

SENATE, No. 20

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JANUARY 29, 2007

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Establishes homestead credits to reduce property taxes; imposes 4% cap on local tax levies; permits Local Finance Board to define capital and non-bondable current expenses; makes an appropriation.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** providing local property tax relief through homestead
2 rebates and credits and limits on local tax levies, amending and
3 supplementing various parts of the statutory law, and making an
4 appropriation.

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

8
9 1. (New section) The Legislature finds and declares:

10 a. On June 6, 2006, the New Jersey Senate President and the
11 Assembly Speaker announced “an unprecedented special legislative
12 session”;

13 b. On July 28, 2006, the Governor addressed a joint session of
14 the Legislature and commended the Senate President and the
15 Assembly Speaker for calling the special session;

16 c. At that time the Governor stated that property tax relief and
17 reform should be addressed in a suitable manner;

18 d. The Governor proposed the creation of a new property tax
19 credit program that would provide immediate relief to New Jersey
20 homeowners and also urged the establishment of a four percent cap
21 on property taxes;

22 e. Subsequent to the Governor's address, the Legislature adopted
23 Assembly Concurrent Resolution No. 3, which created four
24 bicameral, bipartisan Joint Committees to review and formulate
25 proposals to reform property taxes;

26 f. The four Joint Committees followed an open and inclusive
27 process, which consisted of 32 public meetings, broadcast live and
28 archived on the Internet, and nine public hearings;

29 g. The four Joint Committees solicited testimony in person and
30 through teleconferencing from State and national experts,
31 academics, practitioners, and officials; reviewed thousands of pages
32 of background materials; and received over 3,700 public emails;

33 h. The four Joint Committees issued comprehensive final reports
34 that contained nearly 100 recommendations for short term property
35 tax relief and long term reform;

36 i. One of the four Joint Committee final reports, "The Final
37 Report of the Joint Legislative Committee on Constitutional Reform
38 and Citizens' Property Tax Constitutional Convention," set forth
39 findings and recommendations concerning property tax reform
40 through amendments to the State Constitution and other proposals;

41 j. In its Final Report, the Joint Legislative Committee on
42 Constitutional Reform and Citizens' Property Tax Constitutional
43 Convention found that although the State's rebate programs have
44 provided property tax relief to many residents, and particularly

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 seniors, certain reforms and enhancements are necessary to improve
2 the efficacy of the programs;

3 k. The Joint Committee also found that the property tax is
4 regressive in nature and that many low and middle income New
5 Jerseyans suffer from a disproportionately high property tax burden;

6 l. Accordingly, the Joint Committee recommended that the State
7 should implement a credit program to replace the system of rebates
8 and that additional funds should be allocated to the program to
9 provide meaningful relief to those who need it most;

10 m. Thus, the Joint Committee concluded that the benefit under
11 the new program should be increased to 20 percent for as many
12 taxpayers as resources allow;

13 n. The Joint Committee found that the Legislature must work
14 with the Governor to ensure that the new program will provide
15 sustainable relief to New Jersey's taxpayers;

16 o. The Joint Committee studied the Governor's proposal to
17 adopt a four percent property tax levy cap that provided limited
18 exceptions and a sunset provision so that any unintended
19 consequences such as those realized by other states that have
20 adopted caps could be addressed before the cap would be made
21 permanent;

22 p. The Joint Committee found that property tax levy caps have
23 been shown to hold down rising property taxes, and therefore, the
24 Legislature should develop a property tax levy cap that
25 accomplishes this goal but does not lead to unintended, adverse
26 consequences;

27 q. The Joint Committee recommended that the levy cap should
28 protect taxpayers from large annual increases of recent years that
29 have resulted in widespread dissatisfaction with prevailing tax
30 burdens and made the State unaffordable for some;

31 r. The Joint Committee also recommended that the levy cap
32 should contain a narrowly crafted set of exceptions to provide
33 flexibility during periods of rapid growth or local emergencies and
34 that it should include a sunset provision, which would act as a
35 "safety valve" so that any unexpected consequences of imposing a
36 levy cap could be addressed before the cap would be made
37 permanent;

38 s. The Legislature commends the work of the Joint Committee
39 and has fully considered its Final Report;

40 t. A new credit program with sufficient funding to provide a 20
41 percent benefit to most homeowners and residential tenants is the
42 most practical and efficient means to reduce the State's property tax
43 burden;

44 u. A property tax levy cap is necessary to sustain the benefits of
45 the new program;

46 v. A property tax levy cap is crucial to controlling various areas
47 of government spending, especially those areas which have
48 outpaced the growth in spending in the private sector;

- 1 w. A property tax levy cap will force government to live within
2 their means, encourage public officials to elevate the public interest
3 over special interests, and most importantly, reduce the rate of
4 growth in property taxes;
- 5 x. The Governor in his 2007 State of the State Address agreed
6 that a property tax levy cap, with limited exceptions and provisions
7 for voter override, is the key to the sustainability of the relief in the
8 20 percent credit program;
- 9 y. The Governor also has expressed that a property tax levy cap
10 will compel all governmental units to prioritize spending decisions
11 and to aggressively search for structural changes that will bring
12 down long term costs;
- 13 z. Changing the law to give local governmental units, including
14 boards of education, the same flexibility that State government has
15 to modify the payment obligations of the employer for active
16 employee coverage under the State Health Benefits Program will
17 assist local governmental units, including boards of education, in
18 prioritizing spending decisions and aggressively searching for
19 structural changes that will bring down long term costs;
- 20 aa. Property tax reform requires fiscal restraint at all levels and
21 the State must continue to abide by the State Appropriations
22 Limitation Cap, which curbs growth in spending on the State
23 bureaucracy and held spending growth below 2.96% in the current
24 fiscal year; and
- 25 bb. The State recognizes that sustaining property tax reform at
26 the local levels requires the State to be a full partner in the funding
27 of local needs and that State aid must continue to grow so that the
28 full burden of providing necessary services does not fall on property
29 taxpayers.
- 30
- 31 2. (New section) For the purposes of sections 2 through 7 of
32 P.L. , c. (C.) (pending before the Legislature as this bill):
- 33 "Adjusted tax levy" means the amount raised by property
34 taxation for the purposes of the school district, excluding any debt
35 service payment.
- 36 "Commissioner" means the Commissioner of Education.
- 37 "New Jersey Quality Single Accountability Continuum" or
38 "NJQSAC" means the monitoring and evaluation process of school
39 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).
- 40 "Prebudget year adjusted tax levy" means the amount raised by
41 property taxation in the prebudget year for the purposes of the
42 school district, excluding any debt service payment, less any
43 amounts raised after approval of a waiver by the commissioner or
44 separate question by the voters or board of school estimate in the
45 prebudget year unless such approval explicitly allows the approved
46 increases to be permanent.

1 “School district” means any local or regional school district
2 established pursuant to chapter 8 or chapter 13 of Title 18A of the
3 New Jersey Statutes.

4 “Unrestricted State aid” means formula State aid that is included
5 in a school district’s State aid notice and allocated pursuant to
6 P.L.1996 c.138 (C.18A:7F-1 et seq.) or any other law for
7 appropriation in a school district’s general fund plus early
8 childhood program aid allocated pursuant to section 16 of P.L.1996,
9 c.138 (C.18A:7F-16) or any other law and demonstrably effective
10 program aid and instructional supplement aid allocated pursuant to
11 section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law.

12 “Weighted resident enrollment” means weighted resident
13 enrollment as calculated pursuant to subsection a. of section 13 of
14 P.L.1996, c.138 (C.18A:7F-13) and as projected by the
15 commissioner.

16
17 3. (New section) a. Notwithstanding the provisions of any
18 other law to the contrary, a school district shall not adopt a budget
19 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and
20 18A:7F-6) with an increase in its adjusted tax levy that exceeds the
21 tax levy growth limitation calculated as follows: the sum of the
22 prebudget year adjusted tax levy and the adjustment for increases in
23 enrollment multiplied by four percent, and adjustments for a
24 reduction in total unrestricted State aid from the prebudget year, an
25 increase in health care costs, and beginning in the 2008-2009 school
26 year, amounts approved by a waiver granted by the commissioner
27 pursuant to section 4 of P.L. , c. (C.) (pending before the
28 Legislature as this bill).

29 b. (1) The allowable adjustment for increases in enrollment
30 authorized pursuant to subsection a. of this section shall equal the
31 per pupil prebudget year adjusted tax levy multiplied by EP, where
32 EP equals the sum of:

33 (a) 0.50 for each unit of weighted resident enrollment that
34 constitutes an increase from the prebudget year over 1%, but
35 not more than 2.5%;

36 (b) 0.75 for each unit of weighted resident enrollment that
37 constitutes an increase from the prebudget year over 2.5%, but
38 not more than 4%; and

39 (c) 1.00 for each unit of weighted resident enrollment that
40 constitutes an increase from the prebudget year over 4%.

41 (2) A school district may request approval from the
42 commissioner to calculate EP equal to 1.00 for any increase in
43 weighted resident enrollment if it can demonstrate that the
44 calculation pursuant to paragraph (1) of this subsection would result
45 in an average class size that exceeds 10% above the facilities
46 efficiency standards established pursuant to P.L.2000, c.72
47 (C.18A:7G-1 et al.).

1 c. The allowable adjustment for a reduction in total unrestricted
2 State aid authorized pursuant to subsection a. of this section shall
3 equal any reduction in total unrestricted State aid from the
4 prebudget to the budget year.

5 d. The allowable adjustment for increases in health care costs
6 authorized pursuant to subsection a. of this section shall equal that
7 portion of the actual increase in total health care costs for the budget
8 year, less any withdrawals from the current expense emergency
9 reserve account for increases in total health care costs, that exceeds
10 four percent of the total health care costs in the prebudget year, but
11 that is not in excess of the product of the total health care costs in the
12 prebudget year multiplied by the average percentage increase of the
13 State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et
14 seq.), as annually determined by the Division of Pensions and Benefits
15 in the Department of the Treasury.

16 e. In addition to the adjustments authorized pursuant to
17 subsection a. of this section, for the purpose of determining a school
18 district's allowable tax levy growth limitation for the 2007-2008
19 school year, a school district may apply to the commissioner for an
20 adjustment for increases in special education costs over \$40,000 per
21 pupil, increases in tuition, capital outlay increases, and incremental
22 increases in costs for opening a new school facility in the budget
23 year.

24 (1) The allowable adjustment for increases in special education
25 costs over \$40,000 per pupil shall equal any increase in the sum of
26 per pupil amounts in excess of \$40,000 for the budget year less the
27 sum of per pupil amounts in excess of \$40,000 for the prebudget
28 year indexed by four percent.

29 (2) The allowable adjustment for increases in tuition shall equal
30 any increase in the tuition for the budget year charged to a sending
31 district by the receiving district pursuant to the provisions of
32 N.J.S.18A:38-19 or charged by a county vocational school district
33 pursuant to the provisions of section 71 of P.L.1990, c.52
34 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget
35 year charged to a sending district by the receiving district pursuant
36 to the provisions of N.J.S.18A:38-19 or charged by a county
37 vocational school district pursuant to the provisions of section 71 of
38 P.L.1990, c.52 (C.18A:54-20.1).

39 (3) The allowable adjustment for increases in capital outlay shall
40 equal any increase in capital outlay, less any withdrawals from the
41 capital reserve account, over the prebudget year in excess of four
42 percent.

43 f. The adjusted tax levy shall be increased or decreased
44 accordingly whenever the responsibility and associated cost of a
45 school district activity is transferred to another school district or
46 governmental entity.

1 4. (New section) a. (1) Beginning in the 2008-2009 school
2 year, a school district may request approval from the commissioner
3 for a waiver to increase its adjusted tax levy by more than the
4 allowable amount authorized in section 3 of P.L. , c. (C.)
5 (pending before the Legislature as this bill) to address extraordinary
6 costs which may include, but not be limited to:

7 (a) a district's failure to meet the core curriculum content
8 standards as determined through the New Jersey Quality Single
9 Accountability Continuum. Prior to full implementation of
10 NJQSAC, such determination shall be based on a school district's
11 status under the "No Child Left Behind Act of 2001," Pub.L. 107-
12 110. The commissioner shall approve the increase only if the
13 district satisfactorily demonstrates that the increase will be used to
14 implement or expand programs or services to address the causes of
15 the district's failure to meet the core curriculum content standards
16 or other performance indicators as determined through NJQSAC;

17 (b) energy cost increases over the prebudget year in excess of
18 four percent;

19 (c) capital outlay increases, less any withdrawals from the capital
20 reserve account, over the prebudget year in excess of four percent;

21 (d) the appropriation of non-recurring general fund revenues in
22 the prebudget year original budget, including the appropriation of
23 surplus;

24 (e) increases in insurance costs over the prebudget year in excess
25 of four percent;

26 (f) increases in transportation costs required to service hazardous
27 routes over the prebudget year in excess of four percent;

28 (g) increases in special education costs that exceed \$40,000 per
29 each special education pupil over the prebudget year in excess of
30 four percent;

31 (h) increases in tuition costs charged to a sending district by the
32 receiving district pursuant to the provision of N.J.S.18A:38-19 over
33 the prebudget year in excess of four percent or charged by a county
34 vocational school district pursuant to the provisions of section 71 of
35 P.L.1990, c.52 (C.18A:54-20.1) over the prebudget year in excess
36 of four percent; and

37 (i) incremental increases in costs associated with opening a new
38 school facility in the budget year.

39 (2) A waiver request shall be submitted at least five working
40 days prior to the required budget submission dates established
41 pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and
42 18A:7F-6) in a form required by the commissioner, as appropriate,
43 and shall include such information and documentation as the
44 commissioner deems necessary.

45 (3) In considering a waiver request, in addition to the authority
46 granted to the commissioner pursuant to section 6 of P.L.1996,
47 c.138 (C.18A:7F-6), the commissioner shall have the power to
48 make budgetary reallocations up to the total amount of the waiver

1 request. The commissioner shall not reduce or reallocate any line
2 item accounts that will impact the district's ability to meet the core
3 curriculum content standards and provide a thorough and efficient
4 education.

5 (4) A waiver approval shall specify whether the adjusted tax levy
6 increase shall be limited to the budget year or added to the adjusted
7 tax levy as a permanent increase.

8 (5) Any decision of the commissioner as to the entitlement of
9 any school district to an increase of its adjusted tax levy pursuant to
10 this section shall be final and conclusive, and no appeal or review
11 shall be taken therefrom; except that the matter may be put before
12 the voters pursuant to subsection c. of this section.

13 b. (1) The commissioner may direct a school district to increase
14 specific line item expenditure accounts, for specific purposes, to
15 address low achievement or the causes of the district's failure to
16 meet the core curriculum content standards as determined through
17 NJQSAC, or prior to full implementation of NJQSAC, as
18 determined based on a school district's status under the "No Child
19 Left Behind Act of 2001," Pub.L.107-110.

20 (2) The commissioner is authorized to approve a school district
21 budget with an increase in its adjusted tax levy by more than the
22 allowable amount authorized pursuant to section 3 of
23 P.L. , c. (C.) (pending before the Legislature as this bill), up
24 to the amount required to support the increase in expenditure
25 accounts as directed in paragraph (1) of this subsection.

26 c. For the 2007-2008 school year, or for the 2008-2009 through
27 2011-2012 school years if a waiver requested pursuant to subsection
28 a. of this section fails to be approved by the commissioner or if the
29 school district elects not to request a waiver, the school district may
30 submit to the voters at the April school election, or on such other
31 date as is set by regulation of the commissioner, a proposal or
32 proposals to increase the tax levy by more than the allowable
33 amount authorized pursuant to section 3 of P.L. , c. (C.)
34 (pending before the Legislature as this bill). The proposal or
35 proposals to increase the tax levy shall be approved if a majority of
36 people voting at the April 2007 school election vote in the
37 affirmative, or if 60 percent of the people voting at the April 2008
38 through April 2011 school elections vote in the affirmative. In the
39 case of a school district with a board of school estimate, the
40 additional tax levy shall be authorized only if a quorum is present
41 for the vote and a majority of those board members who are present
42 vote in the affirmative to authorize the additional tax levy.

43 (1) A proposal or proposals submitted to the voters or the board
44 of school estimate to increase the tax levy pursuant to this
45 subsection shall not include any programs or services necessary for
46 students to achieve the core curriculum content standards.

47 (2) All proposals to increase the tax levy submitted pursuant to
48 this subsection shall include interpretive statements specifically

1 identifying the program purposes for which the proposed funds
2 shall be used and a clear statement on whether approval will affect
3 only the current year or result in a permanent increase in the levy.
4 The proposals shall be submitted and approved pursuant to sections
5 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6).

6 (3) For only the 2007-2008 school budget year, any proposal or
7 proposals rejected by the voters shall be submitted to the municipal
8 governing body or bodies for a determination as to the amount, if
9 any, that should be expended notwithstanding voter rejection. The
10 decision of the municipal governing body or bodies or board of
11 school estimate, as appropriate, shall be final and no appeals shall
12 be made to the commissioner.

13 d. The commissioner shall have the authority to grant additional
14 waivers, applicable to all or some school districts, as determined by
15 the commissioner, and only effective for the school budget year in
16 which the waiver is granted, upon a finding of extraordinary
17 circumstances that result in an unanticipated increase in
18 expenditures for a service essential to the health, safety and welfare
19 of the school children of the State.

20

21 5. (New section) a. Notwithstanding any provision of
22 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) or
23 section 36 of P.L.2000, c.126 (C.18A:7F-5a) to the contrary, for the
24 2007-2008 through 2011-2012 school years the increase in a school
25 district's general fund tax levy shall be calculated in accordance
26 with the provisions of sections 2 through 4 of P.L. , c. (C.)
27 (pending before the Legislature as this bill).

28 b. Notwithstanding any provision of paragraph (9) of subsection
29 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, for
30 the 2007-2008 through 2011-2012 school years the submission of a
31 separate proposal or proposals for additional funds to the voters or
32 the board of school estimate shall be submitted in accordance with
33 the provisions of subsection c. of section 4 of P.L. , c. (C.)
34 (pending before the Legislature as this bill).

35

36 6. (New section) Notwithstanding the provisions of any law or
37 regulation to the contrary:

38 a. A board of education or board of school estimate, as
39 appropriate, may supplement a capital reserve account through a
40 transfer by board resolution at year end of any unanticipated
41 revenue or unexpended line-item appropriation amounts, or both,
42 for withdrawal in subsequent school years.

43 b. A board of education or board of school estimate, as
44 appropriate, may supplement a maintenance reserve account
45 through a transfer by board resolution at year end of any
46 unanticipated revenue or unexpended line-item appropriation
47 amounts, or both, for withdrawal in subsequent school years.

1 c. A board of education or a board of school estimate, as
2 appropriate, may through the adoption of a board resolution
3 establish the following reserve accounts:

4 (1) Current expense emergency reserve account. The funds in
5 the reserve shall be used to finance unanticipated general fund
6 current expense costs required for a thorough and efficient
7 education. The account shall not exceed \$250,000 or one percent of
8 the district's general fund budget up to a maximum of \$1,000,000,
9 whichever is greater. A board of education may appropriate funds
10 to establish or supplement the reserve in the district's annual budget
11 or through a transfer by board resolution at year end of any
12 unanticipated revenue and unexpended line-item appropriation
13 amounts. Withdrawals from the reserve shall require the approval
14 of the commissioner unless the withdrawal is necessary to meet an
15 increase in total health care costs in excess of four percent.

16 (2) Debt service reserve account in the debt service fund for
17 proceeds from the sale of district property. The funds in the reserve
18 shall be used to retire outstanding debt service obligations of the
19 district. The reserve shall be liquidated within the lesser of five
20 years from its inception or the remaining term on the obligations.
21 Any remaining balance shall be used for tax relief.

22 d. All reserve accounts shall be established and held in
23 accordance with GAAP and shall be subject to annual audit. Any
24 capital gains or interest earned shall become part of the reserve
25 account. A separate bank account is not required, however, a
26 separate identity for each reserve account shall be maintained.

27
28 7. (New section) a. Within 60 days of the effective date of
29 P.L. , c. (C.)(pending before the Legislature as this bill), the
30 Commissioner of Education shall promulgate emergency rules and
31 regulations necessary to effectuate the purposes of sections 2
32 through 6 of P.L. , c. (C. through) (pending before the
33 Legislature as this bill) for the 2007-08 school year.

34 b. For the 2008-09 school year and thereafter, the Commissioner
35 of Education shall adopt, pursuant to the "Administrative Procedure
36 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to
37 effectuate the purposes of sections 2 through 6 of
38 P.L. , c. (C. through) (pending before the Legislature as this
39 bill).

40
41 8. Section 7 of P.L.1996, c.138 (C.18A:7F-7) is amended to read
42 as follows:

43 7. a. For the 2004-2005 school year, an undesignated general
44 fund balance in excess of 3% of the budgeted general fund for the
45 prebudget year or \$100,000, whichever is greater, shall be
46 appropriated by a school district based on surplus as anticipated
47 pursuant to paragraph (2) of subsection a. of N.J.S.18A:22-8 and
48 included in the budget prepared pursuant to section 5 of this act. In

1 the event that the district's 2004-2005 budget is not approved by the
2 voters of the district or the board of school estimate, the district
3 may use the undesignated general fund balance which exceeds 3%
4 to meet the reduction in tax levy certified by the municipal
5 governing body or bodies or board of school estimate following
6 review of the defeated budget. Any appropriation of the
7 undesignated general fund balance made by board resolution
8 following the April 2004 school budget election and prior to the
9 effective date of P.L.2004, c.73 to the capital reserve account or
10 maintenance reserve account or to increase spending for the 2003-
11 2004 school year shall be null and void unless, upon written
12 application to the commissioner, the district demonstrates that the
13 appropriation was necessary for use in the 2003-2004 school year to
14 meet the thoroughness standards established pursuant to subsection
15 a. of section 4 of P.L.1996, c.138 (C.18A:7F-4) and no other line
16 item account balances were available.

17 In the 2005-2006 school year and thereafter, an undesignated
18 general fund balance in excess of 2% of the budgeted general fund
19 for the prebudget year or ~~[\$100,000]~~ \$250,000, whichever is
20 greater, shall be appropriated by a school district for the purpose of
21 the budget prepared pursuant to section 5 of this act.

22 The amount of any funds made available for appropriation as a
23 result of the reduction in the percentage of authorized undesignated
24 general fund balance pursuant to P.L.2004, c.73 shall be used to
25 reduce the general fund tax levy required for the budget year.

26 In the case of a county vocational school district, if the amount
27 of the budgeted general fund for the prebudget year is \$100 million
28 or less, an undesignated general fund balance in excess of 6% of
29 that amount or ~~[\$100,000]~~ \$250,000, whichever is greater, shall be
30 appropriated by the county vocational school district for the
31 purpose of the budget prepared pursuant to section 5 of P.L.1996,
32 c.138 (C.18A:7F-5). If the amount of the budgeted general fund for
33 the prebudget year exceeds \$100 million, an undesignated general
34 fund balance in excess of 6% of the first \$100 million and in excess
35 of 3% of the amount which exceeds \$100 million shall be
36 appropriated by a county vocational school district for the purpose
37 of the budget prepared pursuant to section 5 of P.L.1996, c.138
38 (C.18A:7F-5).

39 b. Notwithstanding the provisions of subsection a. of this
40 section, ~~[if the district has a formal plan to expand, renovate or~~
41 ~~construct school facilities, join a distance learning network, or make~~
42 ~~a major replacement or acquisition of instructional equipment~~
43 ~~within the subsequent five years,]~~ the district may, with the
44 approval of the commissioner, ~~[transfer the]~~ appropriate any
45 anticipated excess undesignated general fund balance to the capital
46 reserve account established pursuant to N.J.S.18A:21-3 or section
47 57 of P.L.2000, c.72 (C.18A:7G-31) for that purpose.

1 c. If it is determined that the undesignated general fund balances
2 at June 30 of any school year exceed those permitted under
3 subsection a. of this section, the excess undesignated general fund
4 balances shall be reserved and designated in the subsequent year's
5 budget submitted to the commissioner pursuant to subsection c. of
6 section 5 of this act.

7 d. The commissioner may withhold State aid in an amount not to
8 exceed the excess undesignated general fund balances for failure to
9 comply with subsection c. of this section.

10 e. Proceeds from the sale and lease-back of textbooks and non-
11 consumable instructional materials shall not be included in the
12 calculation of excess undesignated general fund balance during the
13 budget year in which they are realized.

14 (cf: P.L.2004, c.73, s.3)

15
16 9. (New section) For the purposes of sections 9 through 13 of
17 P.L. , c. (C.) (pending before the Legislature as this bill):

18 "Adjusted tax levy" means an amount not greater than the
19 amount to be raised by taxation of the previous fiscal year, less any
20 waivers from a prior fiscal year required to be deducted by the
21 Local Finance Board pursuant to section 11 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), that result multiplied
23 by 1.04, to which the sum of exclusions defined in subsection b. of
24 section 10 of P.L. , c. (C.) (pending before the Legislature
25 as this bill) shall be added.

26 "Amount to be raised by taxation" means the property tax levy
27 set in the annual budget of a local unit.

28 "Local unit" means a municipality, county, fire district, or solid
29 waste collection district, but shall not include a municipality that
30 had a municipal purposes tax rate of \$0.10 or less per \$100 for the
31 previous tax year.

32 "New ratables" means the product of the taxable value of any
33 new construction or improvements times the tax rate of a local unit
34 for its previous tax year.

35
36 10. (New section) a. In the preparation of its budget the amount
37 to be raised by taxation by a local unit shall not exceed the sum of
38 new ratables, the adjusted tax levy, and the total of waivers
39 approved pursuant to section 11 of P.L. , c. (C.) (pending
40 before the Legislature as this bill; provided, however, that in the
41 case of a county, the amount to be raised by taxation shall not
42 exceed the amount permitted by section 4 of P.L.1976, c. 68
43 (C.40A:4-45.4).

44 b. The following exclusions shall be added to the calculation of
45 the adjusted tax levy:

46 (1) increases in amounts required to be raised for (a) all debt
47 service and (b) lease payments with county improvement authorities

1 pursuant to leases in effect on the effective date of
2 P.L. , c. (C.) (pending before the Legislature as this bill);

3 (2) increases in amounts required to be raised to replace State
4 formula aid due to a reduction in State formula aid from the
5 previous local budget year;

6 (3) increases in amounts for certain pension contributions set
7 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years
8 set forth in that section;

9 (4) with respect to municipalities, any increase, greater than four
10 percent, in the reserve for uncollected taxes that is required by law;

11 (5) increases in health care costs equal to that portion of the actual
12 increase in total health care costs for the budget year that is in excess
13 of four percent of the total health care costs in the prior year, but is not
14 in excess of the product of the total health care costs in the prior year
15 and the average percentage increase of the State Health Benefits
16 Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually
17 determined by the Division of Pensions and Benefits in the
18 Department of the Treasury.

19 (6) Notwithstanding the other provisions of this subsection, when
20 the appropriation for all debt service is less than the amount
21 appropriated for all debt service in the prior fiscal year, the amount
22 of the difference shall be deducted from the sum of the exclusions
23 listed in paragraphs (1) through (5) of this subsection. If there are
24 no exclusions, then the amount of the difference shall reduce the
25 adjusted tax levy by that amount. Any cancelled or unexpended
26 appropriation for any exclusion pursuant to this subsection or
27 waiver pursuant to section 11 of P.L. , c. (C.) (pending
28 before the Legislature as this bill), also shall be deducted from the
29 sum of the exclusions listed in paragraphs (1) through (5) or
30 directly reduce the adjusted tax levy if there are no exclusions.

31
32 11. (New section) a. The governing body of a local unit may
33 request approval from the Local Finance Board in the Department
34 of Community Affairs for a waiver to increase its amount to be
35 raised by taxes to address extraordinary costs, which may include
36 but not limited to:

37 (1) increases in appropriations for capital lease payments;

38 (2) energy cost increases in excess of four percent;

39 (3) increases in insurance costs over the prebudget year in excess
40 of four percent;

41 (4) offsetting the loss of a non-recurring general fund revenue or
42 surplus;

43 (5) total net expenditures for new mandated services or net
44 expenditure increases above four percent for the cost of those
45 services that are mandated by any order of court, by any federal or
46 State statute, or by administrative rule, directive, order, or other
47 legally binding device issued by a State agency which has identified

1 such cost as mandated expenditures on certification to the Local
2 Finance Board by the State agency; and

3 (6) any purpose related to the provision of government services
4 that the board deems essential to protect or promote the public
5 health, safety, or welfare.

6 (7) Amounts raised pursuant to a waiver granted pursuant to this
7 subsection shall be included in the calculation of the adjusted tax
8 levy in a subsequent year, unless otherwise required by the waiver.

9 (8) Any decision of the Local Finance Board as to the
10 entitlement of any local unit to a tax levy cap increase under this
11 section shall be final and conclusive, and no appeal or review shall
12 be taken therefrom; provided, however, that the matter may be put
13 before the voters pursuant to subsection b. of this section.

14 b. (1) Notwithstanding subsection a. of this section, the
15 governing body of a local unit may request approval, through a
16 public question submitted to the legal voters residing in its territory
17 to increase the amount to be raised by taxation by more than the
18 allowable adjusted tax levy. Approval shall be by an affirmative
19 vote of 60 percent or more of the people voting on the question at
20 the election. The local unit budget proposing the increase shall be
21 introduced and approved in the manner otherwise provided for
22 budgets of that local unit at least 20 days prior to the date on which
23 the referendum is to be held, and shall be published in the manner
24 otherwise provided for budgets of the local unit at least 12 days
25 prior to the referendum date, unless otherwise directed by the
26 Director of the Division of Local Government Services in the
27 Department of Community Affairs.

28 (2) The public question to be submitted to the voters at the
29 referendum shall state only the amount by which the adjusted tax
30 levy shall be increased by more than the otherwise allowable
31 adjusted tax levy, and the percentage rate of increase which that
32 amount represents over the allowable adjusted tax levy. The public
33 question shall include an accompanying explanatory statement that
34 identifies the changes in appropriations or revenues that warranted
35 the governing body's decision to ask the public question; or, in the
36 alternative and subject to the approval of the Director of the
37 Division of Local Government Services in the Department of
38 Community Affairs, a clear and concise narrative explanation of the
39 circumstances for the increased adjusted tax levy being proposed.

40 (3) Unless otherwise provided pursuant to section 1 of P.L.1989,
41 c.31 (C.40A:4-5.1), a referendum conducted pursuant to this
42 subsection shall be held:

43 (a) for calendar year budgets only on the fourth Tuesday in
44 January and the second Tuesday in March other than in year when a
45 presidential primary election occurs, in which case no such election
46 on that date may be called, and

47 (b) for fiscal year budgets, only the last Tuesday in September,
48 or the second Tuesday in December;

1 provided, however, that no referendum shall held on the same day
2 as a referendum to exceed the school district levy cap.

3 (4) Any decision of the voters rejecting an increase to the tax
4 levy cap under this subsection shall be final and conclusive, and no
5 appeal or review shall be taken therefrom and no waiver application
6 shall be made to the Local Finance Board.

7 (5) The director is authorized to act as necessary in order to
8 consolidate ballot questions and procedures when a governing body
9 elects to hold a referendum under both this section and section 9 of
10 P.L.1983, c.49 (C.40A:4-45.16).

11 c. The Local Finance Board shall have the authority to grant
12 additional waivers, applicable to all or some local units, as
13 determined by the board, and only effective for the local budget
14 year in which the waiver is granted, upon a finding of extraordinary
15 circumstances that result in an unanticipated increase in
16 expenditures for a service essential to the health, safety, and welfare
17 of the residents of the State.

18 d. The adjusted tax levy shall be increased or decreased
19 accordingly whenever the responsibility and associated cost of an
20 activity performed by a local unit is transferred to or from a local
21 unit, other government entity, or other service provider.

22

23 12. (New section) a. The Director of the Division of Local
24 Government Services in the Department of Community Affairs
25 shall take such action as is deemed necessary and consistent with
26 the intent of sections 9 through 11 P.L. , c. (C.) (pending
27 before the Legislature as this bill) to implement its provisions.

28 b. The director, in consultation with the Commissioner of
29 Education regarding referendum dates, shall promulgate rules and
30 regulations to effectuate the purposes of subsection b. of section 11
31 of P.L. , c. (C.) (pending before the Legislature as this bill).

32

33 13. (New section) In addition to the exceptions to the limits on
34 increases to municipal appropriations set forth in section 3 of
35 P.L.1976, c.68 (C.40A:4-45.3) and to the county tax levy set forth
36 in section 4 of P.L.1976, c.68 (C.40A:4-45.4), an increase in
37 appropriations that represents expenditures made by a municipality
38 or county for the purpose of funding the provision of health
39 insurance shall be exempt from the limits on increases to municipal
40 appropriations and to the limits on increases to the county tax levy
41 in county budgets, respectively, for any budget year, to the extent
42 that the increases in health care costs equal that portion of the actual
43 increase in total health care costs for the budget year that is in
44 excess of four percent of the total health care costs in the prior year,
45 but is not in excess of the product of the total health care costs in
46 the prior year and the average percentage increase of the State
47 Health Benefits program, as annually determined by the Division of
48 Pensions and Benefits in the Department of the Treasury.

1 14. Section 3 of P.L.1977, c.85 (C.34:13A-16) is amended to
2 read as follows:

3 3. a. (1) Negotiations between a public fire or police department
4 and an exclusive representative concerning the terms and conditions
5 of employment shall begin at least 120 days prior to the day on
6 which their collective negotiation agreement is to expire. The
7 parties shall meet at least three times during that 120-day period.
8 The first of those three meetings shall take place no later than the
9 90th day prior to the day on which their collective negotiation
10 agreement is to expire. By mutual consent, the parties may agree to
11 extend the period during which the second and third meetings are
12 required to take place beyond the day on which their collective
13 negotiation agreement is to expire. A violation of this paragraph
14 shall constitute an unfair practice and the violator shall be subject to
15 the penalties prescribed by the commission pursuant to rule and
16 regulation.

17 (2) Whenever those negotiations concerning the terms and
18 conditions of employment shall reach an impasse, the commission,
19 through the Division of Public Employment Relations shall, upon
20 the request of either party, or upon its own motion take such steps,
21 including the assignment of a mediator, as it may deem expedient to
22 effect a voluntary resolution of the impasse.

23 b. (1) In the event of a failure to resolve the impasse by
24 mediation, the Division of Public Employment Relations, at the
25 request of either party, shall invoke factfinding with
26 recommendation for settlement of all issues in dispute unless the
27 parties reach a voluntary settlement prior to the issuance of the
28 factfinder's report and recommended terms of settlement.
29 Factfindings shall be limited to those issues that are within the
30 required scope of negotiations unless the parties to the factfinding
31 agree to factfinding on permissive subjects of negotiation. In the
32 event of a continuing failure to resolve an impasse by means of the
33 procedure set forth in this paragraph, and notwithstanding the fact
34 that such procedures have not been exhausted, the parties shall
35 notify the commission, at a time and in a manner prescribed by the
36 commission, as to whether or not they have agreed upon a terminal
37 procedure for resolving the issues in dispute. Any terminal
38 procedure mutually agreed upon by the parties shall be reduced to
39 writing, provide for finality in resolving the issues in dispute, and
40 shall be submitted to the commission for approval.

41 (2) Notwithstanding the provisions of paragraph (2) of
42 subsection a. of this section or paragraph (1) of this subsection,
43 either party may petition the commission for arbitration on or after
44 the date on which their collective negotiation agreement expires.
45 The petition shall be filed in a manner and form prescribed by the
46 commission. The party filing the petition shall notify the other
47 party of its action. The notice shall be given in a manner and form
48 prescribed by the commission.

1 Within 10 days of the receipt of the notice by the non-petitioning
2 party, the parties shall notify the commission as to whether or not
3 they have agreed upon a terminal procedure for resolving the issues
4 in dispute. Any terminal procedure mutually agreed upon by the
5 parties shall be reduced to writing, provide for finality in resolving
6 the issues in dispute, and shall be submitted to the commission for
7 approval. If the parties fail to agree on a terminal procedure, they
8 shall be subject to the provisions of subsection d. of this section.

9 c. Terminal procedures that are approvable include, but shall not
10 be limited to the following:

11 (1) Conventional arbitration of all unsettled items.

12 (2) Arbitration under which the award by an arbitrator or panel
13 of arbitrators is confined to a choice between (a) the last offer of the
14 employer and (b) the last offer of the employees' representative, as
15 a single package.

16 (3) Arbitration under which the award is confined to a choice
17 between (a) the last offer of the employer and (b) the last offer of
18 the employees' representative, on each issue in dispute, with the
19 decision on an issue-by-issue basis.

20 (4) If there is a factfinder's report with recommendations on the
21 issues in dispute, the parties may agree to arbitration under which
22 the award would be confined to a choice among three positions: (a)
23 the last offer of the employer as a single package, (b) the last offer
24 of the employees' representative as a single package, or (c) the
25 factfinder's recommendations as a single package.

26 (5) If there is a factfinder's report with a recommendation on
27 each of the issues in dispute, the parties may agree to arbitration
28 under which the award would be confined to a choice on each issue
29 from among three positions: (a) the last offer of the employer on
30 the issue, (b) the employee representative's last offer on the issue,
31 or (c) the factfinder's recommendation on the issue.

32 (6) Arbitration under which the award on the economic issues in
33 dispute is confined to a choice between (a) the last offer of the
34 employer on the economic issues as a single package and (b) the
35 employee representative's last offer on the economic issues as a
36 single package; and, on any noneconomic issues in dispute, the
37 award is confined to a choice between (a) the last offer of the
38 employer on each issue in dispute and (b) the employee
39 representative's last offer on that issue.

40 d. The following procedure shall be utilized if parties fail to
41 agree on a terminal procedure for the settlement of an impasse
42 dispute:

43 (1) In the event of a failure of the parties to agree upon an
44 acceptable terminal procedure the parties shall separately so notify
45 the commission in writing, indicating all issues in dispute and the
46 reasons for their inability to agree on the procedure. The substance
47 of a written notification shall not provide the basis for any delay in
48 effectuating the provisions of this subsection.

1 (2) Upon receipt of such notification from either party or on the
2 commission's own motion, the procedure to provide finality for the
3 resolution of issues in dispute shall be binding arbitration under
4 which the award on the unsettled issues is determined by
5 conventional arbitration. The arbitrator shall separately determine
6 whether the total net annual economic changes for each year of the
7 agreement are reasonable under the eight statutory criteria set forth
8 in subsection g. of this section.

9 e. (1) The commission shall take measures to assure the
10 impartial selection of an arbitrator or arbitrators from its special
11 panel of arbitrators. Unless the parties, in a time and manner
12 prescribed by the commission, mutually agree upon the selection of
13 an arbitrator from the commission's special panel of arbitrators and
14 so notify the commission in writing of that selection, the
15 assignment of any arbitrator for the purposes of this act shall be the
16 responsibility of the commission, independent of and without any
17 participation by either of the parties. The commission shall select
18 the arbitrator for assignment by lot.

19 In any proceeding where an arbitrator selected by mutual
20 agreement is unable to serve, the two parties shall be afforded an
21 opportunity to select a replacement. If the two parties are unable to
22 mutually agree upon the selection of a replacement within a time
23 period prescribed by the commission, the commission shall select
24 the replacement in the manner hereinafter provided.

25 In any proceeding where an assigned arbitrator is unable to serve
26 or, pursuant to the preceding paragraph, the two parties are unable
27 to mutually agree upon a replacement, the commission shall assign
28 a replacement arbitrator. The assignment shall be the responsibility
29 of the commission, independent of and without any participation by
30 either of the parties. The commission shall select the replacement
31 arbitrator for assignment by lot.

32 (2) Appointment to the commission's special panel of arbitrators
33 shall be for a three-year term, with reappointment contingent upon a
34 screening process similar to that used for determining initial
35 appointments.

36 The commission may suspend, remove, or otherwise discipline
37 an arbitrator for a violation of P.L.1977, c.85 (C.34:13A-14 et seq.),
38 section 4 of P.L.1995, c.425 (C.34:13A-16.1) or for good cause.

39 f. (1) At a time prescribed by the commission, the parties shall
40 submit to the arbitrator or tripartite panel of arbitrators their final
41 offers on each economic and non-economic issue in dispute. The
42 offers submitted pursuant to this section shall be used by the
43 arbitrator for the purposes of determining an award pursuant to
44 paragraph (2) of subsection d. of this section. The commission
45 shall promulgate rules and procedures governing the submission of
46 the offers required under this paragraph, including when those
47 offers shall be deemed final, binding and irreversible.

1 (2) In the event of a dispute, the commission shall have the
2 power to decide which issues are economic issues. Economic
3 issues include those items which have a direct relation to employee
4 income including wages, salaries, hours in relation to earnings, and
5 other forms of compensation such as paid vacation, paid holidays,
6 health and medical insurance, and other economic benefits to
7 employees.

8 (3) Throughout formal arbitration proceedings the chosen
9 arbitrator or panel of arbitrators may mediate or assist the parties in
10 reaching a mutually agreeable settlement.

11 (4) Arbitration shall be limited to those subjects that are within
12 the required scope of collective negotiations, except that the parties
13 may agree to submit to arbitration one or more permissive subjects
14 of negotiation.

15 (5) The decision of an arbitrator or panel of arbitrators shall
16 include an opinion and an award, and shall be rendered within 120
17 days of the selection of the arbitrator by the mutual agreement of
18 both parties or the commission's assignment of that arbitrator or
19 panel of arbitrators, as the case may be, pursuant to paragraph (1) of
20 subsection e. of this section; provided, however, the arbitrator or
21 panel of arbitrators, for good cause, may petition the commission
22 for an extension of not more than 60 days. The two parties, by
23 mutual consent, may agree to an extension. The parties shall notify
24 the arbitrator and the commission of any such agreement in writing.
25 The notice shall set forth the specific date on which the extension
26 shall expire. Any arbitrator or panel of arbitrators violating the
27 provisions of this paragraph may be subject to the commission's
28 powers under paragraph (2) of subsection e. of this section. The
29 decision shall be final and binding upon the parties and shall be
30 irreversible, except:

31 (a) Within 14 days of receiving an award, an aggrieved party
32 may file notice of an appeal of an award to the commission on the
33 grounds that the arbitrator failed to apply the criteria specified in
34 subsection g. of this section or violated the standards set forth in
35 N.J.S.2A:24-8 or N.J.S.2A:24-9. The appeal shall be filed in a form
36 and manner prescribed by the commission. In deciding an appeal,
37 the commission, pursuant to rule and regulation and upon petition,
38 may afford the parties the opportunity to present oral arguments.
39 The commission may affirm, modify, correct or vacate the award or
40 may, at its discretion, remand the award to the same arbitrator or to
41 another arbitrator, selected by lot, for reconsideration. An
42 aggrieved party may appeal a decision of the commission to the
43 Appellate Division of the Superior Court.

44 (b) An award that is not appealed to the commission shall be
45 implemented immediately. An award that is appealed and not set
46 aside by the commission shall be implemented within 14 days of the
47 receipt of the commission's decision absent a stay.

1 (6) The parties shall bear the costs of arbitration subject to a fee
2 schedule approved by the commission.

3 g. The arbitrator or panel of arbitrators shall decide the dispute
4 based on a reasonable determination of the issues, giving due
5 weight to those factors listed below that are judged relevant for the
6 resolution of the specific dispute. In the award, the arbitrator or
7 panel of arbitrators shall indicate which of the factors are deemed
8 relevant, satisfactorily explain why the others are not relevant, and
9 provide an analysis of the evidence on each relevant factor:

10 (1) The interests and welfare of the public. Among the items the
11 arbitrator or panel of arbitrators shall assess when considering this
12 factor are the limitations imposed upon the employer by P.L.1976,
13 c.68 (C.40A:4-45.1 et seq.).

14 (2) Comparison of the wages, salaries, hours, and conditions of
15 employment of the employees involved in the arbitration
16 proceedings with the wages, hours, and conditions of employment
17 of other employees performing the same or similar services and
18 with other employees generally:

19 (a) In private employment in general; provided, however, each
20 party shall have the right to submit additional evidence for the
21 arbitrator's consideration.

22 (b) In public employment in general; provided, however, each
23 party shall have the right to submit additional evidence for the
24 arbitrator's consideration.

25 (c) In public employment in the same or similar comparable
26 jurisdictions, as determined in accordance with section 5 of
27 P.L.1995, c.425 (C.34:13A-16.2); provided, however, that each
28 party shall have the right to submit additional evidence concerning
29 the comparability of jurisdictions for the arbitrator's consideration.

30 (3) The overall compensation presently received by the
31 employees, inclusive of direct wages, salary, vacations, holidays,
32 excused leaves, insurance and pensions, medical and hospitalization
33 benefits, and all other economic benefits received.

34 (4) Stipulations of the parties.

35 (5) The lawful authority of the employer. Among the items the
36 arbitrator or panel of arbitrators shall assess when considering this
37 factor are the limitations imposed upon the employer by P.L.1976,
38 c.68 (C.40A:4-45.1 et seq.).

39 (6) The financial impact on the governing unit, its residents and
40 taxpayers. When considering this factor in a dispute in which the
41 public employer is a county or a municipality, the arbitrator or
42 panel of arbitrators shall take into account, to the extent that
43 evidence is introduced, how the award will affect the municipal or
44 county purposes element, as the case may be, of the local property
45 tax; a comparison of the percentage of the municipal purposes
46 element or, in the case of a county, the county purposes element,
47 required to fund the employees' contract in the preceding local
48 budget year with that required under the award for the current local

1 budget year; the impact of the award for each income sector of the
2 property taxpayers of the local unit; the impact of the award on the
3 ability of the governing body to (a) maintain existing local
4 programs and services, (b) expand existing local programs and
5 services for which public moneys have been designated by the
6 governing body in a proposed local budget, or (c) initiate any new
7 programs and services for which public moneys have been
8 designated by the governing body in a proposed local budget.

9 (7) The cost of living.

10 (8) The continuity and stability of employment including
11 seniority rights and such other factors not confined to the foregoing
12 which are ordinarily or traditionally considered in the determination
13 of wages, hours, and conditions of employment through collective
14 negotiations and collective bargaining between the parties in the
15 public service and in private employment.

16 (9) Statutory restrictions imposed on the employer. Among the
17 items the arbitrator or panel of arbitrators shall assess when
18 considering this factor are the limitations imposed upon the
19 employer by section 10 of P.L. , c. (C.) (pending before the
20 Legislature as this bill).

21 h. A mediator, factfinder, or arbitrator while functioning in a
22 mediatory capacity shall not be required to disclose any files,
23 records, reports, documents, or other papers classified as
24 confidential received or prepared by him or to testify with regard to
25 mediation, conducted by him under this act on behalf of any party
26 to any cause pending in any type of proceeding under this act.
27 Nothing contained herein shall exempt such an individual from
28 disclosing information relating to the commission of a crime.

29 (cf: P.L.1997, c.183, s.1)

30
31 15. (New section) On or before January 15, 2012, the New
32 Jersey Tax and Fiscal Policy Study Commission created by
33 P.L. , c. (C.) (pending before the Legislature as Senate Bill
34 No. 50 of 2006) shall report to the Governor and Legislature,
35 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), evaluating
36 the efficacy of the tax levy caps and making recommendations.

37
38 16. N.J.S.40A:2-3 is amended to read as follows:

39 40A:2-3. Any local unit, by bond ordinance, may incur
40 indebtedness, borrow money, authorize and issue negotiable
41 obligations for financing:

42 a. any capital improvement or property which it may lawfully
43 make or acquire;

44 b. any purpose for which it is authorized or required by law to
45 make an appropriation, except current expenses, as may be defined
46 by rule and regulation of the Local Finance Board, and payment of
47 obligations (other than those for temporary financing); or

1 c. the amount of any contribution by a local unit that is a
2 sending municipality under a regional contribution agreement
3 pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312).

4 No local unit shall borrow money or issue its obligations for
5 purposes authorized under this chapter except as provided in this
6 chapter.

7 (cf: P.L.1996, c.113, s.9)

8
9 17. N.J.S.40A:2-22 is amended to read as follows:

10 40A:2-22. The governing body of the local unit shall determine
11 the period of usefulness of any purpose according to its reasonable
12 life computed from the date of the bonds, which period shall not be
13 greater than the following:

14 a. Buildings and structures.

15 1. Bridges, including retaining walls and approaches, or
16 permanent structures of brick, stone, concrete or metal, or similar
17 durable construction, 30 years.

18 2. Buildings, including the original furnishings and equipment
19 therefor:

20 Class A: A building, of which all walls, floors, partitions, stairs
21 and roof are wholly of incombustible material, except the window
22 frames, doors, top flooring and wooden handrails on the stairs, 40
23 years;

24 Class B: A building, the outer walls of which are wholly of
25 incombustible material, except the window frames and doors, 30
26 years;

27 Class C: A building which does not meet the requirements of
28 Class A or Class B, 20 years.

29 3. Buildings or structures acquired substantially reconstructed
30 or additions thereto, one-half the period fixed in this subsection for
31 such buildings or structures.

32 4. Additional furnishings, five years.

33 b. Marine improvements.

34 1. Harbor improvements, docks or marine terminals, 40 years.

35 2. Dikes, bulkheads, jetties or similar devices of stone,
36 concrete or metal, 15 years; of wood or partly of wood, 10 years.

37 c. Additional equipment and machinery.

38 1. Additional or replacement equipment and machinery, 15
39 years.

40 2. Voting machines, 15 years.

41 3. Information technology and telecommunications equipment, 7
42 years, except that for items with a unit cost of less than \$5,000, 5
43 years.

44 d. Real property.

45 1. Acquisition for any public purpose of lands or riparian
46 rights, or both, and the original dredging, grading, draining or
47 planting thereof, 40 years.

- 1 2. Improvement of airport, cemetery, golf course, park,
2 playground, 15 years.
- 3 3. Stadia of concrete or other incombustible materials, 20
4 years.
- 5 e. Streets or thoroughfares.
- 6 1. Elimination of grade crossings, 35 years.
- 7 2. Streets or roads:
- 8 Class A: Rigid pavement. A pavement of not less than eight
9 inches of cement concrete or a six-inch cement concrete base with
10 not less than three-inch bituminous concrete surface course, or
11 equivalent wearing surface, 20 years.
- 12 Flexible pavement. A pavement not less than 10 inches in depth
13 consisting of five-inch macadam base, three-inch modified
14 penetration macadam and three-inch bituminous concrete surface
15 course or other pavements of equivalent strength, in accordance
16 with the findings of the American Association of State Highway
17 Officials (AASHO) Road Test, 20 years.
- 18 Class B: Mixed surface-treated road. An eight-inch surface of
19 gravel, stone or other selected material under partial control mixed
20 with cement or lime and fly ash, six inches in compacted thickness
21 with bituminous surface treatment and cover, 10 years.
- 22 Bituminous penetration road. A five-inch gravel or stone base
23 course and a three-inch course bound with a bituminous or
24 equivalent binder, 10 years.
- 25 Class C: Mixed bituminous road. An eight-inch surface of
26 gravel, stone, or other selected material under partial control mixed
27 with bituminous material one inch or more in compacted thickness,
28 five years.
- 29 Penetration macadam road. A road of sand, gravel or water-
30 bound macadam, or surfacing with penetration macadam, five years.
- 31 3. Sidewalks, curbs and gutters of stone, concrete or brick, 10
32 years.
- 33 The period of usefulness in this subsection shall apply to
34 construction and reconstruction of streets and thoroughfares.
- 35 f. Utilities and municipal systems.
- 36 1. Sewerage system, whether sanitary or storm water, water
37 supply or distribution system, 40 years.
- 38 2. Electric light, power or gas systems, garbage, refuse or ashes
39 incinerator or disposal plant, 25 years.
- 40 3. Communication and signal systems, 10 years.
- 41 4. House connections to publicly-owned gas, water or sewerage
42 systems from the service main in the street to the curb or property
43 lines where not part of original installation, five years.
- 44 g. Vehicles and apparatus.
- 45 1. Fire engines, apparatus and equipment, when purchased
46 new, but not fire equipment purchased separately, 10 years.

1 2. Automotive vehicles, including original apparatus and
2 equipment (other than passenger cars and station wagons), when
3 purchased new, five years.

4 3. Major repairs, reconditioning or overhaul of fire engines and
5 apparatus, ambulances, rescue vehicles, and similar public safety
6 vehicles (other than passenger cars and station wagons) which may
7 reasonably be expected to extend for at least five years the period of
8 usefulness thereof, five years.

9 h. The closure of a sanitary landfill facility utilized, owned or
10 operated by a county or municipality, 15 years; provided that the
11 closure has been approved by the Board of Public Utilities and the
12 Department of Environmental Protection. For the purposes of this
13 subsection "closure" means all activities associated with the design,
14 purchase or construction of all measures required by the
15 Department of Environmental Protection, pursuant to law, in order
16 to prevent, minimize or monitor pollution or health hazards
17 resulting from sanitary landfill facilities subsequent to the
18 termination of operations at any portion thereof, including, but not
19 necessarily limited to, the costs of the placement of earthen or
20 vegetative cover, and the installation of methane gas vents or
21 monitors and leachate monitoring wells or collection systems at the
22 site of any sanitary landfill facility.

23 i. **Any purpose, except vehicles, not included in the**
24 **foregoing, for which obligations may be issued, 15 years.]**
25 **(Deleted by amendment, P.L. _____, c. _____.) (pending before the**
26 **Legislature as this bill)**

27 j. The prefunding of a claims account for environmental
28 liability claims by an environmental impairment liability insurance
29 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.
30 (cf: P.L.2005, c.174, s.1)

31
32 18. (New section) A local unit may request, in a form and
33 manner determined by rule and regulation of the Local Finance
34 Board, that the Director of the Division of Local Government
35 Services in the Department of Community Affairs determine a
36 period of usefulness for any capital improvement or property not
37 included in N.J.S.40A:2-22, provided that the maximum period of
38 usefulness so determined shall not exceed 15 years.

39
40 19. The title of P.L.1999, c.63 is amended to read as follows:

41 **AN ACT** providing for direct property tax relief for individual
42 homestead owners and renters in this State, establishing the
43 New Jersey **[School Assessment Valuation Exemption**
44 **Relief and]** Homestead Property Tax **[Rebate]** Credit Act
45 (the NJ **[SAVER and]** Homestead **[Rebate]** Credit Act),
46 amending and supplementing P.L.1990, c.61 (C.54:4-8.57 et

1 seq.), amending P.L.1981, c.239 and P.L.1997, c.348, and
2 making an appropriation.

3 (cf: P.L.1999, c.63, Title)

4
5 20. Section 1 of P.L.1990, c.61 (C.54:4-8.57) is amended to read
6 as follows:

7 1. Sections 1 through 10 of P.L.1990, c.61 (C.54:4-8.57 through
8 54:4-8.66) and sections 3, 14 through 16, 18 and 19 of P.L.1999,
9 c.63 (C.54:4-8.58a and C.54:4-8.66a through C.54:4-8.66e) shall be
10 known and may be cited as the "[2004] Homestead Property Tax
11 **[Rebate] Credit Act**".

12 (cf: P.L.2004, c.40, s.1)

13
14 21. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to read
15 as follows:

16 2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-
17 8.58 through 54:4-8.66) and sections 3 and 14 through 16 of
18 P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

19 "Annualized rent" means, for tax years 2004 and thereafter, the
20 rent paid by the claimant during the tax year for which the
21 homestead rebate is being claimed, and if paid for a lease term
22 covering less than the full tax year, the actual rent paid for the days
23 during the term of the lease of the homestead proportionalized as if
24 the term of the lease had been for 365 days of the tax year;

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

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

33 "Continuing care retirement community" means a residential
34 facility primarily for retired persons where lodging and nursing,
35 medical or other health related services at the same or another
36 location are provided as continuing care to an individual pursuant to
37 an agreement effective for the life of the individual or for a period
38 greater than one year, including mutually terminable contracts, and
39 in consideration of the payment of an entrance fee with or without
40 other periodic charges;

41 "Cooperative" means a housing corporation or association which
42 entitles the holder of a share or membership interest thereof to
43 possess and occupy for dwelling purposes a house, apartment,
44 manufactured or mobile home or other unit of housing owned or
45 leased by the corporation or association, or to lease or purchase a
46 unit of housing constructed or to be constructed by the corporation
47 or association;

48 "Director" means the Director of the Division of Taxation in the

1 Department of the Treasury;

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

7 "Homestead" means:

8 a. (1) a dwelling house and the land on which that dwelling
9 house is located which constitutes the place of the claimant's
10 domicile and is owned and used by the claimant as the claimant's
11 principal residence;

12 (2) a dwelling house situated on land owned by a person other
13 than the claimant which constitutes the place of the claimant's
14 domicile and is owned and used by the claimant as the claimant's
15 principal residence;

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

19 (4) for purposes of this definition as provided in this subsection,
20 in addition to the generally accepted meaning of owned or
21 ownership, a homestead shall be deemed to be owned by a person if
22 that person is a tenant for life or a tenant under a lease for 99 years
23 or more and is entitled to and actually takes possession of the
24 homestead under an executory contract for the sale thereof or under
25 an agreement with a lending institution which holds title as security
26 for a loan, or is a resident of a continuing care retirement
27 community pursuant to a contract for continuing care for the life of
28 that person which requires the resident to bear a share of the
29 property taxes that are assessed upon the continuing care retirement
30 community, if a share is attributable to the unit that the resident
31 occupies;

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

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

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

43 "Gross income" means all New Jersey gross income required to
44 be reported pursuant to the "New Jersey Gross Income Tax Act,"
45 N.J.S.54A:1-1 et seq., other than income excludable from the gross
46 income tax return, but before reduction thereof by any applicable
47 exemptions, deductions and credits, received during the taxable
48 year by the owner or residential shareholder in, or lessee of, a

1 homestead;

2 "Manufactured home" or "mobile home" means a unit of housing
3 which:

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

7 (2) Is built on a permanent chassis;

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

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

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

27 (1) The construction and maintenance of streets;

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

29 (3) Garbage removal;

30 (4) Snow removal; and

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

33 "Mutual housing corporation" means a corporation not-for-profit,
34 incorporated under the laws of this State on a mutual or cooperative
35 basis within the scope of section 607 of the Lanham Act (National
36 Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et
37 seq.), as amended, which acquired a National Defense Housing
38 Project pursuant to that act;

39 "Principal residence" means a homestead actually and
40 continually occupied by a claimant as the claimant's permanent
41 residence, as distinguished from a vacation home, property owned
42 and rented or offered for rent by the claimant, and other secondary
43 real property holdings;

44 "Property tax" means payments to a municipality based upon an
45 assessment made by the municipality upon real property on an ad
46 valorem basis on land and improvements, but shall not include
47 payments made in lieu of taxes;

48 "Rent" means the amount due in an arm's-length transaction

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

10 "Rent constituting property taxes" means 18% of the rent paid by
11 the homestead rebate claimant during the tax year on a unit of
12 residential rental property which constitutes the claimant's
13 homestead, and in the case of a manufactured home or mobile home
14 in a mobile home park which constitutes the claimant's homestead
15 means 18% of the site fee paid by the claimant during the tax year
16 to the owner of the mobile home park. Provided however, that for
17 tax year 2004 and for each tax year thereafter, rent constituting
18 property taxes shall equal 18% of annualized rent, and in the case of
19 a manufactured home or mobile home in a mobile home park rent
20 constituting property taxes shall equal 18% of a similarly
21 annualized site fee;

22 "Resident" means an individual:

23 a. who is domiciled in this State, unless he maintains no
24 permanent place of abode in this State, maintains a permanent place
25 of abode elsewhere, and spends in the aggregate no more than 30
26 days of the tax year in this State; or

27 b. who is not domiciled in this State but maintains a permanent
28 place of abode in this State and spends in the aggregate more than
29 183 days of the tax year in this State, unless the individual is in the
30 Armed Forces of the United States;

31 "Residential rental property" means:

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

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

37 c. any building or structure or complex of buildings or structures
38 constructed under the following sections of the National Housing
39 Act (Pub.L.73-479) as amended and supplemented: section 202,
40 Housing Act of 1959 (Pub.L.86-372) and as subsequently amended,
41 section 231, Housing Act of 1959; and

42 d. a site in a mobile home park equipped for the installation of
43 manufactured or mobile homes, where these sites are under
44 common ownership and control for the purpose of leasing each site
45 to the owner of a manufactured or mobile home for the installation
46 thereof;

47 "Residential shareholder in a cooperative or mutual housing
48 corporation" means a tenant or holder of a membership interest in

1 that cooperative or corporation, whose residential unit therein
2 constitutes the tenant or holder's domicile and principal residence,
3 and who may deduct real property taxes for purposes of federal
4 income tax pursuant to section 216 of the federal Internal Revenue
5 Code of 1986, 26 U.S.C. s.216; and

6 "Tax year" means the calendar year in which property taxes are
7 due and payable.

8 (cf: P.L.2004, c.40, s.2)

9
10 22. Section 3 of P.L.1999, c.63 (C.54:4-8.58a) is amended to
11 read as follows:

12 3. a. For tax year 2003, the director shall determine the amount
13 of the homestead rebate that shall be paid to each claimant pursuant
14 to P.L.1990, c.61 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-
15 8.58a et al.), as amended by P.L.2004, c.40, based upon the
16 information provided by the individual applicant in the application
17 for either a NJ SAVER rebate or for a homestead rebate, or from
18 any other information as may be available to the director in order
19 that each individual applicant shall be paid the homestead rebate
20 that may be allowed to the claimant pursuant to sections 3 through 5
21 of P.L.1990, c.61 (C.54:4-8.59 through 54:4-8.61), as the director
22 determines is appropriate.

23 b. (1) For tax year 2003, a resident of this State who has paid
24 property taxes for the tax year on a homestead that is owned as
25 such, who has filed an application for an NJ SAVER rebate
26 pursuant to the provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), or
27 pursuant to that act as amended and supplemented by P.L.2004,
28 c.40, and who meets the prerequisites for an NJ SAVER rebate at
29 12:01 A.M. on October 1, 2003 for that tax year, shall be
30 considered to have applied for a homestead rebate and shall be
31 allowed a homestead rebate instead of an NJ SAVER rebate for that
32 tax year pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.), and
33 P.L.1999, c.63 (C.54:4-8.58a et al.), as amended by P.L.2004, c.40.
34 An application for an NJ SAVER rebate shall be allowed as a
35 homestead rebate for a homestead the title to which is held by a
36 partnership, to the extent of the applicant's interest as a partner
37 therein, and by a guardian, trustee, committee, conservator or other
38 fiduciary for any individual who would otherwise be eligible for an
39 NJ SAVER rebate. An application for an NJ SAVER rebate shall
40 not be allowed for a homestead, the title to which is held partially
41 or entirely by a corporate entity of any type, except as otherwise
42 specifically allowed for applications from residents of properties
43 owned by continuing care retirement community, cooperative or
44 mutual housing corporations.

45 (2) For tax year 2004 and **[for tax years thereafter]** tax year
46 2005, any rebates applied for and paid pursuant to P.L.1990, c.61
47 (C.54:4-8.57 et seq.), and P.L.1999, c.63 (C.54:4-8.58a et al.), as

1 amended and supplemented by P.L.2004, c.40, shall be homestead
2 rebates.

3 (3) For tax year 2006 and for tax years thereafter, any homestead
4 benefit applied for and provided pursuant to this act shall be a
5 rebate or credit, as annually determined by the Director of the
6 Division of Taxation.
7 (cf: P.L.2004, c.40, s.3)

8
9 23. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read
10 as follows:

11 3. a. A resident of this State shall be allowed a homestead rebate
12 or credit for the tax year equal to the amount **[by which]**
13 determined as a percentage of property taxes not in excess of
14 \$10,000 paid by the claimant in that tax year on the claimant's
15 homestead **[exceed 5% of the claimant's gross income]**, rounded to
16 the nearest whole dollar, **[but within the appropriate range, but not**
17 **more than the amount of property taxes actually paid. As used in**
18 **this section,**

19 Range 1 equals \$1,200 to \$1,000 for tax year 2003, and shall be
20 subject to the cost-of-living adjustment for each tax year thereafter
21 as provided in subsection h. of this section;

22 Range 2 equals \$800 to \$600 for tax year 2003, and shall be
23 subject to the cost-of-living adjustment for each tax year thereafter
24 as provided in subsection h. of this section; and

25 Range 3 equals \$500 for tax year 2003, and shall be subject to
26 the cost-of-living adjustment for each tax year thereafter as
27 provided in subsection h. of this section.]
28 as follows:

For Resident Taxpayer With Tax

<u>Year Gross Income:</u>	<u>Percentage:</u>
<u>not over</u>	
<u>\$100,000.....</u>	<u>20%</u>
<u>over \$100,000</u>	
<u>but not over</u>	
<u>\$150,000.....</u>	<u>15%</u>
<u>over \$150,000</u>	
<u>but not over</u>	
<u>\$250,000.....</u>	<u>10%</u>

29 b. (1) **[For a]** A resident who is 65 years of age or older at the
30 close of the tax year, or who is allowed to claim a personal
31 deduction as a blind or disabled taxpayer pursuant to subsection b.
32 of N.J.S.54A:3-1~~]~~:

1 With Tax Year Gross Income: Range:
 2 not over \$70,000 (1)
 3 over \$70,000 but
 4 not over \$125,000 (2)
 5 over \$125,000 but
 6 not over \$200,000 (3)】
 7 , shall be allowed a homestead rebate or credit for the tax year equal
 8 to the greater of (a) the amount determined pursuant to subsection a.
 9 of this section or (b) the amount equal to an amount by which
 10 property taxes paid by the claimant in that tax year on the claimant's
 11 homestead exceed 5% of the claimant's gross income, rounded to
 12 the nearest whole dollar, but within the appropriate range, but not
 13 more than the amount of property taxes actually paid, as follows:

<u>With Tax Year Gross Income:</u>	<u>Range:</u>
<u>not over \$70,000.....</u>	<u>\$1,200 to \$1,000</u>
<u>over \$70,000</u>	
<u>but not over \$125,000.....</u>	<u>\$800 to \$600</u>
<u>over \$125,000</u>	
<u>but not over \$200,000.....</u>	<u>\$500</u>

14 (2) 【For a resident homeowner of this State who is not 65 years
 15 of age or older at the close of the tax year, and who is not allowed
 16 to claim a personal deduction as a blind or disabled taxpayer
 17 pursuant to subsection b. of N.J.S.54A:3-1

18 With Tax Year Gross Income: Range:
 19 not over \$125,000 (2)
 20 over \$125,000 but

21 not over \$200,000 (3)

22 (3) (a) A homestead rebate shall be allowed for tax year 2003
 23 pursuant to this section in relation to the amount of the property
 24 taxes actually paid by or allocable to a resident property taxpayer
 25 who is a claimant on more than one homestead, but the aggregate
 26 amount of the property taxes claimed shall not exceed the total of
 27 the proportionate amounts of property taxes assessed and levied
 28 against or allocable to each homestead for the portion of the tax
 29 year the claimant occupied it as the claimant's principal residence.

30 (b)】Notwithstanding any provision of this act to the contrary, a
 31 homestead rebate or credit shall be allowed 【for tax year 2004 and
 32 thereafter】 pursuant to this section in relation to the amount of the
 33 property taxes actually paid during the tax year for the homestead
 34 owned and occupied as such at 12:01 a.m. on October 1 of the tax
 35 year, whether paid for the entire tax year by the claimant or by any
 36 pre-October 1 owner or owners of that homestead during that tax
 37 year.

38 c. (1) If title to a homestead is held by more than one individual
 39 as joint tenants or tenants in common, each individual shall be
 40 allowed a homestead rebate or credit pursuant to this section only in
 41 relation to the individual's proportionate share of the property taxes

1 assessed and levied against the homestead. The individual's
2 proportionate share of the property taxes on that homestead shall be
3 equal to the share of that individual's interest in the title. Title shall
4 be presumed to be held in equal shares among all co-owners, but if
5 the claimant satisfactorily demonstrates to the director that the title
6 provides for unequal interests, either under the conveyance under
7 which the title is held, or as otherwise may be demonstrated, that
8 claimant's share of the property taxes paid on that homestead shall
9 be in proportion to the claimant's interest in the title.

10 (2) Eligible claimants shall include individuals within any of the
11 filing categories set forth in N.J.S.54A:2-1 and any individual or
12 individuals not required to file a gross income tax return because
13 their gross income was below the minimum taxable income
14 threshold established in N.J.S.54A:2-4 and N.J.S.54A:8-3.1. In the
15 case of a married individual filing a separate New Jersey gross
16 income tax return, if the spouse of the claimant maintains the same
17 homestead as the claimant and also files a separate gross income tax
18 return in this State the homestead rebate or credit claimed under this
19 subsection shall be equal to one-half of the amount of the
20 homestead rebate or credit allowable had the spouses filed a joint
21 return and homestead rebate or credit application.

22 (3) An application for a homestead rebate or credit shall be
23 allowed for a homestead the title to which is held by a partnership,
24 to the extent of the applicant's interest as a partner therein, and by a
25 guardian, trustee, committee, conservator or other fiduciary for any
26 individual who would otherwise be eligible for a rebate or credit.
27 An application for a homestead rebate or credit shall not be allowed
28 for a homestead, the title to which is held partially or entirely by a
29 corporate entity of any type, except as otherwise specifically
30 allowed for an application from a resident of a property owned by a
31 continuing care retirement community, or a cooperative or mutual
32 housing corporation.

33 d. If the homestead of a claimant is a residential property
34 consisting of more than one unit, that claimant shall be allowed a
35 homestead rebate or credit pursuant to this section only in relation
36 to the proportionate share of the property taxes assessed and levied
37 against the residential unit occupied by that claimant, as determined
38 by the local tax assessor.

39 e. Nothing in this section shall preclude a co-owner, who is
40 other than a husband or wife claiming a homestead rebate or credit
41 on the same homestead, from receiving a homestead rebate or credit
42 determined pursuant to this section if another co-owner claims a
43 homestead rebate or credit pursuant to this section, provided
44 however, that each claim for a homestead rebate or credit
45 determined pursuant to this section shall be separately subject to
46 the provisions of subsections c. and d. of this section.

47 f. (Deleted by amendment, P.L.2004, c.40.)

48 g. (Deleted by amendment, P.L.2004, c.40.)

1 h. [(1) For the 2005 tax year and each tax year thereafter, the
2 director shall annually recompute the minimum and maximum
3 homestead rebate ranges set forth in subsection a. of this section by
4 multiplying the homestead rebate ranges allowed in the prior tax
5 year by the cost-of-living adjustment, and recomputing the new
6 homestead rebate ranges for the current tax year. The director shall
7 round the recomputed homestead rebate ranges to the next highest
8 multiple of \$5.

9 (2) "Cost-of-living adjustment" for any tax year means the factor
10 calculated by dividing the consumer price index for all urban
11 consumers for the nation, as prepared by the United States
12 Department of Labor as of the close of the 12-month period ending
13 on August 31 of the tax year, by that index as of the close of the 12-
14 month period ending on August 31 of the calendar year preceding
15 the tax year in which the recomputation of the homestead rebate
16 ranges is made.] (Deleted by amendment, P.L. __, c. __.) (pending
17 before the Legislature as this bill))

18 (cf: 2004, c.40, s.4)

19
20 24. Section 6 of P.L.1990, c.61 (C.54:4-8.62) is amended to read
21 as follows:

22 6. a. No homestead rebate or credit shall be allowed pursuant to
23 this act except upon annual application therefor, in any manner,
24 upon any form, and in any format, whether in writing or otherwise,
25 as shall be prescribed by the director. The director may require a
26 claimant for a homestead rebate or credit to attach to the homestead
27 rebate or credit application a copy of the appropriate property tax
28 bill or proof of rent paid for the prior tax year. The director may
29 require such other verification of eligibility for a homestead rebate
30 or credit as the director may deem necessary. The director may
31 require that the application for a homestead rebate for a unit of
32 residential rental property authorized pursuant to section 4 of
33 P.L.1990, c.61 (C.54:4-8.60) shall be submitted (1) as part of the
34 claimant's gross income tax return filed pursuant to the "New Jersey
35 Gross Income Tax Act," N.J.S.54A:1-1 et seq., or, (2) on any other
36 form, in any manner or format and at any time and prior to any date
37 as the director shall prescribe if (a) the claimant is not required to
38 file a gross income tax return or (b) the claimant has filed an
39 application for extension of time to file the claimant's gross income
40 tax return. The director may require that the application for a
41 homestead rebate or credit authorized pursuant to section 3 of
42 P.L.1990, c.61 (C.54:4-8.59) shall be submitted (1) as part of the
43 applicant's gross income tax return filed pursuant to the "New
44 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or (2) on any
45 other form, in any other format and at any time and prior to any
46 date as the director shall prescribe. The director shall, for good
47 cause shown, extend the time of any applicant to file a claim for a
48 homestead rebate or credit for a reasonable period, and in such case,

1 the application shall be processed and payment of a homestead
2 rebate or credit made in accordance with the procedures established
3 in the case of applications timely filed, except the date for payment
4 of the rebate or credit may be delayed for a reasonable period. If an
5 applicant or an applicant's spouse has filed an application for an
6 extension of time to file a gross income tax return, the date by
7 which the applicant shall file the homestead rebate or credit
8 application may, in the discretion of the director, be extended for a
9 reasonable period, and the date for the payment of the rebate or
10 credit may be delayed for a reasonable period. The director may
11 require sworn applications. In the event that the director waives the
12 requirement of sworn applications, all declarations by claimants
13 shall be considered as if made under oath and claimants, as to false
14 declarations, shall be subject to the penalties as provided by law for
15 perjury.

16 For the purposes of this subsection, in order to establish good
17 cause to extend the time of any applicant to file a claim for a
18 homestead rebate or credit the applicant shall provide to the director
19 either medical evidence, such as a doctor's certification, that the
20 claimant was unable to file the claim by the date prescribed by the
21 director because of illness or hospitalization, or evidence that the
22 applicant attempted to file a timely application. Except as may be
23 established by medical evidence of inability to file a claim, good
24 cause shall not be established due to a claimant not having received
25 an application from the director.

26 b. Upon approval of homestead rebate or credit applications by
27 the director, the director shall prepare lists of individuals entitled to
28 a rebate or credit, together with the respective amounts due each
29 claimant and shall forward such lists to the State Treasurer, the
30 Director of the Division of Budget and Accounting and any other
31 officials as the director deems appropriate on or before the earliest
32 of such date or dates as may be convenient for the director to
33 compile such lists. The director may inspect all records in the
34 offices of the tax collector and tax assessor of a municipality with
35 respect to applications, claims and allowances for homestead
36 rebates or credits.

37 c. If a homestead rebate application contains a claim for a rebate
38 or credit that is incorrectly determined by the claimant or is based
39 upon incorrect or insufficient information from which the director is
40 to approve the claim, the director may determine the eligibility of
41 the claimant for a homestead rebate or credit and the correct amount
42 of a homestead rebate or credit to be paid to that claimant from such
43 other information as may be available to the director. In addition,
44 the director may adjust the amount of any homestead rebate or
45 credit to which a claimant may be entitled by any part of the amount
46 of any previous homestead rebate or credit erroneously claimed by
47 and paid to that claimant.

1 d. In the case of a claimant for a homestead rebate whose
2 homestead is a unit in a cooperative, mutual housing corporation or
3 continuing care retirement community, the director may provide
4 that the application shall include the name and address of the
5 location of the property and the amount of real property taxes
6 attributed to the cooperative, mutual housing residential unit or
7 continuing care retirement community residential unit, as shall be
8 indicated in an official notice which shall be furnished by the
9 cooperative, mutual housing corporation or continuing care
10 retirement community for the same year.

11 e. A homestead rebate or credit shall be allowed pursuant to this
12 act for a claimant whose ownership of an interest in a homestead is
13 satisfied by the holding of the beneficial interest if legal title thereto
14 or share therein is held by another for the benefit of the claimant.

15 f. All provisions of this section shall apply to NJ SAVER rebate
16 applications filed for and paid as homestead rebates for tax year
17 2003.

18 g. The director may, in writing, require the owner of residential
19 rental property upon which property tax is not assessed, and the
20 owner's agents and representatives, to provide the names of
21 residents and tenants on the residential rental property and such
22 other information, in such form, as the director deems reasonable to
23 ensure that no claimant claiming a unit of that residential rental
24 property as a homestead under this act receives a homestead rebate
25 for which the claimant is not eligible. Any individual or entity
26 failing to provide the required information within 60 days of the
27 written request of the director shall be liable, in the discretion of the
28 director, to a penalty of up to \$500 for each month that the required
29 information is not provided, unless it is shown that such failure is
30 due to reasonable cause and not to willful neglect.

31 (cf: P.L.2004, c.40, s.7)

32

33 25. Section 7 of P.L.1990, c.61 (C.54:4-8.63) is amended to read
34 as follows:

35 7. a. The State Treasurer annually on or before October 31,
36 upon certification of the director and upon warrant of the [State
37 Comptroller] Director of the Division of Budget and Accounting,
38 shall pay and distribute the amount of a homestead rebate payable
39 under this act that is claimed for the prior tax year to each claimant
40 whose rebate is approved by the director.

41 b. A homestead credit allowed by the Director of the Division of
42 Taxation to a claimant who claimed a homestead credit pursuant to
43 section 3 of P.L.1990, c.61 (C.54:4-8.59), and whose homestead is
44 not a unit in a cooperative, mutual housing corporation or
45 continuing care retirement community, shall be paid by the State
46 Treasurer, through electronic funds transfer made by the director to
47 the local property tax account maintained by the local tax collector
48 for the homestead of the claimant as the claimant shall identify, in

1 equal installments after the application for the credit has been
2 approved, at the dates and in the manner as the director shall
3 determine to best coincide with the next local property tax quarterly
4 due dates of August 1 and November 1. Notice of payments of
5 credit installments shall be provided to the claimant and the
6 appropriate local tax collector.

7 c. Notwithstanding subsection b. of this section, the director
8 shall provide a homestead benefit under this act as a credit only if
9 the director can ensure that the benefit will be applied to the
10 appropriate taxpayer. Otherwise, the director may remit a
11 homestead benefit to an eligible taxpayer as a rebate.

12 d. Notwithstanding subsection b. of this section, a resident
13 homeowner of this State who is 65 years of age or older at the close
14 of the tax year or who is allowed to claim a personal deduction as a
15 blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-
16 1, shall receive the credit in the form of a rebate payment in
17 calendar year 2007, but will receive credits in future years starting
18 in calendar year 2008, unless the claimant elects in the claimant's
19 homestead credit application to receive a rebate.

20 e. Notwithstanding subsection b. of this section, if the director
21 determines that homestead benefits for a particular tax year cannot
22 be administered and delivered as credits efficiently, the director
23 may remit homestead benefits for that year as rebates.

24 (cf: P.L.2004, c.40, s.8)

25
26 26. Section 8 of P.L.1990, c.61 (C.54:4-8.64) is amended to read
27 as follows:

28 8. a. The tax collector of each municipality shall, on or before
29 **【May 15】 April 1** of each year, furnish the director with a list of
30 property taxpayers in the district delinquent for taxes due and
31 payable for the year immediately preceding and the amounts of such
32 delinquencies. The collector shall report on such list the name, lot
33 and block number on the property tax duplicate as may be
34 applicable, and the address of each owner to whom a delinquency is
35 attributable together with the amount of such delinquency so
36 identified. No homestead rebate payment under this act shall be
37 made to a property owner, and no homestead credit shall be applied
38 as provided in subsection b. of section 7 of P.L.1990, c.61 (C.54:4-
39 8.63), while that property owner's delinquency remains; provided
40 however that for the purposes of this act, for an assessment on a
41 property which is on appeal and for which the statutory percentage
42 of the tax as provided in R.S.54:3-27 has been paid, the taxes
43 assessed on that property shall not be regarded as delinquent.

44 b. If the director receives the list as provided for in subsection a.
45 of this section, and the director determines that a property tax
46 delinquency remains for the preceding tax year on **【May 15】 April**
47 **1**, the director shall ascertain the amount of the homestead rebate or
48 credit required to be withheld because of such delinquency in each

1 municipality in the State, and shall certify such amounts to the State
2 Treasurer as soon thereafter as may be practicable.

3 c. On or before November 15, the director shall notify each
4 homestead rebate or credit claimant whose rebate or credit has been
5 withheld because of delinquency that the amount of the rebate or
6 credit to which the claimant otherwise would have been entitled has
7 been sent to the tax collector in the municipality to be credited
8 against the claimant's delinquency.

9 d. Upon certification by the director as to the amount of
10 homestead rebates or credits required to be withheld because of
11 delinquency in the several municipalities, the State Treasurer upon
12 the warrant of the **【State Comptroller】** Director of the Division of
13 Budget and Accounting, shall pay such amount on or before
14 October 30 to the tax collector in each municipality.

15 e. The tax collector in each municipality shall credit the tax
16 delinquency of each property taxpayer who appears on the
17 delinquency list set forth in subsection a. of this section in the
18 amount that otherwise would have been returned to the property
19 taxpayer as a homestead rebate or credit. In the event that the
20 amount so credited by the tax collector exceeds the amount of
21 delinquency, the tax collector may return the difference to the
22 taxpayer or credit such amount to the subsequent property tax bill.

23 f. In the case of delinquency in the payment of property taxes by
24 a cooperative, mutual housing corporation or continuing care
25 retirement community, a homestead rebate that may be due an
26 individual resident shall be paid by the State Treasurer to the tax
27 collector of the municipality. The tax collector shall credit the
28 cooperative, mutual housing corporation or continuing care
29 retirement community with such payment and the cooperative,
30 mutual housing corporation or continuing care retirement
31 community shall, in turn, credit the individual unit owner to the
32 extent of the rebate and notify the applicant of the amount to be
33 credited.

34 g. If a tax collector fails to comply with the provisions of
35 subsection a. of this section requiring the tax collector to furnish the
36 director with a list, on or before **【May 15】** April 1 of each year, of
37 property taxpayers in the district delinquent for taxes due and
38 payable for the year immediately preceding and the amounts of such
39 delinquencies, the director shall either pay the homestead rebate
40 directly to the delinquent applicant rather than to the tax collector of
41 the municipality as set forth in subsection d. of this section or
42 provide a credit for the applicant under this act.

43 h. All provisions of this section shall apply to NJ SAVER rebate
44 applications filed for and paid as homestead rebates for tax year
45 2003.

46 (cf: P.L.2004, c.40, s.9)

1 27. Section 9 of P.L.1990, c.61 (C.54:4-8.65) is amended to read
2 as follows:

3 9. The homestead rebates and credits authorized under this act
4 shall not be subject to garnishment, attachment, execution or other
5 legal process, except as provided in section 1 of P.L.1981, c.239
6 (C.54A:9-8.1), or except for an income withholding order issued
7 pursuant to P.L.1981, c.417 (C.2A:17-56.8 et seq.), nor shall the
8 payment thereof be anticipated.
9 (cf: P.L.2004, c.40, s.10)

10

11 28. Section 10 of P.L.1990, c.61 (C.54:4-8.66) is amended to
12 read as follows:

13 10. a. (1) The director shall determine the amount of the rebate
14 or credit, if any, that shall be **paid to** provided for each claimant
15 pursuant to P.L.1990, c.61 (C.54:4-8.57 et seq.) based upon the
16 information provided by the individual applicant in the application
17 or from any other information as may be available to the director
18 and shall notify the applicant of the determined amount in the form
19 of the homestead rebate check or credit or in any other manner as
20 the director may deem appropriate. Subject to the provisions of the
21 State Uniform Tax Procedure Law, R.S.54:48-1 et seq., such
22 notification shall finally and irrevocably fix the amount of the
23 rebate or credit unless the applicant, within 90 days after having
24 been given notice of such determination, shall apply to the director
25 for a hearing, or unless the director shall redetermine the same.
26 After such hearing the director shall give notice of the final
27 determination to the applicant.

28 (2) An applicant for a homestead rebate or credit authorized
29 under this act who is aggrieved by any decision, order, finding, or
30 denial by the director of all or part of that applicant's homestead
31 rebate or credit may appeal therefrom to the New Jersey Tax Court
32 in accordance with the provisions of the State Uniform Tax
33 Procedure Law, R.S. 54-48-1 et seq.

34 b. The appeal provided by this section shall be the exclusive
35 remedy available to an applicant for review of a decision of the
36 director in respect to the determination of all or part of a homestead
37 rebate or credit authorized under this act.
38 (cf: P.L.2004, c.40, s.12)

39

40 29. Section 14 of P.L.1999, c.63 (C.54:4-8.66a) is amended to
41 read as follows:

42 14. Any individual who receives a homestead rebate or credit
43 otherwise authorized under this act but as a result of an intentional
44 misrepresentation of a material fact shall be required to repay to the
45 director the amount of the homestead rebate or credit and shall be
46 liable to a penalty equal to 150% of the amount of the homestead
47 rebate or credit paid as a result of that misrepresentation.

48 (cf: 2004, c.40, s.13)

1 30. Section 15 of P.L.1999, c.63 (C.54:4-8.66b) is amended to
2 read as follows:

3 15. Any person who receives a homestead rebate or credit
4 otherwise authorized under this act but which has been paid in error
5 and which is recoverable by the director, and fails to return the
6 payment within 45 days of receiving notice from the director that
7 such payment was erroneous, shall pay, in addition to the amount of
8 the erroneous rebate or credit, interest at the rate prescribed in
9 R.S.54:49-3, assessed for each month or fraction thereof,
10 compounded annually at the end of each year, from the date next
11 following the 45th day after receiving the notice from the director
12 that such payment was erroneous until the date of the return of the
13 erroneous payment.

14 (cf: P.L.2004, c.40, s.14)

15

16 31. Section 16 of P.L.1999, c.63 (C.54:4-8.66c) is amended to
17 read as follows:

18 16. A homestead rebate or credit paid as a result of
19 misrepresentation or paid in error and any penalties and interest as
20 imposed thereon by this act, shall be payable to and recoverable by
21 the director in the same manner as a deficiency with respect to the
22 payment of a State tax in accordance with the State Uniform Tax
23 Procedure Law, R.S.54:48-1 et seq.

24 (cf: P.L.2004, c.40, s.15)

25

26 32. Section 6 of P.L.1997, c.348 (C.54:4-8.73) is amended to
27 read as follows:

28 6. Pursuant to the "Administrative Procedure Act," P.L.1968,
29 c.410 (C.52:14B-1 et seq.), the director shall promulgate such rules
30 and regulations and prescribe such forms as the director shall deem
31 necessary to implement this act. The director shall also promulgate
32 rules and regulations to implement an appeals process for aggrieved
33 persons to use if eligibility for a homestead property tax
34 reimbursement rebate or credit is denied.

35 (cf: P.L.1997, c.348, s.6)

36

37 33. R.S.54:4-64 is amended to read as follows:

38 54:4-64. a. (1) As soon as the tax duplicate is delivered to the
39 collector of the taxing district, as provided in R.S.54:4-55, he shall
40 at once begin the work of preparing, completing, mailing or
41 otherwise delivering tax bills to the individuals assessed[, and shall
42 complete that work on or before June 14]. He shall also[, at least
43 two months before the first installment of taxes for the calendar
44 year falls due,] prepare and mail, or otherwise deliver to the
45 individuals assessed, a tax bill for such following first and second
46 installments, computed as provided in R.S.54:4-66 or section 2 of
47 P.L.1994, c.72 (C.54:4-66.1), as appropriate.

1 (2) When any individual assessed has authorized the collector to
2 mail or otherwise deliver his tax bill to a mortgagee or any other
3 agent, the collector shall, at the same time, mail or otherwise
4 deliver a duplicate tax bill to the individual assessed and shall print
5 across the face of such duplicate tax bill the following inscription:
6 "This is not a bill -- for advice only."

7 (3) The validity of any tax or assessment, or the time at which it
8 shall be payable, shall not be affected by the failure of a taxpayer to
9 receive a tax bill, but every taxpayer is put on notice to ascertain
10 from the proper official of the taxing district the amount which may
11 be due for taxes or assessments against him or his property.

12 (4). Notwithstanding the provisions of any law to the contrary,
13 the third installment of current year taxes shall not be subject to
14 interest until the later of August 1, the additional interest-free
15 period authorized pursuant to R.S.54:4-67, or the twenty-fifth
16 calendar day after the date that the tax bill for the third installment
17 was mailed or otherwise delivered. Any payment received after the
18 later of August 1, the additional interest-free period authorized
19 pursuant to R.S.54:4-67, or the twenty-fifth calendar day after the
20 date that the tax bill for the third installment was mailed or
21 otherwise delivered may be charged interest back to August 1. The
22 tax bill shall contain a notice specifying the date on which interest
23 may begin to accrue.

24 b. As provided in subsection a. of this section, a mortgagor as
25 the individual assessed for property taxes or other municipal
26 charges with respect to the property securing a mortgage loan, may
27 authorize the tax collector to mail or otherwise deliver his tax bill to
28 a mortgagee or servicing organization. This tax authorization form
29 shall be assignable in the event the mortgagee or servicing
30 organization sells, assigns or transfers the servicing of the mortgage
31 loan to another mortgagee or servicing organization.

32 c. The tax collector of the taxing district shall, upon receipt of a
33 written request from a mortgagee or servicing organization on a
34 form approved by the commissioner, mail or otherwise deliver a
35 mortgagor's tax bill to a property tax processing organization. The
36 commissioner shall provide by regulation for a procedure by which
37 the tax collector of a taxing district may request the Director of the
38 Division of Local Government Services in the Department of
39 Community Affairs to review the appropriateness of the request to
40 mail or otherwise deliver a mortgagor's tax bill to a property tax
41 processing organization.

42 d. If a mortgagee, servicing organization, or property tax
43 processing organization requests a duplicate copy of a tax bill, the
44 tax collector of a taxing district shall issue a duplicate copy and
45 may charge a maximum of \$5 for the first duplicate copy and a
46 maximum of \$25 for each subsequent duplicate copy of the same
47 tax bill in the same fiscal year, the actual charge being set by
48 municipal ordinance. The commissioner shall promulgate

1 regulations to effectuate the provisions of this subsection d. which
2 regulations shall include a procedure by which a mortgagee,
3 servicing organization, or property tax processing organization may
4 appeal and be reimbursed for the amount it has paid for a duplicate
5 copy of a tax bill, or any part thereof.

6 e. As used in subsections a., b., c., and d. of this section,
7 "mortgagee," "mortgagor," "mortgage loan," "servicing
8 organization" and "property tax processing organization" shall have
9 the same meaning as the terms have pursuant to section 1 of
10 P.L.1990, c.69 (C.17:16F-15).

11 (cf: P.L.1994, c.32, s.1)

12
13 34. R.S.54:4-65 is amended to read as follows:

14 54:4-65. a. The Director of the Division of Local Government
15 Services in the Department of Community Affairs shall approve the
16 form and content of property tax bills.

17 b. (1) Each tax bill shall have printed thereon a brief tabulation
18 showing the distribution of the amount raised by taxation in the
19 taxing district, in such form as to disclose the rate per \$100.00 of
20 assessed valuation or the number of cents in each dollar paid by the
21 taxpayer which is to be used for the payment of State school taxes,
22 other State taxes, county taxes, local school expenditures and other
23 local expenditures. The last named item may be further subdivided
24 so as to show the amount for each of the several departments of the
25 municipal government. In lieu of printing such information on the
26 tax bill, any municipality may furnish the tabulation required
27 hereunder and any other pertinent information in a statement
28 accompanying the mailing or delivery of the tax bill.

29 (2) When a parcel receives a homestead property tax credit
30 pursuant to provisions of P.L. , c. (C.) (pending before the
31 Legislature as this bill), the amount of the credit shall be included
32 with the tax calculation as a reduction in the total tax calculation for
33 the year. One-half of the amount of the credit shall be deducted
34 from taxes otherwise due for the third installment and the remaining
35 one-half shall be deducted from taxes otherwise due for the fourth
36 installment.

37 (3) There shall be included on or with the tax bill the delinquent
38 interest rate or rates to be charged and any end of year penalty that
39 is authorized and any other such information that the director may
40 require from time to time.

41 c. The **【appropriate】** tax bill **【or form mailed with the tax bill】**
42 shall also **【contain a statement reporting】** include a calculation
43 stating the amounts of State aid and assistance received by the
44 municipality, school districts, special districts and county
45 governments **【used to offset local tax levies】** that offset property
46 taxes that are otherwise due on each parcel. The director shall
47 **【provide】** certify to each tax collector [with a certification of] the

1 amounts of said State aid and assistance 【for inclusion in the tax
2 bill】 that shall serve as the basis for the calculation for each parcel.

3 The director shall set standards for the calculation and display of
4 the statement on the tax bill.

5 d. The tax bill or form mailed with the tax bill shall include
6 thereon the date upon which each installment is due.

7 e. If a property tax bill includes in its calculation a homestead
8 property tax credit, the bill shall, in addition to the calculation
9 showing taxes due, either display a notice concerning the credit on
10 the face of the property tax bill or with a separate notice, with the
11 content and wording as the director provides.

12 (cf: P.L.1997, c.99, s.1)

13
14 35. Section 3 of P.L.1994, c.72 (C.54:4-66.2) is amended to read
15 as follows:

16 3. a. Notwithstanding any provision of law, rule or regulation to
17 the contrary, whenever a municipal governing body determines that
18 the municipal tax collector will be unable to complete the mailing
19 or delivery of tax bills in a municipality operating under a calendar
20 fiscal year by June 14 or in a municipality operating under the State
21 fiscal year by June 14 or December 1, as appropriate, because the
22 county board of taxation has not certified a tax levy, or for any
23 other reason, subject to regulations promulgated by the Local
24 Finance Board, the governing body may direct, by resolution, the
25 collector to prepare, complete, mail or otherwise deliver as soon as
26 practicable to each individual assessed, or as provided in R.S.54:4-
27 64 to the individual's mortgagee or servicing organization,
28 estimated and reconciled tax bills in accordance with the procedures
29 set forth in section 4 or 5, as appropriate, of P.L.1994, c.72 (C.54:4-
30 66.3 or C.54:4-66.4).

31 b. Except as otherwise provided for by this section, an estimated
32 tax bill and a reconciled tax bill issued pursuant to subsection a. of
33 this section shall be considered the same as a regular tax bill with
34 regard to other laws governing tax bills.

35 c. An estimated tax bill issued pursuant to this section may be
36 used by a mortgagee or servicing organization in calculating the
37 anticipated disbursements from mortgage escrow accounts as
38 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

39 d. Notwithstanding anything in Title 54 of the Revised Statutes
40 to the contrary, a municipality shall not issue more than four
41 quarterly installment tax bills, whether estimated or final, during
42 any calendar year. This subsection shall not apply to bills for added
43 or omitted assessments.

44 e. The provisions of this section and sections 4 and 5 of
45 P.L.1994, c.72 (C.54:4-66.3 and C.54:4-66.4) related to third
46 installment tax bills shall not be operative in years when homestead
47 property tax credits are provided through the property tax billing
48 process. In such years, the director shall notify municipal officials

1 of the suspension of this provision and that no estimated tax bills
2 shall be printed or otherwise issued.

3 (cf: P.L.1994, c.72, s.3)

4
5 36. R.S.54:4-74 is amended to read as follows:

6 54:4-74. The governing body of each municipality shall cause to
7 be paid to the treasurer of the county, in four installments, the
8 amount of county taxes required to be assessed and raised in such
9 municipality, on the fifteenth day of the month in which each
10 installment of taxes shall become payable, except, that in those
11 years when the third installment has been determined by the tax
12 collector to be due after August 10, the installment shall be due no
13 later than five days after the twenty-fifth day from when the tax bill
14 was mailed or otherwise delivered pursuant to subsection a. of
15 R.S.54:4-64, but no later than September 15. The amount to be
16 payable as each of the first two installments shall be one-quarter of
17 the total tax finally levied against the municipality for the preceding
18 year, and the amount to be payable for the third and fourth
19 installments shall be the full tax as levied for the current year, less
20 the amount charged as the first and second installments. The
21 amount thus found to be payable as the last two installments shall
22 be divided equally for and as each installment. The governing body
23 of each municipality shall cause to be paid to the county treasurer
24 on December fifteenth of each year all of the taxes required to be
25 assessed and raised by taxation in such taxing district for state
26 school and other state purposes.

27 (cf: R.S.54:4-74)

28
29 37. R.S.54:4-75 is amended to read as follows:

30 54:4-75. The governing body of each municipality shall pay
31 over to the custodian of school moneys, in the case of school
32 districts in which appropriations for school purposes are made by
33 the inhabitants of the school district, within forty days after the
34 beginning of the school year, twenty per centum (20%) of the
35 appropriation for local school purposes, and thereafter, but prior to
36 the last day of the school year, the balance of the moneys raised in
37 the municipality for school purposes in such amounts as may from
38 time to time be requested by the Board of Education, within thirty
39 days after each request. The Board of Education shall not request
40 any more money at any one time than shall be required for its
41 expenditures for a period of eight weeks in advance; provided,
42 however, that the Board of Education may at any time, but not
43 earlier than fifteen days prior to the beginning of the school year,
44 request sufficient moneys to meet all interest and debt redemption
45 charges maturing during the first forty days of the school year. The
46 governing body may make payments of such moneys in advance of
47 the time and in excess of the amounts required by this section.
48 Notwithstanding provisions of this section to the contrary, in those

1 years when the third installment of property taxes has been
2 determined by the tax collector to be due after August 10, the
3 installment shall be due no later than five days after the twenty-fifth
4 day from when the tax bill was mailed or otherwise delivered
5 pursuant to subsection a. of R.S.54:4-64, but no later than
6 September 1.

7 (cf: P.L.1952, c.274, s.1)

8
9 38. Section 1 of P.L.1981, c.239 (C.54A:9-8.1) is amended to
10 read as follows:

11 1. a. Whenever any taxpayer or resident shall be entitled to any
12 refund of taxes pursuant to the "New Jersey Gross Income Tax Act"
13 (N.J.S.54A:1-1 et seq.), including an earned income tax credit
14 provided as a refund pursuant to P.L.2000, c.80 (C.54A:4-6 et al.),
15 or whenever any individual is eligible to receive a homestead rebate
16 or credit pursuant to P.L.1990, c.61 (C.54:4-8.57 et al.), P.L.1999,
17 c.63 (C.54:4-8.58a et al.) **[or]**, P.L.2004, c.40 or
18 P.L. , c (C.) (pending before the Legislature as this bill),
19 and if the rebate or credit is not required to be paid over to the
20 municipal tax collector under the provisions of section 8 of
21 P.L.1990, c.61 (C.54:4-8.64), and at the same time the taxpayer or
22 resident shall be indebted to any agency or institution of State
23 Government, to the Victims of Crime Compensation Board for the
24 portion of an assessment ordered pursuant to N.J.S.2C:43-3.1 for
25 deposit in the Victims of Crime Compensation Board Account or
26 restitution ordered to be paid to the board pursuant to N.J.S.2C:44-2
27 for deposit in the Victims of Crime Compensation Board Account,
28 or for child support under Title IV-A, Title IV-D, or Title IV-E of
29 the federal Social Security Act (42 U.S.C. s.601 et seq.), or other
30 indebtedness in accordance with section 1 of P.L.1995, c.290
31 (C.2A:17-56.11b) the Department of the Treasury shall apply or
32 cause to be applied the refund, homestead rebate or credit, or all, or
33 so much of any or all as shall be necessary, to satisfy the
34 indebtedness. Child support indebtedness shall take precedence
35 over all other indebtedness. The Department of the Treasury shall
36 retain a percentage of the proceeds of any collection setoff as shall
37 be necessary to provide for any expenses of the collection effort.

38 b. A State department or agency which is owed a debt shall
39 notify the Department of the Treasury of the existence of the debt
40 and shall request that the Department of the Treasury execute a
41 setoff as provided for in this section.

42 (cf: P.L.2005, c.124, s.12)

43
44 39. Section 2 of P.L.1981, c.239 (C.54A:9-8.2) is amended to
45 read as follows:

46 2. The Department of the Treasury shall promulgate regulations
47 concerning the procedures and methods to be employed by all
48 agencies and institutions in the executive branch in the collection or

1 the setting off of delinquent accounts. The regulations shall be
2 consistent with all Federal requirements or limitations regarding
3 any information utilized in any collection or setoff, and shall in
4 addition provide for due notice to the debtor and opportunity for a
5 hearing upon request prior to any setoff; safeguards against the
6 disclosure or inappropriate use of any personally identifiable
7 information regarding the debtor obtained or maintained pursuant to
8 this act; and the appropriate apportionment of any setoff in the case
9 of a debtor's joint filing of a joint income tax return or homestead
10 rebate or credit application.

11 (cf: P.L.1981, c.239, s.2)

12

13 40. (New section) For the fiscal year beginning July 1, 2007,
14 the sum that shall be appropriated for homestead property tax
15 rebates for residential tenants shall be not less than twice the
16 amount appropriated for the same purpose in the prior fiscal year
17 and shall be allocated in a manner prescribed by law.

18

19 41. Section 1 of P.L.1995, c.44 (C.2B:20-2) is amended to read
20 as follows:

21 1. a. The names of persons eligible for jury service shall be
22 selected from a single juror source list of county residents whose
23 names and addresses shall be obtained from a merger of the
24 following lists: registered voters, licensed drivers, filers of State
25 gross income tax returns and filers of homestead rebate or credit
26 application forms. The county election board, the Division of
27 Motor Vehicles and the State Division of Taxation shall provide
28 these lists annually to the Assignment Judge of the county. The
29 Assignment Judge may provide for the merger of additional lists of
30 persons eligible for jury service that may contribute to the breadth
31 of the juror source list. Merger of the lists of eligible jurors into a
32 single juror source list shall include a reasonable attempt to
33 eliminate duplication of names.

34 b. The juror source list shall be compiled once a year or more
35 often as directed by the Assignment Judge.

36 c. The juror source list may be expanded by the Supreme Court
37 as it deems appropriate.

38 (cf: P.L.1995, c.44, s.1)

39

40 42. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
41 read as follows:

42 7. a. The Division of Pensions and Benefits shall certify to the
43 certifying agent of each employer electing participation under the
44 program the premium rates and periodic charges applicable to the
45 coverage provided for employees and dependents. The
46 participating employer shall remit to the division all contributions
47 to premiums and periodic charges in advance of their due dates,
48 subject to the rules and regulations of the commission.

1 Notwithstanding the provisions of any other law to the contrary,
2 the obligations of a participating employer other than the State to
3 pay the premium or periodic charges for health benefits coverage
4 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
5 determined by means of a binding collective negotiations
6 agreement. With respect to employees for whom there is no
7 majority representative for collective negotiations purposes, the
8 employer may, in its sole discretion, modify the respective payment
9 obligations set forth in law for the employer and such employees in
10 a manner consistent with the terms of any collective negotiations
11 agreement binding on the employer.

12 b. (1) From funds allocated therefor, the employer other than the
13 State, upon the adoption and submission to the division of an
14 appropriate resolution prescribed by the commission, may pay the
15 premium or periodic charges for the benefits provided to a retired
16 employee and the employee's dependents covered under the
17 program, if the employee retired from a State or locally-
18 administered retirement system, excepting the employee who
19 elected deferred retirement, and may also reimburse the retired
20 employee for the employee's premium charges under Part B of
21 Medicare covering the retired employee and the employee's spouse
22 if the employee:

23 (a) retired on a disability pension; or

24 (b) retired after 25 or more years of nonconcurrent service credit
25 in one or more State or locally-administered retirement systems and
26 a period of service of up to 25 years with the employer at the time
27 of retirement, such period of service to be determined by the
28 employer and set forth in an ordinance or resolution as appropriate;
29 or

30 (c) retired and reached the age of 65 years or older with 25 years
31 or more of nonconcurrent service credit in one or more State or
32 locally-administered retirement systems and a period of service of
33 up to 25 years with the employer at the time of retirement, such
34 period of service to be determined by the employer and set forth in
35 an ordinance or resolution as appropriate; or

36 (d) retired and reached the age of 62 years or older with at least
37 15 years of service with the employer.

38 "Retired employee and the employee's dependents" may, upon
39 adoption of an appropriate resolution therefor by the participating
40 employer, also include otherwise eligible employees, and their
41 dependents, who retired from one or more State or locally-
42 administered retirement systems prior to the date that the employer
43 became a participating employer in the New Jersey State Health
44 Benefits Program or who did not elect to continue coverage in the
45 program during such time after the employer became a participating
46 employer that the employer did not pay premium or periodic
47 charges for benefits to retired employees and their dependents
48 pursuant to this section. Eligibility and enrollment of such

1 employees and dependents shall be in accordance with such rules
2 and regulations as may be adopted by the State Health Benefits
3 Commission.

4 The employer other than the State may, by resolution, pay the
5 premium or periodic charges for the benefits provided to the
6 surviving spouse of a retired employee and the employee's
7 dependents covered under the program as provided in this section.

8 (2) Notwithstanding the provisions of any other law to the
9 contrary, the obligations of an employer other than the State, except
10 an independent State authority, board, commission, corporation,
11 agency, or organization deemed to be covered by section 6 of
12 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
13 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-
14 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
15 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
16 periodic charges for health benefits coverage under the provisions
17 of paragraph (1) may be determined by means of a binding
18 collective negotiations agreement, including any agreement in force
19 at the time of the adoption of this act, P.L.1999, c.48. With respect
20 to employees for whom there is no majority representative for
21 collective negotiations purposes, the employer may, in its sole
22 discretion, determine the payment obligations for the employer and
23 the employees, except that if there are collective negotiations
24 agreements binding upon the employer for employees who are
25 within the same community of interest as employees in a collective
26 negotiations unit but are excluded from participation in the unit by
27 the "New Jersey Employer-Employee Relations Act," P.L.1941,
28 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
29 determined in a manner consistent with the terms of any collective
30 negotiations agreement applicable to the collective negotiations
31 unit.

32 c. Notwithstanding the provisions of any other law to the
33 contrary, the payment obligations of an employee of an employer
34 other than the State, except an independent State authority, board,
35 commission, corporation, agency, or organization, for health
36 benefits coverage under subsection b. shall be the payment
37 obligations applicable to the employee on the date the employee
38 retires on a disability pension or the date the employee meets the
39 service credit and service requirements for the employer payment
40 for the coverage, as the case may be.

41 (cf: P.L.2001, c.209, s.4)

42

43 43. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to
44 read as follows:

45 9. An employee enrolling for **dependents** coverage shall, at
46 the time of enrollment, authorize the participating employer to
47 withhold, on an advance basis, from his wages or salary the
48 contribution required by such employer for such coverage, which

1 shall not exceed the premium or periodic charge therefor. The
2 remainder of the premiums and periodic charges for employee and
3 dependents coverage shall be paid by the participating employer out
4 of its own funds.

5 (cf: P.L.1964, c.125, s.9)

6
7 44. (New section) Notwithstanding the provisions of any other
8 law to the contrary, a board of education, or an agency or
9 instrumentality thereof, may establish as an employer a cafeteria
10 plan for its employees pursuant to section 125 of the federal
11 Internal Revenue Code, 26 U.S.C. §125. The plan may provide for a
12 reduction in an employee's salary, through payroll deductions or
13 otherwise, in exchange for payment by the employer of medical or
14 dental expenses not covered by a health benefits plan, and
15 dependent care expenses as provided in section 129 of the code, 26
16 U.S.C. §129, and such other benefits as are consistent with section
17 125 which are included under the plan. The amount of any
18 reduction in an employee's salary for the purpose of contributing to
19 the plan shall continue to be treated as regular compensation for all
20 other purposes, including the calculation of pension contributions
21 and the amount of any retirement allowance, but, to the extent
22 permitted by the federal Internal Revenue Code, shall not be
23 included in the computation of federal taxes withheld from the
24 employee's salary.

25
26 45. (New section) Notwithstanding the provisions of any other
27 law to the contrary, a local unit of government, or an agency, board,
28 commission, authority or instrumentality thereof, may establish as
29 an employer a cafeteria plan for its employees pursuant to section
30 125 of the federal Internal Revenue Code, 26 U.S.C. §125. The plan
31 may provide for a reduction in an employee's salary, through
32 payroll deductions or otherwise, in exchange for payment by the
33 employer of medical or dental expenses not covered by a health
34 benefits plan, and dependent care expenses as provided in section
35 129 of the code, 26 U.S.C. §129, and such other benefits as are
36 consistent with section 125 which are included under the plan. The
37 amount of any reduction in an employee's salary for the purpose of
38 contributing to the plan shall continue to be treated as regular
39 compensation for all other purposes, including the calculation of
40 pension contributions and the amount of any retirement allowance,
41 but, to the extent permitted by the federal Internal Revenue Code,
42 shall not be included in the computation of federal taxes withheld
43 from the employee's salary.

44
45 46. a. There is appropriated to the Department of Education the
46 Treasury from the General Fund an amount as the Commissioner of
47 Education shall determine is necessary for the administrative costs
48 of implementing the levy cap provisions of this act applicable to

1 school districts, subject to the approval of the Director of the
2 Division of Budget and Accounting.

3 b. There is appropriated to the Department of Community
4 Affairs from the General Fund an amount as the Commissioner of
5 Community Affairs shall determine is necessary for the
6 administrative costs of implementing the levy cap provisions of this
7 act applicable to local units, subject to the approval of the Director
8 of the Division of Budget and Accounting.

9 c. There is appropriated to the Department of the Treasury from
10 the General Fund an amount as the Director of the Division of
11 Taxation in the Department of the Treasury shall determine is
12 necessary for the administrative costs of implementing the credit
13 provisions of this act (sections 19 through 40), subject to the
14 approval of the Director of the Division of Budget and Accounting.
15

16 47. This act shall take effect immediately; provided, however,
17 sections 2 through 12 shall be applicable only to budget years
18 beginning on or after July 1, 2007, and shall not be applicable to
19 budget years beginning after June 30, 2012; section 13 shall be
20 retroactive to July 1, 2006, and shall not be applicable to budget
21 years beginning after June 30, 2012; and sections 19 through 40
22 shall first apply to claims for rebates and credits for property taxes
23 paid for the tax year 2006.
24
25

26 STATEMENT

27
28 This bill provides a homestead property tax credit for residents
29 of New Jersey and provides a means to ensure that the property tax
30 relief is sustainable through a property tax levy cap of four percent
31 that is applicable to school districts, counties, municipalities, fire
32 districts, and solid waste collection districts. Sections 19 through
33 41 of this bill establish a homestead credit program for New Jersey
34 homeowners and residential tenants. These sections replace the
35 current homestead rebate program for homeowners that provides
36 benefits in set dollar amounts in ranges based on income. An
37 additional section, to benefit residential tenants, requires that for the
38 fiscal year beginning July 1, 2007, the sum to be appropriated for
39 homestead property tax rebates for residential tenants shall be not
40 less than twice the amount appropriated for the same purpose in the
41 prior fiscal year. The credit program retains the rebate program's
42 definition of income and provides a benefit based on a percentage
43 of property taxes paid for the previous year. The percentages vary
44 based on three income levels: 20% for incomes up to \$100,000,
45 15% for incomes over \$100,000 up to \$150,000, and 10% for
46 incomes over \$150,000 up to \$250,000. Taxpayers with incomes
47 over \$250,000 receive no benefit. If a property tax bill is higher
48 than \$10,000, the benefit only applies to a percentage of the first

1 \$10,000 of property taxes paid. The benefit amounts do not vary
2 based upon a taxpayers age or disability status. This bill provides
3 immediate property tax relief to a large number of homeowners and
4 residential tenants.

5 For seniors and residents who are blind or disabled, the bill
6 either retains the current calculation of property tax rebates or
7 applies the new credit formula, whichever provides a greater
8 benefit. Under the current calculation the homestead benefit for the
9 tax year equals the amount by which property taxes paid by the
10 claimant in that tax year on the claimant's homestead exceed 5% of
11 the claimant's gross income, with certain maximum and minimum
12 benefits. Most of these taxpayers are eligible for a benefit of
13 \$1,200.

14 The new percentage-based benefit will be provided to taxpayers
15 in the form of a credit rather than a rebate. However, the director
16 retains the discretion to provide rebates when there is uncertainty
17 that the benefit will be accurately provided to the correct taxpayer.
18 In addition, seniors will receive the benefit as a rebate in the first
19 year, and may individually choose to continue to do so in following
20 years.

21 Credits will be reflected annually in the August and November
22 property tax bills beginning in 2007. A taxpayer must reside in a
23 homestead on October 1 of a tax year to be eligible for the credit.

24 The bill requires each property tax bill to show the taxpayer the
25 amount of credit the taxpayer receives, and makes additional
26 technical changes to statutes affecting the format and content of tax
27 bills.

28 Sections 2 through 7 of this bill establishes a property tax levy
29 cap for school districts, with very limited exceptions. During the
30 first school budget year following enactment of this bill, the school
31 district could go to its voters, as it does now, for approval to exceed
32 the 4% levy cap. After the first year, the school district would need
33 approval by at least 60% of the voters to exceed the levy cap. The
34 bill ensures a great degree of transparency so that the ballot
35 question and statement accurately explains the purpose for the
36 additional funding request. After the first year, the school district
37 also would be able to seek a waiver from the Commissioner of
38 Education for limited categories of purposes, instead of or prior to
39 seeking voter approval.

40 Sections 9 through 13 of the bill establish a property tax levy cap
41 of four percent for local units, namely counties, municipalities, fire
42 districts, and solid waste collection districts, with very limited
43 exceptions. In the case of a county, this levy cap is intended to be
44 tighter than the existing levy cap, but regardless, the smaller cap
45 would apply. In the case of a municipality, this levy cap
46 supplements the existing municipal expenditure cap and so would
47 act as an additional constraint on municipal spending. Fire districts
48 and solid waste collection districts currently are not subject to any

1 expenditure or levy caps. The Local Finance Board would be
2 authorized to grant waivers from the four percent cap in very
3 limited circumstances.

4 Sections 42 through 45 of the bill provide local governments,
5 including local boards of education, with the ability to modify,
6 through collective negotiations agreements with their active
7 employees, the payment obligations of the employer for active
8 employee coverage under the State Health Benefits Program
9 (SHBP). The ability to negotiate the amount of SHBP premium or
10 periodic charges to be paid by the employer has been available to
11 the State since 1997, and to local governments with regard to their
12 future retirees since 1999.

13 The bill also permits all local units of government (including
14 boards of education, county colleges, and local authorities) to
15 establish cafeteria plans pursuant to section 125 of the federal
16 Internal Revenue Code, 26 U.S.C. §125, to provide for a reduction
17 in an employee's salary, through payroll deductions or otherwise, in
18 exchange for payment by the employer of medical or dental
19 expenses not covered by a health benefits plan, of dependent care
20 expenses as provided in section 129 of the code, 26 U.S.C. §129,
21 and of such other benefits as are consistent with section 125 which
22 are included under the plan. The amount of any reduction in an
23 employee's salary will continue to be treated as regular
24 compensation for all other purposes, including the calculation of
25 pension contributions and the amount of any retirement allowance,
26 but, to the extent permitted by the federal Internal Revenue Code,
27 will not be included in the computation of federal taxes withheld
28 from the employee's salary. The State was given the authority to
29 establish such cafeteria plans in 1996 pursuant to N.J.S.A.52:14-
30 15.1a.

31 These provisions will provide local governments that participate
32 in the SHBP with flexibility to make negotiate changes required to
33 control costs.

34 The bill appropriates funds necessary for the administrative costs
35 of implementing the levy caps. The bill also appropriates funds
36 necessary for the administrative costs of implementing the credit
37 program, in an amount determined by the Director of the Division
38 of Taxation in the Department of the Treasury, with the approval of
39 the Director of the Division of Budget and Accounting.