ASSEMBLY, No. 1090

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
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SYNOPSIS

Provides gross income tax credit to certain totally and permanently disabled veterans for rent constituting property taxes.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

(Sponsorship Updated As Of: 7/27/2020)

AN ACT providing a gross income tax credit to certain totally and permanently disabled veterans for rent constituting property taxes, supplementing Title 54A of the New Jersey Statutes.

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

1. a. A disabled veteran shall be allowed a credit against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to rent constituting property taxes, as defined in section 2 of P.L.1996, c.60 (C.54A:3A-16), paid by the disabled veteran for occupancy during the taxable year of a unit of residential rental property, as defined in section 2 of P.L.1996, c.60 (C.54A:3A-16), which the disabled veteran occupies as a principal residence.

b. The amount of the credit allowed pursuant to this section shall be applied against the tax otherwise due under N.J.S.54A:1-1 et seq., after all other credits and payments. If the credit exceeds the amount of tax otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S.54A:9-7; provided however, that subsection (f) of N.J.S.54A:9-7 shall not apply.

c. The credit for a disabled veteran under subsection a. of this section who, pursuant to N.J.S.54A:2-4, is not subject to tax, shall be applied for annually on an application as shall be made available by the director, to be filed with the director on or before the date for filing annual gross income tax returns. The director shall determine the form and manner by which a qualified applicant shall apply for a refund of an overpayment pursuant to this section, and the time of the refund of the overpayment.

d. As used in this section, "disabled veteran" means any resident of the State who has been honorably discharged or released under honorable circumstances from active service in any branch of the Armed Forces of the United States and who has been or shall be declared by the United States Veterans Administration, or its successor, to have a service-connected disability from paraplegia, sarcoidosis, osteochondritis resulting in permanent loss of the use of both legs, or permanent paralysis of both legs and lower parts of the body, or from hemiplegia and has permanent paralysis of one leg and one arm or either side of the body, resulting from injury to the spinal cord, skeletal structure, or brain or from disease of the spinal cord not resulting from any form of syphilis; or from total blindness; or from amputation of both arms or both legs, or both hands or both feet, or the combination of a hand and a foot; or from other service-connected disability declared by the United States Veterans Administration or its successor to be a total or 100% permanent disability, and not so evaluated solely because of hospitalization or surgery and recuperation, sustained through

enemy action, or accident, or resulting from disease contracted while in such active service.

e. Nothing in subsection d. of this section shall be intended to include paraplegia or hemiplegia resulting from locomotor ataxia or other forms of syphilis of the central nervous system, or from chronic alcoholism, or to include other forms of disease resulting from the veteran's own misconduct which may produce signs and symptoms similar to those resulting from paraplegia, osteochondritis, or hemiplegia.

2. a. (1) The surviving spouse of any resident of this State, who at the time of death was entitled to the credit provided pursuant to this act, shall be entitled, on proper claim made therefor, to the same credit as the deceased had, during the surviving spouse's widowhood or widowerhood, as the case may be, and while a resident of this State, for the time that the surviving spouse is the tenant or lessee thereof and actually occupies the unit of residential rental property or any other unit of residential rental property thereafter rented or leased.

(2) The surviving spouse of any resident of this State who was honorably discharged and, after the citizen and resident's death, is declared to have suffered a service-connected disability as provided in section 1 of this act, shall be entitled, on proper claim made therefor, to the same credit the deceased would have become eligible for. The surviving spouse shall be permitted to claim the credit during the surviving spouse's widowhood or widowerhood, as the case may be, and while a resident of this State, for the time that the surviving spouse is the tenant or lessee thereof and actually occupies the unit of residential rental property or any other unit of residential rental property thereafter rented or leased.

b. The surviving spouse of any resident of this State, who died in active service in time of war in any branch of the Armed Forces of the United States, shall be entitled, on proper claim made therefor, to the credit provided pursuant to this act, during the surviving spouse's widowhood or widowerhood, as the case may be, and while a resident of this State, for the time that the surviving spouse is the tenant or lessee thereof and actually occupies the unit of residential rental property or any other unit of residential rental property thereafter rented or leased.

3. This act shall take effect immediately and apply to taxable years beginning on or after the January 1 next following enactment.

STATEMENT

This bill provides a gross income tax credit to certain totally and permanently disabled veterans for rent constituting property taxes.

Pursuant to N.J.S.A.54:4-3.30, a citizen and resident, as well as a surviving spouse in certain circumstances, of this State who has been honorably discharged or released under honorable circumstances, from active service, in time of war, in any branch of the Armed Forces of the United States, who has been declared by the United States Veterans Administration to have certain service-connected disabilities is eligible for a property tax exemption on the person's principal residence and the lot on which that residence is situated. However, a similar exemption does not exist for persons who occupy a unit of a residential rental property and pay rent.

In order to create parity between disabled veterans who own their principal residence and those disabled veterans who occupy a unit of a residential rental property, the bill provides a refundable gross income tax credit in an amount equal to rent constituting property taxes, as defined in section 2 of P.L.1996, c.60 (C.54A:3A-16), for those disabled veterans, or their spouses in certain circumstances, who rent or lease a unit of a residential property, as also defined in section 2 of P.L.1996, c.60 (C.54A:3A-16). For the purposes of this bill, rent constituting property taxes is considered to be 18 percent of the rent paid by the taxpayer for occupancy during the taxable year of a unit of residential rental property which the taxpayer occupies as a principal residence.

Lastly, the bill requires the Director of the Division of Taxation in the Department of the Treasury to make a separate application available for those disabled veterans who, pursuant to N.J.S.A.54A:2-4, are not subject to the gross income tax.