

ASSEMBLY, No. 3446

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblyman JON M. BRAMNICK

District 21 (Morris, Somerset and Union)

SYNOPSIS

Exempts transfers of residential real property between family members from inheritance tax.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** exempting certain transfers of residential real property
2 from the inheritance tax and amending chapter 34 of Title 54 of
3 the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. R.S.54:34-4 is amended to read as follows:

9 54:34-4. The following transfers of property shall be exempt
10 from taxation:

11 a. Property passing to or for the use of the State of New Jersey,
12 or to or for the use of a municipal corporation within the State or
13 other political subdivision thereof, for exclusively public purposes.

14 b. Property passing to a beneficiary or beneficiaries having any
15 present or future, vested, contingent or defeasible interest under any
16 trust deed or agreement heretofore or hereafter executed by a
17 resident or nonresident decedent, to the extent that the trust fund
18 results from the proceeds of contracts of insurance heretofore or
19 hereafter in force, insuring the life of such decedent, and paid or
20 payable, at or after the death of such decedent, to the trustee or
21 trustees under such trust deed or agreement.

22 c. Property passing to (i) a trustee or trustees of any trust deed
23 or agreement heretofore or hereafter executed or (ii) to a trustee or
24 trustees of a trust created by the will of a decedent, by virtue of any
25 contract of insurance heretofore or hereafter in force insuring the
26 life of a resident or nonresident decedent and the proceeds of which
27 are paid or payable at or after the death of such decedent to such
28 trustee or trustees for the benefit of a beneficiary or beneficiaries
29 having any present or future, vested, contingent or defeasible
30 interest under such trust deed, agreement or will.

31 d. That part of the estate of any decedent which passes to, for
32 the use of or in trust for any educational institution, church,
33 hospital, orphan asylum, public library or Bible and tract society or
34 to, for the use of or in trust for any institution or organization
35 organized and operated exclusively for religious, charitable,
36 benevolent, scientific, literary or educational purposes, including
37 any institution instructing the blind in the use of dogs as guides, no
38 part of the net earnings of which inures to the benefit of any private
39 stockholder or other individual or corporation; provided, that this
40 exemption shall not extend to transfers of property to such
41 educational institutions and organizations of other states, the
42 District of Columbia, territories and foreign countries which do not
43 grant an equal, and like exemption of transfers of property for the
44 benefit of such institutions and organizations of this State.

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 e. That part of the estate of any decedent who has heretofore
2 died, or may hereafter die, received, either heretofore or hereafter,
3 by the legal representatives of such decedent, whether directly from
4 the United States, or through any intervening estate or estates, by
5 reason of any war risk insurance certificate or policy, either term or
6 converted, or any adjusted service certificate, issued by the United
7 States. Nothing contained in this subsection e. shall entitle any
8 person to a refund of any tax heretofore paid on the transfer of
9 property of the nature aforementioned; and provided further, that
10 the exemption provided for in this subsection e. shall not extend to
11 that part of the estate of any decedent composed of property of the
12 nature aforementioned, when such property was received by the
13 decedent before death.

14 f. The proceeds of any contract of insurance heretofore or
15 hereafter in force insuring the life of a resident or nonresident
16 decedent paid or payable at or after the death of such decedent to
17 any beneficiary or beneficiaries other than the estate or the executor
18 or administrator of such decedent.

19 g. Any transfer, relinquishment, surrender or exercise at any
20 time or times by a resident or nonresident of any right to nominate
21 or change the beneficiary or beneficiaries of any contract of
22 insurance heretofore or hereafter in force insuring the life of such
23 resident or nonresident irrespective of whether such transfer,
24 relinquishment, surrender or exercise of such right took place or
25 whether the proceeds of such policy were paid or payable, before or
26 after the taking effect of this act.

27 h. The value of any pension, annuity, retirement allowance,
28 return of contributions, or benefit payable by the Government of the
29 United States pursuant to the Civil Service Retirement Act to a
30 beneficiary or beneficiaries other than the estate or the executor or
31 administrator of a decedent.

32 i. The value of any annuity payable by the Government of the
33 United States pursuant to the Retired Serviceman's Family
34 Protection Plan or the Survivor Benefit Plan to a beneficiary or
35 beneficiaries other than the estate or the executor or administrator
36 of a decedent.

37 j. The value of any pension, annuity, retirement allowance or
38 return of contributions, regardless of the source, which is a direct
39 result of the decedent's employment under a qualified plan as
40 defined by section 401(a), (b) and (c) or 2039(c) of the Internal
41 Revenue Code, payable to a surviving spouse, or a domestic partner
42 as defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and not
43 otherwise exempted pursuant to this section or other law of the
44 State of New Jersey.

45 k. Residential real property passing to a family member who
46 has co-ownership of the residential property.

47 As used in subsection k:

48 "Residential real property" means any parcel of residential real

1 property, including land or, in the case of condominiums, an
2 interest in a lot of land, which real property shall consist of a single
3 one-or two-family dwelling, including appropriate garages or other
4 outbuildings.

5 “Co-ownership” means ownership by two or more family
6 members who are exempt from the transfer inheritance tax, and
7 brothers, sisters, cousins, nieces, nephews, aunts, uncles, sisters-in-
8 law, and brothers-in-law.

9 (cf: R.S. 54:34-4)

10
11 2. This act shall take effect immediately and apply to taxable
12 years beginning on or after January 1, 2020.

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15 STATEMENT

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17 This bill amends the New Jersey transfer inheritance tax to
18 eliminate the tax on transfers of residential real property between
19 family members who co-own residential real property. Currently,
20 transfers of property between family members are only exempt from
21 taxation if the family members are spouses, civil union partners,
22 domestic partners, children, legally adopted children, mutually-
23 acknowledged children, grandchildren, great-grandchildren, parents,
24 grandparents, and stepchildren. This bill amends the New Jersey
25 transfer inheritance tax to exempt property transfers between certain
26 family members who co-own the residential real property. This bill
27 will take effect immediately and apply to taxable years beginning
28 on or after January 1, 2020.