

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1506

STATE OF NEW JERSEY

ADOPTED MARCH 20, 1997

Sponsored by Senators LYNCH and DiFRANCESCO

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 does not provide for an automatic increase in
23 the amount of rent permitted to be charged by a property owner upon
24 an increase in the amount of property tax levied upon the property is
25 in effect for the base year and the current year;

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

28 (5) dwelling units in a condominium, other than those dwelling
29 units which are occupied by qualified tenants under the "Tenant
30 Protection Act of 1992," P.L.1991, c.509 (C.2A:18-61.40 et al.);

31 (6) dwelling units in a continuing care retirement community [who
32 are entitled to a homestead rebate pursuant to section 1 of P.L.1976,

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 c.72 (C.54:4-3.80), and owner-occupied structures of three units or
2 less]; or

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

9 Owner occupation of a building shall not be a factor in whether a
10 building is qualified real rental property under P.L.1976, c.63 (C.54:4-
11 6.2 et seq.).

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

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

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

34 (1) any calendar year after 1996 in which property taxes levied for
35 qualified real rental property exceed the property taxes levied for 1996
36 for that property;

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

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

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

45 (5) a calendar year subsequent to 1996 in which the property taxes

1 paid in the base year and the property taxes paid in the current year do
2 not reflect consistent budgetary and tax item components because
3 sewer, solid waste or similar services provided through a taxing entity
4 budget and reflected in the tax rate are changed to a separately billed
5 user fee.

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

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

14
15 2. Section 4 of P.L.1976, c.63 (C.54:4-6.5) is amended to read as
16 follows:

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

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

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

36 d. The tax collector shall compute the property tax reduction in
37 accordance with any tax appeal judgments entered or tax appeal
38 stipulations filed with a county tax board or court of competent
39 jurisdiction as of the date of his calculation. If the tax collector
40 receives notice of the entry of a tax appeal judgment or the filing of a
41 stipulation with a county tax board or court of competent jurisdiction
42 after the initial property tax reduction notice has been mailed to the
43 property owner, he shall, within 30 working days, recalculate the
44 property tax reduction accordingly and provide a revised notice of tax
45 reduction to the property owner. For the purposes of this subsection,

1 "receives notice" shall mean the tax collector has been notified by the
2 owner of real property or the owner's agent, or otherwise made aware
3 of the judgment or stipulation. A copy of the notice or any revised
4 notice shall be provided to the rent leveling board, or similar agency
5 charged with regulating rents or, where no such board exists, retained
6 by the tax collector.

7 (cf: P.L.1977, c.81, s.3)

8

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

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

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

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

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

45 6. The property tax rebate or credit for each dwelling unit shall be

1 paid to the tenant who was in residence of such unit [at the time each
2 rent payment is made] during the calendar year. The rebate shall be
3 paid monthly, except that the first rebate payment shall be cumulative
4 to the month following receipt of the notice of property tax reduction
5 pursuant to section 4 of P.L.1976, c.63 (C.54:4-6.5), and the last shall
6 be made by December 31; provided however, that if a notice is
7 received after November 1 of the tax year, the first rebate payment
8 need not be cumulative and the rebate may be payable in monthly
9 installments to the next following June 30. Such property tax
10 reduction shall, at the option of the owner, either be credited as a rent
11 reduction or paid directly to the tenant.

12 The amount of each monthly property tax rebate or credit shall be
13 equal to one twelfth of the annual amount of the rebate or credit
14 [multiplied by the percentage of annual rent payable at such time];
15 provided, however, that the amount of the rebate or credit due the
16 tenant at the time the rent is paid shall be rounded off such that any
17 amount less than \$0.50 shall be reduced to the next lower dollar and
18 any amount \$0.50 or higher shall be increased to the next higher
19 dollar. Rebates shall be paid to a tenant only for the number of
20 months during the calendar year the tenant has been in residence. A
21 landlord shall use his or her best efforts to obtain the forwarding
22 address of a tenant who is entitled to a rebate and who has moved
23 from the rental premises.

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

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

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

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

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

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

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

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

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

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28 Excludes certain properties from Tenant Property Tax Rebate Act;
29 redefines property tax reduction.