

[First Reprint]

SENATE, No. 1893

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED FEBRUARY 15, 2018

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:

**Senator Gordon, Assemblyman Johnson, Assemblywoman Pintor Marin,
Assemblyman Zwicker, Assemblywoman Murphy, Assemblymen
DeAngelo, Schaer and Assemblywoman Pinkin**

SYNOPSIS

Authorizes municipality, county or school district to establish charitable funds for specific purposes; permits property tax credit for certain donations.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on April 5, 2018, with amendments.

(Sponsorship Updated As Of: 4/13/2018)

1 AN ACT concerning local government charitable fund ¹and spillover
 2 fund¹ management ^{1,1} and property tax credits and ¹deductions,¹
 3 supplementing Title 54 of the Revised Statutes ¹, and revising
 4 various parts of the statutory law¹.

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

8
 9 1. (New section) As used in P.L. , c. (C.) (pending
 10 before the Legislature as this bill):

11 “Annual ¹credit-eligible¹ donation cap” means the cap on the
 12 total value of local charitable donations that are eligible for a ¹local
 13 property¹ tax credit, as established pursuant to paragraph (1) of
 14 subsection d. of section 2 of P.L. , c. (C.) (pending
 15 before the Legislature as this bill).

16 “Charitable fund” means a fund established pursuant to section 2
 17 of P.L. , c. (C.) (pending before the Legislature as this
 18 bill).

19 ¹“Commissioner” means the Commissioner of the Department of
 20 Banking and Insurance.¹

21 “Director” means the Director of the Division of Local
 22 Government Services in the Department of Community Affairs.

23 ¹“Director of Taxation” means the Director of the Division of
 24 Taxation in the Department of Treasury.¹

25 “Fund administrator” means the official or entity designated
 26 pursuant to subsection b. of section 2 of P.L. , c. (C.)
 27 (pending before the Legislature as this bill), to be responsible for
 28 the collection, distribution, and administration of donations to
 29 charitable funds ¹, and who shall be an official serving as the
 30 custodian of public funds for the municipality, county, or school
 31 district establishing the charitable fund¹.

32 “Local charitable donation” means a donation ¹paid in money¹
 33 by, or on behalf of ¹[a] real¹ property owned by ¹[,]¹ a local
 34 property owner to a charitable fund established by a local unit.

35 “Local property owner” means a person ¹or entity¹ who owns
 36 ¹real¹ property within the county, municipality, or school district,
 37 ¹with a charitable fund¹ to which ¹[the person offers]¹ a local
 38 charitable donation ¹is made¹.

39 “Local unit” means a municipality, county, or school district.

40 ¹“Mortgagee” means the holder of a mortgage loan.¹

41 “Property tax credit” means the credit established pursuant to
 42 section 4 of P.L. , c. (C.) (pending before the Legislature
 43 as this bill).

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted April 5, 2018.

1 “Qualified donation” means a local charitable donation that
2 ¹qualifies the associated may qualify real¹ property ¹of the
3 donor¹ for a ¹property¹ tax credit established pursuant to section 4
4 of P.L. , c. (C.) (pending before the Legislature as this
5 bill).

6 ¹“Servicing organization” means a mortgagee or an agent of the
7 mortgagee, pursuant to a written agreement between the agent and
8 the mortgagee, which is responsible for one or more mortgage
9 escrow accounts.¹

10 “Spillover fund” means a fund established, pursuant to
11 subsection e. of section 2 of P.L. , c. (C.) (pending before
12 the Legislature as this bill), to temporarily ¹capture hold¹
13 donations to charitable funds that have reached their annual ¹credit-
14 eligible¹ donation cap.

15
16 2. (New section) a. A local unit may establish by ordinance, or
17 resolution, as appropriate, one or more charitable funds for specific
18 public purposes of ¹the that¹ local unit. A charitable fund shall
19 be ¹maintained held¹ in one or more bank accounts ¹in the name
20 of the local unit¹, and ¹shall be¹ kept separate from the other
21 accounts of the local unit. A charitable fund shall not be
22 administered jointly by more than one local unit. ¹All such
23 charitable funds, spillover funds, and the moneys deposited into
24 such funds shall be governed by the "Governmental Unit Deposit
25 Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.) to the same
26 extent as the establishing local unit.¹ All moneys deposited into a
27 charitable fund shall be expended exclusively for public purposes
28 ¹of the local unit that deposited such moneys¹ in accordance with
29 subsection d. of section 3 of P.L. , c. (C.) (pending before
30 the Legislature as this bill), and other applicable State law. ¹These
31 moneys shall be equivalent to tax revenues for the purposes of State
32 aid formulae, local unit revenue calculations, local unit bonding
33 capacity, and similar State or municipal computation, and shall be
34 immediately available to the establishing local unit upon request to
35 the fund administrator for the payment of budgeted and emergency
36 mandatory expenses, to include debt service.¹

37 b. The ordinance or resolution establishing a charitable fund
38 shall designate ¹a person or entity the official serving as the local
39 unit’s custodian of public funds¹ to serve as the fund administrator.
40 The fund administrator shall assume responsibility for the collection
41 ¹, administration,¹ and distribution of donations ¹dedicated made¹
42 to the charitable fund, and shall continually track the total of all
43 qualified donations with respect to a fiscal year. ¹The director may
44 promulgate regulations requiring additional or supplemental
45 bonding for a custodian of public funds that serves as a fund
46 administrator, except that the Commissioner of Education may

1 promulgate such regulations as he deems necessary with respect to
2 custodians of public funds for school districts.¹

3 c. A charitable fund shall have ¹**["a]** one or more¹ specified
4 public ¹**["purpose]** purposes¹. The specified public ¹**["purpose]**
5 purposes¹ shall be ¹**["materially narrower]** more limited¹ than the
6 general purposes of the local unit. The specified public ¹**["purpose]**
7 purposes¹ shall be described in ¹**["materials]** documents and
8 records¹ made publicly available ¹**["to the local community, and to**
9 **any other person who may wish to donate to the charitable fund]**¹.

10 d. (1) The ordinance or resolution establishing a charitable
11 fund shall establish an annual ¹credit-eligible¹ donation cap,
12 ¹**["which]** establishing the maximum amount of credit-eligible
13 moneys the fund may collect. The ordinance or resolution
14 also¹ shall limit the total amount of money ¹**["donated]** a person or
15 entity may donate¹ through local charitable donations to a particular
16 charitable fund ¹or combination of charitable funds¹ that may
17 qualify for a ¹local property¹ tax credit. The ordinance or
18 resolution establishing a charitable fund shall establish an initial
19 annual ¹credit-eligible¹ donation cap, and shall set an initial annual
20 limit on tax credit funding that shall be available as a result of local
21 charitable donations to the particular charitable fund. The annual
22 limit on ¹the¹ available ¹local property¹ tax credit funding shall
23 equal 90 percent of the annual ¹credit-eligible¹ donation cap, or a
24 different percentage as determined appropriate by the director. The
25 ordinance or resolution establishing a charitable fund ¹**["may]** shall¹
26 also limit the extent to which ¹**["a large]** an eligible¹ local charitable
27 donation on behalf of ¹**["an individual]** a specific real¹ property may
28 count against the annual ¹credit-eligible¹ donation cap. Both the
29 maximum amount of ¹local property¹ tax credit funding made
30 available, and the annual ¹credit-eligible¹ donation cap, shall be
31 established ¹**["in]** by¹ the ordinance or resolution adopted to
32 establish the charitable fund, but may be adjusted through
33 subsequent ordinances or resolutions, as applicable, of the
34 governing body of the local unit.

35 (2) The annual ¹credit-eligible¹ donation cap shall be
36 established prior to the beginning of each fiscal year. However,
37 with regard to any fiscal year that begins in calendar year 2018, the
38 amount of ¹local property¹ tax credits that may be ¹**["awarded]**
39 granted¹ for the remainder of calendar year 2018 shall be
40 established no later than the date on which ¹**["the]** each¹ charitable
41 fund begins to accept donations.

42 (3) The annual ¹credit-eligible¹ donation cap shall not be
43 construed to limit all donations ¹to the charitable fund¹. The annual
44 ¹credit-eligible¹ donation cap shall only limit the ¹amount of¹

1 donations that are ¹**["creditable"]** credit-eligible¹ in relation to
2 property tax payments.

3 ¹(4) The annual credit-eligible donation cap for a given year
4 shall be based upon the tax levy from the prior calendar year. The
5 annual credit-eligible donation cap established prior to the start of
6 the calendar year may not exceed 85 percent of the prior year
7 budget, unless otherwise authorized by the director. Upon
8 certification of a current-year budget tax levy, a local unit may
9 amend a charitable fund's credit-eligible donation cap to reflect the
10 estimate of the current year tax levy.¹

11 e. The ordinance or resolution establishing a charitable fund
12 may establish a spillover fund, which shall ¹**["capture"]** hold¹ local
13 charitable donations contributed after the annual ¹credit-eligible¹
14 donation cap ¹to a given fund¹ has been reached, and local
15 charitable donations ¹**["that the local unit has designated as too large**
16 **to be fully creditable"]** in excess of the maximum local charitable
17 donation amount that the local unit shall accept with respect to a
18 specific real property and still be credit-eligible. Any spillover fund
19 established hereunder shall be administered by the fund
20 administrator of the charitable fund. The ordinance or resolution
21 establishing a spillover fund shall designate approved uses for
22 spillover funds for which uses funds shall be remitted by the
23 spillover fund upon appropriation by the local unit's governing
24 body. Approved uses shall include, but are not limited to the
25 payment of debt service, funding of capital reserves and the reserve
26 for uncollected taxes, emergency expenses, and the local unit's
27 operating expenses. Moneys in the spillover fund shall be utilized
28 by the local unit solely for the budget year corresponding to the
29 year in which the taxpayer will receive the credit¹.

30
31 3. (New section) a. ¹**["Anyone"]** Any person or entity¹ may
32 donate to a charitable fund, regardless of property ownership or
33 location of residence ¹by directing the payment to the fund
34 administrator of a charitable fund of a local unit¹. A donation to a
35 charitable fund may be made ¹**["by or"]**¹ on behalf of a local property
36 owner by directing the payment to the ¹**["appropriate"]**¹ fund
37 administrator of a charitable fund of a local unit in which the local
38 property owner resides.

39 b. If a local property owner ¹**["intends to obtain a property tax**
40 **credit in association with a local charitable donation, the owner"]**
41 makes a donation to a local charitable fund that is eligible for a
42 property tax credit, that property owner¹ shall indicate ¹**["when**
43 **making"]** at the time of¹ the donation ¹**["which"]** the¹ specific parcel
44 of property ¹to which¹ the donation shall apply ¹**["to"]** in order for
45 such credit to issue¹. A donation may be credited ¹**["across"]** to¹
46 more than one ¹**["parcel"]** real property¹ in a manner indicated by the

1 local property owner. 1If credited to more than one real property,
2 the local property owner shall indicate the amount of the donation
3 intended to be applied to each real property. ¹

4 c. Following receipt of a local charitable donation, the fund
5 administrator shall:

6 (1) issue a receipt to the donor, confirming the amount of the
7 donation ¹**【**, and the size and anticipated timing of the associated
8 property tax credit **】** and the real property associated with the
9 donation¹;

10 (2) notify the donor ¹that,¹ in the event that the annual ¹credit-
11 eligible¹ donation cap has been reached, ¹**【**in order to inform the
12 donor that¹ **】** ¹**【**the donation is ¹**【**either being moved to the spillover
13 fund or is otherwise ¹**】** being held by the local unit ¹in escrow¹,
14 awaiting the donor's direction. Following such notification, the
15 fund administrator shall provide the donor with ¹**【**at least ¹**】** 60 days
16 ¹, or a lesser amount of time if so specified by the director,¹ to
17 direct the fund administrator to allocate the donation to another
18 charitable fund established by the local unit, or to rescind the
19 donation ¹, provided, however, that the donor's failure to provide
20 direction within the applicable timeframe shall result in the transfer
21 of the donation funds to the spillover fund or, if no spillover fund
22 has been established, in the return of the donation funds to the
23 donor¹; and

24 (3) notify the ¹**【**appropriate ¹municipal¹ tax collector ¹, and
25 chief financial officer or business administrator of the local unit,¹
26 within five business days of the amount of the donation and the
27 ¹**【**size ¹amount¹ of the credit made available as a result of the
28 donation. ¹Thereafter, the municipal tax collector shall notify the
29 donor of the amount of the available local property tax credit.¹

30 d. Charitable fund donations shall be used for the following
31 purposes:

32 (1) ¹for purposes as designated by the local unit pursuant to
33 section 2 of P.L. , c. (C.) (pending before the Legislature
34 as this bill);

35 (2)¹ the payment of any ¹administrative¹ fees ¹of the
36 municipality¹ that may be required by ¹**【**a tax collector ¹**】** the
37 municipality¹ pursuant to subsection g. of section 4 of P.L. ,
38 c. (C.) (pending before the Legislature as this bill); ¹and¹

39 ¹**【**(2) ¹(3) the remainder of the funds shall be used for¹ the
40 payment of administrative costs associated with the establishment
41 ¹and continued operation¹ of the fund ¹**【**; and

42 (3) the remainder of the funds shall be used for purposes
43 consistent with the specified charitable purpose of the fund, as
44 designated pursuant to subsection c. of section 2 of P.L. ,
45 c. (C.) (pending before the Legislature as this bill)¹.

1 e. In regard to the local property tax credit established pursuant
2 to section 4 of P.L. , c. (C.) (pending before the Legislature
3 as this bill), only local charitable donations made to a charitable
4 fund established by a local unit pursuant to section 2 of P.L. ,
5 c. (C.) (pending before the Legislature as this bill) are eligible
6 to be credited on the property tax bill.¹

7
8 4. (New section) a. For fiscal years beginning on or after
9 January 1, 2018, the tax collector shall allow a local property owner
10 a credit to be applied to property taxes as hereinafter set forth.

11 b. The credit shall be equal to 90 percent of the amount of local
12 charitable donations contributed on behalf of the owner's specified
13 ¹[parcel of] local real property to a charitable fund ¹established
14 pursuant to section 2 of P.L. , c. (C.) (pending before the
15 Legislature as this bill)¹ within the local unit, or a different
16 percentage as determined appropriate by the director ¹; provided,
17 however, that no credit shall issue to any owner of local real
18 property who owes local property tax or other delinquent municipal
19 charges at the time the donation to the charitable fund is made¹.

20 c. The tax collector shall apply the credit against the first
21 ¹local property tax bill with respect to the specified ¹[parcel of]
22 local real¹ property that is assessed on or after the fifth business day
23 following receipt of the notification sent pursuant to paragraph (3)
24 of subsection c. section 3 of P.L. , c. (C.) (pending before
25 the Legislature as this bill) ¹; provided, however, that each
26 municipality shall impose a deadline by which the fund
27 administrator shall supply the municipal tax collector and the
28 municipal finance officer, as appropriate, with all donation amounts
29 received and the amount of the credits to be made available as a
30 result of those donations, in order for the credits to be applied to the
31 next annual property tax bill. Subject to rules and regulations
32 promulgated by the director, the municipality shall have the sole
33 discretion as to whether to establish a deadline by which donations
34 made to a charitable fund established by a local unit may be
35 credited against an annual property tax bill that already has been
36 issued, in which case the taxpayer shall have access to a statement
37 showing how the credit has been applied¹.

38 d. If the total amount of all ¹local property¹ tax credits ¹[on]
39 available for¹ a ¹[parcel of] specific local real¹ property exceed the
40 amount of property tax ¹[owed for] due during¹ the ¹[property]
41 year in which the donation was made¹ to the local unit associated
42 with a charitable fund to which a local charitable donation was
43 made for the property, and the ¹municipal¹ tax collector is unable to
44 apply all or a portion of a credit enabled under this section against
45 the ¹local property tax¹ bill ¹for the property¹, then the ¹municipal¹
46 tax collector shall carry the remaining portion of the credit forward

1 to one or more future ¹local property tax¹ bills. However, no tax
 2 credit established under this section shall be carried forward for
 3 more than five years ¹from the date of the first local property tax
 4 bill after the date the donation was made. For those properties
 5 receiving a local property tax credit pursuant to section 2 of
 6 P.L. , c. (C.) (pending before the Legislature as this bill),
 7 any property tax refund owed shall be deducted from the total tax
 8 bill resulting in the carry-forward of the tax credit, up to the total
 9 tax credit amount, after which cash refunds shall be issued. No
 10 cash refund of property tax shall be issued until the amount of the
 11 property tax refund due exceeds the amount of tax credit issued for
 12 the property¹.

13 e. The ¹municipal¹ tax collector shall indicate on a ¹local
 14 property¹ tax bill the value of the tax credits that apply to the bill
 15 pursuant to this section, and the value of tax credits that, pursuant to
 16 this section, shall be applied to future bills.

17 f. The ¹municipal¹ tax collector shall apply a ¹local property¹
 18 tax credit ¹**[awarded]** granted¹ under this section to a ¹specified
 19 local¹ parcel of ¹real¹ property, not to an individual person ¹or
 20 entity¹.

21 g. ¹**[In association with]** For¹ each notification sent pursuant to
 22 paragraph (3) of subsection c. of section 3 of P.L. , c. (C.)
 23 (pending before the Legislature as this bill), the ¹**[tax collector]**
 24 municipality¹ may require a fee to be paid by the fund administrator
 25 to be allocated towards the ¹**[tax collector's]** municipality's¹
 26 administrative expenses ¹attributable to the municipal tax
 27 collector's office and the municipal finance officer's office¹. The
 28 amount collected by the ¹municipal¹ tax collector through such fees
 29 shall not be greater than ¹**[necessary]** two percent of the funds
 30 distributed for property tax credits¹ to compensate for reasonable
 31 expenses associated with the ¹municipal¹ tax collector's
 32 responsibilities under this section ¹, unless otherwise authorized by
 33 the director¹.

34
 35 5. (New section) The provisions of P.L. , c. (C.)
 36 (pending before the Legislature as this bill) shall not be construed to
 37 prohibit a municipality or county from accepting bequests, legacies,
 38 or gifts pursuant to N.J.S.40A:5-29, or ¹to¹ prevent a local unit
 39 from accepting charitable donations in accordance with any other
 40 legal authority.

41
 42 ¹6. (New section) a. Notwithstanding any State law or
 43 regulation or contract terms to the contrary, no mortgagee or
 44 servicing organization shall be entitled to hold a local property
 45 owner liable for electing to meet his or her obligations to a local
 46 unit by means of a charitable donation and resulting property tax

1 credit made and obtained in conformity with the provisions of
 2 P.L. , c. (C.) (pending before the Legislature as this
 3 bill).

4 b. Notwithstanding any State law, regulation, agreement, or
 5 contract terms to the contrary, no mortgagee shall be entitled to
 6 hold a servicing organization liable for complying with the election
 7 by a local property owner to meet his or her local real property tax
 8 due to a local unit by means of a charitable donation and resulting
 9 property tax credit made and obtained in conformity with the
 10 provisions of P.L. , c. (C.) (pending before the
 11 Legislature as this bill), including, but not limited to, actions a
 12 servicing organization takes to implement such election in
 13 accordance with P.L.1990, c.69 (C.17:16F-15 et seq.), and in
 14 accordance with any other applicable law or regulation.¹
 15

16 ¹**[6.] 7.**¹ Notwithstanding the provisions of the "Administrative
 17 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
 18 contrary, the State Treasurer ¹, the Director of the Division of
 19 Taxation, Commissioner of the Department of Banking and
 20 Insurance, Commissioner of Education,¹ and the Director of the
 21 Division of Local Government Services in the Department of
 22 Community Affairs may adopt immediately upon filing with the
 23 Office of Administrative Law such rules and regulations as ¹**[the**
 24 **State Treasurer or the director determine]** that official determines¹
 25 to be necessary to effectuate the purposes of this act ¹**[, which]** .
 26 Any¹ rules and regulations ¹so filed¹ shall be effective for a period
 27 not exceeding 360 days following the effective date of this act and
 28 may thereafter be amended, adopted, or readopted by ¹**[the State**
 29 **Treasurer or the director]** such official¹ in accordance with the
 30 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

31 a. The rules and regulations adopted by the ¹**[director]**
 32 Director of the Division of Local Government Services in the
 33 Department of Community Affairs¹ may include ¹, without
 34 limitation,¹ provisions to: (1) protect local units against the loss of
 35 property tax revenues that may apply to a local unit due to operation
 36 of the property tax levy cap attributable to receipt of charitable
 37 donations; (2) establish ¹**[standard operating]**¹ procedures for
 38 management of ¹the¹ charitable funds, and the establishment of
 39 appropriate timelines to coordinate the various responsibilities of
 40 fund administrators and tax collectors established under P.L. ,
 41 c. (C.) (pending before the Legislature as this bill); (3)
 42 provide guidance to tax collectors ¹**[on]** as to¹ when a tax bill is
 43 deemed assessed for the purposes of subsection c. of section 4 of
 44 P.L. , c. (C.) (pending before the Legislature as this bill);
 45 (4) provide guidance ¹**[for]** as to¹ how ¹**[mortgagees who pay**
 46 **property taxes through escrow accounts]** servicing organizations¹

1 shall ¹**[be notified]** implement the election of a local property
 2 owner to meet his or her obligation to a local unit and obtain
 3 resulting local property tax credits in accordance with P.L.1990,
 4 c.69 (C.17:16F-15 et seq.), including, but not limited to, provisions
 5 for notice to the servicing organization¹ of credits awarded under
 6 P.L. , c. (C.) (pending before the Legislature as
 7 this bill); ¹**[and]**¹ (5) adjust the percentage of the annual ¹credit-
 8 eligible¹ donation cap that may be credited against property tax
 9 payments pursuant to paragraph (1) of subsection d. of section 2 of
 10 P.L. , c. (C.) (pending before the Legislature as this bill), if
 11 deemed appropriate ¹; (6) establish standards for implementing
 12 local property tax credits for qualified charitable contributions
 13 toward a school district-established charitable fund where the
 14 municipality defers a portion of the school tax levy; and (7)
 15 harmonize to the extent necessary the provisions of P.L. ,
 16 c. (C.) (pending before the Legislature as this bill) with the
 17 provisions of the "Local Budget Law," N.J.S.40A:4-1 et seq., and
 18 the "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq¹.

19 b. The rules and regulations adopted by the State Treasurer
 20 may include ¹, without limitation,¹ guidance ¹**[on]** as to¹ how
 21 qualified donations made pursuant to P.L. , c. (C.)
 22 (pending before the Legislature as this bill) shall impact payments
 23 allocated pursuant to the "Homestead Property Tax Credit Act,"
 24 P.L.1990, c.61 (C.54:4-8.57 et seq.), the "Property Tax Deduction
 25 Act," P.L.1996, c.60 (C.54A:3A-15 et seq.), and the homestead
 26 property tax reimbursement program, P.L.1997, c.348 (C.54:4-8.67
 27 et al.).

28

29 ¹**[7.] 8.¹** In addition to the information required by R.S.54:4-
 30 65, a property tax bill shall have printed thereon the information
 31 required pursuant to subsection e. of section 4 of P.L. ,
 32 c. (C.) (pending before the Legislature as this bill).

33

34 ¹9. Section 1 of P.L.1970, c.236 (C.17:9-41) is amended to read
 35 as follows:

36 1. In this act, unless the context otherwise requires:

37 "Adequately capitalized" means, with respect to a public
 38 depository, "adequately capitalized" as the term is defined in
 39 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
 40 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
 41 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
 42 U.S.C. s.1790d(c)), as applicable, and their implementing
 43 regulations;

44 "Association" means any State or federally chartered savings and
 45 loan association;

46 "Capital funds" means (a) in the case of a State bank or national
 47 bank or capital stock savings bank, the aggregate of the capital

1 stock, surplus and undivided profits of the bank or savings bank; (b)
2 in the case of a mutual savings bank, the aggregate of the capital
3 deposits, if any, and the surplus of the savings bank; (c) in the case
4 of an association, the aggregate of all reserves required by any law
5 or regulation, and the undivided profits, if any, of the association;
6 and (d) in the case of a credit union, the aggregate of all reserves
7 required by any law or regulation, and the capital deposits of the
8 credit union;

9 "Commissioner" means the Commissioner of Banking and
10 Insurance;

11 "Credit union" means a credit union as defined by section 2 of
12 P.L.1984, c.171 (C.17:13-80);

13 "Critically undercapitalized" means, with respect to a public
14 depository, "critically undercapitalized" as the term is defined in
15 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
16 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
17 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
18 U.S.C. s.1790d(c)), as applicable, and their implementing
19 regulations;

20 "Defaulting depository" means a public depository as to which
21 an event of default has occurred;

22 "Eligible collateral" means:

23 (a) Obligations of any of the following:

24 (1) The United States;

25 (2) Any agency or instrumentality of the United States,
26 including, but not limited to, the Student Loan Marketing
27 Association, the Government National Mortgage Association, the
28 Federal Home Loan Mortgage Corporation, the Federal National
29 Mortgage Association, the Federal Housing Administration and the
30 Small Business Administration;

31 (3) The State of New Jersey or any of its political subdivisions;

32 (4) Any other governmental unit; or

33 (b) Obligations guaranteed or insured by any of the following,
34 to the extent of that insurance or guaranty:

35 (1) The United States;

36 (2) Any agency or instrumentality of the United States,
37 including, but not limited to, the Student Loan Marketing
38 Association, the Government National Mortgage Association, the
39 Federal Home Loan Mortgage Corporation, the Federal National
40 Mortgage Association, the Federal Housing Administration and the
41 Small Business Administration;

42 (3) The State of New Jersey or any of its political subdivisions;
43 or

44 (c) Obligations now or hereafter authorized by law as security
45 for public deposits;

46 (d) Obligations in which the State, political subdivisions of the
47 State, their officers, boards, commissions, departments and agencies

1 may invest pursuant to an express authorization under any law
2 authorizing the issuance of those obligations;

3 (e) Obligations, letters of credit, or other securities or evidence
4 of indebtedness constituting the direct and general obligation of a
5 federal home loan bank or federal reserve bank; or

6 (f) Any other obligations as may be approved by the
7 commissioner by regulation or by specific approval;

8 "Event of default" means issuance of an order of a supervisory
9 authority or of a receiver restraining a public depository from
10 making payments of deposit liabilities;

11 "Governmental unit" means any county, municipality, school
12 district or any public body corporate and politic created or
13 established under any law of this State by or on behalf of any one or
14 more counties or municipalities, or any board, commission,
15 department or agency of any of the foregoing having custody of
16 funds or any charitable funds established pursuant to section 2 of
17 P.L. , c. (C.) (pending before the Legislature as this bill),
18 or spillover funds established pursuant to subsection e. of section 2
19 of P.L. , c. (C.) (pending before the Legislature as this bill);

20 "Maximum liability" of a public depository means, with respect
21 to any event of default, a sum equal to 4% of the average daily
22 balance of collected public funds held on deposit by the depository
23 during the three-month period ending on the last day of the month
24 immediately preceding the occurrence of the event of default that
25 exceed the amount of such public fund deposits that are insured by
26 the Federal Deposit Insurance Corporation, the National Credit
27 Union Share Insurance Fund, or by any other agency of the United
28 States which insures deposits made in public depositories;

29 "Net deposit liability" means the deposit liability of a defaulting
30 depository to a governmental unit after deduction of any deposit
31 insurance with respect thereto;

32 "Obligations" means any bonds, notes, capital notes, bond
33 anticipation notes, tax anticipation notes, temporary notes, loan
34 bonds, mortgage related securities, or mortgages;

35 "Public depository" means a State or federally chartered bank,
36 savings bank, credit union, or an association located in this State or
37 a state or federally chartered bank, savings bank, credit union, or an
38 association located in another state with a branch office in this
39 State, the deposits of which are insured by the Federal Deposit
40 Insurance Corporation or the National Credit Union Share Insurance
41 Fund and which receives or holds public funds on deposit;

42 "Public funds" means the funds of any governmental unit,
43 including but not limited to moneys possessed or held by charitable
44 funds established pursuant to section 2 of P.L. , c. (C.)
45 (pending before the Legislature as this bill), spillover funds
46 established pursuant to subsection e. of section 2 of P.L. ,
47 c. (C.) (pending before the Legislature as this bill), or local
48 charitable donations as defined in section 1 of P.L. ,

1 c. (C.) (pending before the Legislature as this bill) or in
2 escrow related thereto, but does not include deposits held by the
3 State of New Jersey Cash Management Fund;

4 "Significantly undercapitalized" means, with respect to a public
5 depository, "significantly undercapitalized" as the term is defined in
6 subsection (b) of section 38 of the "Federal Deposit Insurance Act,"
7 Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section
8 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12
9 U.S.C. s.1790d(c)), as applicable, and their implementing
10 regulations;

11 "Undercapitalized" means, with respect to a public depository,
12 "undercapitalized" as the term is defined in subsection (b) of section
13 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C.
14 s.1831o(b)), or subsection (c) of section 216 of title II of the
15 "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)),
16 as applicable, and their implementing regulations;

17 "Valuation date" means March 31, June 30, September 30, and
18 December 31;

19 "Well capitalized" means, with respect to a public depository,
20 "well capitalized" as the term is defined in subsection (b) of section
21 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C.
22 s.1831o(b)), or subsection (c) of section 216 of title II of the
23 "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)),
24 as applicable, and their implementing regulations.¹

25 (cf: P.L.2011, c.108, s.1)

26

27 ¹10. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to
28 read as follows:

29 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-
30 8.58 through 54:4-8.66) and sections 3 and 14 through 16 of
31 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

32 "Annualized rent" means, for tax years 2004 and thereafter, the
33 rent paid by the claimant during the tax year for which the
34 homestead rebate is being claimed, and if paid for a lease term
35 covering less than the full tax year, the actual rent paid for the days
36 during the term of the lease of the homestead proportionalized as if
37 the term of the lease had been for 365 days of the tax year;

38 "Arm's-length transaction" means a transaction in which the
39 parties are dealing from equal bargaining positions, neither party is
40 subject to the other's control or dominant influence, and the
41 transaction is entirely legal in all respects and is treated with
42 fairness and integrity;

43 "Condominium" means the form of real property ownership
44 provided for under the "Condominium Act," P.L.1969, c.257
45 (C.46:8B-1 et seq.);

46 "Continuing care retirement community" means a residential
47 facility primarily for retired persons where lodging and nursing,
48 medical or other health related services at the same or another

1 location are provided as continuing care to an individual pursuant to
2 an agreement effective for the life of the individual or for a period
3 greater than one year, including mutually terminable contracts, and
4 in consideration of the payment of an entrance fee with or without
5 other periodic charges;

6 "Cooperative" means a housing corporation or association which
7 entitles the holder of a share or membership interest thereof to
8 possess and occupy for dwelling purposes a house, apartment,
9 manufactured or mobile home or other unit of housing owned or
10 leased by the corporation or association, or to lease or purchase a
11 unit of housing constructed or to be constructed by the corporation
12 or association;

13 "Director" means the Director of the Division of Taxation in the
14 Department of the Treasury;

15 "Dwelling house" means any residential property assessed as real
16 property which consists of not more than four units, of which not
17 more than one may be used for commercial purposes, but shall not
18 include a unit in a condominium, cooperative, horizontal property
19 regime or mutual housing corporation;

20 "Homestead" means:

21 a. (1) a dwelling house and the land on which that dwelling
22 house is located which constitutes the place of the claimant's
23 domicile and is owned and used by the claimant as the claimant's
24 principal residence;

25 (2) a dwelling house situated on land owned by a person other
26 than the claimant which constitutes the place of the claimant's
27 domicile and is owned and used by the claimant as the claimant's
28 principal residence;

29 (3) a condominium unit or a unit in a horizontal property regime
30 which constitutes the place of the claimant's domicile and is owned
31 and used by the claimant as the claimant's principal residence;

32 (4) for purposes of this definition as provided in this subsection,
33 in addition to the generally accepted meaning of owned or
34 ownership, a homestead shall be deemed to be owned by a person if
35 that person is a tenant for life or a tenant under a lease for 99 years
36 or more and is entitled to and actually takes possession of the
37 homestead under an executory contract for the sale thereof or under
38 an agreement with a lending institution which holds title as security
39 for a loan, or is a resident of a continuing care retirement
40 community pursuant to a contract for continuing care for the life of
41 that person which requires the resident to bear a share of the
42 property taxes that are assessed upon the continuing care retirement
43 community, if a share is attributable to the unit that the resident
44 occupies;

45 b. a unit in a cooperative or mutual housing corporation which
46 constitutes the place of domicile of a residential shareholder or
47 lessee therein, or of a lessee, or shareholder who is not a residential

1 shareholder therein, and which is used by the claimant as the
2 claimant's principal residence; and

3 c. a unit of residential rental property which unit constitutes the
4 place of the claimant's domicile and is used by the claimant as the
5 claimant's principal residence;

6 "Horizontal property regime" means the form of real property
7 ownership provided for under the "Horizontal Property Act,"
8 P.L.1963, c.168 (C.46:8A-1 et seq.);

9 "Gross income" means all New Jersey gross income required to
10 be reported pursuant to the "New Jersey Gross Income Tax Act,"
11 N.J.S.54A:1-1 et seq., other than income excludable from the gross
12 income tax return, but before reduction thereof by any applicable
13 exemptions, deductions and credits, received during the taxable
14 year by the owner or residential shareholder in, or lessee of, a
15 homestead;

16 "Manufactured home" or "mobile home" means a unit of housing
17 which:

18 (1) Consists of one or more transportable sections which are
19 substantially constructed off site and, if more than one section, are
20 joined together on site;

21 (2) Is built on a permanent chassis;

22 (3) Is designed to be used, when connected to utilities, as a
23 dwelling on a permanent or nonpermanent foundation; and

24 (4) Is manufactured in accordance with the standards
25 promulgated for a manufactured home by the Secretary of the
26 United States Department of Housing and Urban Development
27 pursuant to the "National Manufactured Housing Construction and
28 Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et
29 seq.) and the standards promulgated for a manufactured or mobile
30 home by the commissioner pursuant to the "State Uniform
31 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.);

32 "Mobile home park" means a parcel of land, or two or more
33 parcels of land, containing no fewer than 10 sites equipped for the
34 installation of manufactured or mobile homes, where these sites are
35 under common ownership and control for the purpose of leasing
36 each site to the owner of a manufactured or mobile home for the
37 installation thereof, and where the owner or owners provide
38 services, which are provided by the municipality in which the park
39 is located for property owners outside the park, which services may
40 include but shall not be limited to:

41 (1) The construction and maintenance of streets;

42 (2) Lighting of streets and other common areas;

43 (3) Garbage removal;

44 (4) Snow removal; and

45 (5) Provisions for the drainage of surface water from home sites
46 and common areas;

47 "Mutual housing corporation" means a corporation not-for-profit,
48 incorporated under the laws of this State on a mutual or cooperative

1 basis within the scope of section 607 of the Lanham Act (National
2 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
3 seq.), as amended, which acquired a National Defense Housing
4 Project pursuant to that act;

5 "Principal residence" means a homestead actually and
6 continually occupied by a claimant as the claimant's permanent
7 residence, as distinguished from a vacation home, property owned
8 and rented or offered for rent by the claimant, and other secondary
9 real property holdings;

10 "Property tax" means payments to a municipality based upon an
11 assessment made by the municipality upon real property on an ad
12 valorem basis on land and improvements, and shall include the
13 amount of property tax credit as defined in section 1 of P.L. _____,
14 c. (C. _____) (pending before the Legislature as this bill), but shall
15 not include payments made in lieu of taxes;

16 "Rent" means the amount due in an arm's-length transaction
17 solely for the right of occupancy of a homestead that is a unit of
18 residential rental property. Rent shall not include any amount paid
19 under the federal Housing Choice Voucher (Section 8) Program or
20 paid as a rental assistance grant under section 1 of P.L.2004, c.140
21 (C.52:27D-287.1). If the director finds that the parties in a rental
22 transaction have not dealt with each other in an arm's-length
23 transaction and that the rent due was excessive, the director may,
24 for purposes of the homestead rebate claim, adjust the rent claimed
25 in the homestead rebate application to a reasonable amount of rent;

26 "Rent constituting property taxes" means 18% of the rent paid by
27 the homestead rebate claimant during the tax year on a unit of
28 residential rental property which constitutes the claimant's
29 homestead, and in the case of a manufactured home or mobile home
30 in a mobile home park which constitutes the claimant's homestead
31 means 18% of the site fee paid by the claimant during the tax year
32 to the owner of the mobile home park. Provided however, that for
33 tax year 2004 and for each tax year thereafter, rent constituting
34 property taxes shall equal 18% of annualized rent, and in the case of
35 a manufactured home or mobile home in a mobile home park rent
36 constituting property taxes shall equal 18% of a similarly
37 annualized site fee;

38 "Resident" means an individual:

39 a. who is domiciled in this State, unless he maintains no
40 permanent place of abode in this State, maintains a permanent place
41 of abode elsewhere, and spends in the aggregate no more than 30
42 days of the tax year in this State; or

43 b. who is not domiciled in this State but maintains a permanent
44 place of abode in this State and spends in the aggregate more than
45 183 days of the tax year in this State, unless the individual is in the
46 Armed Forces of the United States;

47 "Residential rental property" means:

1 a. any building or structure or complex of buildings or
2 structures in which dwelling units are rented or leased or offered for
3 rental or lease for residential purposes;

4 b. a rooming house, hotel or motel, if the rooms constituting
5 the homestead are equipped with kitchen and bathroom facilities;

6 c. any building or structure or complex of buildings or
7 structures constructed under the following sections of the National
8 Housing Act (Pub.L.73-479) as amended and supplemented: section
9 202, Housing Act of 1959 (Pub.L.86-372) and as subsequently
10 amended, section 231, Housing Act of 1959; and

11 d. a site in a mobile home park equipped for the installation of
12 manufactured or mobile homes, where these sites are under
13 common ownership and control for the purpose of leasing each site
14 to the owner of a manufactured or mobile home for the installation
15 thereof;

16 "Residential shareholder in a cooperative or mutual housing
17 corporation" means a tenant or holder of a membership interest in
18 that cooperative or corporation, whose residential unit therein
19 constitutes the tenant or holder's domicile and principal residence,
20 and who may deduct real property taxes for purposes of federal
21 income tax pursuant to section 216 of the federal Internal Revenue
22 Code of 1986, 26 U.S.C. s.216; and

23 "Tax year" means the calendar year in which property taxes are
24 due and payable.¹

25 (cf: P.L.2007, c.62, s.21)

26

27 ¹11. Section 1 of P.L.1997, c.348 (C.54:4-8.67) is amended to
28 read as follows:

29 1. As used in this act:

30 "Base year" means, in the case of a person who is an eligible
31 claimant on or before December 31, 1997, the tax year 1997; and in
32 the case of a person who first becomes an eligible claimant after
33 December 31, 1997, the tax year in which the person first becomes
34 an eligible claimant. In the case of an eligible claimant who
35 subsequently moves from the homestead for which the initial
36 eligibility was established, the base year shall be the first full tax
37 year during which the person resides in the new homestead.
38 Provided however, a base year for an eligible claimant after such a
39 move shall not apply to tax years commencing prior to January 1,
40 2009.

41 "Commissioner" means the Commissioner of Community
42 Affairs.

43 "Director" means the Director of the Division of Taxation.

44 "Condominium" means the form of real property ownership
45 provided for under the "Condominium Act," P.L.1969, c.257
46 (C.46:8B-1 et seq.).

47 "Cooperative" means a housing corporation or association which
48 entitles the holder of a share or membership interest thereof to

1 possess and occupy for dwelling purposes a house, apartment or
2 other unit of housing owned or leased by the corporation or
3 association, or to lease or purchase a unit of housing constructed or
4 to be constructed by the corporation or association.

5 "Disabled person" means an individual receiving monetary
6 payments pursuant to Title II of the federal Social Security Act (42
7 U.S.C. s.401 et seq.) on December 31, 1998, or on December 31 in
8 all or any part of the year for which a homestead property tax
9 reimbursement under this act is claimed.

10 "Dwelling house" means any residential property assessed as real
11 property which consists of not more than four units, of which not
12 more than one may be used for commercial purposes, but shall not
13 include a unit in a condominium, cooperative, horizontal property
14 regime or mutual housing corporation.

15 "Eligible claimant" means a person who:

16 is 65 or more years of age, or who is a disabled person;

17 is an owner of a homestead, or the lessee of a site in a mobile
18 home park on which site the applicant owns a manufactured or
19 mobile home;

20 has an annual income of less than \$17,918 in tax year 1998, less
21 than \$18,151 in tax year 1999, or less than \$37,174 in tax year
22 2000, if single, or, if married, whose annual income combined with
23 that of the spouse is less than \$21,970 in tax year 1998, less than
24 \$22,256 in tax year 1999, or less than \$45,582 in tax year 2000,
25 which income eligibility limits for single and married persons shall
26 be subject to adjustments in tax years 2001 through 2006 pursuant
27 to section 9 of P.L.1997, c.348 (C.54:4-8.68);

28 has an annual income of \$60,000 or less in tax year 2007,
29 \$70,000 or less in tax year 2008, or \$80,000 or less in tax year
30 2009, if single or married, which income eligibility limits shall be
31 subject to adjustments in subsequent tax years pursuant to section 9
32 of P.L.1997, c.348 (C.54:4-8.68);

33 as a renter or homeowner, has made a long-term contribution to
34 the fabric, social structure and finances of one or more communities
35 in this State, as demonstrated through the payment of property taxes
36 directly, or through rent, on any homestead or rental unit used as a
37 principal residence in this State for at least 10 consecutive years at
38 least three of which as owner of the homestead for which a
39 homestead property tax reimbursement is sought prior to the date
40 that an initial application for a homestead property tax
41 reimbursement is filed. A person who has been an eligible claimant
42 for a previous tax year shall qualify as an eligible claimant
43 beginning the second full tax year following a move to another
44 homestead in New Jersey, despite not meeting the three-year
45 minimum residency and ownership requirement required for initial
46 claimants under this paragraph; provided that the person satisfies
47 the income eligibility limits for the tax year. Provided however,

1 eligibility beginning in a second full tax year after such a move
2 shall not apply to tax years commencing prior to January 1, 2010.

3 "Homestead" means:

4 a dwelling house and the land on which that dwelling house is
5 located which constitutes the place of the eligible claimant's
6 domicile and is owned and used by the eligible claimant as the
7 eligible claimant's principal residence;

8 a site in a mobile home park equipped for the installation of
9 manufactured or mobile homes, where these sites are under
10 common ownership and control for the purpose of leasing each site
11 to the owner of a manufactured or mobile home for the installation
12 thereof and such site is used by the eligible claimant as the eligible
13 claimant's principal residence;

14 a dwelling house situated on land owned by a person other than
15 the eligible claimant which constitutes the place of the eligible
16 claimant's domicile and is owned and used by the eligible claimant
17 as the eligible claimant's principal residence;

18 a condominium unit or a unit in a horizontal property regime or a
19 continuing care retirement community which constitutes the place
20 of the eligible claimant's domicile and is owned and used by the
21 eligible claimant as the eligible claimant's principal residence.

22 In addition to the generally accepted meaning of "owned" or
23 "ownership," a homestead shall be deemed to be owned by a person
24 if that person is a tenant for life or a tenant under a lease for 99
25 years or more, is entitled to and actually takes possession of the
26 homestead under an executory contract for the sale thereof or under
27 an agreement with a lending institution which holds title as security
28 for a loan, or is a resident of a continuing care retirement
29 community pursuant to a contract for continuing care for the life of
30 that person which requires the resident to bear, separately from any
31 other charges, the proportionate share of property taxes attributable
32 to the unit that the resident occupies;

33 a unit in a cooperative or mutual housing corporation which
34 constitutes the place of domicile of a residential shareholder or
35 lessee therein, or of a lessee or shareholder who is not a residential
36 shareholder therein, which is used by the eligible claimant as the
37 eligible claimant's principal residence.

38 "Homestead property tax reimbursement" means payment of the
39 difference between the amount of property tax or site fee
40 constituting property tax due and paid in any year on any
41 homestead, exclusive of improvements not included in the
42 assessment on the real property for the base year, and the amount of
43 property tax or site fee constituting property tax due and paid in the
44 base year, when the amount paid in the base year is the lower
45 amount; but such calculations shall be reduced by any current year
46 property tax reductions or reductions in site fees constituting
47 property taxes resulting from judgments entered by county boards
48 of taxation or the State Tax Court.

1 "Horizontal property regime" means the form of real property
2 ownership provided for under the "Horizontal Property Act,"
3 P.L.1963, c.168 (C.46:8A-1 et seq.).

4 "Manufactured home" or "mobile home" means a unit of housing
5 which:

6 (1) Consists of one or more transportable sections which are
7 substantially constructed off site and, if more than one section, are
8 joined together on site;

9 (2) Is built on a permanent chassis;

10 (3) Is designed to be used, when connected to utilities, as a
11 dwelling on a permanent or nonpermanent foundation; and

12 (4) Is manufactured in accordance with the standards
13 promulgated for a manufactured home by the Secretary of the
14 United States Department of Housing and Urban Development
15 pursuant to the "National Manufactured Housing Construction and
16 Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et
17 seq.) and the standards promulgated for a manufactured or mobile
18 home by the commissioner pursuant to the "State Uniform
19 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.).

20 "Mobile home park" means a parcel of land, or two or more
21 parcels of land, containing no fewer than 10 sites equipped for the
22 installation of manufactured or mobile homes, where these sites are
23 under common ownership and control for the purpose of leasing
24 each site to the owner of a manufactured or mobile home for the
25 installation thereof, and where the owner or owners provide
26 services, which are provided by the municipality in which the park
27 is located for property owners outside the park, which services may
28 include but shall not be limited to:

29 (1) The construction and maintenance of streets;

30 (2) Lighting of streets and other common areas;

31 (3) Garbage removal;

32 (4) Snow removal; and

33 (5) Provisions for the drainage of surface water from home sites
34 and common areas.

35 "Mutual housing corporation" means a corporation not-for-profit,
36 incorporated under the laws of this State on a mutual or cooperative
37 basis within the scope of section 607 of the Langham Act (National
38 Defense Housing), Pub.L.849, (42 U.S.C. s.1521 et seq.), as
39 amended, which acquired a National Defense Housing Project
40 pursuant to that act.

41 "Income" means income as determined pursuant to P.L.1975,
42 c.194 (C.30:4D-20 et seq.).

43 "Principal residence" means a homestead actually and
44 continually occupied by an eligible claimant as his or her permanent
45 residence, as distinguished from a vacation home, property owned
46 and rented or offered for rent by the claimant, and other secondary
47 real property holdings.

1 "Property tax" means the general property tax due and paid as set
2 forth in this section, and shall include the amount of property tax
3 credit as defined in section 1 of P.L. , c. (C.) (pending
4 before the Legislature as this bill), on a homestead, but does not
5 include special assessments and interest and penalties for delinquent
6 taxes. For the sole purpose of qualifying for a benefit under
7 P.L.1997, c.348 (C.54:4-8.67 et seq.), property taxes paid by June 1
8 of the year following the year for which the benefit is claimed will
9 be deemed to be timely paid.

10 "Site fee constituting property tax" means 18 percent of the
11 annual site fee paid or payable to the owner of a mobile home park.

12 "Tax year" means the calendar year in which a homestead is
13 assessed and the property tax is levied thereon and it means the
14 calendar year in which income is received or accrued.¹

15 (cf: P.L.2012, c.17, s.431)

16
17 ¹12. R.S.54:4-66 is amended to read as follows:

18 54:4-66. a. Taxes for municipalities operating under the
19 calendar fiscal year shall be payable the first installment as
20 hereinafter provided on February 1, the second installment on May
21 1, the third installment on August 1 and the fourth installment on
22 November 1, after which dates if unpaid, **[they]** after subtracting
23 the amount of property tax credit as defined in section 1 of P.L. ,
24 c. (C.) (pending before the Legislature as this bill), the taxes
25 shall become delinquent and remain delinquent until such time as
26 all unpaid taxes, including taxes and other liens subsequently due
27 and unpaid, together with interest have been fully paid and
28 satisfied, which payment and satisfaction may be by property tax
29 credit as defined in section 1 of P.L. , c. (C.) (pending
30 before the Legislature as this bill);

31 b. From and after the respective dates hereinbefore provided
32 for taxes to become delinquent, the taxpayer or property assessed
33 shall be subject to the interest and penalties hereinafter prescribed;

34 c. The dates hereinbefore provided for payment of the first and
35 second installments of taxes being before the true amount of the tax
36 will have been determined, the amount to be payable as each of the
37 first two installments shall be one-quarter of the total tax finally
38 levied against the same property or taxpayer for the preceding year
39 or, if directed to do so for the tax year by resolution of the
40 municipal governing body, one-half of the tax levied for the second
41 half of the preceding tax year, as appropriate; and the amount to be
42 payable for the third and fourth installments shall be the full tax as
43 levied for the current year, less the amount charged as the first and
44 second installments; the amount thus found to be payable as the last
45 two installments shall be divided equally for and as each
46 installment. An appropriate adjustment by way of discount shall be
47 made, if it shall appear that the total of the first and second

1 installments exceeded one-half of the total tax as levied for the
2 year;

3 d. (Deleted by amendment, P.L.1994, c.72).

4 e. Taxes and applicable property tax credit, as defined in
5 section 1 of P.L. , c. (C.) (pending before the Legislature
6 as this bill), may be received and credited as payments at any time,
7 even prior to the dates hereinbefore fixed for payment, from the
8 property owners, their agents or lien holders; however, no interest
9 shall accrue until the delinquency date. Up to and including the
10 payment date for each quarter, priority of payment shall be given to
11 the property owner when third party tax liens exist against the
12 property.

13 f. Notwithstanding any law to the contrary, local property
14 taxes due to a local unit shall be considered fully paid and satisfied
15 if, with respect to that local unit, the amount of taxes paid for a
16 specific local real property plus the amount of property tax credit as
17 defined in section 1 of P.L. , c. (C.) (pending before the
18 Legislature as this bill) applicable to that local real property equals
19 or exceeds the amount of local property tax due.¹

20 (cf: P.L.1997, c.99, s.2)

21

22 ¹13. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to
23 read as follows:

24 2. Taxes in municipalities operating under the State fiscal year
25 shall be payable and shall be delinquent pursuant to the following
26 provisions:

27 a. Taxes shall be payable in the first installment as hereinafter
28 provided on February 1, the second installment on May 1, the third
29 installment on August 1 and the fourth installment on November 1,
30 after which dates if unpaid, **[they]** after subtracting the amount of
31 property tax credit as defined in section 1 of P.L. , c. (C.)
32 (pending before the Legislature as this bill), from the total local
33 property taxes applicable to the local real property taxed, local
34 property taxes due shall become delinquent and remain delinquent
35 until such time as all unpaid taxes, including taxes and other liens
36 subsequently due and unpaid, together with interest have been fully
37 paid and satisfied;

38 b. From and after the respective dates hereinbefore provided
39 for taxes to become delinquent, the taxpayer or property assessed
40 shall be subject to the penalties hereinafter prescribed;

41 c. The following terms and phrases shall have the meaning
42 defined below when calculating taxes under this section:

43 "Assessed value" means the net valuation taxable of each parcel
44 of property in a municipality in the current tax year.

45 "Billing percentage" is used to calculate the amount required to
46 meet municipal and non-municipal fiscal obligations for the first six
47 months of the calendar year.

48 "Calendar year" means the current calendar year.

1 "Certification of tax billing levies" is the form and associated
2 procedures promulgated by the director on which the tax collector
3 calculates the appropriate billing amounts for the first and second
4 installments of the calendar year , including the amount of
5 applicable property tax credit as defined in section 1 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill).

7 "Director" means the director of the Division of Local
8 Government Services.

9 "Municipal tax levy" means the tax levy set in the municipal
10 budget for the current fiscal year.

11 "Non-municipal tax levy" means the total of all of the tax levies
12 certified by the county board of taxation for non-municipal
13 purposes for the calendar year.

14 "Preliminary municipal tax levy" is the amount certified by the
15 governing body for the purposes of third and fourth installment
16 municipal tax levy.

17 "Prior year" means the calendar year just previous to the quarters
18 being billed.

19 "Six month required non-municipal tax levy" means the amount
20 necessary to be paid by the municipality to the county and non-
21 municipal taxing districts for the first six months of the calendar
22 year.

23 "Total adjusted prior year taxes" means the prior year taxes
24 billed after adjustments are made to incorporate changes to tax bills
25 between tax billings.

26 "Total assessed value" means the total net valuation taxable for
27 the municipality pursuant to the most recent Table of Aggregates
28 promulgated by the County Board of Taxation.

29 d. The following formulas shall be utilized in calculating the
30 taxes for each parcel or property:

31 (1) the municipal rate shall be the preliminary municipal tax levy
32 divided by the total assessed value per one hundred dollars of
33 assessed valuation.

34 (2) the non-municipal rate shall be the non-municipal tax levy
35 divided by the total assessed value per one hundred dollars of
36 assessed value.

37 (3) "Municipal billing percentage" shall be the municipal tax
38 levy less the sum of the adjusted taxes billed for the prior year third
39 and fourth installments, divided by the total adjusted prior year
40 taxes.

41 (4) "Non-municipal billing percentage" shall be calculated by
42 dividing the six-month required non-municipal tax levy by the total
43 adjusted prior year taxes.

44 e. Taxes for each parcel or property shall be calculated as
45 follows:

46 (1) The tax collector shall prepare the certification of tax billing
47 levies and calculate the first and second installments by computing
48 the municipal portion, which shall be the municipal billing

1 percentage multiplied by the total adjusted prior year taxes; and
2 then the non-municipal portion, which shall be the non-municipal
3 billing percentage multiplied by the total adjusted prior year taxes.
4 The sum of the two shall be divided in half for each installment. A
5 copy of the certification shall be filed with the director and the
6 county board of taxation.

7 (2) The third and fourth installments shall be calculated by
8 computing the municipal portion, which shall be the product of the
9 municipal rate times the total assessed value per one hundred
10 dollars of assessed value, and subtracting the taxes billed for the
11 previous first and second installments; and then the non-municipal
12 portion which shall be the product of the non-municipal rate times
13 the total assessed value per one hundred dollars of assessed value,
14 and subtracting the taxes billed for the previous first and second
15 installments. The sum of the two shall be divided in half for each
16 installment.

17 f. Taxes and applicable property tax credit, as defined in
18 section 1 of P.L. _____, c. _____ (C. _____) (pending before the
19 Legislature as this bill), may be received and credited as payments
20 at any time, even prior to the dates hereinabove fixed for payment,
21 from the property owners, their agents or lien holders; however, no
22 interest shall accrue until the delinquency date. Up to and including
23 the payment date for each quarter, priority of payment shall be
24 given to the property owner when third party tax liens exist against
25 the property.¹

26 (cf: P.L.1997, c.99, s.3)

27

28 ¹14. R.S.54:4-67 is amended to read as follows:

29 54:4-67. a. (1) The governing body of each municipality may by
30 resolution fix the rate of discount to be allowed for the payment of
31 taxes or assessments previous to the date on which they would
32 become delinquent. The rate so fixed shall not exceed 6% per
33 annum, shall be allowed only in case of payment made on or before
34 the thirtieth day previous to the date on which the taxes or
35 assessments would become delinquent, after subtracting the
36 amount of applicable property tax credit as defined in section 1 of
37 P.L. _____, c. _____ (C. _____) (pending before the Legislature as this bill).
38 No such discount shall apply to the purchaser of a total property tax
39 levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5). The
40 governing body may also fix the rate of interest to be charged for
41 the nonpayment of taxes, assessments, or other municipal liens or
42 charges, unless otherwise provided by law, on or before the date
43 when they would become delinquent, and may provide that no
44 interest shall be charged if payment of any installment is made
45 within the tenth calendar day following the date upon which the
46 same became payable. The rate so fixed shall not exceed 8% per
47 annum on the first \$1,500.00 of the delinquency and 18% per
48 annum on any amount in excess of \$1,500.00, to be calculated from

1 the date the tax was payable until the date that actual payment to the
2 tax collector is made.

3 (2) Notwithstanding the provisions of paragraph (1) of this
4 subsection regarding delinquent payments, in the case of a
5 municipality that has experienced a flood, hurricane, superstorm,
6 tornado, or other natural disaster, interest shall not be charged by
7 the municipality to a delinquent taxpayer if:

8 (a) a state of emergency has been declared as a result thereof by
9 the Governor less than 30 days prior to the date upon which a
10 property tax installment payment is payable pursuant to R.S.54:4-66
11 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

12 (b) the governing body of the municipality adopts a resolution
13 providing that interest shall not be charged to a delinquent taxpayer
14 if payment of the property tax installment , plus any available
15 property tax credit as defined in section 1 of P.L. _____,
16 c. (C. _____) (pending before the Legislature as this bill), is made
17 on or before the first day of the next calendar month from the date
18 upon which it became payable.

19 (3) The municipal clerk shall notify the Director of the Division
20 of Local Government Services in the Department of Community
21 Affairs of its adoption of the resolution not later than the third
22 business day next following the municipal governing body's
23 adoption of the resolution. If the municipality is under State
24 supervision pursuant to the provisions of Article 4 of the "Local
25 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
26 54 et seq.), is subject to the provisions of the "Municipal
27 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
28 (C.52:27BBB-1 et al.), or is otherwise subject to a memorandum of
29 understanding or similar agreement with the division as a condition
30 of receiving supplemental State aid, the resolution shall not be
31 effective unless it is approved by the director.

32 b. In any year when the governing body changes the rate of
33 interest to be charged for delinquent taxes, assessments or other
34 municipal charges, or to be charged for the end of the year penalty,
35 the governing body, after adoption of a resolution changing the rate
36 of interest, shall provide a notice to all taxpayers, prior to the date
37 taxes are next due or with the tax bill, stating the new rate or rates
38 to be charged and the date that the new rate or rates take effect.
39 The notice may be separate from the tax bill. No change in the rate
40 of interest or the end of year penalty shall take effect until the
41 required notice has been provided in accordance with this
42 subsection.

43 c. In municipalities that have sold their property tax levy
44 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
45 interest to be charged for the nonpayment of taxes, assessments or
46 other municipal liens or charges shall be the same interest or
47 delinquency rate or rates otherwise charged by the municipality, to
48 be calculated from the date the tax was payable until the date of

1 actual payment to the tax collector. The purchaser of the total
2 property tax levy shall be paid only those amounts attributable to
3 properties included in the total property tax levy purchase and
4 actually collected by the tax collector and which amounts shall not
5 include any delinquent interest collected by the municipal tax
6 collector prior to the time that the total property tax levy purchaser
7 makes the levy payment to the municipality.

8 d. Whenever the time period for a property tax installment
9 payment has been extended pursuant to the provisions of subsection
10 a. of this section, the Director of the Division of Local Government
11 Services in the Department of Community Affairs may, by
12 temporary order, extend the dates for payment of taxes by a
13 municipality due to a county pursuant to R.S.54:4-74, any school
14 district pursuant to R.S.54:4-75, and any other taxing district as
15 provided by law.

16 "Delinquency" means the sum of all taxes and municipal charges
17 due on a **【given parcel of】** specific real property , less the amount
18 of applicable property tax credit as defined in section 1 of P.L. _____,
19 c. (C. _____) (pending before the Legislature as this bill), covering
20 any number of quarters or years. The property shall remain
21 delinquent, as defined herein, until such time as all unpaid taxes,
22 including subsequent taxes and liens, together with interest thereon
23 shall have been fully paid and satisfied and all applicable property
24 tax credit, as defined in section 1 of P.L. _____, c. _____ (C. _____)
25 (pending before the Legislature as this bill), has been credited. The
26 delinquency shall remain notwithstanding the issuance of a
27 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, the
28 payment of delinquent tax by the purchaser of the total property tax
29 levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5) and for
30 the purposes of satisfying the requirements for filing any tax appeal
31 with the county board of taxation or the State tax court. The
32 governing body may also fix a penalty to be charged to a taxpayer
33 with a delinquency in excess of \$10,000 who fails to pay that
34 delinquency as billed, less the amount of applicable property tax
35 credit as defined in section 1 of P.L. _____, c. _____ (C. _____) (pending
36 before the Legislature as this bill), prior to the end of the fiscal
37 year. If any fiscal year delinquency in excess of \$10,000 is paid by
38 the holder of an outstanding tax sale certificate or a total property
39 tax levy purchaser, the holder or purchaser, as appropriate, shall be
40 entitled to receive the amount of the penalty as part of the amount
41 required to redeem such certificate of sale providing the payment is
42 made by the tax lien holder or tax levy purchaser prior to the end of
43 the fiscal year. If the holder of the outstanding tax sale certificate
44 or the levy purchaser, as appropriate, does not make the payment in
45 full prior to the end of the fiscal year, then the holder or purchaser
46 shall be entitled to a pro rata share of the delinquency penalty upon
47 redemption, and the balance of the penalty shall inure to the benefit
48 of the municipality. The penalty so fixed shall not exceed 6% of

1 the amount of the delinquency with respect to each most recent
2 fiscal year only.¹

3 (cf: P.L.2015, c.203, s.1)

4

5 ¹15. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to
6 read as follows:

7 3. a. A resident taxpayer under the "New Jersey Gross Income
8 Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from
9 gross income for the amount of property tax credit as defined in
10 section 1 of P.L. _____, c. _____ (C. _____) (pending before the
11 Legislature as this bill) plus property taxes, the total of which shall
12 not [in excess of] exceed \$10,000, subject to the limitations of
13 subsection f. of this section [.] . Property taxes deductible under
14 this section shall be due and paid for the calendar year in which the
15 taxes are due and payable on the taxpayer's homestead.

16 b. A deduction for property taxes or property tax credits shall
17 be allowed pursuant to this section in relation to the amount of the
18 property taxes or property tax credits actually paid by or allocable
19 to a resident taxpayer who has more than one homestead, but the
20 aggregate amount of the property taxes or property tax credits
21 claimed shall not exceed the total of the proportionate amounts of
22 property taxes assessed and levied against or allocable to each
23 homestead for the portion of the taxable year for which the taxpayer
24 occupied it as the taxpayer's principal residence.

25 c. If title to a homestead is held by more than one individual as
26 joint tenants or tenants in common, each individual shall be allowed
27 a deduction pursuant to this section only in relation to the
28 individual's proportionate share of the property taxes assessed and
29 levied against the homestead. The proportionate share shall be
30 equal to that of all other individuals who hold the title, but if the
31 conveyance under which the title is held provides for unequal
32 interests therein, a taxpayer's share of the property taxes shall be in
33 proportion to the taxpayer's interest in the title.

34 d. If title to a homestead is held by a husband and wife who
35 own the homestead as tenants by the entirety, or if that husband and
36 wife are both residential shareholders of a cooperative or mutual
37 housing corporation and occupy the same homestead therein, and
38 who elect to file separate income tax returns pursuant to the "New
39 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband
40 and wife shall each be entitled to one-half of the deduction for
41 property taxes for which they may be jointly eligible pursuant to
42 this section.

43 e. If the homestead is a dwelling house consisting of more than
44 one unit, that taxpayer shall be allowed a deduction for property
45 taxes or property tax credits only in relation to the proportionate
46 share of the property taxes assessed and levied against the
47 residential unit occupied by the taxpayer, as determined by the local
48 tax assessor.

1 f. Notwithstanding the provisions of subsection a. of this
2 section to the contrary: (1) a resident taxpayer shall be allowed a
3 deduction for a taxpayer's taxable year beginning during 1996 based
4 on 50% of the property taxes not in excess of \$5,000 paid on the
5 taxpayer's homestead; and (2) a resident taxpayer shall be allowed a
6 deduction for a taxpayer's taxable year beginning during 1997 based
7 on 75% of the property taxes not in excess of \$7,500 paid on the
8 taxpayer's homestead.

9 g. Notwithstanding any other provision of this section, the
10 deduction allowed under this section to a resident taxpayer eligible
11 to receive a homestead property tax reimbursement pursuant to
12 P.L.1997, c.348 (C.54:4-8.67 et al.) shall not exceed that resident
13 taxpayer's base year property tax liability as determined pursuant to
14 P.L.1997, c.348 (C.54:4-8.67 et al.).

15 h. Notwithstanding any other provision of this section, for the
16 taxable year beginning January 1, 2009, a taxpayer who has gross
17 income for the taxable year of more than \$250,000 and is not:

18 (1) 65 years of age or older at the close of the taxable year; or

19 (2) allowed to claim a personal deduction as a blind or disabled
20 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not be
21 allowed a deduction pursuant to this section;

22 provided however, the deduction for a taxpayer who has gross
23 income for the taxable year of more than \$150,000 but not
24 exceeding \$250,000 and is not:

25 (1) 65 years of age or older at the close of the taxable year; or

26 (2) allowed to claim a personal deduction as a blind or disabled
27 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not
28 exceed \$5,000.¹

29 (cf: P.L.2009, c.69, s.2)

30
31 ¹16. Section 5 of P.L.1996, c.60 (C.54A:3A-19) is amended to
32 read as follows:

33 5. a. If a taxpayer who is eligible for a deduction for property
34 taxes under section 3 of this act for a part of the taxable year is also
35 eligible for a deduction for rent constituting property taxes under
36 section 4 of this act for a part of the taxable year, the taxpayer shall
37 be allowed a deduction, not in excess of \$10,000, subject to the
38 limitations of subsection b. of this section, the amount of which
39 shall be equal to the sum of the amount of property tax credit as
40 defined in section 1 of P.L. , c. (C.) (pending before the
41 Legislature as this bill) plus the amount of property taxes due and
42 paid for the calendar year in which the property taxes are due and
43 payable on a homestead that is not a unit of residential rental
44 property and the amount of rent constituting property taxes due and
45 paid for the calendar year in which the rent constituting property
46 taxes is due and payable for the occupancy of a homestead that is a
47 unit of residential rental property, provided however, that the
48 amount of property taxes and property tax credits shall be subject to

1 the limitations set forth in subsections b. through e. of section 3 and
2 the amount of rent constituting property taxes shall be subject to the
3 limitations set forth in subsections b. and c. of section 4 as may be
4 applicable.

5 b. Notwithstanding the provisions of subsection a. of this
6 section to the contrary: (1) a taxpayer who is eligible for a
7 deduction for property taxes under section 3 of this act for a part of
8 the taxable year and is also eligible for a deduction for rent
9 constituting property taxes under section 4 of this act for a part of
10 the taxable year, shall be allowed a deduction for the taxpayer's
11 taxable year beginning during 1996 based on 50% of an amount not
12 in excess of \$5,000, the amount of which shall be equal to the sum
13 of the amount of property taxes paid on a homestead that is not a
14 unit of residential rental property and the amount of rent
15 constituting property taxes paid for the occupancy of a homestead
16 that is a unit of residential rental property; and (2) a taxpayer who is
17 eligible for a deduction for property taxes under section 3 of this act
18 for a part of the taxable year and is also eligible for a deduction for
19 rent constituting property taxes under section 4 of this act for a part
20 of the taxable year, shall be allowed a deduction for the taxpayer's
21 taxable year beginning during 1997 based on 75% of an amount not
22 in excess of \$7,500, the amount of which shall be equal to the sum
23 of the amount of property taxes paid on a homestead that is not a
24 unit of residential rental property and the amount of rent
25 constituting property taxes paid for the occupancy of a homestead
26 that is a unit of residential rental property.¹

27 (cf: P.L.1996, c.60, s.5)

28

29 ¹~~17.~~¹ ~~17.~~¹ This act shall take effect ¹~~immediately~~¹ on the 60th
30 day following enactment, provided that the Commissioner of
31 Banking and Insurance, Commissioner of Community Affairs, the
32 State Treasurer, the Director of the Division of Local Government
33 Services, and the Director of the Division of Taxation may take
34 such anticipatory action as may be necessary to effectuate the
35 provisions of this act¹.