

ASSEMBLY, No. 2689

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

Co-Sponsored by:

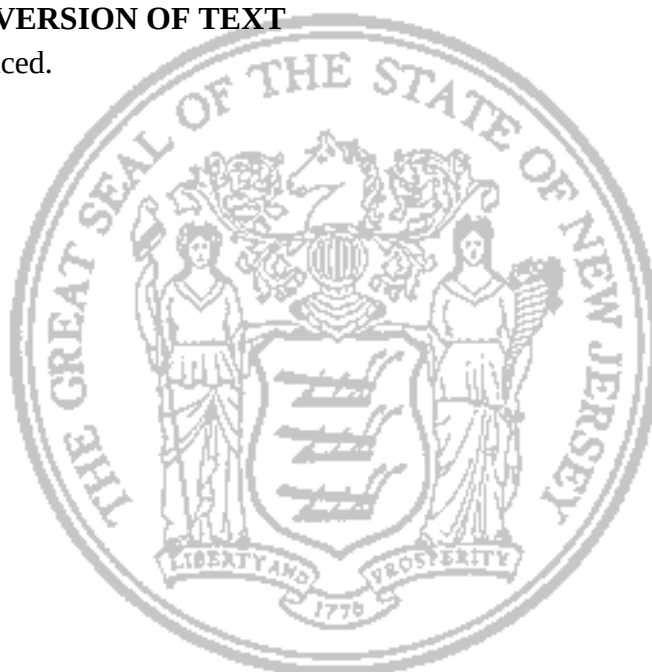
Assemblywomen Murphy and Vainieri Huttle

SYNOPSIS

“Holocaust Reparations Tax Exemption Act”; exempts value of certain payments to Holocaust survivors and their eligible descendants from transfer inheritance and estate taxes.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/13/2020)

1 **AN ACT** exempting the value of certain payments to Holocaust
2 survivors and their eligible descendants from the transfer
3 inheritance and estate taxes, designated as the Holocaust
4 Reparations Tax Exemption Act, supplementing chapter 34 and
5 chapter 38 of Title 54 of the Revised Statutes.

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

9
10 1. a. In addition to the transfers of property exempt from
11 taxation pursuant to R.S.54:34-4, an amount equal to the value of
12 any eligible restitution payment or distribution received by a
13 decedent during the life of the decedent and transferred at death or
14 in contemplation of death to a beneficiary or beneficiaries other
15 than the estate or the executor or administrator of that decedent is
16 exempt from the transfer inheritance tax imposed by R.S.54:33-1 et
17 seq.

18 b. The value of any eligible restitution payment or distribution
19 received by a decedent during the life of the decedent shall be
20 determined for purposes of the exemption allowed pursuant to this
21 section based upon the clear market value of the payment or
22 distribution on the date the payment or distribution is received by
23 the decedent.

24 c. If the value of any eligible restitution payment or
25 distribution received by a decedent during the life of the decedent is
26 transferred to two or more beneficiaries at death or in contemplation
27 of death, the amount of the exemption allowed pursuant to this
28 section shall be allocated to each beneficiary receiving a taxable
29 transfer of property in proportion to the amount the beneficiary's
30 transfer bears to the total amount of all taxable transfers made from
31 the estate of the decedent.

32 d. As used in this section:

33 "Eligible descendant of an eligible individual" means an
34 individual who is lineally related to an eligible individual, by blood,
35 affinity, or adoption, and who is not more than two generations
36 removed in descent from the eligible individual.

37 "Eligible restitution payment or distribution" means any payment
38 or distribution that:

39 (1) is paid to the decedent by reason of the decedent's status as
40 an eligible individual or by reason of the decedent's status as an
41 eligible descendant of an eligible individual, including any amount
42 paid by a foreign country, the United States of America, or any
43 other foreign or domestic entity, or a fund established by any
44 country or entity, any amount paid as a result of a final resolution of
45 a legal action, and any amount paid under a law providing for
46 payments or restitution of property;

47 (2) constitutes the direct or indirect return to the decedent of, or
48 compensation or reparation paid to the decedent for, assets stolen,

1 hidden, or otherwise lost to an eligible individual before, during, or
2 immediately after World War II by reason of the decedent's status
3 as an eligible individual or by reason of the decedent's status as an
4 eligible descendant of an eligible individual, including any proceeds
5 of insurance under policies issued on eligible individuals by
6 European insurance companies immediately before and during
7 World War II; or

8 (3) consists of interest that is paid as part of any payment or
9 distribution described by paragraph (1) or paragraph (2).

10 "Eligible individual" means an individual who was persecuted
11 for racial or religious reasons by Nazi Germany, any other Axis
12 regime, or any other Nazi-controlled or Nazi-allied country.

13
14 2. a. For purposes of the estate tax imposed by R.S.54:38-1,
15 the taxable estate shall not include an amount equal to the value of
16 any eligible restitution payment or distribution received by a
17 decedent during the life of the decedent.

18 b. The value of any eligible restitution payment or distribution
19 received by a decedent during the life of the decedent shall be
20 determined for purposes of the exemption allowed pursuant to this
21 section based upon the clear market value of the payment or
22 distribution on the date the payment or distribution is received by
23 the decedent.

24 c. As used in this section:

25 "Eligible descendant of an eligible individual" means an
26 individual who is lineally related to an eligible individual, by blood,
27 affinity, or adoption, and who is not more than two generations
28 removed in descent from the eligible individual.

29 "Eligible restitution payment or distribution" means any payment
30 or distribution that:

31 (1) is paid to the decedent by reason of the decedent's status as
32 an eligible individual or by reason of the decedent's status as an
33 eligible descendant of an eligible individual, including any amount
34 paid by a foreign country, the United States of America, or any
35 other foreign or domestic entity, or a fund established by any
36 country or entity, any amount paid as a result of a final resolution of
37 a legal action, and any amount paid under a law providing for
38 payments or restitution of property;

39 (2) constitutes the direct or indirect return to the decedent of, or
40 compensation or reparation paid to the decedent for, assets stolen,
41 hidden, or otherwise lost to an eligible individual before, during, or
42 immediately after World War II by reason of the decedent's status
43 as an eligible individual or by reason of the decedent's status as an
44 eligible descendant of an eligible individual, including any proceeds
45 of insurance under policies issued on eligible individuals by
46 European insurance companies immediately before and during
47 World War II; or

1 (3) consists of interest that is paid as part of any payment or
2 distribution described by paragraph (1) or paragraph (2).

3 “Eligible individual” means an individual who was persecuted
4 for racial or religious reasons by Nazi Germany, any other Axis
5 regime, or any other Nazi-controlled or Nazi-allied country.
6

7 3. This act shall take effect immediately and apply to transfers
8 and estates associated with deaths occurring on or after the 90th day
9 next following the date of enactment.
10

11
12 STATEMENT
13

14 This bill, designated as the Holocaust Reparations Tax
15 Exemption Act, provides an exemption from the transfer inheritance
16 and estate taxes for an amount equal to the value of certain
17 payments and distributions received by Holocaust survivors and
18 their eligible descendants. The purpose of the bill is to alleviate the
19 tax burden on the value of restitution payments and distributions
20 received by Holocaust survivors and eligible descendants during
21 their lifetime and passed along at death for the benefit of future
22 generations.

23 Under the bill, the restitution payments and distributions that are
24 eligible for the exemption are broadly defined to include any
25 payment or distribution that:

26 (1) is paid to the decedent during the life of the decedent by
27 reason of the decedent’s status as an individual who was persecuted
28 by the Nazi regime or by reason of the decedent’s status as an
29 eligible descendant of an individual persecuted by the Nazi regime,
30 including any amount paid by a foreign country, the United States
31 of America, or any other foreign or domestic entity, or a fund
32 established by any country or entity, any amount paid as a result of
33 a final resolution of a legal action, and any amount paid under a law
34 providing for payments or restitution of property;

35 (2) constitutes the direct or indirect return to the decedent of, or
36 compensation or reparation paid to the decedent for, assets stolen,
37 hidden, or otherwise lost to an individual who was persecuted by
38 the Nazi regime before, during, or immediately after World War II
39 by reason of the decedent’s status as a persecuted individual or by
40 reason of the decedent’s status as an eligible descendant of a
41 persecuted individual, including any proceeds of insurance under
42 policies issued on persecuted individuals by European insurance
43 companies immediately before and during World War II; or

44 (3) consists of interest that is paid as part of any payment or
45 distribution described by (1) or (2) above.

46 Under the bill, the value of the eligible restitution payments or
47 distributions is determined based on the value when received. The
48 bill provides that the value of each eligible payment or distribution

1 is determined for purposes of the exemption based upon the clear
2 market value of the payment or distribution on the date the payment
3 or distribution is received by the decedent.

4 The bill defines an eligible descendant of an individual
5 persecuted by the Nazi regime as an individual who is lineally
6 related to a persecuted individual, by blood, affinity, or adoption,
7 and who is not more than two generations removed in descent from
8 the individual who was persecuted.

9 The bill takes effect immediately and provides for the exemption
10 to apply to transfers and estates associated with deaths occurring on
11 or after the 90th day next following the date of enactment.