Establishes a New Jersey Homebuyer Tax Credit Program under the New Jersey gross income tax for home purchases during a qualified period.

CURRENT VERSION OF TEXT
As reported by the Assembly Appropriations Committee on May 13, 2010, with amendments.

(Sponsorship Updated As Of: 10/1/2010)
AN ACT establishing a New Jersey Homebuyer Tax Credit Program under the New Jersey gross income tax for home purchases during [calendar year 2010] a qualified period, 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. A 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 a qualified home purchase [during the taxable year that begins in calendar year 2010.] for a contract of sale executed within 365 days following the date of enactment of P.L. 2010, c (pending before the Legislature as this bill) in an amount equal to five percent of the price paid for the purchase or $15,000, whichever is less, provided that the home is intended to be used as the taxpayer’s principle residence for 36 consecutive months after the qualified home purchase, and subject to the further limitations provided in this section.

b. (1) A taxpayer completing a qualified home purchase of a qualified residential property previously occupied as a residence within 365 days following the date of the execution of the contract of sale may claim a credit allowed pursuant to this section. To reserve a credit, the taxpayer and seller shall jointly sign and submit to the Director of the Division of Taxation in the Department of the Treasury a certification that they have entered into a fully executed contract of sale. Upon receipt of the certification, the director shall notify the taxpayer that the division has reserved the credit for the taxpayer, pending the director’s receipt from the taxpayer, within 14 calendar days of settlement, of the HUD-1 Settlement Statement for the qualified home purchase of a qualified residential property previously occupied as a residence.

(2) A taxpayer completing a qualified home purchase of a new qualified residential property within 545 days following the date of the execution of the contract of sale may claim a credit allowed pursuant to this section. To reserve a credit, the taxpayer and seller shall jointly sign and submit to the director a certification that they have entered into a fully executed contract of sale. Upon receipt of the certification, the director shall notify the taxpayer that the division has reserved the credit for the taxpayer, pending the director’s receipt from the taxpayer, within 14 calendar days of settlement, of the HUD-1 Settlement Statement for the qualified home purchase of a new qualified residential property.

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.
Matter enclosed in superscript numerals has been adopted as follows:
Assembly AAP committee amendments adopted May 13, 2010.
The total amount of the credit allowed shall be divided and applied in equal amounts for three consecutive taxable years, beginning in the taxable year of the purchase and continuing in the next two taxable years. The amount of the credit allowed shall be applied against the tax otherwise due under N.J.S.54A:1-1 et seq. in each taxable year after all other credits and payments allowed in the taxable year. If the credit allowed reduces the tax liability otherwise due to zero, any amount of the 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.

The amount of all credits allowed under this section shall not exceed a cumulative total of $100,000,000, of which up to $75,000,000 shall be allowed for new qualified home purchases of new qualified residential properties and up to $25,000,000 shall be allowed for purchases of qualified residential properties previously occupied as a residence. The Director of the Division of Taxation in the Department of the Treasury, shall establish, as soon as may be practicable, a convenient method, that may include an Internet or other electronic format, for taxpayers to apply for a determination of their preliminary eligibility to claim a credit, which determination shall be provided by the director to the taxpayer before the taxpayer’s intended purchase date. Notice of the director’s determination of preliminary eligibility or denial of preliminary eligibility to claim a credit shall be provided to applicants in the order in which the director receives the applications, and the limits provided in this subsection shall be allocated to applications in the order in which they are received and approved by the director. No credit shall be allowed under this section for a home purchase if a determination of preliminary eligibility of that home purchase is not provided by the director. The application shall include such information as the director determines is necessary to make a prompt determination of preliminary eligibility and shall include but may not be limited to:

(1) the taxpayer’s certification of intention to use the home as the taxpayer’s principle residence for 36 consecutive months after the qualified home purchase and (2) the home seller’s certification in the case of a new qualified home purchase of a new qualified residential property that the new qualified residential property has never been occupied as a principle residence.

If the director determines that a credit applied for and claimed against tax otherwise due, or for which a refund of tax is
paid, does not meet the requirements of this section, including but
not limited to the use of the home as the taxpayer’s principle
residence for 36 consecutive months after the home purchase, the
taxpayer shall be required to repay the amount of the credit applied.

"New home" or "new qualified residential property" means
a dwelling unit not previously occupied as a residence.

"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
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, of a
qualified residential property which is occupied as the taxpayer’s
principal residence or the construction of a new qualified residential
property paid for by the taxpayer and occupied as the taxpayer’s
principal residence.

"Principal residence" means a qualified residential property
actually and continually occupied by the taxpayer as the
taxpayer’s permanent residence, as distinguished from a vacation
home, property owned and rented or offered for rent by the
taxpayer, and other secondary real property holdings.

Notwithstanding any provision of P.L.1968, c.410
(C.52:14B-1 et seq.) to the contrary, the director may adopt
immediately upon filing with the Office of Administrative Law
such regulations as the director deems necessary to implement the
provisions of this act, which shall be effective for a period not to
exceed 180 days following enactment of P.L. , c.

( ) (pending before the Legislature as this bill) and may
thereafter be amended, adopted or readopted by the director in
accordance with the requirements of P.L.1968, c.410. The
regulations may include examples of circumstances in which
repayment of credit amounts are required, manner and terms of
repayment, and circumstances in which a waiver of repayment
maybe granted in the discretion of the director.

2. This act shall take effect immediately.