

ASSEMBLY, No. 1133

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman MURPHY

1 AN ACT concerning tenant property tax rebates, supplementing
2 chapter 4 of Title 54 of the Revised Statutes and repealing various
3 sections of the New Jersey Statutes.

4

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

7

8 1. This act shall be known and may be cited as the "Tenant
9 Property Tax Rebate Act of 1995."

10

11 2. The Legislature finds and declares that the State of New Jersey
12 has a compelling interest in ensuring that property tax reductions
13 accruing to property owners, whether resulting from annual
14 reassessments, revaluations, successful appeals of real property
15 assessments, or tax rate changes, are shared equitably with tenants in
16 the form of rent reductions. The Legislature also finds and declares
17 that it is appropriate to allow a municipality having a rent control
18 board a certain degree of flexibility in determining the proportion of
19 property tax reduction to be shared by property owners with their
20 tenants, as is appropriate to the financial and housing conditions within
21 the municipality.

22

23 3. For the purposes of this act:

24 "Base year" means: (1) with respect to property being used as
25 residential property on the effective date of this act, calendar year
26 1994 or any subsequent year in which property taxes on qualified real
27 rental property have increased above taxes for the 1994 calendar year;
28 or (2) with respect to property not being used as residential rental
29 property on the effective date of this act, the first year after calendar
30 year 1994 in which the property is rented or offered for rent or any
31 subsequent calendar year in which property taxes on qualified real
32 rental property have increased above taxes for that first calendar year
33 in which the property was rented or offered for rent.

34 "Director" means the Director of the Division of Local Government
35 Services in the Department of Community Affairs.

1 "Qualified real rental property" means any building or complex of
2 buildings situate on one lot, in which four or more residential units are
3 rented or offered for rent; except transient and seasonal rental units,
4 units in mutual housing corporations, units in continuing care
5 retirement communities, and commercial rental units.

6 "Property tax reduction" means: (1) for each year that on January
7 1, there is not a municipal rent control ordinance that sets forth either
8 0.33 or 0.66 as the property tax reduction sharing factor, the actual
9 difference between property taxes paid or payable in a base year and
10 the lower property taxes paid or payable in a later year on qualified
11 real rental property, as calculated by the municipal tax collector,
12 regardless of the reasons for the property tax reduction therefor; or

13 (2) for each year that on January 1, there is a municipal rent control
14 ordinance that sets forth either 0.33 or 0.66 as the property tax
15 reduction sharing factor, either 0.33 or 0.66, as set forth in that
16 ordinance, times the difference between property taxes paid or payable
17 in a base year and the lower property taxes paid or payable in a later
18 year on qualified real rental property, as calculated by the municipal
19 tax collector, regardless of the reasons for the property tax reduction
20 therefor.

21 "Tenant rebate" means the amount of rent reduction or cash refund
22 a tenant is due from the property owner for property tax reductions in
23 a given year.

24

25 4. a. The property owner after receipt of a property tax reduction
26 notice on the qualified real rental property for the year from the
27 municipal tax collector shall calculate the tenant rebate for each tenant
28 in the following manner: The property tax reduction on the qualified
29 real rental property for the year shall be divided by the total annual
30 rent for all dwelling units, occupied or unoccupied, on such property
31 for the year to determine the tenant rebate as a fixed percentage of
32 rent for every residential tenant. The annual rent of each residential
33 unit shall be multiplied by such fixed percentage to determine the
34 annual amount of tenant rebate for each dwelling unit. However,
35 when one or more residential rental units are occupied by the property
36 owner or his employees the tenant rebate for the residential rental units
37 on that property shall be computed by first reducing the property tax
38 reduction by the proportion that the number of units occupied by the
39 property owner or his employees bears to the total number of
40 residential units on the property.

41 b. The amount of each tenant rebate shall be equal to the annual
42 tenant rebate amount multiplied by the percentage of annual rent
43 payable at such time; provided, however, that the amount of the tenant
44 rebate due the tenant at the time the rent is paid shall be rounded off
45 such that any amount less than \$0.50 shall be reduced to the next
46 lower dollar and any amount \$0.50 or higher shall be increased to the

1 next higher dollar.

2 In the case of a lease terminated pursuant to P.L.1971, c.318
3 (C.46:8-9.1), any tenant rebate due and owing prior to that
4 termination of the lease shall be paid to the executor or administrator
5 of the estate of the tenant or the surviving spouse of the tenant
6 terminating the lease.

7 c. A property owner shall provide each tenant with the entire
8 rebate amount due the tenant by December 31 of the year for which
9 the rebate is calculated, however if a notice of property tax reduction
10 was received after November 1, of the year for which the rebate was
11 calculated, the property owner shall provide each tenant with the
12 entire rebate amount due by the following June 30. A rebate may be
13 made either as a rent reduction or as a cash refund, at the property
14 owner's option.

15 d. A property owner shall not increase rents solely to offset the
16 cost of providing tenant rebates. Any provision in a lease requiring a
17 tenant to waive entitlement to a rebate as a condition of occupancy
18 shall be null and void as against public policy.

19
20 5. Property owners shall pay tenant rebates in equal monthly
21 installments at the time rent payments are due. The first monthly
22 installment shall be provided to each tenant within 30 days of receipt
23 of a tax reduction notice. The first installment shall provide each
24 tenant with all monthly installment amounts due cumulatively from
25 January 1 of the rebate year. A tenant shall be entitled to receive a
26 rebate for each month of residence during the year. A property owner
27 may defer payment of rebates to a tenant in arrears to the property
28 owner for rent or other associated rental charges until arrearages are
29 satisfied.

30
31 6. a. A property owner, within 30 days of the initial monthly
32 property tax rebate installment provided to a tenant, shall post and
33 maintain conspicuously on the property a notice listing the rebate
34 amounts per month and per year for each rental category.

35 b. A property owner shall complete the certificate provided with
36 each tax reduction notice, itemizing their tenant rebates by rent
37 category and certifying their compliance with all relevant provisions
38 of the "Tenant Property Tax Rebate Act of 1995," P.L. , c. (C.)
39 (pending before the Legislature as this bill). The owner shall return
40 the certificate to the local rent control board, the tax collector or both,
41 as specified on the notice.

42 c. Whenever a residential lease is terminated pursuant to P.L.1971,
43 c.318 (C.46:8-9.1) by death of the tenant, any tenant rebate due and
44 owing prior thereto shall be paid to the surviving spouse of the
45 decedent or to the executor or administrator of the decedent's estate.

1 7. a. Each tax collector shall maintain up to date records and base
2 year tax data for all qualified real rental properties. The tax collector
3 shall: (1) compute tax reductions annually by comparing current
4 property taxes with those in the base year; (2) within 30 days after
5 property tax bills have been mailed, mail a notice of property tax
6 reduction to each owner of qualified real rental property; and (3)
7 provide a copy of the notice to the local rent control board, if such
8 agency exists, along with a summary of the property owner's
9 obligations under this act.

10 b. Each tax collector shall adjust tax reduction calculations
11 reflecting tax changes ordered by tax appeal judgments. However, if
12 a judgment is rendered after the current year tax bill is prepared,
13 adjustments for tax reductions for tenant rebate purposes shall not be
14 made until the following year.

15
16 8. a. A property owner who fails to provide a tenant with a rebate
17 as provided for in sections 4 and 5 of P.L. , c. (C.) (pending
18 before the Legislature as this bill) shall be liable to each tenant who
19 was not provided a rebate for twice the rebate amount otherwise
20 owned or \$100 in damages, whichever is greater.

21 b. A property owner who fails to provide a tenant rebate within 30
22 days after it is due, or within 10 days after a subsequent request has
23 been made to the property owner by certified mail, may be subject to
24 suit therefor in municipal court in the municipality in which the
25 property is situated, for redress as provided in subsection a. of this
26 section. The municipal court and the county superior court shall have
27 jurisdiction over such proceedings in the same manner and to the same
28 extent as provided in section 9 of P.L. , c. (C.) (pending before
29 the Legislature as this bill).

30
31 9. a. A property owner who fails to provide a tenant rebate in
32 accordance with the provisions of sections 4 or 5 of P.L. , c.
33 (C.) (pending before the Legislature as this bill), or who knowingly
34 and willfully fails to provide or post any notice, certification,
35 information or statement required thereby shall be liable for penalty of
36 not more than \$100 for each offense, in addition to the damages
37 specified in section 8 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 b. Penalties and damages set forth in subsection a. of this section
40 and in section 8 of P.L. , c. (C.) (pending before the Legislature
41 as this bill) shall be collected and enforced by summary proceedings
42 pursuant to "the penalty enforcement law," N.J.S.2A:58-1 et seq. The
43 municipal court and the county superior court for the municipality in
44 which the property is situated shall have jurisdiction over proceedings
45 arising under this act. Process shall be in the nature of a summons or
46 warrant, and shall be issued upon the complaint of a local enforcement

1 agency or any other party in interest. Any money received as a result
2 of the proceedings shall be paid over to the chief financial officer of
3 the municipality and may be used by the governing body for any lawful
4 municipal purpose.

5
6 10. Each municipality whose tax collector and rent control board
7 incur expenses associated with administration of the tenant rebate
8 program, including preparing and distributing notices of property tax
9 reduction, contracting for computer services, and assisting owners,
10 their managing agents and tenants, may be reimbursed therefor upon
11 application to the director on forms provided for that purpose from
12 such State appropriations from the general fund as may be provided by
13 law. Such reimbursement, if made by the director, shall be limited to
14 \$5 per notice for the first 1,000 notices and \$2 each for all additional
15 notices.

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17 11. The director shall promulgate rules and regulations and
18 prescribe forms deemed necessary to implement P.L. , c. (C.)
19 (pending before the Legislature as this bill) pursuant to the provisions
20 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
21 et seq.).

22
23 12. Sections 1 through 7 and 9 through 11 (C.54:4-6.2 through
24 54:4-6.8) (C.54:4-6.10 through 6.12) are repealed.

25
26 13. This act shall take effect immediately.

27 28 29 STATEMENT

30
31 This bill replaces the "Tenants' Property Tax Rebate Act" with a
32 new tenant rebate program that levels the playing field between tenants
33 and rental property owners.

34 Specifically, this bill retains much of the original intent of the
35 current law and many of its substantive provisions. However, this bill
36 differs from the current law in the following major ways:

37 This bill directs the tax collector to notice owners of qualified real
38 rental property of property tax reductions or property tax increases
39 resulting from property tax appeal judgments so that property owners
40 can adjust the appropriate tenant rebate payments to reflect such tax
41 appeal judgments.

42 Also, the bill excludes owners of residential cooperatives, mutual
43 housing cooperatives, continuing care retirement communities,
44 commercial rental units, and owner-occupied structures of three units
45 or less from having to pay tenant rebates.

46 Last, the bill permits municipalities to deviate from the current

- 1 State standard of a 100% pass through of property tax reduction to
- 2 tenants by adopting a local rent control ordinance that establishes an
- 3 annual property tax reduction sharing factor that passes either 33% or
- 4 66% of property tax reductions through to tenants.
- 5
- 6
- 7 _____
- 8
- 9 Replaces current "Tenants' Property Tax Rebate Act" with a new
- 10 tenant rebate program.