

# ASSEMBLY, No. 2416

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

**Sponsored by:**

**Assemblyman JOHN DIMAIO**

**District 23 (Hunterdon, Somerset and Warren)**

**Assemblywoman BETTYLOU DECROCE**

**District 26 (Essex, Morris and Passaic)**

**Assemblyman EDWARD H. THOMSON**

**District 30 (Monmouth and Ocean)**

**Co-Sponsored by:**

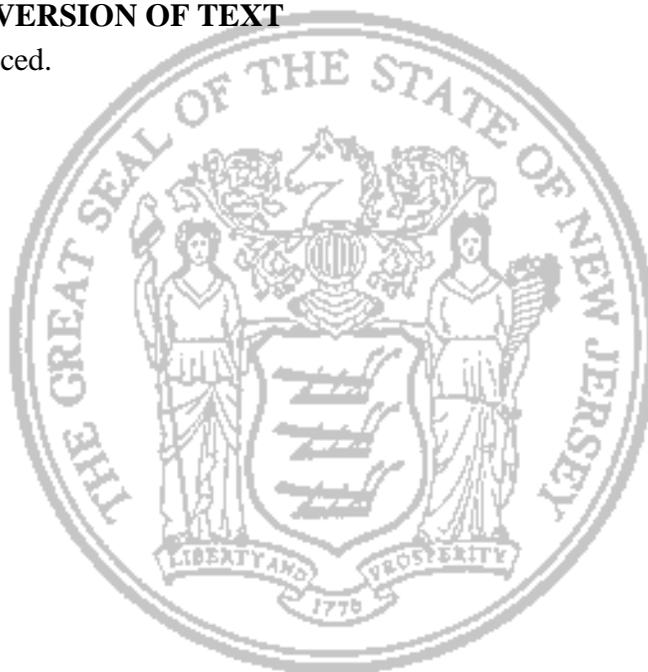
**Assemblymen S.Kean, McGuckin, Clifton, Bramnick, Assemblywoman  
N.Munoz, Assemblyman Peterson and Assemblywoman Dunn**

**SYNOPSIS**

Allows gross income tax deduction for functional improvements and home repairs made to taxpayer's primary residence.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/5/2020)**

1 AN ACT allowing a gross income tax deduction for expenses related  
2 to functional improvements and home repairs made to a primary  
3 residence, and supplementing chapter 3 of Title 54A of the New  
4 Jersey Statutes.

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

8  
9 1. a. A taxpayer shall be allowed to deduct from the  
10 taxpayer's gross income the amounts paid by the taxpayer during  
11 the taxable year for functional improvement expenses or repair and  
12 maintenance expenses.

13 b. In the case of married individuals who file separately, each  
14 individual shall be permitted to claim one-half of the deduction  
15 allowed pursuant to this section for amounts paid in connection  
16 with a primary residence occupied by both individuals during the  
17 taxable year.

18 c. As used in this section:

19 "Functional improvement expense" means an amount paid by a  
20 taxpayer for expenses incurred for the purpose of materially  
21 improving the operating condition, and considerably prolonging the  
22 useful life, of the primary residence of the taxpayer. This term is  
23 distinguished from, and does not include, work performed that  
24 adapts all or part of a residence for new uses, remodels a residence  
25 for aesthetic purposes, or does not concern an essential aspect of the  
26 habitability of a residence.

27 "Primary residence" means a residence, located in the State, that  
28 is actually and continually occupied by a taxpayer as the permanent  
29 residence of the taxpayer; this includes, but is not limited to, a  
30 mobile home or a residential unit within a cooperative or mutual  
31 housing corporation. This term is distinguished from, and does not  
32 include, a vacation home or other secondary real property.

33 "Repair and maintenance expense" means an amount paid by a  
34 taxpayer for expenses incurred for the purpose of keeping the  
35 primary residence of the taxpayer in an ordinarily efficient  
36 operating condition. This term is distinguished from, and does not  
37 include, work performed that adapts all or part of a residence for  
38 new uses, remodels a residence for aesthetic purposes, or does not  
39 concern an essential aspect of the habitability of a residence.

40

41 2. This act shall take effect immediately and shall apply to  
42 taxable years beginning on or after the January 1 next following the  
43 date of enactment.

44

45

STATEMENT

46

47 This bill provides State taxpayers with a gross income tax  
48 deduction for functional improvements and repair and maintenance  
49 performed on a taxpayer's primary residence.

1 Specifically, a taxpayer may claim a deduction for all:  
2 “functional improvement expenses” paid by the taxpayer for  
3 expenses incurred for the purpose of considerably prolonging the  
4 useful life of the taxpayer’s primary residence and materially  
5 improving the operating condition of the taxpayer’s primary  
6 residence; and for all “repair and maintenance expenses” paid by  
7 the taxpayer for work performed on that taxpayer’s primary  
8 residence in order to maintain the property in an ordinarily efficient  
9 operating condition. The term “primary residence” means a  
10 residence located in this State that is actually and continually  
11 occupied as a taxpayer’s permanent residence, including mobile  
12 homes and co-op units. Improvements that adapt all or part of a  
13 residence for new uses (*e.g.*, renovating a basement), remodel an  
14 aspect of a residence for aesthetic purposes, or that do not concern  
15 an essential aspect of the habitability of the residence do not qualify  
16 for this deduction.

17 The gross income tax deduction made available by this bill  
18 covers expenses incurred by a property owner or a property renter.

19 This bill does not impose a limit on the amount of expenses that  
20 may be claimed by a taxpayer for a taxable year. However, if a  
21 married couple files separate tax returns, they each may claim half  
22 of the same functional improvement or repair and maintenance  
23 expense. This mechanism allows both spouses to benefit from the  
24 deduction made available by this bill while avoiding potential  
25 “double-dipping.”

26 This bill eases the burdens placed on New Jersey taxpayers  
27 associated with maintaining a home. By offering this gross income  
28 tax deduction, this bill encourages investing in our homes, promotes  
29 the safety and welfare of our communities, and encourages more  
30 individuals to reside in this State.