ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 841

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2021

The Assembly Appropriation Committee reports favorably Senate Bill No. 841, with committee amendments.

This bill changes the payment method for some benefit recipients under the New Jersey Homestead Property Tax Credit program, which is also known as the Homestead Benefit Program. Specifically, the bill requires the direct payment of a homestead benefit to a claimant if the claimant requests the direct payment following the sale of the claimant's qualifying homestead. The bill grants the Division of Taxation the discretion to select a specific direct payment method.

With limited exceptions, all claimants currently receive their homestead benefits as a credit against their property tax bill. This disbursement method presents the risk that claimants who sell their qualifying homesteads after filing a homestead benefit application may not receive the full homestead benefit to which they are entitled. This is because the division will apply the benefit against the property's tax bill even if the property's ownership has changed. This bill would address this risk by authorizing claimants to request the benefits' direct disbursement to them if they sell their homes after filing a homestead benefit application.

Current law requires the homestead benefit to be paid on or before October 31 of each year. As amended, the bill requires a taxpayer to provide notice of the taxpayer's election to directly receive the homestead benefit at least 105 days prior to the payment of the homestead benefit. The notice will allow for the completion of administrative tasks required to make the payment on time.

As amended and reported by the committee Senate Bill No. 841 (1R) is identical to Assembly Bill No. 3070 (1R) as also amended and reported by the committee on this date.

COMMITTEE AMEDNMENTS:

The committee amended the bill to require the taxpayer to provide notice of the taxpayer's election to directly receive the homestead benefit at least 105 days prior to the payment of the homestead benefit. This notice is necessary for the Division of Taxation to have enough time to submit the required paperwork to the municipality.

FISCAL IMPACT:

This bill is not certified as requiting a fiscal note.