

SENATE MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

SENATE, No. 2736

STATE OF NEW JERSEY

DATED: OCTOBER 19, 2020

The Senate Military and Veterans Affairs Committee reports favorably Senate Bill No. 2736.

This bill provides a gross income tax credit to certain totally and permanently disabled veterans for rent constituting property taxes.

Pursuant to N.J.S.A.54:4-3.30, a citizen and resident, as well as a surviving spouse in certain circumstances, of this State who has been honorably discharged or released under honorable circumstances, from active service, in time of war, in any branch of the Armed Forces of the United States, who has been declared by the United States Veterans Administration to have certain service-connected disabilities is eligible for a property tax exemption on the person's principal residence and the lot on which that residence is situated. However, a similar exemption does not exist for persons who occupy a unit of a residential rental property and pay rent.

In order to create parity between disabled veterans who own their principal residence and those disabled veterans who occupy a unit of a residential rental property, the bill provides a refundable gross income tax credit in an amount equal to rent constituting property taxes, as defined in section 2 of P.L.1996, c.60 (C.54A:3A-16), for those disabled veterans, or their spouses in certain circumstances, who rent or lease a unit of a residential property, as also defined in section 2 of P.L.1996, c.60 (C.54A:3A-16). For the purposes of this bill, rent constituting property taxes is considered to be 18 percent of the rent paid by the taxpayer for occupancy during the taxable year of a unit of residential rental property which the taxpayer occupies as a principal residence.

Lastly, the bill requires the Director of the Division of Taxation in the Department of the Treasury to make a separate application available for those disabled veterans who, pursuant to N.J.S.A.54A:2-4, are not subject to the gross income tax.