

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 1411

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 2021

The Senate Environment and Energy Committee favorably reports Senate Bill No. 1411 with committee amendments.

This bill, as amended by the committee, would allow taxpayers, regardless of income, to deduct up to a combined \$45,000 from gross income in a year for the following expenses:

(1) lead-based paint hazard abatement in the taxpayer's residential property, if performed by a certified lead abatement contractor;

(2) asbestos hazard abatement in the taxpayer's residential property, if performed by a licensed asbestos abatement contractor;

(3) replacement of a water service line containing hazardous amounts of lead, if the line is owned by the taxpayer, the line is on the real property of the taxpayer's residential property, and the line's replacement is necessary for abatement of the hazard in the taxpayer's residential property;

(4) replacement of plumbing containing hazardous amounts of lead in the taxpayer's residential property;

(5) remediation of lead and other contaminants in the soil of a taxpayer's residential property; and

(6) replacement of leaded windows on the taxpayer's residential property.

As used in the bill, "residential property" means a taxpayer's primary residence, owner occupied home, or rental unit.

The Director of the Division of Taxation would be required to set the standards by which taxpayers are to demonstrate that they qualify for the deduction. To be eligible for the deduction for costs related to lead-based paint hazard abatement or asbestos hazard abatement, the taxpayer would be required to submit an affidavit from the municipality in which the residential property is located to the director acknowledging that the work was done and the amount paid by the taxpayer to the licensed contractor.

During the first taxable year following the bill's enactment, a taxpayer would be allowed to deduct any covered expenses incurred between January 1, 2018 and that year. The provisions of the bill would expire on December 31, 2025.

The committee amendments to the bill would:

(1) increase the amount of the deduction to \$45,000;

(2) clarify that eligible expenses include remediation of lead and other contaminants in the soil of a taxpayer's residential property and also include replacement of leaded windows;

(3) clarify that eligibility for this deduction is not based on the taxpayer's income;

(4) require that the taxpayer submit an affidavit from the municipality in which the relevant property is located to the Director of the Division of Taxation acknowledging that the work was done and the amount paid by the taxpayer to the contractor, instead of a receipt from the contractor;

(5) define "residential property" and broaden the scope of residential properties for which the deduction may be claimed;

(6) adds a findings and declaration section;

(7) replace a requirement that certain lead and asbestos abatement work must be performed by a contractor certified or licensed by New Jersey in order to qualify for the tax deduction, with a requirement that such contractors must be certified or licensed simpliciter;

(8) allow, during the first taxable year following enactment, a taxpayer to claim a deduction for relevant expenses incurred between January 1, 2018 and that year; and

(9) provide that the bill's provisions would expire on December 31, 2025.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 1841 (2R) as also reported by the committee.