SENATE, No. 1904

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:
Senator NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)

SYNOPSIS

Increases annual income limitation for senior and disabled citizens' eligibility for $250 property tax deduction and bases future annual income limitations on annual CPI changes.

CURRENT VERSION OF TEXT

As introduced.

AN ACT increasing income limitation for senior and disabled citizens' eligibility for property tax deduction and amending P.L.1963, c.172.

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

1. Section 2 of P.L.1963, c.172 (C.54:4-8.41) is amended to read as follows:

2. Every person, a citizen and resident of this State of the age of 65 or more years, or less than 65 years of age who is permanently and totally disabled, having an annual income not in excess of the limitations provided in this section and residing in a dwelling house owned by him which is a constituent part of his real property or residing in a dwelling house owned by him which is assessed as real property but which is situated on land owned by another or others, or residing as a tenant shareholder in a cooperative or mutual housing corporation, shall be entitled, annually, on proper claim being made therefor, to a deduction against the tax or taxes assessed against such real property, to an amount not exceeding the amount of said tax, the proportionate share of said tax attributable to his unit, or the sum provided in this section, whichever is the lesser, but no such deduction from taxes shall be in addition to any other deduction or exemption from taxes to which said person may be entitled, except a veteran's deduction provided under P.L.1963, c.171 (C.54:4-8.10 et seq.). A citizen and resident granted a deduction pursuant to this section may receive in addition any homestead rebate or credit provided by law.

For the purposes of this section, the annual income limitation shall be: $5,000.00 for any year prior to 1981; $8,000.00 for the year 1981; $9,000.00 for the year 1982; **[**and**]** $10,000.00 for year 1983 **[**and each year thereafter**]** <u>through year 2018, $20,000 for the year 2019, and for each year thereafter the income limitation shall be the income limitation for the previous year adjusted in proportion to the percent change in the Consumer Price Index during the previous calendar year, which adjusted income limitation amount shall be rounded to the next highest multiple of $100. For the purpose of this section, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, New York-Northern New Jersey-Long Island Metropolitan Area, NY-NJ-CT-PA, All Items, as published by the Bureau of Labor Statistics in the United States Department of Labor.</u>

The sum deducted pursuant to this section shall not exceed: in any year prior to 1981, $160.00; in the year 1981, $200.00; in the

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 <u>thus</u> is new matter.

year 1982, $225.00; and in the year 1983 and in each year thereafter, $250.00.

For the purposes of this act:

a. The income of a married person shall be deemed to include an amount equal to the income of the spouse during the applicable income year, except for such portion of that year as the two were living apart in a state of separation, whether under judicial decree or otherwise.

b. The requirement of ownership shall be satisfied by the holding of a beneficial interest in the dwelling house where legal title thereto is held by another who retains a security interest in the dwelling house.

(cf: P.L.1989, c.252, s.2)

2. This act shall take effect immediately, but shall remain inoperative until the approval by the voters of a constitutional amendment authorizing the increase of the annual income limitation of senior and disabled citizens to receive the annual property tax deduction provided herein.

STATEMENT

This bill increases the annual income limit for seniors and disabled persons to be eligible for an annual property tax deduction. The income limit increase reflects an increase in cost of living. The income limit increase from $10,000 to $20,000 reflects actual inflation from 1983 to 2018, and the annual income limit change thereafter will reflect the actual cost of living change for the past year. The bill uses the Consumer Price Index to determine increases in years after 2019 to ensure that the income limits remain realistic.

The bill takes effect immediately, but will remain inoperative until the voters approve a constitutional amendment authorizing an increase in the income limit from $10,000 to $20,000, and annual increases thereafter.