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)

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

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

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

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

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

d. As used in this section:

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

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

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

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

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

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

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

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

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

c. As used in this section:

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

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

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

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

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

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

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

STATEMENT

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

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

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

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

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

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

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

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

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