

ASSEMBLY, No. 1433

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Assemblymen Space and Wirths

SYNOPSIS

Allows gross income tax refunds to be credited against taxpayer's delinquent local property taxes.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT allowing gross income tax refunds to be credited against a
2 taxpayer's delinquent local property taxes, amending section 1 of
3 P.L.1981, c.239 (C.54A:9-8.1) and section 8 of P.L.1990, c.61
4 (C.54:4-8.64).

5

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

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9 1. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to
10 read as follows:

11 1. a. Whenever any taxpayer or resident shall be entitled to
12 any refund of taxes pursuant to the "New Jersey Gross Income Tax
13 Act" (N.J.S.54A:1-1 et seq.), including an earned income tax credit
14 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.),
15 or whenever any individual is eligible to receive a homestead rebate
16 or credit pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), P.L.1999,
17 c.63 (C.54:4-8.58a et al.), P.L.2004, c.40 or P.L.2007, c.62
18 (C.18A:7F-37 et al.), and if the refund or homestead rebate or credit
19 is not required to be paid over to the municipal tax collector under
20 the provisions of section 8 of P.L.1990, c.61 (C.54:4-8.64), and at
21 the same time the taxpayer or resident shall be indebted to any
22 agency or institution of State Government, to the Victims of Crime
23 Compensation Board for the portion of an assessment ordered
24 pursuant to section 2 of P.L.1979, c.396 (2C:43-3.1) for deposit in
25 the Victims of Crime Compensation Board Account or restitution
26 ordered to be paid to the board pursuant to N.J.S.2C:44-2 for
27 deposit in the Victims of Crime Compensation Board Account, or
28 for child support under Title IV-A, Title IV-D, or Title IV-E of the
29 federal Social Security Act (42 U.S.C. s.601 et seq.), or other
30 indebtedness in accordance with section 1 of P.L.1995, c.290
31 (C.2A:17-56.11b) the Department of the Treasury shall apply or
32 cause to be applied the refund, homestead rebate or credit, or all, or
33 so much of any or all as shall be necessary, to satisfy the
34 indebtedness. Child support indebtedness shall take precedence
35 over all other indebtedness. The Department of the Treasury shall
36 retain a percentage of the proceeds of any collection setoff as shall
37 be necessary to provide for any expenses of the collection effort.

38 b. A State department or agency which is owed a debt shall
39 notify the Department of the Treasury of the existence of the debt
40 and shall request that the Department of the Treasury execute a
41 setoff as provided for in this section.

42 c. As used in this section, "refund of taxes pursuant to the
43 "New Jersey Gross Income Tax Act" (N.J.S.54A:1-1 et seq.)" or
44 "refund" shall include any interest allowed on a refund of an
45 overpayment pursuant to subsection f. of N.J.S.54A:9-7.

46 (cf: P.L.2007, c.62, s.38)

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 2. Section 8 of P.L.1990, c.61 (C.54:4-8.64) is amended to read
2 as follows:

3 8. a. The tax collector of each municipality shall, on or before
4 April 1 of each year, furnish the director with a list of property
5 taxpayers in the district delinquent for taxes due and payable for the
6 year immediately preceding and the amounts of such delinquencies.
7 The collector shall report on such list the name, lot and block
8 number on the property tax duplicate as may be applicable, and the
9 address of each owner to whom a delinquency is attributable
10 together with the amount of such delinquency so identified. No
11 homestead rebate payment under this act or refund of taxes pursuant
12 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
13 shall be made to a property owner, and no homestead credit shall be
14 applied as provided in subsection b. of section 7 of P.L.1990, c.61
15 (C.54:4-8.63), while that property owner's delinquency remains;
16 provided however that for the purposes of this act, for an
17 assessment on a property which is on appeal and for which the
18 statutory percentage of the tax as provided in R.S.54:3-27 has been
19 paid, the taxes assessed on that property shall not be regarded as
20 delinquent.

21 b. If the director receives the list as provided for in subsection
22 a. of this section, and the director determines that a property tax
23 delinquency remains for the preceding tax year on April 1, the
24 director shall ascertain the amount of the homestead rebate or credit
25 or refund of taxes pursuant to N.J.S.54A:1-1 et seq., required to be
26 withheld because of such delinquency in each municipality in the
27 State, and shall certify such amounts to the State Treasurer as soon
28 thereafter as may be practicable.

29 c. On or before November 15, the director shall notify each
30 homestead rebate or credit claimant whose rebate or credit has been
31 withheld, or gross income tax taxpayer whose refund has been
32 withheld, because of delinquency that the amount of the rebate or
33 credit or refund to which the claimant or gross income taxpayer
34 otherwise would have been entitled has been sent to the tax
35 collector in the municipality to be credited against the claimant's
36 delinquency.

37 d. Upon certification by the director as to the amount of
38 homestead rebates or credits or refund of taxes pursuant to
39 N.J.S.54A:1-1 et seq., required to be withheld because of
40 delinquency in the several municipalities, the State Treasurer upon
41 the warrant of the Director of the Division of Budget and
42 Accounting, shall pay such amount on or before October 30 to the
43 tax collector in each municipality.

44 e. The tax collector in each municipality shall credit the tax
45 delinquency of each property taxpayer who appears on the
46 delinquency list set forth in subsection a. of this section in the
47 amount that otherwise would have been returned to the property
48 taxpayer as a homestead rebate or credit or a refund of taxes

1 pursuant to N.J.S.54A:1-1 et seq. In the event that the amount so
2 credited by the tax collector exceeds the amount of delinquency, the
3 tax collector may return the difference to the taxpayer or credit such
4 amount to the subsequent property tax bill.

5 f. In the case of delinquency in the payment of property taxes
6 by a cooperative, mutual housing corporation or continuing care
7 retirement community, a homestead rebate that may be due an
8 individual resident shall be paid by the State Treasurer to the tax
9 collector of the municipality. The tax collector shall credit the
10 cooperative, mutual housing corporation or continuing care
11 retirement community with such payment and the cooperative,
12 mutual housing corporation or continuing care retirement
13 community shall, in turn, credit the individual unit owner to the
14 extent of the rebate and notify the applicant of the amount to be
15 credited.

16 g. If a tax collector fails to comply with the provisions of
17 subsection a. of this section requiring the tax collector to furnish the
18 director with a list, on or before April 1 of each year, of property
19 taxpayers in the district delinquent for taxes due and payable for the
20 year immediately preceding and the amounts of such delinquencies,
21 the director shall refund any taxes pursuant to N.J.S.54A:1-1 et
22 seq., and either pay the homestead rebate directly to the delinquent
23 applicant rather than to the tax collector of the municipality as set
24 forth in subsection d. of this section or provide a credit for the
25 applicant under this act.

26 h. All provisions of this section shall apply to NJ SAVER
27 rebate applications filed for and paid as homestead rebates for tax
28 year 2003.

29 i. As used in this section, "refund of taxes pursuant to
30 N.J.S.54A:1-1 et seq.," or "refund" shall include any interest
31 allowed on a refund of an overpayment pursuant to subsection f. of
32 N.J.S.54A:9-7.

33 (cf: P.L.2007, c.62, s.26)

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35 3. This act shall take effect on July 1, 2010.

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STATEMENT

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40 This bill allows gross income tax refunds to be credited against a
41 taxpayer's delinquent local property taxes in the same manner as is
42 currently allowed for homestead property tax rebates and credits
43 claimed by delinquent property tax taxpayers.