

CHAPTER 159

AN ACT increasing and indexing maximum benefits under the Homestead Rebate programs and amending P.L.1990, c.61.

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

1. Section 3 of P.L.1990, c.61 (C.54:4-8.59) is amended to read as follows:

C.54:4-8.59 Homestead rebate, amount; eligibility, conditions.

3. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, shall be allowed a homestead rebate for the tax year equal to the amount by which property taxes paid by the claimant in that tax year on the claimant's homestead exceed 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

(1) in the case of a married couple filing a joint New Jersey gross income tax return or an individual filing a return who determines gross income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income does not exceed \$70,000 for that year;

(2) in the case of an unmarried individual who determines gross income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income does not exceed \$35,000 for that year;

(3) in the case of a married individual filing a separate New Jersey gross income tax return, if the spouse of the claimant maintains the same homestead as the claimant and also files a separate gross income tax return in this State, the combined gross income of both spouses does not exceed \$70,000, but in no event shall the homestead rebate claimed under this subsection exceed one-half of the amount of the homestead rebate allowable had the spouses filed a joint return and homestead rebate application; and

(4) in the case of a married individual filing a separate gross income tax return and maintaining a homestead apart from that individual's spouse, gross income does not exceed \$35,000.

b. A homestead rebate shall be allowed pursuant to subsection a. of this section in relation to the amount of the property taxes actually paid by or allocable to a resident property taxpayer who is a claimant on more than one homestead, but the aggregate amount of the property taxes claimed shall not exceed the total of the proportionate amounts of property taxes assessed and levied against or allocable to each homestead for the portion of the tax year the claimant occupied it as the claimant's principal residence.

c. If title to a homestead is held by more than one individual as joint tenants or tenants in common, each individual shall be allowed a homestead rebate pursuant to this section only in relation to the individual's proportionate share of the property taxes assessed and levied against the homestead. The individual's proportionate share of the property taxes on that homestead shall be equal to the share of that individual's interest in the title. Title shall be presumed to be held in equal shares among all co-owners, but if the claimant satisfactorily demonstrates to the director that the title provides for unequal interests, either under the conveyance under which the title is held, or as otherwise may be demonstrated, that claimant's share of the property taxes paid on that homestead shall be in proportion to the claimant's interest in the title.

d. If the homestead of a claimant is a residential property consisting of more than one unit, that claimant shall be allowed a homestead rebate pursuant to this section only in relation to the proportionate share of the property taxes assessed and levied against the residential unit occupied by that claimant, as determined by the local tax assessor.

e. Nothing in this section shall preclude a co-owner, other than a husband or wife claiming a homestead rebate on the same homestead, from receiving a homestead rebate determined pursuant to subsection f. or g. of this section if another co-owner claims a homestead rebate pursuant to subsection a. of this section, provided however, that each claim for a homestead rebate determined pursuant to subsections a. and f. of this section shall be separately subject to the provisions of subsections c. and d. of this section and each claim for a homestead rebate determined pursuant to subsection g. of this section shall be separately subject to the provisions

of that subsection.

f. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who has paid property taxes in that tax year on the claimant's homestead, which shall not be less than:

(a) \$150 for property taxes paid on one homestead for the tax year if the claimant's gross income does not exceed \$70,000 for that year; or

(b) \$100 for property taxes paid on one homestead for the tax year if the claimant's gross income exceeds \$70,000 but does not exceed \$100,000 for that year.

(2) If a claimant who is eligible to receive a homestead rebate in an amount set forth in paragraph (1) of this subsection paid property taxes on homesteads maintained as such in this State for less than the full tax year, the homestead rebate amount set forth in paragraph (1) shall be prorated in the proportion which the number of days that the homesteads were maintained during the tax year bears to 365 days. The homestead rebate amount set forth in paragraph (1) of this subsection shall be subject to any further proportionate reduction as may be applicable pursuant to subsections c. and d. of this section. The homestead rebate amount set forth in paragraph (1) of this subsection that is subject to any proportionate reduction shall be rounded to the nearest whole dollar. The homestead rebate amount set forth in paragraph (1) of this subsection that is claimed based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

g. (1) A resident of this State who is not 65 years of age or older at the close of the tax year, and who is not allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who maintains a homestead for which property taxes have been paid for the tax year, who has gross income for the tax year not in excess of \$40,000, shall be allowed a homestead rebate pursuant to this subsection of \$90, provided however, that the homestead rebate allowed pursuant to this subsection shall be subject to the limitations and reductions as may apply pursuant to the provisions of subsections b. through d. of this section.

(2) In the case of a claimant who is a married individual filing a separate New Jersey gross income tax return, if the spouse of the claimant maintains the same homestead as the claimant and also files a separate gross income tax return in this State: (a) if the combined gross income of both spouses exceeds \$40,000 then neither spouse shall be entitled to a rebate pursuant to this subsection; or (b) if the combined gross income of both spouses does not exceed \$40,000, then the maximum homestead rebate paid pursuant to this subsection to each spouse shall not exceed one-half of the amount of the homestead rebate allowable had the spouses filed a joint return and homestead rebate application.

(3) A rebate paid pursuant to this subsection shall be subject to such proportionate reductions in amount as relate to the claimant's number of days as an owner of the homestead during the tax year.

h. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

2. Section 4 of P.L.1990, c.61 (C.54:4-8.60) is amended to read as follows:

C.54:4-8.60 Rebates for residential rental property units, amount; eligibility, conditions.

4. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose homestead is a unit of residential rental property shall be allowed a homestead rebate for the tax year equal to the amount by which the claimant's rent constituting property taxes in that tax year exceeds 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

(1) in the case of a married couple filing a joint New Jersey gross income tax return or an individual filing a return who determines gross income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income does not exceed \$70,000 for that year;

(2) in the case of an unmarried individual who determines gross income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income does not exceed \$35,000 for that year;

(3) in the case of a married individual filing a separate New Jersey gross income tax return, if the spouse of the claimant maintains the same homestead as the claimant and also files a separate gross income tax return in this State, the combined gross income of both spouses does not exceed \$70,000, but in no event shall the homestead rebate claimed under this subsection exceed one-half of the amount of the homestead rebate allowable had the spouses filed a joint return and homestead rebate application; and

(4) in the case of a married individual filing a separate gross income tax return and maintaining a homestead apart from that individual's spouse, gross income does not exceed \$35,000.

b. If more than one resident, other than a husband and wife, qualify for a homestead rebate by reason of their having occupied the same unit of residential rental property as their homestead, it shall be presumed that each claimant shall be allowed a homestead rebate pursuant to this section only in relation to the individual's proportionate share of the total rent constituting property taxes paid by that claimant which homestead rebate shall be in proportion to the percentage that the total rent paid by that claimant bears to the total rent paid by all tenants of the same unit. For the purposes of a homestead rebate claimed by an individual subject to this subsection, the names and social security numbers of each co-tenant shall be reported by the claimant and the total rent paid shall be presumed to be paid in equal parts among all co-tenants.

c. If a claimant for a homestead rebate pursuant to this section has no other homestead in this State other than a unit of residential rental property, and that claimant was not a resident of this State for the full tax year, but paid rent for the full tax year for one or more units of residential rental property in this State, the claimant's total homestead rebate otherwise calculated pursuant to this section shall be prorated in the proportion which the number of days the claimant occupied residential rental property in this State as a homestead during the tax year bears to 365 days.

d. Nothing in this section shall preclude a co-tenant, other than a husband or wife claiming a homestead rebate on the same homestead, from receiving a homestead rebate determined pursuant to subsection e. or f. of this section if another co-tenant claims a rebate pursuant to subsection a. of this section, provided however, that each such claim shall be separately subject to the provisions of subsections b. and c. of this section.

e. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, whose homestead is a unit of residential rental property which shall not be less than:

(a) the greater of either the amount determined pursuant to subsection f. of this section or \$65 for property taxes paid through rent on the homestead for the tax year if the claimant's gross income does not exceed \$70,000 for that year; or

(b) the greater of either the amount determined pursuant to subsection f. of this section or \$35 for property taxes paid through rent on the homestead for the tax year if the claimant's gross

income exceeds \$70,000 but does not exceed \$100,000 for that year.

(2) If a claimant who is eligible to receive a homestead rebate in an amount set forth in paragraph (1) of this subsection paid rent for less than the full tax year on one or more homesteads in this State maintained as such for less than the full tax year, the homestead rebate amount set forth in paragraph (1) shall be prorated in the proportion which the number of days that the homestead was maintained during the tax year bears to 365 days. A claim for a homestead rebate in an amount set forth in paragraph (1) of this subsection shall be subject to such further proportionate reduction as may be required pursuant to subsections b. and c. of this section. A homestead rebate in an amount set forth in paragraph (1) of this subsection subject to any proportionate reduction shall be rounded to the nearest whole dollar. A claim for a homestead rebate in an amount set forth in paragraph (1) of this subsection based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

f. (1) A resident of this State whose homestead is a unit of residential rental property, who has gross income for the tax year not in excess of \$100,000, shall be allowed a homestead rebate pursuant to this subsection of \$30 for property taxes paid through rent during the 1998 tax year, \$40 for property taxes paid through rent during the 1999 tax year, \$100 for property taxes paid through rent during the 2000 tax year and for any tax year thereafter, provided however, that the homestead rebate allowed pursuant to this subsection shall be subject to the limitations and reductions as may apply pursuant to the provisions of subsections b. and c. of this section and such proportionate reduction as may relate to the number of days the claimant was a tenant in a unit of residential rental property maintained as a homestead in this State during the tax year.

(2) The gross income limit imposed in paragraph (1) of this subsection for a claim for a homestead rebate made pursuant to this subsection that is based upon a homestead maintained by both spouses shall be based upon the combined gross income of both spouses if the claimants filed a joint New Jersey gross income tax return for the tax year. If a claim by a married individual for a homestead rebate made pursuant to this subsection is based upon a homestead maintained by both spouses who each file separate New Jersey gross income tax returns for the tax year, no homestead rebate for the tax year shall be paid to either spouse if their combined gross income exceeds the gross income limit imposed in paragraph (1) of this subsection. For such a claim, if the combined gross income of both spouses does not exceed the gross income limit imposed in paragraph (1) of this subsection, then each such spouse making a claim shall be allowed a homestead rebate amount equal to one-half of the homestead rebate amount otherwise allowed pursuant to this subsection.

g. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate set forth in subsection a. of this section by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

3. Section 5 of P.L.1990, c.61 (C.54:4-8.61) is amended to read as follows:

C.54:4-8.61 Rebates for property taxes and rent.

5. a. A resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State for the full tax year for which a homestead rebate is claimed, whose homestead has been other than a unit of residential rental

property for a part of the tax year and has been a unit of residential rental property for the remainder of that year, shall be allowed a homestead rebate for that tax year equal to the amount by which the sum of the actual property taxes paid by the claimant and the rent constituting property taxes paid by the claimant in that tax year exceeds 5% of the claimant's gross income, rounded to the nearest whole dollar, up to a maximum homestead rebate of \$500 for each tax year through the 1999 tax year, \$750 for the 2000 tax year, and for each tax year thereafter the director shall recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, provided that:

(1) in the case of a married couple filing a joint New Jersey gross income tax return or an individual filing a return who determines gross income tax pursuant to subsection a. of N.J.S.54A:2-1, gross income does not exceed \$70,000 for that year;

(2) in the case of an unmarried individual who determines gross income tax pursuant to subsection b. of N.J.S.54A:2-1, gross income does not exceed \$35,000 for that year;

(3) in the case of a married individual filing a separate New Jersey gross income tax return, if the spouse of the claimant maintains the same homestead as the claimant and also files a separate gross income tax return in this State, the combined gross income of both spouses does not exceed \$70,000, but in no event shall the homestead rebate claimed under this subsection exceed one-half of the amount of the homestead rebate allowable had the spouses filed a joint return and rebate application; and

(4) in the case of a married individual filing a separate gross income tax return and maintaining a homestead apart from that individual's spouse, gross income does not exceed \$35,000.

b. (1) Notwithstanding the provisions of subsection a. of this section to the contrary, a homestead rebate shall be allowed for a resident of this State who is 65 years of age or older at the close of the tax year, or who is allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State for the full tax year for which a homestead rebate is claimed, who has paid property taxes on a homestead other than a unit of residential rental property for a part of the tax year and has paid property taxes through rent on a unit of residential rental property for the remainder of that year, which shall not be less than:

(a) the sum of that portion of \$150 which the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days and that portion of the amount determined pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990, c.61 (C.54:4-8.60) which the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days, if the claimant's gross income does not exceed \$70,000 for that year; or

(b) the sum of that portion of \$100 which the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days and that portion of the amount determined pursuant to paragraph (1) of subsection e. of section 4 of P.L.1990, c.61 (C.54:4-8.60) which the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days, if the claimant's gross income exceeds \$70,000 but does not exceed \$100,000 for that year.

(2) A claim for a homestead rebate pursuant to this subsection shall first be subject to such further proportionate reductions to the respective portions of the sums determined pursuant to subparagraph (a) or (b) of paragraph (1) of this subsection as may be required pursuant to subsections c. and d. of section 3 of P.L.1990, c.61 (C.54:4-8.59) and subsections b. and c. of section 4 of P.L.1990, c.61 (C.54:4-8.60). A homestead rebate determined pursuant to this subsection shall be rounded to the nearest whole dollar. A claim for a homestead rebate determined pursuant to this subsection based upon a homestead maintained by both spouses shall be determined based upon the combined gross income of both spouses regardless of whether the claimants filed a joint New Jersey gross income tax return or separate New Jersey gross income tax returns for the tax year.

c. A claim for a homestead rebate for a resident of this State who is not 65 years of age or older at the close of the tax year, and who is not allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, who is a resident of this State

for the full tax year for which a homestead rebate is claimed, who has paid property taxes on a homestead other than a unit of residential rental property for a part of the tax year and has paid property taxes through rent on a unit of residential rental property for the remainder of that year shall be determined based upon the sum of:

(1) a homestead rebate determined under subsection g. of section 3 of P.L.1990, c.61 (C.54:4-8.59), as may apply, subject to such proportionate reduction as relates to the number of days that the claimant's homestead was other than a unit of residential rental property bears to 365 days; and

(2) a homestead rebate determined under subsection f. of section 4 of P.L.1990, c.61 (C.54:4-8.60), as may apply, subject to such proportionate reduction as relates to the number of days that the claimant's homestead was a unit of residential rental property bears to 365 days.

d. (1) For the 2001 tax year and each tax year thereafter, the director shall annually recompute the maximum homestead rebate by multiplying the maximum homestead rebate allowed in the prior tax year by the cost-of-living adjustment, and recomputing the new maximum homestead rebate for the current tax year. The director shall round the recomputed maximum homestead rebate amount to the next highest multiple of \$5.

(2) "Cost-of-living adjustment" for any tax year means the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the United States Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

4. This act shall take effect immediately.

Approved July 16, 2001.