

ASSEMBLY, No. 3928

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED APRIL 9, 2020

Sponsored by:

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex, Morris and Passaic)

Assemblyman BRIAN BERGEN

District 25 (Morris and Somerset)

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District 37 (Bergen)

SYNOPSIS

Increases, from 18 percent to 30 percent, amount of rental payments defined as rent constituting property taxes for purposes of deduction from gross income for property tax payments.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/22/2021)

1 AN ACT concerning the gross income tax deduction for property tax
2 payments and amending P.L.1996, c.60.

3

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

6

7 1. Section 2 of P.L.1996, c.60 (C.54A:3A-16) is amended to
8 read as follows:

9 2. As used in this act:

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

13 "Continuing care retirement community" means a residential
14 facility primarily for retired persons where lodging and nursing,
15 medical or other health related services at the same or another
16 location are provided as continuing care to an individual pursuant to
17 an agreement effective for the life of the individual or for a period
18 greater than one year, including mutually terminable contracts, and
19 in consideration of the payment of an entrance fee with or without
20 other periodic charges.

21 "Cooperative" means a housing corporation or association which
22 entitles the holder of a share or membership interest thereof to
23 possess and occupy for dwelling purposes a house, apartment,
24 manufactured or mobile home or other unit of housing owned or
25 leased by the corporation or association, or to lease or purchase a
26 unit of housing constructed or to be constructed by the corporation
27 or association.

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

33 "Homestead" means:

34 a. a dwelling house and the land on which that dwelling house
35 is located which constitutes the place of the taxpayer's domicile and
36 is owned and used by the taxpayer as the taxpayer's principal
37 residence;

38 b. a dwelling house situated on land owned by a person other
39 than the taxpayer which constitutes the place of the taxpayer's
40 domicile and is owned and used by the taxpayer as the taxpayer's
41 principal residence;

42 c. a condominium unit or a unit in a horizontal property regime
43 or a continuing care retirement community which constitutes the
44 place of the taxpayer's domicile and is owned and used by the
45 taxpayer as the taxpayer's principal residence.

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

12 d. a unit in a cooperative or mutual housing corporation which
13 constitutes the place of domicile of a residential shareholder or
14 lessee therein, or of a lessee or shareholder who is not a residential
15 shareholder therein, which is used by the taxpayer as the taxpayer's
16 principal residence; and

17 e. a unit of residential rental property, which unit constitutes
18 the place of the taxpayer's domicile and is used by the taxpayer as
19 the taxpayer's principal residence.

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

23 "Mutual housing corporation" means a corporation not-for-profit,
24 incorporated under the laws of this State on a mutual or cooperative
25 basis within the scope of section 607 of the Lanham Act (National
26 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C.1521 et
27 seq.), as amended, which acquired a National Defense Housing
28 Project pursuant to that act.

29 "Principal residence" means a homestead actually and
30 continually occupied by a taxpayer as the taxpayer's permanent
31 residence, as distinguished from a vacation home, property owned
32 and rented or offered for rent by the taxpayer, and other secondary
33 real property holdings.

34 "Property taxes" means payments to municipalities for which an
35 assessment by a municipality has been made on an ad valorem basis
36 on both land and improvements, and shall not include payments
37 made in lieu of taxes.

38 "Rent constituting property taxes" means [18%] 30% of the rent
39 paid by the taxpayer for occupancy during the taxable year of a unit
40 of residential rental property which the taxpayer occupies as a
41 principal residence; notwithstanding the definition of "property
42 taxes" herein, rent constituting property taxes includes the rent paid
43 for the occupancy of a manufactured home installed in a mobile
44 home park.

45 "Residential rental property" means:

46 a. any building or structure or complex of buildings or
47 structures in which dwelling units are rented or leased or offered for
48 rental or lease for residential purposes;

