

# SENATE, No. 146

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator GERALD CARDINALE**

**District 39 (Bergen and Passaic)**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Morris, Somerset and Union)**

**Senator Bateman**

**Co-Sponsored by:**

**Senator Bateman**

**SYNOPSIS**

Increases maximum gross income tax deduction for homestead property taxes paid to \$25,000.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** increasing the amount of the maximum gross income tax  
2       deduction allowed for homestead property taxes paid, amending  
3       P.L.1996, c.60.

4  
5   **WHEREAS**, In recognition of the reality that property taxes and rents  
6       have become an ever-increasing burden on New Jersey families;  
7       now, therefore,

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

11  
12       1. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to  
13      read as follows:

14       3.   a. A resident taxpayer under the "New Jersey Gross Income  
15      Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from  
16      gross income for property taxes not in excess of **[\$10,000]**  
17      \$25,000, subject to the limitations of subsection f. of this section,  
18      due and paid for the calendar year in which the taxes are due and  
19      payable on the taxpayer's homestead.

20       b. A deduction for property taxes shall be allowed pursuant to  
21      this section in relation to the amount of the property taxes actually  
22      paid by or allocable to a resident taxpayer who has more than one  
23      homestead, but the aggregate amount of the property taxes claimed  
24      shall not exceed the total of the proportionate amounts of property  
25      taxes assessed and levied against or allocable to each homestead for  
26      the portion of the taxable year for which the taxpayer occupied it as  
27      the taxpayer's principal residence.

28       c. If title to a homestead is held by more than one individual as  
29      joint tenants or tenants in common, each individual shall be allowed  
30      a deduction pursuant to this section only in relation to the  
31      individual's proportionate share of the property taxes assessed and  
32      levied against the homestead. The proportionate share shall be  
33      equal to that of all other individuals who hold the title, but if the  
34      conveyance under which the title is held provides for unequal  
35      interests therein, a taxpayer's share of the property taxes shall be in  
36      proportion to the taxpayer's interest in the title.

37       d. If title to a homestead is held by a husband and wife who  
38      own the homestead as tenants by the entirety, or if that husband and  
39      wife are both residential shareholders of a cooperative or mutual  
40      housing corporation and occupy the same homestead therein, and  
41      who elect to file separate income tax returns pursuant to the "New  
42      Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband  
43      and wife shall each be entitled to one-half of the deduction for  
44      property taxes for which they may be jointly eligible pursuant to  
45      this section.

**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. If the homestead is a dwelling house consisting of more than  
2 one unit, that taxpayer shall be allowed a deduction for property  
3 taxes only in relation to the proportionate share of the property  
4 taxes assessed and levied against the residential unit occupied by  
5 the taxpayer, as determined by the local tax assessor.

6 f. Notwithstanding the provisions of subsection a. of this  
7 section to the contrary: (1) a resident taxpayer shall be allowed a  
8 deduction for a taxpayer's taxable year beginning during 1996 based  
9 on 50% of the property taxes not in excess of \$5,000 paid on the  
10 taxpayer's homestead; and (2) a resident taxpayer shall be allowed a  
11 deduction for a taxpayer's taxable year beginning during 1997 based  
12 on 75% of the property taxes not in excess of \$7,500 paid on the  
13 taxpayer's homestead.

14 g. Notwithstanding any other provision of this section, the  
15 deduction allowed under this section to a resident taxpayer eligible  
16 to receive a homestead property tax reimbursement pursuant to  
17 P.L.1997, c.348 (C.54:4-8.67 et al.) shall not exceed that resident  
18 taxpayer's base year property tax liability as determined pursuant to  
19 P.L.1997, c.348 (C.54:4-8.67 et al.).

20 h. Notwithstanding any other provision of this section, for the  
21 taxable year beginning January 1, 2009, a taxpayer who has gross  
22 income for the taxable year of more than \$250,000 and is not:

23 (1) 65 years of age or older at the close of the taxable year; or

24 (2) allowed to claim a personal deduction as a blind or disabled  
25 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,  
26 shall not be allowed a deduction pursuant to this section;

27 provided however, the deduction for a taxpayer who has gross  
28 income for the taxable year of more than \$150,000 but not  
29 exceeding \$250,000 and is not:

30 (1) 65 years of age or older at the close of the taxable year; or

31 (2) allowed to claim a personal deduction as a blind or disabled  
32 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,  
33 shall not exceed \$5,000.

34 (cf: P.L.2009, c.69, s.2)

35

36 2. Section 4 of P.L.1996, c.60 (C.54A:3A-18) is amended to  
37 read as follows:

38 4. a. A resident taxpayer whose homestead is a unit of  
39 residential rental property shall be allowed a deduction from gross  
40 income for that portion of the rent constituting property taxes not in  
41 excess of **【\$10,000】** \$25,000, subject to the limitations of  
42 subsection d. of this section, due and paid for the calendar year in  
43 which the rent constituting taxes is due and payable, for occupancy  
44 of that homestead.

45 b. A husband and wife who elect to file separate income tax  
46 returns pursuant to the "New Jersey Gross Income Tax Act,"  
47 N.J.S.54A:1-1 et seq., shall each be entitled to one-half of the  
48 property tax deduction allowed pursuant to this section.

1 c. If more than one taxpayer, other than husband and wife,  
2 qualify to deduct rent constituting property taxes by reason of their  
3 having occupied the same rented homestead, it shall be presumed  
4 that the deduction shall be equally divided. A taxpayer may,  
5 however, deduct an amount for rent constituting property taxes in  
6 the same proportion that the rent paid by that taxpayer bears to the  
7 total rent paid by all tenants of the same unit.

8 d. Notwithstanding the provisions of subsection a. of this  
9 section to the contrary: (1) a resident taxpayer whose homestead is  
10 a unit of residential rental property shall be allowed a deduction for  
11 the taxpayer's taxable year beginning during 1996 based on 50% of  
12 the rent constituting property taxes not in excess of \$5,000 paid for  
13 the occupancy of that homestead; and (2) a resident taxpayer whose  
14 homestead is a unit of residential rental property shall be allowed a  
15 deduction for the taxpayer's taxable year beginning during 1997  
16 based on 75% of the rent constituting property taxes not in excess  
17 of \$7,500 paid for the occupancy of that homestead.

18 (cf: P.L.1996, c.60, s.4)

19  
20 3. Section 5 of P.L.1996, c.60 (C.54A:3A-19) is amended to  
21 read as follows:

22 5. a. If a taxpayer who is eligible for a deduction for property  
23 taxes under section 3 of this act for a part of the taxable year is also  
24 eligible for a deduction for rent constituting property taxes under  
25 section 4 of this act for a part of the taxable year, the taxpayer shall  
26 be allowed a deduction, not in excess of ~~【\$10,000】~~ \$25,000, subject  
27 to the limitations of subsection b. of this section, the amount of  
28 which shall be equal to the sum of the amount of property taxes due  
29 and paid for the calendar year in which the property taxes are due  
30 and payable on a homestead that is not a unit of residential rental  
31 property and the amount of rent constituting property taxes due and  
32 paid for the calendar year in which the rent constituting property  
33 taxes is due and payable for the occupancy of a homestead that is a  
34 unit of residential rental property, provided however, that the  
35 amount of property taxes shall be subject to the limitations set forth  
36 in subsections b. through e. of section 3 and the amount of rent  
37 constituting property taxes shall be subject to the limitations set  
38 forth in subsections b. and c. of section 4 as may be applicable.

39 b. Notwithstanding the provisions of subsection a. of this  
40 section to the contrary: (1) a taxpayer who is eligible for a  
41 deduction for property taxes under section 3 of this act for a part of  
42 the taxable year and is also eligible for a deduction for rent  
43 constituting property taxes under section 4 of this act for a part of  
44 the taxable year, shall be allowed a deduction for the taxpayer's  
45 taxable year beginning during 1996 based on 50% of an amount not  
46 in excess of \$5,000, the amount of which shall be equal to the sum  
47 of the amount of property taxes paid on a homestead that is not a  
48 unit of residential rental property and the amount of rent

1 constituting property taxes paid for the occupancy of a homestead  
2 that is a unit of residential rental property; and (2) a taxpayer who is  
3 eligible for a deduction for property taxes under section 3 of this act  
4 for a part of the taxable year and is also eligible for a deduction for  
5 rent constituting property taxes under section 4 of this act for a part  
6 of the taxable year, shall be allowed a deduction for the taxpayer's  
7 taxable year beginning during 1997 based on 75% of an amount not  
8 in excess of \$7,500, the amount of which shall be equal to the sum  
9 of the amount of property taxes paid on a homestead that is not a  
10 unit of residential rental property and the amount of rent  
11 constituting property taxes paid for the occupancy of a homestead  
12 that is a unit of residential rental property.  
13 (cf: P.L.1996, c.60, s.5)

14

15 4. This act shall take effect immediately.

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#### STATEMENT

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20 This bill increases the maximum gross income tax deduction  
21 allowed for homestead property taxes paid. Currently, a resident  
22 taxpayer is allowed a deduction from gross income for property  
23 taxes paid for the calendar year on the taxpayer's principal  
24 residence in the State, up to a maximum deduction of \$10,000.  
25 Similarly, a resident taxpayer that rents or leases a unit of  
26 residential property that is the taxpayer's principal residence is  
27 allowed to deduct from gross income 18% of the rent paid for  
28 occupancy during the taxable year, up to a maximum deduction of  
29 \$10,000 for rent constituting property taxes. Current law also  
30 provides that a taxpayer who is eligible for a deduction for property  
31 taxes paid for part of the year, and also eligible for a deduction for  
32 rent constituting property taxes paid for part of the year is allowed  
33 to deduct the sum of the property taxes paid and the rent  
34 constituting property taxes paid, subject to certain limitations, up to  
35 a maximum deduction of \$10,000. The \$10,000 limit on the  
36 deduction for homestead property taxes paid dates to 1996 when the  
37 law providing the deduction was enacted.

38 This bill raises the amount of the maximum deduction from gross  
39 income allowed for homestead property taxes paid in each of the  
40 three provisions to \$25,000 in recognition of the reality that  
41 property taxes and rents have become an ever-increasing burden on  
42 New Jersey families.