ASSEMBLY, No. 1626

STATE OF NEW JERSEY

214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

Sponsored by:
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SYNOPSIS
Provides a gross income tax credit of up to $7,500 for qualified home purchases made by certain first-time homebuyers in the remaining portion of taxable year 2009, taxable year 2010 and taxable year 2011.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel
AN ACT providing a gross income tax credit of up to $7,500 for qualified home purchases made by certain first-time homebuyers in the remaining portion of taxable year 2009, taxable year 2010 and taxable year 2011, supplementing Title 54A of the New Jersey Statutes.

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

1. a. (1) A qualified taxpayer shall be allowed a credit against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., for the taxable years ending on December 31, 2009, December 31, 2010 and December 31, 2011, in an amount equal to ten percent of a qualified home purchase price or $7,500, whichever is less.

(2) If two or more qualified taxpayers make a qualified home purchase jointly, the amount of the credit allowed shall be allocated among such individuals in such manner as the director may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed $7,500.

b. If a taxpayer’s filing status is single, married or civil union filing separately, head of household or qualifying widow or widower or surviving civil union partner and the taxpayer has gross income for the taxable year that exceeds $225,000, the amount of the credit allowed under subsection a. of this section for the taxable year shall be reduced by the amount calculated by: (1) dividing the amount of the taxpayer’s gross income in excess of $225,000 by $20,000; (2) subtracting 1.0 from the resultant quotient; and (3) multiplying the resultant difference by $7,500.

c. If a taxpayer’s filing status is married or civil union filing jointly and the taxpayer has gross income for the taxable year that exceeds $450,000, the amount of the credit allowed under subsection a. of this section for the taxable year shall be reduced by the amount calculated by: (1) dividing the amount of the taxpayer’s gross income in excess of $450,000 by $20,000; (2) subtracting 1.0 from the resultant quotient; and (3) multiplying the resultant difference by $7,500.

d. If the credit allowed pursuant to subsection a. of this section reduces the tax liability otherwise due to zero, any amount of credit remaining shall be paid to the taxpayer as a refund of an overpayment of tax pursuant to N.J.S.54A:9-7, provided however, subsection (f) of that section, concerning the allowance of interest, shall not apply. The director shall determine the form and manner by which a taxpayer shall apply for and be eligible to receive a refund of an overpayment pursuant to this section.

e. As used in this section:
“Qualified residential property” means a dwelling house, a condominium unit under the form of real property ownership provided for under the "Condominium Act,” P.L.1969, c.257 (C.46:8B-1 et seq.), a unit in a cooperative or mutual housing corporation, a unit in a horizontal property regime under the form of real property ownership provided under the "Horizontal Property Act,” P.L.1963, c.168 (C.46:8A-1 et seq.), a unit in a continuing care retirement community, or a manufactured home that is taxable as real property or that is installed in a mobile home park.

“Qualified home purchase” means: the acquisition, by sale, on and after the effective of P.L. , c. (C. ) (pending before the Legislature as this bill) but before January 1, 2012, of a qualified residential property which is occupied as the qualified taxpayer’s principal residence; or the construction of a new qualified residential property paid for by the qualified taxpayer and occupied as the qualified taxpayer’s principal residence.

“Qualified taxpayer” means a gross income taxpayer who has not owned a principal residence in the three years immediately preceding the date of a qualified home purchase. A qualified taxpayer does not include a taxpayer that has a gross income exceeding $245,000, whose filing status is single, married or civil union filing separately, head of household or qualifying widow or widower or surviving civil union partner. A qualified taxpayer does not include a taxpayer that has a gross income exceeding $470,000, who files a joint return.

2. This act shall take effect immediately.

STATEMENT

This bill provides a gross income tax credit of up to $7,500 for qualified home purchases made by certain first-time homebuyers in the remaining portion of taxable year 2009, taxable year 2010 and taxable year 2011. The purpose of this measure is to encourage first-time homebuyers to venture into the housing market and spur the economic activity generally associated with home purchases.

Under the bill, qualified taxpayers can take 10% of their qualified home purchase price or $7,500, whichever is less, as a refundable credit under the gross income tax. The full amount of the credit is available for individually filing taxpayers with $225,000, or less, in gross income and joint filers with $450,000, or less, in gross income. For individually filing taxpayers with gross income less than $245,000 but more than $225,000 and joint filers with gross income less than $470,000 but more than $450,000, the amount of the credit is phased down to zero. The credit is not available for individually filing taxpayers with gross income in
excess of $245,000 and joint filers with gross income in excess of $470,000. The credit offered is available on and after the effective date of this bill but before January 1, 2012.