

ASSEMBLY, No. 4068

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

SYNOPSIS

Maintains eligibility for veteran's property tax deduction when property is transferred to trust.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/7/2020)

1 AN ACT concerning the veteran's property tax deduction and
2 amending P.L.1963, c.171.

3

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

6

7 1. Section 9 of P.L.1963, c.171 (C.54:4-8.18) is amended to
8 read as follows:

9 9. Where title to property as to which a veteran's deduction is
10 claimed is held by claimant and another or others, either as tenants
11 in common or as joint tenants, a claimant shall not be allowed a
12 veteran's deduction in an amount in excess of his or her
13 proportionate share of the taxes assessed against said property,
14 which proportionate share, for the purposes of this act, shall be
15 deemed to be equal to that of each of the other tenants, unless the
16 conveyance under which title is held specifically provides unequal
17 interests, in which event claimant's interest shall be as specifically
18 established in said conveyance. Property held by husband and wife,
19 as tenants by the entirety, shall be deemed to be wholly owned by
20 each tenant. Nothing herein shall preclude more than one tenant,
21 whether title be held in common, joint tenancy or by the entirety,
22 from claiming a veteran's deduction from the tax assessed against
23 the property so held. Right to claim a veteran's deduction hereunder
24 shall extend to property title to which is held by a partnership, to
25 the extent of the claimant's interest as a partner therein, and by a
26 guardian, trustee, committee, conservator or other fiduciary for any
27 person who would otherwise be entitled to claim a veteran's
28 deduction hereunder, but not to property the title to which is held by
29 a corporation, except that a tenant shareholder in a cooperative or
30 mutual housing corporation shall be entitled to claim a veteran's
31 deduction to the extent of his proportionate share of the taxes
32 assessed against the real property of the corporation or any other
33 entity holding title, and except that a resident of a continuing care
34 retirement community shall be entitled to receive the veterans'
35 deduction to the extent of the share of the taxes assessed against the
36 real property of the continuing care retirement community that is
37 attributable to the unit that the resident occupies. The continuing
38 care retirement community shall provide that amount as a payment
39 or credit to the resident for the amount of the property tax credit
40 received by the continuing care retirement community. That
41 payment or credit shall be made to the resident no later than 30 days
42 after the continuing care retirement community receives the
43 property tax bill on which the credit appears.

44 The right to claim a veteran's deduction hereunder shall also
45 extend to property title which is held by a trust following an

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 outright transfer of title to the trust by a person who would
2 otherwise be qualified to claim a veteran's deduction hereunder,
3 without regard to the reservation of a life estate interest in the
4 property; provided, however, that the claimant shall continue to
5 occupy the property as their primary residence and shall annually
6 certify their continued occupancy of the property to the assessor on
7 a form prescribed by the Director of the Division of Taxation.
8 (cf: P.L.2019, c.203, s.4)

9
10 2. This act shall take effect immediately.

11 12 13 STATEMENT

14
15 Current law requires a veteran who has filed a claim for a
16 veteran's property tax deduction to have legal title (i.e., full or
17 partial ownership interest) to the property for which the deduction is
18 claimed. The statute governing the veteran's property tax deduction
19 also extends eligibility for the deduction to properties held in trust
20 for qualified claimants. Section 9 of P.L.1963, c.171 (C.54:4-8.15)
21 provides that the right to claim a veteran's deduction extends to
22 property title which is held by a guardian, trustee, committee,
23 conservator, or other fiduciary for any person for who would
24 otherwise be entitled to claim such benefit.

25 When a trust is established, the trust creator, or trustor, gives
26 property to another party, the trustee, who has an fiduciary duty to
27 keep or use the property for the benefit of a third party, the
28 beneficiary. The ownership rights to the property transfer from the
29 trustor to the trustees. Because a veteran who places their property
30 in trust is no longer the property owner, they would lose the right to
31 the property tax deduction. In order to maintain eligibility for the
32 veteran's property tax deduction when a property is placed in trust,
33 the trust is required to provide the veteran with a life tenancy or life
34 estate to the property. A life estate entitles the occupant (the
35 veteran claimant) to all the rights of ownership during the term of
36 the life tenancy, but subjects the property to the trustor's estate tax.

37 This bill extends eligibility for the veteran's property tax
38 deduction to veterans who do not qualify for the deduction, or who
39 lose eligibility for the deduction, if they are not provided with a life
40 tenancy or life estate when their property is placed in a trust. The
41 bill requires a veteran to continue to occupy the property as their
42 primary residence. The bill also requires the veteran to annually
43 certify their continued occupancy of the property to the municipal
44 assessor on a form promulgated by the Director of the Division of
45 Taxation. It is the sponsor's belief that a veteran should not have
46 their property tax benefits taken away if they decide to place their
47 property in a trust in order to protect their family while continuing
48 to occupy the property.