

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 2200

STATE OF NEW JERSEY

DATED: MARCH 9, 2023

The Senate Environment and Energy Committee favorably reports Senate Bill No. 2200.

This bill would allow taxpayers, regardless of income, to deduct up to a combined \$45,000 from gross income in a year for the following expenses:

(1) lead-based paint hazard abatement in the taxpayer's residential property if performed by a certified lead abatement contractor;

(2) asbestos hazard abatement in the taxpayer's residential property if performed by a licensed asbestos abatement contractor;

(3) replacement of a water service line containing hazardous amounts of lead if the line is owned by the taxpayer, the line is on the real property of the taxpayer's residential property, and the line's replacement is necessary for abatement of the hazard in the taxpayer's residential property;

(4) replacement of plumbing containing hazardous amounts of lead in the taxpayer's residential property;

(5) remediation of lead and other contaminants in the soil of a taxpayer's residential property;

(6) replacement of leaded windows on the taxpayer's residential property;

(7) the cost of installing a water treatment system by a licensed contractor or plumber if the private well water servicing the taxpayer's property is contaminated with excess sodium or chloride levels;

(8) the cost of replacing any pipes connected to the water treatment system if the private well water servicing the taxpayer's property is contaminated with excess sodium or chloride levels; and

(9) the cost of certain upgrades to a property's septic system or leach field if the private well water servicing the taxpayer's property is contaminated with excess sodium or chloride levels.

As used in the bill, "residential property" means a taxpayer's primary residence, owner-occupied home, or rental unit.

The Director of the Division of Taxation in the Department of the Treasury would be required to set the standards by which taxpayers are to demonstrate that they qualify for the deduction. To be eligible for the deduction for costs related to lead-based paint hazard abatement or asbestos hazard abatement, the taxpayer would be required to submit an affidavit from the municipality in which the residential property is

located to the director acknowledging that the work was done and the amount paid by the taxpayer to the licensed contractor.

During the first taxable year following the bill's enactment, a taxpayer would be allowed to deduct any covered expenses incurred between January 1, 2018 and that year. The provisions of the bill would expire on December 31, 2025.