ASSEMBLY, No. 464



STATE OF NEW JERSEY

219th LEGISLATURE



PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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SYNOPSIS

"Homestead School Property Tax Reimbursement Act"; provides State reimbursement for 50% of school property taxes paid by seniors, 65 years and older.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



An Act concerning school property tax reductions for senior citizens and supplementing chapter 4 of Title 54 of the Revised Statutes.

**Be It Enacted** *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be entitled and may be referred to as the "Homestead School Property Tax Reimbursement Act."

2. For the purposes of P.L. , c. (C. ) (pending before the Legislature as this bill):

"Condominium" means the form of real property ownership provided for under the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.).

"Cooperative" means a housing corporation or association which entitles the holder of a share or membership interest thereof to possess and occupy for dwelling purposes a house, apartment or other unit of housing owned or leased by the corporation or association, or to lease or purchase a unit of housing constructed or to be constructed by the corporation or association.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Dwelling house" means any residential property assessed as real property which consists of not more than four units, of which not more than one may be used for commercial purposes, but shall not include a unit in a condominium, cooperative, horizontal property regime or mutual housing corporation.

"Eligible claimant" means a person who:

is 65 or more years of age;

is an owner of a homestead, or the lessee of a site in a mobile home park on which site the applicant owns a manufactured or mobile home; and

has an annual income equal to or less than $35,000 in the first tax year in which P.L. , c. (C. ) (pending before the Legislature as this bill) becomes effective, $75,000 in the next succeeding tax year, and any amount of income in the third and following tax years.

"Homestead" means:

a dwelling house and the land on which that dwelling house is located which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence;

a site in a mobile home park equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation there of and such site is used by the eligible claimant as the eligible claimant's principal residence;

a dwelling house situated on land owned by a person other than the eligible claimant which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence;

a condominium unit or a unit in a horizontal property regime or a continuing care retirement community which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence; and

a unit in a cooperative or mutual housing corporation which constitutes the place of domicile of a residential shareholder or lessee therein, or of a lessee or shareholder who is not a residential shareholder therein, which is used by the eligible claimant as the eligible claimant's principal residence.

In addition to the generally accepted meaning of "owned" or "ownership," a homestead shall be deemed to be owned by a person if that person is a tenant for life or a tenant under a lease for 99 years or more, is entitled to and actually takes possession of the homestead under an executory contract for the sale thereof or under an agreement with a lending institution which holds title as security for a loan, or is a resident of a continuing care retirement community pursuant to a contract for continuing care for the life of that person which requires the resident to bear, separately from any other charges, the proportionate share of school property taxes attributable to the unit that the resident occupies.

"Homestead school property tax reimbursement" means a payment equal to one-half of the amount of the school portion of the property tax or site fee constituting the school portion of the property tax due and paid in any year on any homestead; but such calculations shall be reduced by any current year property tax reductions attributable to the school portion of the property tax or reductions in site fees constituting the school portion of property taxes resulting from judgments entered by county boards of taxation or the State Tax Court.

"Horizontal property regime" means the form of real property ownership provided for under the "Horizontal Property Act," P.L.1963, c.168 (C.46:8A-1 et seq.).

"Manufactured home" or "mobile home" means a unit of housing which:

Consists of one or more transportable sections which are substantially constructed off site and, if more than one section, are joined together on site;

Is built on a permanent chassis;

Is designed to be used, when connected to utilities, as a dwelling on a permanent or nonpermanent foundation; and

Is manufactured in accordance with the standards promulgated for a manufactured home by the Secretary of the United States Department of Housing and Urban Development pursuant to the "National Manufactured Housing Construction and Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the standards promulgated for a manufactured or mobile home by the commissioner pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.).

"Mobile home park" means a parcel of land, or two or more parcels of land, containing no fewer than 10 sites equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation thereof, and where the owner or owners provide services, which are provided by the municipality in which the park is located for property owners outside the park, which services may include but shall not be limited to:

The construction and maintenance of streets;

Lighting of streets and other common areas;

Garbage removal;

Snow removal; and

Provisions for the drainage of surface water from home sites and common areas.

"Mutual housing corporation" means a corporation not-for-profit, incorporated under the laws of this State on a mutual or cooperative basis within the scope of section 607 of the Langham Act (National Defense Housing), Pub.L.849, (42 U.S.C. s.1521 et seq.), as amended, which acquired a National Defense Housing Project pursuant to that act.

"Income" means income as determined pursuant to P.L.1975, c.194 (C:30:4D-20 et seq.).

"Principal residence" means a homestead actually and continually occupied by an eligible claimant as his or her permanent residence, as distinguished from a vacation home, property owned and rented or offered for rent by the claimant, and other secondary real property holdings.

"School portion of the property tax" means the school portion of the general property tax due and paid, on a homestead, but does not include interest and penalties for delinquent taxes.

"Site fee constituting the school portion of the property tax" means the ratio of the school portion of the general property tax to the total general property tax payable by the owner of a mobile home park multiplied by 18 percent of the annual site fee paid or payable to the owner of a mobile home park.

"Tax year" means the calendar year in which a homestead is assessed and the property tax is levied thereon and the calendar year in which income is received or accrued.

3. Every eligible claimant shall be entitled to a homestead school property tax reimbursement for the tax year, on proper claim being made therefor to the director. The amount of the homestead school property tax reimbursement shall not be reduced by the amount of the deductions taken by the eligible claimant pursuant to P.L.1963, c.171 (C.54:4-8.10 to 54:4-8.23) and P.L.1964, c.255 (C.54:4-8.40 to 54:4-8.45 et al.). The surviving spouse of a deceased resident of this State who during his or her life received a homestead school property tax reimbursement pursuant to P.L. , c.    (C.         ) (pending before the Legislature as this bill) shall be entitled, so long as he or she remains a resident in the same homestead with respect to which the homestead school property tax reimbursement was granted, and so long as he or she is at least 55 years of age, to a homestead school property tax reimbursement, upon the same conditions, with respect to the same homestead.

4. An application for a homestead school property tax reimbursement hereunder shall be filed with the director on or before December 31 annually and shall reflect the prerequisites for a homestead school property tax reimbursement on December 31 of the year of filing; provided, however, that the director may, by rule, waive the requirement for filing an annual application for any year or years subject to any limitations and conditions the director may deem appropriate. The application shall be on a form prescribed by the director and provided for the use of applicants hereunder. Each applicant making a claim for a homestead school property tax reimbursement under P.L. , c. (C. ) (pending before the Legislature as this bill) shall provide to the director, if required by the director, a copy of his or her current year property tax bill or current year site fee bill on the homestead constituting that person's principal residence.

It shall be the duty of every eligible claimant to inform the director of any change in his or her status or homestead which may affect his or her right to continuance of the homestead school property tax reimbursement.

If an eligible claimant receives an additional homestead school property tax reimbursement to which the claimant was not entitled or greater than the reimbursement to which the claimant was entitled, the director may, in addition to all other available legal remedies, offset such amount against a gross income tax refund or amount due pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), or P.L.    , c.    (C. ) (pending before the Legislature as this bill).

5. The director shall administer the homestead school property tax reimbursement program. A payment for the homestead school property tax reimbursement amount, as calculated by the director, shall be mailed to each person determined by the director to be an eligible claimant under P.L. , c. (C. ) (pending before the Legislature as this bill) on or before July 15 of the year next following the tax year. All payments made pursuant to this section shall be appropriated from receipts in the Casino Revenue Fund.

6. When title to a homestead as to which a homestead school property tax reimbursement is claimed is held by an eligible claimant and another or others, either as tenants in common or as joint tenants, the eligible claimant shall not be allowed a homestead school property tax reimbursement in an amount in excess of his or her proportionate share of the taxes assessed against the homestead, which proportionate share, for the purposes of P.L. , c.    (C.            ) (pending before the Legislature as this bill), shall be deemed to be equal to that of each of the other tenants, unless it is shown that the interests in question are not equal, in which event the eligible claimant's proportionate share shall be as shown. Nothing herein shall preclude more than one tenant, whether title be held in common or joint tenancy, from claiming a homestead school property tax reimbursement from the taxes assessed against the property so held, but no more than the equivalent of one full homestead school property tax reimbursement in regard to such homestead shall be allowed in any year. In any case in which the eligible claimants cannot agree as to the apportionment thereof, such homestead school property tax reimbursement shall be apportioned between or among them in proportion to their interest. Property held by husband and wife, as tenants by the entirety, shall be deemed wholly owned by each tenant, but no more than one full homestead school property tax reimbursement in regard to such homestead shall be allowed in any year. Right to claim a homestead school property tax reimbursement hereunder shall extend to a homestead the title to which is held by a partnership, to the extent of the eligible claimant's interest as a partner therein, and by a guardian, trustee, committee, conservator or other fiduciary for any person who would otherwise be entitled to claim such homestead school property tax reimbursement hereunder, but not to a homestead the title to which is held by a corporation; except that a residential shareholder in a cooperative or mutual housing corporation shall be entitled to claim a homestead school property tax reimbursement if he or she is otherwise eligible to receive it, to the extent of the proportionate share of the taxes assessed against the homestead of the corporation, or any other entity holding title, attributable to his or her unit therein. No eligible claimant shall be entitled to payment under P.L. , c. (C. ) (pending before the Legislature as this bill) for a homestead school property tax reimbursement on more than one homestead within the State in the same tax year.

7. Any person violating any provisions of P.L. , c.     (C.            ) (pending before the Legislature as this bill) shall be subject to the applicable civil and criminal penalties under New Jersey law. Any person who violates any provisions of P.L. , c.    (C.            ) (pending before the Legislature as this bill) shall be subject to a suspension of eligibility for one year for a first offense and permanent revocation of eligibility for a second offense.

8. Pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the director shall promulgate such rules and regulations and prescribe such forms as the director shall deem necessary to implement P.L. , c. (C. ) (pending before the Legislature as this bill). The director shall also promulgate rules and regulations to implement an appeals process for aggrieved persons to use if eligibility for a homestead school property tax reimbursement rebate is denied.

9. Section 7 of this act shall take effect immediately and the other sections shall remain inoperative until January 1 of the tax year next following enactment.

STATEMENT

This bill, entitled the "Homestead School Property Tax Reimbursement Act," would reduce the school property tax burden on senior residents of the State who are 65 years or older by 50%. The bill provides a reimbursement for property taxes paid to eligible claimants from the Casino Revenue Fund. The bill phases in eligibility over a three-year period through income limits. For the first year, only seniors with incomes of $35,000 or less would be eligible for the reimbursement. The income limit rises to $75,000 for the second year and there is no income limit for the third year and thereafter. A surviving spouse who is at least 55 years of age also would qualify for the reimbursement. The Director of the Division of Taxation in the Department of the Treasury would be responsible for promulgating application forms for the reimbursement and issuing rules and regulations.