SENATE, No. 3451

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 11, 2021

Sponsored by:
Senator PATRICK J. DIEGNAN, JR.
District 18 (Middlesex)

SYNOPSIS

Allows real estate salespersons and broker-salespersons to form limited liability company to receive commission income.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning real estate brokers, broker-salespersons and salespersons, and amending R.S.45:15-16.

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

1. R.S.45:15-16 is amended to read as follows:

45:15-16. a. No real estate salesperson or broker-salesperson shall accept a commission or valuable consideration for the performance of any of the acts herein specified, from any person except his employer or contracting broker, who must be a licensed real estate broker.

b. A real estate salesperson or broker-salesperson may form a limited liability company pursuant to the "Revised Uniform Limited Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or any other entity permitted by law, in order to receive a commission or other valuable consideration pursuant to subsection a. of this section.

(cf: P.L.2018, c.71, s.12)

2. This act shall take effect immediately.

STATEMENT

This bill allows real estate salespersons or broker-salespersons, to form a limited liability company, or any other entity permitted by law, to receive commission income from the licensed real estate broker with whom the salesperson is contracted to provide his or her services. The specific permission for a salesperson or broker-salesperson to operate through a limited liability company is intended to eliminate any confusion as to whether they may take advantage of the pass-through business income deduction made available under section 199A of the Federal Internal Revenue Code as part of the federal tax reforms of the 2017 “Tax Cut and Jobs Act.”

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.