

ASSEMBLY, No. 4457

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JULY 27, 2020

Sponsored by:

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

SYNOPSIS

Establishes tax credit for constructing or renovating homes in accordance with universal design principles.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing gross income tax credits for constructing or
2 renovating homes in accordance with universal design principles,
3 and supplementing Title 54A of the New Jersey Statutes.
4

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

8 1. a. As used in this section:

9 “Commissioner” means the Commissioner of Community
10 Affairs.

11 “Department” means the Department of Community Affairs.

12 “Homestead” means:

13 (1) a dwelling house and the land on which that dwelling house
14 is located which constitutes the place of the taxpayer's domicile and
15 is owned and used by the taxpayer as the taxpayer's principal
16 residence;

17 (2) a dwelling house situated on land owned by a person other
18 than the taxpayer which constitutes the place of the taxpayer's
19 domicile and is owned and used by the taxpayer as the taxpayer's
20 principal residence;

21 (3) a condominium unit or a unit in a horizontal property regime
22 or a continuing care retirement community which constitutes the
23 place of the taxpayer's domicile and is owned and used by the
24 taxpayer as the taxpayer's principal residence.

25 In addition to the generally accepted meaning of owned or
26 ownership, a homestead shall be deemed to be owned by a person if
27 that person is a tenant for life or a tenant under a lease for 99 years
28 or more, is entitled to and actually takes possession of the
29 homestead under an executory contract for the sale thereof or under
30 an agreement with a lending institution which holds title as security
31 for a loan, or is a resident of a continuing care retirement
32 community pursuant to a contract for continuing care for the life of
33 that person which requires the resident to bear, separately from any
34 other charges, the proportionate share of property taxes attributable
35 to the unit that the resident occupies;

36 (4) a unit in a cooperative or mutual housing corporation which
37 constitutes the place of domicile of a residential shareholder or
38 lessee therein, or of a lessee or shareholder who is not a residential
39 shareholder therein, which is used by the taxpayer as the taxpayer's
40 principal residence; and

41 (5) a unit of residential rental property, which unit constitutes
42 the place of the taxpayer's domicile and is used by the taxpayer as
43 the taxpayer's principal residence.

44 “Home improvement” means a renovation project requiring a
45 building permit, which increases the accessibility of an existing
46 homestead for a senior citizen.

1 “Landlord” means the person or persons who own or purport to
2 own the building, structure, or complex of buildings or structures in
3 which those rental dwellings are situated.

4 “Principal residence means” means a homestead actually and
5 continually occupied by a taxpayer as the taxpayer's permanent
6 residence, as distinguished from a vacation home, property owned
7 and rented or offered for rent by the taxpayer, and other secondary
8 real property holdings.

9 “Purchase of a new homestead” means the transaction involving
10 the first sale of a new constructed residence or dwelling that
11 conforms to the standards required under the 2018 International
12 Building Code, as adopted by New Jersey.

13 “Retrofitting” means a home improvement, in accordance with
14 universal design guidelines issued by the department and
15 conforming to the standards required under the 2018 International
16 Building Code, as adopted by New Jersey.

17 “Senior citizen” means a resident who is allowed to claim a
18 personal deduction as a taxpayer 65 years of age or over pursuant to
19 paragraph 3 of subsection (b) of N.J.S.54A:3-1.

20 “Universal design” means the design of products and
21 environments to be usable by all people to the greatest extent
22 possible without the need for adaptation or specialized design.

23 b. (1) A taxpayer shall be allowed a credit against the tax
24 otherwise due for the taxable year pursuant to the “New Jersey
25 Gross Income Tax Act,” N.J.S.54A:1-1 et seq. in the amount of
26 \$5,000 for the purchase of a new homestead constructed in
27 accordance with universal design guidelines promulgated by the
28 department in accordance with subsection g. of this section;

29 (2) A taxpayer who is a senior citizen with a New Jersey taxable
30 income of \$100,000 or less shall be allowed a tax credit against the
31 tax otherwise due for the taxable year pursuant to the “New Jersey
32 Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount equal
33 to 50 percent of the total amount expended, not to exceed \$5,000,
34 for the retrofitting of a homestead which qualifies as a taxpayer’s
35 principal residence, in accordance with the universal design
36 guidelines and standards promulgated by the department pursuant to
37 subsection g. of this section.

38 (3) A taxpayer who is a landlord shall be allowed a credit
39 against the tax otherwise due for the taxable year pursuant to the
40 “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., equal
41 to 50 percent of the total amount expended, but not to exceed
42 \$10,000, to retrofit a homestead in accordance with the universal
43 design guidelines and standards promulgated by the department
44 pursuant to subsection g. of this section. No tax credit shall be
45 allowed under this paragraph (3) for the retrofitting of a homestead
46 that qualifies as the taxpayer’s principal residence.

47 c. Tax credits for eligible costs shall be awarded for the taxable
48 year during which the retrofitting has been completed. A taxpayer

1 shall submit an application for a tax credit to the department. The
2 department shall determine the taxpayer's eligibility for a tax credit
3 and the amount of the tax credit and shall issue a certification
4 awarding the tax credit to the taxpayer. When filing a tax return
5 that includes a claim for a tax credit pursuant to this section, the
6 taxpayer shall include a copy of the certification. In no case shall
7 the agency approve more than one application for tax credits
8 relating to the same retrofitting work.

9 d. The director shall prescribe the order of the priority of the
10 application of the tax credit allowed under this section and any
11 other credits allowed by law against the tax imposed under the
12 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
13 amount of tax credits claimed pursuant to this section, together with
14 any other payments or credits against the tax, reduces the tax
15 liability due for the taxable year to zero, then the taxpayer may
16 carry forward any amount of credit remaining for use in the next
17 three taxable years. No amount of expense claimed as a tax credit
18 pursuant to this section shall be awarded as an amount calculated or
19 claimed pursuant to any other credit against the tax imposed
20 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
21 et seq.

22 e. A business entity that is classified as a partnership for
23 federal income tax purposes shall not be allowed the tax credit
24 directly under N.J.S.54:1-1 et seq., but the amount of the of credit
25 of the taxpayer in respect of a distributive share of partnership
26 income shall be determined by allocating to the taxpayer that
27 proportion of the credit acquired by the partnership that is equal to
28 the taxpayer's share, whether or not distributed, of the total
29 distributive income or gain of the partnership for its taxable year
30 ending within or with the taxpayer's taxable year.

31 A New Jersey S Corporation shall not be awarded a credit
32 directly under this section, but the amount of credit of a taxpayer in
33 respect of a pro rata share of S Corporation income shall be
34 determined by allocating to the taxpayer that proportion of the
35 credit acquired by the New Jersey S Corporation that is equal to the
36 taxpayer's share, whether or not distributed, of the total pro rata
37 share of S Corporation income of the New Jersey S Corporation for
38 its privilege period ending within or with the taxpayer's taxable
39 year.

40 f. A taxpayer who is not subject to tax in accordance with
41 N.J.S.54A:2-4 for a taxable year may apply for a tax credit using an
42 application to be made available by the director. The due date for a
43 tax credit application shall coincide with the due date for annual
44 gross income tax returns.

45 g. The commissioner shall promulgate guidelines and standards
46 on universal design features to make structures and dwellings
47 accessible for senior citizens, which guidelines and standards shall
48 be posted on the department's website. The guidelines and

1 standards promulgated pursuant to this section may be integrated
2 into barrier free subcode adopted by the commissioner pursuant to
3 the "State Uniform Construction Code Act," P.L.1975, c.217
4 (C.52:27D-119 et seq.) and in accordance with the provisions of
5 section 5 of P.L.2005, c.350 (C.52:27D-123.15).

6
7 2. This act shall take effect immediately and apply to taxable
8 years beginning on or after January 1 next following enactment.
9

10 11 STATEMENT 12

13 This bill authorizes the award of tax credits to purchasers of new
14 homesteads constructed in accordance with universal design
15 guidelines, and to senior citizens and landlords who improve
16 accessibility of existing residences through the application of
17 universal design principles.

18 The bill allows a taxpayer to earn a \$5,000 tax credit for the
19 purchase of a new homestead constructed in accordance with
20 universal design guidelines. It also allows a senior citizen to earn a
21 tax credit of \$5,000 for the purchase of a new residence or 50
22 percent of the total amount expended, but not in excess of \$5,000,
23 for the retrofitting of an existing residence. Eligibility for the tax
24 credit for the retrofitting of a taxpayer's own residence is limited to
25 resident taxpayers 65 years of age or over with a New Jersey
26 taxable income of \$100,000 or less. Similarly, a landlord may earn
27 a tax credit of 50 percent of the total amount expended, but not in
28 excess of \$10,000, for the retrofitting of a homestead that is not the
29 landlord's principal residence.

30 Under the bill, a taxpayer would apply for a certification from
31 the Department of Community Affairs (DCA) that certifies the
32 taxpayer's eligibility for tax credits and the amount of tax credits
33 that the State Treasurer may award to the taxpayer under the bill.
34 Upon certification, the DCA would submit a copy of the
35 certification of the taxpayer. When filing a tax return that includes
36 a claim for tax credits under this bill, the taxpayer will include a
37 copy of the certification.

38 Tax credits may be awarded for the taxable year in which the
39 retrofitting was completed. A taxpayer may carry forward any
40 unused portion thereof, if necessary, for use in the next three
41 taxable years.

42 Universal design is the design of products and environments to
43 be usable by all people to the greatest extent possible without the
44 need for adaptation or specialized design. According to the United
45 States Access Board, universal design embraces seven principles:
46 equitable use, flexibility in use, simple and intuitive use, perceptible
47 information, tolerance for error, low physical effort, and size and
48 space for approach and use.