

SENATE, No. 2309

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 9, 2020

Sponsored by:

Senator DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Permits taxpayers to deduct the total amount of State property taxes paid on principal residence from gross income tax obligation.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** permitting taxpayers to deduct the total amount of State
2 property taxes due and paid on a principal residence in a calendar
3 year from the taxpayer's gross income tax obligation and
4 amending P.L.1996, c.60.

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

8
9 1. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to
10 read as follows:

11 3. a. A resident taxpayer under the "New Jersey Gross
12 Income Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a
13 deduction from gross income for the amount of property tax credit
14 as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) plus
15 property taxes, **【the total of which shall not exceed \$15,000,】**
16 subject to the limitations of subsection f. of this section. Property
17 taxes deductible under this section shall be due and paid for the
18 calendar year in which the taxes are due and payable on the
19 taxpayer's homestead.

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

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

38 d. If title to a homestead is held by a husband and wife who
39 own the homestead as tenants by the entirety, or if that husband and
40 wife are both residential shareholders of a cooperative or mutual
41 housing corporation and occupy the same homestead therein, and
42 who elect to file separate income tax returns pursuant to the "New
43 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband
44 and wife shall each be entitled to one-half of the deduction for
45 property taxes for which they may be jointly eligible pursuant to
46 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 or property tax credits only in relation to the proportionate
4 share of the property taxes assessed and levied against the
5 residential unit occupied by the taxpayer, as determined by the local
6 tax assessor.

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

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

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

24 (1) 65 years of age or older at the close of the taxable year; or
25 (2) allowed to claim a personal deduction as a blind or disabled
26 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not be
27 allowed a deduction pursuant to this section;

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

31 (1) 65 years of age or older at the close of the taxable year; or
32 (2) allowed to claim a personal deduction as a blind or disabled
33 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not
34 exceed \$5,000.

35 (cf: P.L.2018, c.45, s.1)

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

39 4. a. A resident taxpayer whose homestead is a unit of
40 residential rental property shall be allowed a deduction from gross
41 income for that portion of the rent constituting property taxes [not
42 in excess of \$15,000], subject to the limitations of subsection d. of
43 this section, due and paid for the calendar year in which the rent
44 constituting taxes is due and payable, for occupancy of that
45 homestead.

46 b. A husband and wife who elect to file separate income tax
47 returns pursuant to the "New Jersey Gross Income Tax Act,"

1 N.J.S.54A:1-1 et seq., shall each be entitled to one-half of the
2 property tax deduction allowed pursuant to this section.

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

10 d. Notwithstanding the provisions of subsection a. of this
11 section to the contrary: (1) a resident taxpayer whose homestead is
12 a unit of residential rental property shall be allowed a deduction for
13 the taxpayer's taxable year beginning during 1996 based on 50% of
14 the rent constituting property taxes not in excess of \$5,000 paid for
15 the occupancy of that homestead; and (2) a resident taxpayer whose
16 homestead is a unit of residential rental property shall be allowed a
17 deduction for the taxpayer's taxable year beginning during 1997
18 based on 75% of the rent constituting property taxes not in excess
19 of \$7,500 paid for the occupancy of that homestead.
20 (cf: P.L.2018, c.45, s.2)

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

24 5. a. If a taxpayer who is eligible for a deduction for property
25 taxes under section 3 of this act for a part of the taxable year is also
26 eligible for a deduction for rent constituting property taxes under
27 section 4 of this act for a part of the taxable year, the taxpayer shall
28 be allowed a deduction, **[not in excess of \$15,000,]** subject to the
29 limitations of subsection b. of this section, the amount of which
30 shall be equal to the sum of the amount of property tax credit as
31 defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) plus the
32 amount of property taxes due and paid for the calendar year in
33 which the property taxes are due and payable on a homestead that is
34 not a unit of residential rental property and the amount of rent
35 constituting property taxes due and paid for the calendar year in
36 which the rent constituting property taxes is due and payable for the
37 occupancy of a homestead that is a unit of residential rental
38 property, provided however, that the amount of property taxes and
39 property tax credits shall be subject to the limitations set forth in
40 subsections b. through e. of section 3 and the amount of rent
41 constituting property taxes shall be subject to the limitations set
42 forth in subsections b. and c. of section 4 as may be applicable.

43 b. Notwithstanding the provisions of subsection a. of this
44 section to the contrary: (1) a taxpayer who is eligible for a
45 deduction for property taxes under section 3 of this act for a part of
46 the taxable year and is also eligible for a deduction for rent
47 constituting property taxes under section 4 of this act for a part of
48 the taxable year, shall be allowed a deduction for the taxpayer's

1 taxable year beginning during 1996 based on 50% of an amount not
2 in excess of \$5,000, the amount of which shall be equal to the sum
3 of the amount of property taxes paid on a homestead that is not a
4 unit of residential rental property and the amount of rent
5 constituting property taxes paid for the occupancy of a homestead
6 that is a unit of residential rental property; and (2) a taxpayer who is
7 eligible for a deduction for property taxes under section 3 of this act
8 for a part of the taxable year and is also eligible for a deduction for
9 rent constituting property taxes under section 4 of this act for a part
10 of the taxable year, shall be allowed a deduction for the taxpayer's
11 taxable year beginning during 1997 based on 75% of an amount not
12 in excess of \$7,500, the amount of which shall be equal to the sum
13 of the amount of property taxes paid on a homestead that is not a
14 unit of residential rental property and the amount of rent
15 constituting property taxes paid for the occupancy of a homestead
16 that is a unit of residential rental property.

17 (cf: P.L.2018, c.45, s.3)

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19 4. This act shall take effect immediately and apply to taxable
20 years beginning on or after January 1, 2020.

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STATEMENT

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25 This bill permits taxpayers to deduct the total amount of State
26 property taxes, due and paid in a calendar year on the taxpayer's
27 principal residence, from the taxpayer's gross income tax
28 obligation.

29 Under current law, a taxpayer may deduct up to \$15,000 of
30 property taxes due and paid in the calendar year on the taxpayer's
31 primary residence from the taxpayer's gross income tax obligation.
32 If the taxpayer is a renter, the taxpayer may deduct up to \$15,000 of
33 the amount of "rent constituting property tax," which is defined in
34 P.L.1996, c.60, s.2 (C.54A:3A-16) to mean 18 percent of rent, due
35 and paid in the calendar year from the taxpayer's gross income tax
36 obligation. This bill eliminates these \$15,000 maximum allowable
37 deductions, thereby permitting a taxpayer to deduct the full amount
38 of property taxes, or rent constituting property taxes, due and paid
39 by the taxpayer in the calendar year on the taxpayer's primary
40 residence.