

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 841

STATE OF NEW JERSEY

DATED: SEPTEMBER 21, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 841.

This bill changes the payment method for some benefit recipients under the New Jersey Homestead Property Tax Credit program, P.L.1990, c.61 (C.54:4-8.57 et seq.), which is also known as the Homestead Benefit Program. Specifically, the bill requires the direct payment of a homestead benefit to a claimant if the claimant requests the direct payment following the sale of the claimant's qualifying homestead. The bill grants the Division of Taxation the discretion to select a specific direct payment method.

With limited exceptions, all claimants currently receive their homestead benefits as a credit against their property tax bill. This disbursement method presents the risk that claimants who sell their qualifying homesteads after filing a homestead benefit application may not receive the full homestead benefit to which they are entitled. This is because the division will apply the benefit against the property's tax bill even if the property's ownership has changed. This bill would address this risk by authorizing claimants to request the benefits' direct disbursement to them if they sell their homes after filing a homestead benefit application.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.