

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1947

STATE OF NEW JERSEY

ADOPTED SEPTEMBER 19, 1996

Sponsored by Assemblymen KELLY and DORIA

1 AN ACT concerning property tax rebates to tenants and amending
2 P.L.1976, c.63.

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.1976, c.63 (C.54:4-6.3) is amended to read as
8 follows:

9 2. As used in this act unless the context clearly indicates a
10 different meaning:

11 a. "Qualified real rental property" means any building or structure
12 or complex of buildings or structures in which four or more housing
13 units are rented or leased or offered for rental or lease for residential
14 purposes except :

15 (1) hotels, motels or other guesthouses serving transient or
16 seasonal guests[, residents of];

17 (2) buildings or structures which are subject to an abatement
18 agreement under which reduced or no property taxes are paid on the
19 improvements pursuant to statute, notwithstanding that payments in
20 lieu of taxes are paid in accordance with the agreement;

21 (3) buildings or structures located in municipalities in which a rent
22 control ordinance which restricts the property owner from passing
23 through local property tax increases to tenants is in effect for the base
24 year and the current year;

25 (4) dwelling units in a residential cooperative [,] or mutual
26 housing corporation [or];

27 (5) dwelling units in a condominium;

28 (6) dwelling units in a continuing care retirement community [who
29 are entitled to a homestead rebate pursuant to section 1 of P.L.1976,
30 c.72 (C.54:4-3.80), and owner-occupied structures of three units or
31 less]; or

32 (7) dwelling units within residential health care facilities; assisted

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 living residences; facilities with a Class C license pursuant to
2 P.L.1979, c.496 (C.55:13B-1 et al.), the "Rooming and Boarding
3 House Act of 1979" or similar facilities for which occupancy is
4 predicated upon the receipt of medical, nursing or personal care
5 services for the residents and the cost thereof is included in the rent.

6 Owner occupation of a building shall not be a factor in whether a
7 building is qualified real rental property under P.L.1976, c.63
8 (C.54:4-6.2 et seq.).

9 b. "Property tax reduction" means the difference between the
10 amount of property tax paid or payable [in any year] on any qualified
11 real rental property[, exclusive of improvements not included in the
12 assessment on the real property for the base year, and the amount of
13 property tax paid in the base year, but such calculations for the
14 property tax reduction shall exclude reductions resulting from
15 judgments entered by county boards of taxation, the tax court, or by
16 courts of competent jurisdiction. "Property tax reduction" shall also
17 include any rebate or refund of school property taxes which may be
18 provided pursuant to P.L.1976, c.113. "Property tax reduction" shall
19 not include any amount in excess of that which is identified herein.
20 Any such amount shall be retained by the property owner] in the base
21 year, and the amount of property taxes paid or payable in the current
22 year if less than the amount of property taxes paid or payable in the
23 base year.

24 c. "Base year" means[, for qualified real rental property rented or
25 leased or offered for rent or lease on or after the effective date of this
26 act, the tax year prior to any year in which the property tax on that
27 property is decreased from the 1990 tax year or decreased from any
28 tax year since the 1990 tax year, whichever tax year results in the
29 largest property tax decrease] calendar year 1996.

30 If any of the following events occur, "base year" shall then mean:

31 (1) any calendar year after 1996 in which property taxes levied for
32 qualified real rental property exceed the property taxes levied for 1996
33 for that property;

34 (2) the first calendar year after 1996 during which qualified real
35 rental property is first offered for rent or lease;

36 (3) the first full calendar year after 1996 in which qualified real
37 rental property is no longer subject to a tax exemption or tax
38 abatement program;

39 (4) a calendar year subsequent to 1996 for which the property tax
40 calculation reflects an assessment reduction from the prior base year
41 assessment; or

42 (5) a calendar year subsequent to 1996 in which the property taxes
43 paid in the base year and the property taxes paid in the current year do
44 not reflect consistent budgetary and tax item components because
45 sewer, solid waste or similar services provided through a taxing entity
46 budget and reflected in the tax rate are changed to a separately billed

1 user fee.

2 d. "Assessment reduction" means a decrease in the amount of
3 assessed value of qualified real rental property resulting from an
4 agreement entered into with a municipal taxing authority, an
5 abatement, exemption, change in assessment imposed administratively
6 by a municipal tax assessor or county board of taxation, or a judgment
7 entered by a county board of taxation, the tax court, or by a court of
8 competent jurisdiction.

9 (cf: P.L.1991, c.65, s.1)

10

11 2. Section 4 of P.L. 1976, c. 63 (C.54:4-6.5) is amended to read
12 as follows:

13 4. a. At the time when municipal property tax bills are prepared
14 pursuant to R.S.54:4-64 [for the tax year 1977, and each year
15 thereafter,]the municipal tax collector shall compute the amount of
16 property tax reduction for the year for each property owner of
17 qualified real rental property and shall provide a notice to inform the
18 property owner receiving a property tax reduction of the amount
19 thereof and of [his] the owner's obligations under [this act]P.L. 1976,
20 c. 63 (C. 54:4-6.2 et seq.).

21 b. In computing the property tax reduction, if the current year
22 property tax calculation reflects an assessment reduction from a base
23 year assessment, other than as provided in subsection c. of this section,
24 no property tax reduction has occurred and no rebate shall be due or
25 payable for that property for the current tax year.

26 c. In the event a municipal-wide revaluation or reassessment is
27 implemented in the current tax year, the property tax reduction shall
28 be the difference between the amount of property tax paid or payable
29 in the current tax year and the amount of property tax paid in the base
30 year. The year in which a municipal-wide revaluation or reassessment
31 is implemented shall become the base year in any subsequent tax year.

32 d. The tax collector shall compute the property tax reduction in
33 accordance with any tax appeal judgments entered or tax appeal
34 stipulations filed with a county tax board or court of competent
35 jurisdiction as of the date of his calculation. If the tax collector
36 receives notice of the entry of a tax appeal judgment or the filing of a
37 stipulation with a county tax board or court of competent jurisdiction
38 after the initial property tax reduction notice has been mailed to the
39 property owner, he shall, within 30 working days, recalculate the
40 property tax reduction accordingly and provide a revised notice of tax
41 reduction to the property owner. For the purposes of this subsection,
42 "receives notice" shall mean the tax collector has been notified by the
43 owner of real property or the owner's agent, or otherwise made aware
44 of the judgment or stipulation. A copy of the notice or any revised
45 notice shall be provided to the rent leveling board, or similar agency
46 charged with regulating rents or, where no such board exists, retained

1 by the tax collector.
2 (cf: P.L.1977, c.81, s.3)

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4 3. Section 5 of P.L.1976, c.63 (C.54:4-6.6) is amended to read as
5 follows:

6 5. The property tax rebate for each tenant shall be computed by
7 the property owner [in the following manner:

8 The property tax reduction on the qualified real rental property for
9 the year shall be divided by the total annual rent for all dwelling units,
10 occupied or unoccupied, on such property for the said year to
11 determine the property tax rebate or credit as a fixed percentage of
12 rent for every tenant. The annual rent of each residential unit shall be
13 multiplied by such fixed percentage to determine the annual amount of
14 property tax rebate or credit for each such unit. However, a
15 municipality instead may provide by ordinance that the property tax
16 reduction for residential rental property shall be divided by the total
17 rentable square feet contained within all mobile home spaces or
18 residential rental units on such property to determine the annual
19 property tax rebate or credit per square foot for every residential unit
20 in the entire property. The square footage of each unit shall be
21 multiplied by such property tax rebate or credit per square foot to
22 determine the annual amount of property tax rebate or credit for each
23 residential unit. However where one or more residential rental units,
24 spaces or equivalent are occupied by the property owner or his
25 employees, the tax credit or rebate for the residential rental units on
26 such property shall be computed by first reducing the property tax
27 reduction by the proportion that the number of units occupied by the
28 property owner or his employees bears to the total number of
29 residential units on the property] by subtracting from the total
30 property tax reduction as calculated pursuant to section 4 of P.L.
31 1976, c. 63 (C.54:4-6.5) an amount equal to the proportion that
32 nonresidential rents and the rental value of the owner's or the owner's
33 employee's personal occupancy bears to total rental value, and then by
34 dividing the remaining property tax reduction among all residential
35 tenants in proportion to the rent each is required to pay.

36 (cf: P.L.1977, c.81, s.4)

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38 4. Section 6 of P.L.1976, c.63 (C.54:4-6.7) is amended to read as
39 follows:

40 6. The property tax rebate or credit for each dwelling unit shall be
41 paid to the tenant who was in residence of such unit [at the time each
42 rent payment is made] during the calendar year. The rebate shall be
43 paid monthly, except that the first rebate payment shall be cumulative
44 to the month following receipt of the notice of property tax reduction
45 pursuant to section 4 of P.L.1976, c.63 (C.54:4-6.5), and the last shall
46 be made by December 31; provided however, that if a notice is

1 received after November 1 of the tax year, the first rebate payment
2 need not be cumulative and the rebate may be payable in monthly
3 installments to the next following June 30. Such property tax reduction
4 shall, at the option of the owner, either be credited as a rent reduction
5 or paid directly to the tenant.

6 The amount of each monthly property tax rebate or credit shall be
7 equal to one twelfth of the annual amount of the rebate or credit
8 [multiplied by the percentage of annual rent payable at such time];
9 provided, however, that the amount of the rebate or credit due the
10 tenant at the time the rent is paid shall be rounded off such that any
11 amount less than \$0.50 shall be reduced to the next lower dollar and
12 any amount \$0.50 or higher shall be increased to the next higher
13 dollar. Rebates shall be paid to a tenant only for the number of
14 months during the calendar year the tenant has been in residence. A
15 landlord shall use his or her best efforts to obtain the forwarding
16 address of a tenant who is entitled to a rebate and who has moved
17 from the rental premises. A rebate need not be provided to a tenant
18 who is in arrears until the arrearage is satisfied, at which time the full
19 accrued rebate of that tenant shall be paid or credited.

20 An owner shall adjust the payment or crediting of a rebate
21 immediately upon the receipt of and in accordance with a revised
22 notice of property tax reduction pursuant to section 4 of P.L.1976,
23 c.63 (C.54:4-6.5); provided, however, that no amount of rebate
24 previously paid or credited may be recovered by the owner.

25 In the case of a lease terminated pursuant to P.L.1971, c.318
26 (C.46:8-9.1), any property tax rebate or credit due and owing prior to
27 that termination of the lease shall be paid to the executor or
28 administrator of the estate of the tenant or the surviving spouse of the
29 tenant terminating the lease.

30 (cf: P.L.1985, c.317, s.3)

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32 5. Section 9 of P.L.1976, c.63 (C.54:4-6.10) is amended to read
33 as follows:

34 9. The Director of the Division of Local Government Services
35 shall by regulation prescribe the procedures for computing property
36 tax reductions and rebates [in 1977 and thereafter], and the necessary
37 forms to be used for the notices required by this act and any additional
38 information [he] the director deems advisable to be provided in such
39 notices, and such other rules or regulations as [he] the director deems
40 necessary or advisable for the efficient administration and
41 implementation of the purposes and provisions of this act.

42 (cf: P.L.1976, c.63, s.9)

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44 6. Section 11 of P.L.1976, c.63 (C.54:4-6.12) is amended to read
45 as follows:

46 11. Any landlord who fails to provide property tax rebates to [his]

1 tenants in accordance with the provisions of this act, or who
2 knowingly and willfully fails to provide or post any notice,
3 certification, information or statement required by this act shall be
4 liable for a penalty of not more than \$100.00 for each offense. Such
5 penalty shall be collected and enforced by summary proceedings
6 pursuant to "the penalty enforcement law" (N.J.S.2A:58-1 et seq.).
7 The Superior Court and the municipal court of the municipality in
8 which the qualified real rental property is located shall have
9 jurisdiction over such proceedings. Process shall be in the nature of a
10 summons or warrant, and shall be issued upon the complaint of the
11 local enforcement agency[,] or any [other person] tenant of the
12 qualified real rental property. Any money received as a result of such
13 proceedings shall be paid over to the governing body of the
14 municipality in which the qualified real rental property is located [and
15 may be used by the governing body for any lawful municipal purpose].
16 (cf: P.L.1991, c.91, s.503)

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18 7. This act shall take effect the June 1 next following enactment.

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23 Excludes certain properties from Tenant Property Tax Rebate Act;
24 redefines property tax reduction.