

ASSEMBLY, No. 3314

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 12, 2018

Sponsored by:

Assemblywoman AMY H. HANDLIN

District 13 (Monmouth)

Assemblyman JON M. BRAMNICK

District 21 (Morris, Somerset and Union)

Assemblyman ANTHONY M. BUCCO

District 25 (Morris and Somerset)

Co-Sponsored by:

**Assemblymen Howarth, Peters, Harold J. Wirths, Space, DePhillips and
Assemblywoman N.Munoz**

SYNOPSIS

Permits taxpayers to deduct the total amount of State property taxes paid on principal residence from gross income tax obligation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/22/2018)

1 AN ACT permitting taxpayers to deduct the total amount of State
2 property taxes due and paid on a principal residence in a calendar
3 year from the taxpayer's gross income tax obligation and
4 amending P.L.1996, c.60.

5

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

8

9 1. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to
10 read as follows:

11 3. a. A resident taxpayer under the "New Jersey Gross Income
12 Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from
13 gross income for property taxes **[not in excess of \$10,000]**, subject
14 to the limitations of subsection f. of this section, due and paid for
15 the calendar year in which the taxes are due and payable on the
16 taxpayer's homestead.

17 b. A deduction for property taxes shall be allowed pursuant to
18 this section in relation to the amount of the property taxes actually
19 paid by or allocable to a resident taxpayer who has more than one
20 homestead, but the aggregate amount of the property taxes claimed
21 shall not exceed the total of the proportionate amounts of property
22 taxes assessed and levied against or allocable to each homestead for
23 the portion of the taxable year for which the taxpayer occupied it as
24 the taxpayer's principal residence.

25 c. If title to a homestead is held by more than one individual as
26 joint tenants or tenants in common, each individual shall be allowed
27 a deduction pursuant to this section only in relation to the
28 individual's proportionate share of the property taxes assessed and
29 levied against the homestead. The proportionate share shall be
30 equal to that of all other individuals who hold the title, but if the
31 conveyance under which the title is held provides for unequal
32 interests therein, a taxpayer's share of the property taxes shall be in
33 proportion to the taxpayer's interest in the title.

34 d. If title to a homestead is held by a husband and wife who
35 own the homestead as tenants by the entirety, or if that husband and
36 wife are both residential shareholders of a cooperative or mutual
37 housing corporation and occupy the same homestead therein, and
38 who elect to file separate income tax returns pursuant to the "New
39 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband
40 and wife shall each be entitled to one-half of the deduction for
41 property taxes for which they may be jointly eligible pursuant to
42 this section.

43 e. If the homestead is a dwelling house consisting of more than
44 one unit, that taxpayer shall be allowed a deduction for property
45 taxes only in relation to the proportionate share of the 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.

1 taxes assessed and levied against the residential unit occupied by
2 the taxpayer, as determined by the local tax assessor.

3 f. Notwithstanding the provisions of subsection a. of this
4 section to the contrary: (1) a resident taxpayer shall be allowed a
5 deduction for a taxpayer's taxable year beginning during 1996 based
6 on 50% of the property taxes not in excess of \$5,000 paid on the
7 taxpayer's homestead; and (2) a resident taxpayer shall be allowed a
8 deduction for a taxpayer's taxable year beginning during 1997 based
9 on 75% of the property taxes not in excess of \$7,500 paid on the
10 taxpayer's homestead.

11 g. Notwithstanding any other provision of this section, the
12 deduction allowed under this section to a resident taxpayer eligible
13 to receive a homestead property tax reimbursement pursuant to
14 P.L.1997, c.348 (C.54:4-8.67 et al.) shall not exceed that resident
15 taxpayer's base year property tax liability as determined pursuant to
16 P.L.1997, c.348 (C.54:4-8.67 et al.).

17 h. Notwithstanding any other provision of this section, for the
18 taxable year beginning January 1, 2009, a taxpayer who has gross
19 income for the taxable year of more than \$250,000 and is not:

- 20 (1) 65 years of age or older at the close of the taxable year; or
21 (2) allowed to claim a personal deduction as a blind or disabled
22 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,
23 shall not be allowed a deduction pursuant to this section;

24 provided however, the deduction for a taxpayer who has gross
25 income for the taxable year of more than \$150,000 but not
26 exceeding \$250,000 and is not:

- 27 (1) 65 years of age or older at the close of the taxable year; or
28 (2) allowed to claim a personal deduction as a blind or disabled
29 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,
30 shall not exceed \$5,000.

31 (cf: P.L.2009, c.69, s.2)

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33 2. Section 4 of P.L.1996, c.60 (C.54A:3A-18) is amended to
34 read as follows:

35 4. a. A resident taxpayer whose homestead is a unit of
36 residential rental property shall be allowed a deduction from gross
37 income for that portion of the rent constituting property taxes [not
38 in excess of \$10,000], subject to the limitations of subsection d. of
39 this section, due and paid for the calendar year in which the rent
40 constituting taxes is due and payable, for occupancy of that
41 homestead.

42 b. A husband and wife who elect to file separate income tax
43 returns pursuant to the "New Jersey Gross Income Tax Act,"
44 N.J.S.54A:1-1 et seq., shall each be entitled to one-half of the
45 property tax deduction allowed pursuant to this section.

46 c. If more than one taxpayer, other than husband and wife,
47 qualify to deduct rent constituting property taxes by reason of their
48 having occupied the same rented homestead, it shall be presumed

1 that the deduction shall be equally divided. A taxpayer may,
2 however, deduct an amount for rent constituting property taxes in
3 the same proportion that the rent paid by that taxpayer bears to the
4 total rent paid by all tenants of the same unit.

5 d. Notwithstanding the provisions of subsection a. of this section
6 to the contrary: (1) a resident taxpayer whose homestead is a unit of
7 residential rental property shall be allowed a deduction for the
8 taxpayer's taxable year beginning during 1996 based on 50% of the
9 rent constituting property taxes not in excess of \$5,000 paid for the
10 occupancy of that homestead; and (2) a resident taxpayer whose
11 homestead is a unit of residential rental property shall be allowed a
12 deduction for the taxpayer's taxable year beginning during 1997
13 based on 75% of the rent constituting property taxes not in excess
14 of \$7,500 paid for the occupancy of that homestead.
15 (cf: P.L.1996, c.60, s.4)

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17 3. Section 5 of P.L.1996, c.60 (C.54A:3A-19) is amended to
18 read as follows:

19 5. a. If a taxpayer who is eligible for a deduction for property
20 taxes under section 3 of this act for a part of the taxable year is also
21 eligible for a deduction for rent constituting property taxes under
22 section 4 of this act for a part of the taxable year, the taxpayer shall
23 be allowed a deduction, **[not in excess of \$10,000,]** subject to the
24 limitations of subsection b. of this section, the amount of which
25 shall be equal to the sum of the amount of property taxes due and
26 paid for the calendar year in which the property taxes are due and
27 payable on a homestead that is not a unit of residential rental
28 property and the amount of rent constituting property taxes due and
29 paid for the calendar year in which the rent constituting property
30 taxes is due and payable for the occupancy of a homestead that is a
31 unit of residential rental property, provided however, that the
32 amount of property taxes shall be subject to the limitations set forth
33 in subsections b. through e. of section 3 and the amount of rent
34 constituting property taxes shall be subject to the limitations set
35 forth in subsections b. and c. of section 4 as may be applicable.

36 b. Notwithstanding the provisions of subsection a. of this section
37 to the contrary: (1) a taxpayer who is eligible for a deduction for
38 property taxes under section 3 of this act for a part of the taxable
39 year and is also eligible for a deduction for rent constituting
40 property taxes under section 4 of this act for a part of the taxable
41 year, shall be allowed a deduction for the taxpayer's taxable year
42 beginning during 1996 based on 50% of an amount not in excess of
43 \$5,000, the amount of which shall be equal to the sum of the
44 amount of property taxes paid on a homestead that is not a unit of
45 residential rental property and the amount of rent constituting
46 property taxes paid for the occupancy of a homestead that is a unit
47 of residential rental property; and (2) a taxpayer who is eligible for
48 a deduction for property taxes under section 3 of this act for a part

1 of the taxable year and is also eligible for a deduction for rent
2 constituting property taxes under section 4 of this act for a part of
3 the taxable year, shall be allowed a deduction for the taxpayer's
4 taxable year beginning during 1997 based on 75% of an amount not
5 in excess of \$7,500, the amount of which shall be equal to the sum
6 of the amount of property taxes paid on a homestead that is not a
7 unit of residential rental property and the amount of rent
8 constituting property taxes paid for the occupancy of a homestead
9 that is a unit of residential rental property.
10 (cf: P.L.1996, c.60, s.5)

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12 4. This act shall take effect immediately and apply to taxable
13 years beginning on or after January 1, 2018.

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STATEMENT

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18 This bill permits taxpayers to deduct the total amount of State
19 property taxes, due and paid in a calendar year on the taxpayer's
20 principal residence, from the taxpayer's gross income tax
21 obligation.

22 Under current law, a taxpayer may deduct up to \$10,000 of
23 property taxes due and paid in the calendar year on the taxpayer's
24 primary residence from the taxpayer's gross income tax obligation.
25 If the taxpayer is a renter, the taxpayer may deduct up to \$10,000 of
26 the amount of "rent constituting property tax," which is defined in
27 P.L.1996, c.60, s.2 (C.54A:3A-16) to mean 18 percent of rent, due
28 and paid in the calendar year from the taxpayer's gross income tax
29 obligation. This bill eliminates these \$10,000 maximum allowable
30 deductions, thereby permitting a taxpayer to deduct the full amount
31 of property taxes, or rent constituting property taxes, due and paid
32 by the taxpayer in the calendar year on the taxpayer's primary
33 residence.