difference between the taxes paid or payable in a base year and the taxes paid or payable in the current year. The bill requires an adjustment to the amount of taxes paid in the base year to reflect assessment reductions from agreements entered into with municipal taxing authorities, abatements, changes in assessments imposed administratively by a tax assessor or county board of taxation, and

judgments entered by a county board of taxation, a tax court or a court of competent jurisdiction, including the carryover effect of such judgments for a tax year subsequent to the year of the judgment (such as a “freeze act” year), so that those reductions will not be reflected in the rebates to tenants.

The bill redefines "base year" as 1998 and establishes several circumstances that would cause the base year to float, including an assessment reduction or an inconsistency in the tax years being compared because a tax funded service has been shifted to a separately billed user fee. No rebate would be due in a year in which an “assessment reduction” occurs; “assessment reduction” is defined as a decrease in the amount of assessed value of qualified real rental property resulting from an agreement with a municipal taxing authority, an abatement, an exemption, a change in assessment imposed administratively by a municipal tax assessor or county board of taxation, or a judgment entered by a county board of taxation, the tax court, or by a court of competent jurisdiction. The term does not include a reduction in assessed value that is the result of a revaluation or reassessment.

The rebate would be paid to a tenant upon a reduction in property taxes resulting from a revaluation or reassessment, but only for the year of the revaluation or reassessment; the base year would thereafter change to the year of the revaluation or reassessment. The bill clarifies that a landlord is required to allocate the rebate among the tenants that occupied the premises during the calendar year in which the property tax reduction occurred, and must exercise best efforts to locate an eligible tenant who has moved from the rental premises.

The bill provides that rebates may be paid or credited in monthly installments. A tenant of qualified real rental property may institute a complaint upon a landlord's failure to pay a rebate.

The bill would take effect June 1, 1999.

FISCAL IMPACT:

This bill has not been certified as requiring a fiscal note as it will not have an impact on State revenues or expenditures.

SENATE, No. 719

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED FEBRUARY 26, 1998

Sponsored by:

Senator JOSEPH A. PALAIA

District 11 (Monmouth)

Senator JOHN A. LYNCH

District 17 (Middlesex, Somerset and Union)

SYNOPSIS

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CURRENT VERSION OF TEXT

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9 property tax reduction for the year for each property owner of
10 qualified real rental property and shall provide a notice to inform the
11 property owner receiving a property tax reduction of the amount
12 thereof and of [his] the owner's obligations under [this act] P.L.1976,
13 c.63 (C.54:4-6.2 et seq.).

14 b. In computing the property tax reduction, if the current year
15 property tax calculation reflects an assessment reduction from a base
16 year assessment, other than as provided in subsection c. of this section,
17 no property tax reduction has occurred and no rebate shall be due or
18 payable for that property for the current tax year.

19 c. In the event a municipal-wide revaluation or reassessment is
20 implemented in the current tax year, the property tax reduction shall
21 be the difference between the amount of property tax paid or payable
22 in the current tax year and the amount of property tax paid in the base
23 year. The year in which a municipal-wide revaluation or reassessment
24 is implemented shall become the base year in any subsequent tax year.

25 d. The tax collector shall compute the property tax reduction in
26 accordance with any tax appeal judgments entered or tax appeal
27 stipulations filed with a county tax board or court of competent
28 jurisdiction as of the date of his calculation. If the tax collector
29 receives notice of the entry of a tax appeal judgment or the filing of a
30 stipulation with a county tax board or court of competent jurisdiction
31 after the initial property tax reduction notice has been mailed to the
32 property owner, he shall, within 30 working days, recalculate the
33 property tax reduction accordingly and provide a revised notice of tax
34 reduction to the property owner. For the purposes of this subsection,
35 "receives notice" shall mean the tax collector has been notified by the
36 owner of real property or the owner's agent, or otherwise made aware
37 of the judgment or stipulation. A copy of the notice or any revised
38 notice shall be provided to the rent leveling board, or similar agency
39 charged with regulating rents or, where no such board exists, retained
40 by the tax collector.

41 (cf: P.L.1977, c.81, s.3)

42

43 3. Section 5 of P.L.1976, c.63 (C.54:4-6.6) is amended to read as
44 follows:

45 5. The property tax rebate for each tenant shall be computed by the
46 property owner [in the following manner:

1 The property tax reduction on the qualified real rental property for
2 the year shall be divided by the total annual rent for all dwelling units,
3 occupied or unoccupied, on such property for the said year to
4 determine the property tax rebate or credit as a fixed percentage of
5 rent for every tenant. The annual rent of each residential unit shall be
6 multiplied by such fixed percentage to determine the annual amount of
7 property tax rebate or credit for each such unit. However, a
8 municipality instead may provide by ordinance that the property tax
9 reduction for residential rental property shall be divided by the total
10 rentable square feet contained within all mobile home spaces or
11 residential rental units on such property to determine the annual
12 property tax rebate or credit per square foot for every residential unit
13 in the entire property. The square footage of each unit shall be
14 multiplied by such property tax rebate or credit per square foot to
15 determine the annual amount of property tax rebate or credit for each
16 residential unit. However where one or more residential rental units,
17 spaces or equivalent are occupied by the property owner or his
18 employees, the tax credit or rebate for the residential rental units on
19 such property shall be computed by first reducing the property tax
20 reduction by the proportion that the number of units occupied by the
21 property owner or his employees bears to the total number of
22 residential units on the property] by subtracting from the total
23 property tax reduction as calculated pursuant to section 4 of P.L.1976,
24 c.63 (C.54:4-6.5) an amount equal to the proportion that
25 nonresidential rents and the rental value of the owner's or the owner's
26 employee's personal occupancy bears to total rental value, and then by
27 dividing the remaining property tax reduction among all residential
28 tenants in proportion to the rent each is required to pay.
29 (cf: P.L.1977, c.81, s.4)

30

31 4. Section 6 of P.L.1976, c.63 (C.54:4-6.7) is amended to read as
32 follows:

33 6. The property tax rebate or credit for each dwelling unit shall be
34 paid to the tenant who was in residence of such unit [at the time each
35 rent payment is made] during the calendar year. The rebate shall be
36 paid monthly, except that the first rebate payment shall be cumulative
37 to the month following receipt of the notice of property tax reduction
38 pursuant to section 4 of P.L.1976, c.63 (C.54:4-6.5), and the last shall
39 be made by December 31; provided however, that if a notice is
40 received after November 1 of the tax year, the first rebate payment
41 need not be cumulative and the rebate may be payable in monthly
42 installments to the next following June 30. Such property tax
43 reduction shall, at the option of the owner, either be credited as a rent
44 reduction or paid directly to the tenant.

45 The amount of each monthly property tax rebate or credit shall be
46 equal to one twelfth of the annual amount of the rebate or credit

1 **【multiplied by the percentage of annual rent payable at such time】**;
2 provided, however, that the amount of the rebate or credit due the
3 tenant at the time the rent is paid shall be rounded off such that any
4 amount less than \$0.50 shall be reduced to the next lower dollar and
5 any amount \$0.50 or higher shall be increased to the next higher
6 dollar. Rebates shall be paid to a tenant only for the number of
7 months during the calendar year the tenant has been in residence. A
8 landlord shall use his or her best efforts to obtain the forwarding
9 address of a tenant who is entitled to a rebate and who has moved
10 from the rental premises.

11 An owner shall adjust the payment or crediting of a rebate
12 immediately upon the receipt of and in accordance with a revised
13 notice of property tax reduction pursuant to section 4 of P.L.1976,
14 c.63 (C.54:4-6.5); provided, however, that no amount of rebate
15 previously paid or credited may be recovered by the owner.

16 In the case of a lease terminated pursuant to P.L.1971, c.318
17 (C.46:8-9.1), any property tax rebate or credit due and owing prior to
18 that termination of the lease shall be paid to the executor or
19 administrator of the estate of the tenant or the surviving spouse of the
20 tenant terminating the lease.

21 (cf: P.L.1985, c.317, s.3)

22

23 5. Section 9 of P.L.1976, c.63 (C.54:4-6.10) is amended to read as
24 follows:

25 9. The Director of the Division of Local Government Services shall
26 by regulation prescribe the procedures for computing property tax
27 reductions and rebates **【in 1977 and thereafter】**, and the necessary
28 forms to be used for the notices required by this act and any additional
29 information **【he】** the director deems advisable to be provided in such
30 notices, and such other rules or regulations as **【he】** the director deems
31 necessary or advisable for the efficient administration and
32 implementation of the purposes and provisions of this act.

33 (cf: P.L.1976, c.63, s.9)

34

35 6. Section 11 of P.L.1976, c.63 (C.54:4-6.12) is amended to read
36 as follows:

37 11. Any landlord who fails to provide property tax rebates to **【his】**
38 tenants in accordance with the provisions of this act, or who
39 knowingly and willfully fails to provide or post any notice,
40 certification, information or statement required by this act shall be
41 liable for a penalty of not more than \$100.00 for each offense. Such
42 penalty shall be collected and enforced by summary proceedings
43 pursuant to "the penalty enforcement law" (N.J.S.2A:58-1 et seq.).
44 The Superior Court and the municipal court of the municipality in
45 which the qualified real rental property is located shall have
46 jurisdiction over such proceedings. Process shall be in the nature of

1 a summons or warrant, and shall be issued upon the complaint of the
2 local enforcement agency[,] or any [other person] tenant of the
3 qualified real rental property. Any money received as a result of such
4 proceedings shall be paid over to the governing body of the
5 municipality in which the qualified real rental property is located [and
6 may be used by the governing body for any lawful municipal purpose].
7 (cf: P.L.1991, c.91, s.503)

8
9 7. This act shall take effect on June 1, 1999.

10
11
12 STATEMENT

13
14 This bill makes changes to the "Tenants' Property Tax Rebate Act,"
15 P.L.1976, c.63 (C.54:4-6.2 et seq.), which requires landlords to rebate
16 reductions in property taxes to their residential tenants. The bill
17 redefines the property subject to the act, identifies the reductions to be
18 rebated, changes the calculation of the property tax reduction to be
19 rebated, and clarifies landlord and tenant procedures for making and
20 receiving rebates.

21 The bill redefines "qualified real rental property," property which
22 is subject to the act, to mean buildings containing four or more
23 housing units, with some exceptions. Owner occupancy would no
24 longer be a determining factor in qualification of rental property. In
25 addition to the property currently exempted from the act (such as
26 motels, hotels, cooperatives and continuing care facilities), the bill
27 exempts condominium units rented out by their owners (other than
28 units occupied by tenants who are protected under the "Tenant
29 Protection Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.), as
30 a result of a condominium conversion), certain structures subject to an
31 abatement agreement with a municipality, property subject to a rent
32 control ordinance that does not automatically allow a rent increase if
33 property taxes increase, and certain group residences such as
34 residential health care facilities for which the rent includes medical,
35 nursing or personal care services for the residents.

36 The bill distinguishes between those tax reductions which should be
37 rebated to tenants because they result from decreases in the general
38 property tax rate and those tax reductions that are specific to the
39 property and should be retained by the landlord as an incentive to the
40 filing of meritorious challenges to assessed valuations.

41 The bill also changes the calculation of the property tax reduction
42 and the rebate due to each tenant. The rebate would be "triggered" if
43 there is a difference between the taxes paid or payable in a base year
44 and the taxes paid or payable in the current year. The bill requires an
45 adjustment to the amount of taxes paid in the base year to reflect
46 assessment reductions from agreements entered into with municipal

1 taxing authorities, abatements, changes in assessments imposed
2 administratively by a tax assessor or county board of taxation, and
3 judgments entered by a county board of taxation, a tax court or a
4 court of competent jurisdiction, including the carryover effect of such
5 judgments for a tax year subsequent to the year of the judgment (such
6 as a “freeze act” year), so that those reductions will not be reflected
7 in the rebates to tenants.

8 The bill redefines "base year" as 1998 and establishes several
9 circumstances that would cause the base year to float, including an
10 assessment reduction or an inconsistency in the tax years being
11 compared because a tax funded service has been shifted to a separately
12 billed user fee. No rebate would be due in a year in which an
13 “assessment reduction” occurs; “assessment reduction” is defined as
14 a decrease in the amount of assessed value of qualified real rental
15 property resulting from an agreement with a municipal taxing
16 authority, an abatement, an exemption, a change in assessment
17 imposed administratively by a municipal tax assessor or county board
18 of taxation, or a judgment entered by a county board of taxation, the
19 tax court, or by a court of competent jurisdiction. The term does not
20 include a reduction in assessed value that is the result of a revaluation
21 or reassessment.

22 The rebate would be paid to a tenant upon a reduction in property
23 taxes resulting from a revaluation or reassessment, but only for the
24 year of the revaluation or reassessment; the base year would thereafter
25 change to the year of the revaluation or reassessment. The bill
26 clarifies that a landlord is required to allocate the rebate among the
27 tenants that occupied the premises during the calendar year in which
28 the property tax reduction occurred, and must exercise best efforts to
29 locate an eligible tenant who has moved from the rental premises.

30 The bill provides that rebates may be paid or credited in monthly
31 installments. A tenant of qualified real rental property may institute a
32 complaint upon a landlord's failure to pay a rebate.

33 The bill would take effect June 1, 1999.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 719

STATE OF NEW JERSEY

DATED: MARCH 5, 1998

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 719.

Senate Bill No. 719 makes changes to the "Tenants' Property Tax Rebate Act," P.L.1976, c.63 (C.54:4-6.2 et seq.), which requires landlords to rebate reductions in property taxes to their residential tenants. The bill redefines the property subject to the act, identifies the reductions to be rebated, changes the calculation of the property tax reduction to be rebated, and clarifies landlord and tenant procedures for making and receiving rebates.

The bill redefines "qualified real rental property", property which is subject to the act, to mean buildings containing four or more housing units, with some exceptions. Owner occupancy would no longer be a determining factor in qualification of rental property. In addition to the property currently exempted from the act (such as motels, hotels, cooperatives and continuing care facilities), the bill exempts condominium units rented out by their owners (other than units occupied by tenants who are protected under the "Tenant Protection Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.), as a result of a condominium conversion), certain structures subject to an abatement agreement with a municipality, property subject to a rent control ordinance that does not automatically allow a rent increase if property taxes increase, and certain group residences such as residential health care facilities for which the rent includes medical, nursing or personal care services for the residents.

The bill distinguishes between those tax reductions which should be rebated to tenants because they result from decreases in the general property tax rate and those tax reductions that are specific to the property and should be retained by the landlord as an incentive to the filing of meritorious challenges to assessed valuations.

The bill also changes the calculation of the property tax reduction and the rebate due to each tenant. The rebate would be "triggered" if there is a difference between the taxes paid or payable in a base year and the taxes paid or payable in the current year. The bill requires an adjustment to the amount of taxes paid in the base year to reflect assessment reductions from agreements entered into with municipal taxing authorities, abatements, changes in assessments imposed

administratively by a tax assessor or county board of taxation, and judgments entered by a county board of taxation, a tax court or a court of competent jurisdiction, including the carryover effect of such judgments for a tax year subsequent to the year of the judgment (such as a “freeze act” year), so that those reductions will not be reflected in the rebates to tenants.

The bill redefines "base year" as 1998 and establishes several circumstances that would cause the base year to float, including an assessment reduction or an inconsistency in the tax years being compared because a tax funded service has been shifted to a separately billed user fee. No rebate would be due in a year in which an “assessment reduction” occurs; “assessment reduction” is defined as a decrease in the amount of assessed value of qualified real rental property resulting from an agreement with a municipal taxing authority, an abatement, an exemption, a change in assessment imposed administratively by a municipal tax assessor or county board of taxation, or a judgment entered by a county board of taxation, the tax court, or by a court of competent jurisdiction. The term does not include a reduction in assessed value that is the result of a revaluation or reassessment.

The rebate would be paid to a tenant upon a reduction in property taxes resulting from a revaluation or reassessment, but only for the year of the revaluation or reassessment; the base year would thereafter change to the year of the revaluation or reassessment. The bill clarifies that a landlord is required to allocate the rebate among the tenants that occupied the premises during the calendar year in which the property tax reduction occurred, and must exercise best efforts to locate an eligible tenant who has moved from the rental premises.

The bill provides that rebates may be paid or credited in monthly installments. A tenant of qualified real rental property may institute a complaint upon a landlord's failure to pay a rebate.

The bill would take effect June 1, 1999.

FISCAL IMPACT:

This bill has not been certified as requiring a fiscal note as it will not have an impact on State revenues or expenditures.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Jayne O'Connor
609-777-2600

RELEASE: May 4, 1998

Governor Signed Admendment A-292 and Executive Order No. 81

Gov. Christie Whitman today signed A-292, making amendments to the Tenant Property Tax Rebate Act which requires landlords to rebate reductions in property taxes to their tenants. The Governor also signed Executive Order No. 81, creating the Landlord-Tenant Task Force which will study issues affecting landlords and tenants, including property tax rebates.

A-292 clarifies the definition of "rental properties," revises the calculation for the rebate and clarifies rebate procedures. The bill is intended to clarify the law and balance the interests of landlords and tenants in the remittance of property tax rebates.

The legislation was sponsored by Assembly Members John Kelly (R-Bergen/Essex/Passaic) and Joseph Roberts (D-Camden/Gloucester), Senator Joseph Palaia (R-Monmouth) and Senate Minority Leader John Lynch (D-Middlesex/Somerset/Union).

The Governor signed Executive Order No. 81 and created the Landlord-Tenant Task Force to continue the dialogue regarding landlord-tenant relations that emerged during the passage of A-292. The Task Force is charged with considering a number of issues including rent control, property taxes and the need for delineation between landlord and tenant responsibilities. The ten-member panel will convene by July 1 and will submit its findings to the Governor within 120 days of its first meeting.