

CHAPTER 11
(CORRECTED COPY 2)

AN ACT concerning local government charitable fund and spillover fund management, and property tax credits and deductions, supplementing Title 54 of the Revised Statutes, and revising various parts of the statutory law.

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

C.54:4-66.6 Definitions relative to local government unit charitable funds.

1. As used in P.L.2018, c.11 (C.54:4-66.6 et al.):

“Annual credit-eligible donation cap” means the cap on the total value of local charitable donations that are eligible for a local property tax credit, as established pursuant to paragraph (1) of subsection d. of section 2 of P.L.2018, c.11 (C.54:4-66.7).

“Charitable fund” means a fund established pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7).

“Commissioner” means the Commissioner of the Department of Banking and Insurance.

“Director” means the Director of the Division of Local Government Services in the Department of Community Affairs.

“Director of Taxation” means the Director of the Division of Taxation in the Department of the Treasury.

“Fund administrator” means the official or entity designated pursuant to subsection b. of section 2 of P.L.2018, c.11 (C.54:4-66.7), to be responsible for the collection, distribution, and administration of donations to charitable funds, and who shall be an official serving as the custodian of public funds for the municipality, county, or school district establishing the charitable fund.

“Local charitable donation” means a donation paid in money by, or on behalf of real property owned by a local property owner to a charitable fund established by a local unit.

“Local property owner” means a person or entity who owns real property within the county, municipality, or school district, with a charitable fund to which a local charitable donation is made.

“Local unit” means a municipality, county, or school district.

“Mortgagee” means the holder of a mortgage loan.

“Property tax credit” means the credit established pursuant to section 4 of P.L.2018, c.11 (C.54:4-66.9).

“Qualified donation” means a local charitable donation that may qualify real property of the donor for a property tax credit established pursuant to section 4 of P.L.2018, c.11 (C.54:4-66.9).

“Servicing organization” means a mortgagee or an agent of the mortgagee, pursuant to a written agreement between the agent and the mortgagee, which is responsible for one or more mortgage escrow accounts.

“Spillover fund” means a fund established, pursuant to subsection e. of section 2 of P.L.2018, c.11 (C.54:4-66.7), to temporarily hold donations to charitable funds that have reached their annual credit-eligible donation cap.

C.54:4-66.7 Establishment of certain charitable, spillover funds by local unit.

2. a. A local unit may establish by ordinance, or resolution, as appropriate, one or more charitable funds for specific public purposes of that local unit. A charitable fund shall be held in one or more bank accounts in the name of the local unit, and shall be kept separate from the other accounts of the local unit. A charitable fund shall not be administered jointly by more than one local unit. All such charitable funds, spillover funds, and the moneys

deposited into such funds shall be governed by the "Governmental Unit Deposit Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.) to the same extent as the establishing local unit. All moneys deposited into a charitable fund shall be expended exclusively for public purposes of the local unit that deposited such moneys in accordance with subsection d. of section 3 of P.L.2018, c.11 (C.54:4-66.8), and other applicable State law. These moneys shall be equivalent to tax revenues for the purposes of State aid formulae, local unit revenue calculations, local unit bonding capacity, and similar State or municipal computation, and shall be immediately available to the establishing local unit upon request to the fund administrator for the payment of budgeted and emergency mandatory expenses, to include debt service.

b. The ordinance or resolution establishing a charitable fund shall designate the official serving as the local unit's custodian of public funds to serve as the fund administrator. The fund administrator shall assume responsibility for the collection, administration, and distribution of donations made to the charitable fund, and shall continually track the total of all qualified donations with respect to a fiscal year. The director may promulgate regulations requiring additional or supplemental bonding for a custodian of public funds who serves as a fund administrator, except that the Commissioner of Education may promulgate such regulations as he deems necessary with respect to custodians of public funds for school districts.

c. A charitable fund shall have one or more specified public purposes. The specified public purposes shall be more limited than the general purposes of the local unit. The specified public purposes shall be described in documents and records made publicly available.

d. (1) The ordinance or resolution establishing a charitable fund shall establish an annual credit-eligible donation cap, establishing the maximum amount of credit-eligible moneys the fund may collect. The ordinance or resolution also shall limit the total amount of money a person or entity may donate through local charitable donations to a particular charitable fund or combination of charitable funds that may qualify for a local property tax credit. The ordinance or resolution establishing a charitable fund shall establish an initial annual credit-eligible donation cap, and shall set an initial annual limit on tax credit funding that shall be available as a result of local charitable donations to the particular charitable fund. The annual limit on the available local property tax credit funding shall equal 90 percent of the annual credit-eligible donation cap, or a different percentage as determined appropriate by the director. The ordinance or resolution establishing a charitable fund shall also limit the extent to which an eligible local charitable donation on behalf of a specific real property may count against the annual credit-eligible donation cap. Both the maximum amount of local property tax credit funding made available, and the annual credit-eligible donation cap, shall be established by the ordinance or resolution adopted to establish the charitable fund, but may be adjusted through subsequent ordinances or resolutions, as applicable, of the governing body of the local unit.

(2) The annual credit-eligible donation cap shall be established prior to the beginning of each fiscal year. However, with regard to any fiscal year that begins in calendar year 2018, the amount of local property tax credits that may be granted for the remainder of calendar year 2018 shall be established no later than the date on which each charitable fund begins to accept donations.

(3) The annual credit-eligible donation cap shall not be construed to limit all donations to the charitable fund. The annual credit-eligible donation cap shall only limit the amount of donations that are credit-eligible in relation to property tax payments.

(4) The annual credit-eligible donation cap for a given year shall be based upon the tax levy from the prior calendar year. The annual credit-eligible donation cap established prior to the start of the calendar year may not exceed 85 percent of the prior year budget, unless otherwise authorized by the director. Upon certification of a current-year budget tax levy, a local unit may amend a charitable fund's credit-eligible donation cap to reflect the estimate of the current year tax levy.

e. The ordinance or resolution establishing a charitable fund may establish a spillover fund, which shall hold local charitable donations contributed after the annual credit-eligible donation cap to a given fund has been reached, and local charitable donations in excess of the maximum local charitable donation amount that the local unit shall accept with respect to a specific real property and still be credit-eligible. Any spillover fund established hereunder shall be administered by the fund administrator of the charitable fund. The ordinance or resolution establishing a spillover fund shall designate approved uses for spillover funds for which uses funds shall be remitted by the spillover fund upon appropriation by the local unit's governing body. Approved uses shall include, but are not limited to the payment of debt service, funding of capital reserves and the reserve for uncollected taxes, emergency expenses, and the local unit's operating expenses. Moneys in the spillover fund shall be utilized by the local unit solely for the budget year corresponding to the year in which the taxpayer will receive the credit.

C.54:4-66.8 Permitted donations; use of funds.

3. a. Any person or entity may donate to a charitable fund, regardless of property ownership or location of residence by directing the payment to the fund administrator of a charitable fund of a local unit. A donation to a charitable fund may be made on behalf of a local property owner by directing the payment to the fund administrator of a charitable fund of a local unit in which the local property owner resides.

b. If a local property owner makes a donation to a local charitable fund that is eligible for a property tax credit, that property owner shall indicate at the time of the donation the specific parcel of property to which the donation shall apply in order for such credit to issue. A donation may be credited to more than one real property in a manner indicated by the local property owner. If credited to more than one real property, the local property owner shall indicate the amount of the donation intended to be applied to each real property.

c. Following receipt of a local charitable donation, the fund administrator shall:

(1) issue a receipt to the donor, confirming the amount of the donation and the real property associated with the donation;

(2) notify the donor that, in the event that the annual credit-eligible donation cap has been reached, the donation is being held by the local unit in escrow, awaiting the donor's direction. Following such notification, the fund administrator shall provide the donor with 60 days, or a lesser amount of time if so specified by the director, to direct the fund administrator to allocate the donation to another charitable fund established by the local unit, or to rescind the donation, provided, however, that the donor's failure to provide direction within the applicable timeframe shall result in the transfer of the donation funds to the spillover fund or, if no spillover fund has been established, in the return of the donation funds to the donor; and

(3) notify the municipal tax collector, and chief financial officer or business administrator of the local unit, within five business days of the amount of the donation and the amount of the credit made available as a result of the donation. Thereafter, the municipal tax collector shall notify the donor of the amount of the available local property tax credit.

d. Charitable fund donations shall be used for the following purposes:

(1) for purposes as designated by the local unit pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7);

(2) the payment of any administrative fees of the municipality that may be required by the municipality pursuant to subsection g. of section 4 of P.L.2018, c.11 (C.54:4-66.9); and

(3) the remainder of the funds shall be used for the payment of administrative costs associated with the establishment and continued operation of the fund.

e. In regard to the local property tax credit established pursuant to section 4 of P.L.2018, c.11 (C.54:4-66.9), only local charitable donations made to a charitable fund established by a local unit pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7) are eligible to be credited on the property tax bill.

C.54:4-66.9 Credit applied to property taxes.

4. a. For fiscal years beginning on or after January 1, 2018, the tax collector shall allow a local property owner a credit to be applied to property taxes as hereinafter set forth.

b. The credit shall be equal to 90 percent of the amount of local charitable donations contributed on behalf of the owner's specified local real property to a charitable fund established pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7) within the local unit, or a different percentage as determined appropriate by the director; provided, however, that no credit shall issue to any owner of local real property who owes local property tax or other delinquent municipal charges at the time the donation to the charitable fund is made.

c. The tax collector shall apply the credit against the first local property tax bill with respect to the specified local real property that is assessed on or after the fifth business day following receipt of the notification sent pursuant to paragraph (3) of subsection c. of section 3 of P.L.2018, c.11 (C.54:4-66.8); provided, however, that each municipality shall impose a deadline by which the fund administrator shall supply the municipal tax collector and the municipal finance officer, as appropriate, with all donation amounts received and the amount of the credits to be made available as a result of those donations, in order for the credits to be applied to the next annual property tax bill. Subject to rules and regulations promulgated by the director, the municipality shall have the sole discretion as to whether to establish a deadline by which donations made to a charitable fund established by a local unit may be credited against an annual property tax bill that already has been issued, in which case the taxpayer shall have access to a statement showing how the credit has been applied.

d. If the total amount of all local property tax credits available for a specific local real property exceed the amount of property tax due during the year in which the donation was made to the local unit associated with a charitable fund to which a local charitable donation was made for the property, and the municipal tax collector is unable to apply all or a portion of a credit enabled under this section against the local property tax bill for the property, then the municipal tax collector shall carry the remaining portion of the credit forward to one or more future local property tax bills. However, no tax credit established under this section shall be carried forward for more than five years from the date of the first local property tax bill after the date the donation was made. For those properties receiving a local property tax credit pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7), any property tax refund owed shall be deducted from the total tax bill resulting in the carry-forward of the tax credit, up to the total tax credit amount, after which cash refunds shall be issued. No cash refund of property tax shall be issued until the amount of the property tax refund due exceeds the amount of tax credit issued for the property.

e. The municipal tax collector shall indicate on a local property tax bill the value of the tax credits that apply to the bill pursuant to this section, and the value of tax credits that, pursuant to this section, shall be applied to future bills.

f. The municipal tax collector shall apply a local property tax credit granted under this section to a specified local parcel of real property, not to an individual person or entity.

g. For each notification sent pursuant to paragraph (3) of subsection c. of section 3 of P.L.2018, c.11 (C.54:4-66.8), the municipality may require a fee to be paid by the fund administrator to be allocated towards the municipality's administrative expenses attributable to the municipal tax collector's office and the municipal finance officer's office. The amount collected by the municipal tax collector through such fees shall not be greater than two percent of the funds distributed for property tax credits to compensate for reasonable expenses associated with the municipal tax collector's responsibilities under this section, unless otherwise authorized by the director.

C.54:4-66.10 Construction of act.

5. The provisions of P.L.2018, c.11 (C.54:4-66.6 et al.) shall not be construed to prohibit a municipality or county from accepting bequests, legacies, or gifts pursuant to N.J.S.40A:5-29, or to prevent a local unit from accepting charitable donations in accordance with any other legal authority.

C.54:4-66.11 Immunity from certain liability.

6. a. Notwithstanding any State law or regulation or contract terms to the contrary, no mortgagee or servicing organization shall be entitled to hold a local property owner liable for electing to meet his or her obligations to a local unit by means of a charitable donation and resulting property tax credit made and obtained in conformity with the provisions of P.L.2018, c.11 (C.54:4-66.6 et al.).

b. Notwithstanding any State law, regulation, agreement, or contract terms to the contrary, no mortgagee shall be entitled to hold a servicing organization liable for complying with the election by a local property owner to meet his or her local real property tax due to a local unit by means of a charitable donation and resulting property tax credit made and obtained in conformity with the provisions of P.L.2018, c.11 (C.54:4-66.6 et al.), including, but not limited to, actions a servicing organization takes to implement such election in accordance with P.L.1990, c.69 (C.17:16F-15 et seq.), and in accordance with any other applicable law or regulation.

C.54:4-66.12 Rules, regulations.

7. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the State Treasurer, the Director of the Division of Taxation, Commissioner of the Department of Banking and Insurance, Commissioner of Education, and the Director of the Division of Local Government Services in the Department of Community Affairs may adopt immediately upon filing with the Office of Administrative Law such rules and regulations as that official determines to be necessary to effectuate the purposes of this act. Any rules and regulations so filed shall be effective for a period not exceeding 360 days following the effective date of this act and may thereafter be amended, adopted, or readopted by such official in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

a. The rules and regulations adopted by the Director of the Division of Local Government Services in the Department of Community Affairs may include, without

limitation, provisions to: (1) protect local units against the loss of property tax revenues that may apply to a local unit due to operation of the property tax levy cap attributable to receipt of charitable donations; (2) establish procedures for management of the charitable funds, and the establishment of appropriate timelines to coordinate the various responsibilities of fund administrators and tax collectors established under P.L.2018, c.11 (C.54:4-66.6 et al.); (3) provide guidance to tax collectors as to when a tax bill is deemed assessed for the purposes of subsection c. of section 4 of P.L.2018, c.11 (C.54:4-66.9); (4) provide guidance as to how servicing organizations shall implement the election of a local property owner to meet his or her obligation to a local unit and obtain resulting local property tax credits in accordance with P.L.1990, c.69 (C.17:16F-15 et seq.), including, but not limited to, provisions for notice to the servicing organization of credits awarded under P.L.2018, c.11 (C.54:4-66.6 et al.); (5) adjust the percentage of the annual credit-eligible donation cap that may be credited against property tax payments pursuant to paragraph (1) of subsection d. of section 2 of P.L.2018, c.11 (C.54:4-66.7), if deemed appropriate; (6) establish standards for implementing local property tax credits for qualified charitable contributions toward a school district-established charitable fund where the municipality defers a portion of the school tax levy; and (7) harmonize to the extent necessary the provisions of P.L.2018, c.11 (C.54:4-66.6 et al.) with the provisions of the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq.

b. The rules and regulations adopted by the State Treasurer may include, without limitation, guidance as to how qualified donations made pursuant to P.L.2018, c.11 (C.54:4-66.6 et al.) shall impact payments allocated pursuant to the "Homestead Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.57 et seq.), the "Property Tax Deduction Act," P.L.1996, c.60 (C.54A:3A-15 et seq.), and the homestead property tax reimbursement program, P.L.1997, c.348 (C.54:4-8.67 et al.).

C.54:4-65.1 Additional information printed on tax bill.

8. In addition to the information required by R.S.54:4-65, a property tax bill shall have printed thereon the information required pursuant to subsection e. of section 4 of P.L.2018, c.11 (C.54:4-66.9).

9. Section 1 of P.L.1970, c.236 (C.17:9-41) is amended to read as follows:

C.17:9-41 Definitions.

1. In this act, unless the context otherwise requires:

"Adequately capitalized" means, with respect to a public depository, "adequately capitalized" as the term is defined in subsection (b) of section 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)), as applicable, and their implementing regulations;

"Association" means any State or federally chartered savings and loan association;

"Capital funds" means (a) in the case of a State bank or national bank or capital stock savings bank, the aggregate of the capital stock, surplus and undivided profits of the bank or savings bank; (b) in the case of a mutual savings bank, the aggregate of the capital deposits, if any, and the surplus of the savings bank; (c) in the case of an association, the aggregate of all reserves required by any law or regulation, and the undivided profits, if any, of the association; and (d) in the case of a credit union, the aggregate of all reserves required by any law or regulation, and the capital deposits of the credit union;

"Commissioner" means the Commissioner of Banking and Insurance;

"Credit union" means a credit union as defined by section 2 of P.L.1984, c.171 (C.17:13-80);

"Critically undercapitalized" means, with respect to a public depository, "critically undercapitalized" as the term is defined in subsection (b) of section 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)), as applicable, and their implementing regulations;

"Defaulting depository" means a public depository as to which an event of default has occurred;

"Eligible collateral" means:

(a) Obligations of any of the following:

(1) The United States;

(2) Any agency or instrumentality of the United States, including, but not limited to, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Small Business Administration;

(3) The State of New Jersey or any of its political subdivisions;

(4) Any other governmental unit; or

(b) Obligations guaranteed or insured by any of the following, to the extent of that insurance or guaranty:

(1) The United States;

(2) Any agency or instrumentality of the United States, including, but not limited to, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Small Business Administration;

(3) The State of New Jersey or any of its political subdivisions; or

(c) Obligations now or hereafter authorized by law as security for public deposits;

(d) Obligations in which the State, political subdivisions of the State, their officers, boards, commissions, departments and agencies may invest pursuant to an express authorization under any law authorizing the issuance of those obligations;

(e) Obligations, letters of credit, or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or federal reserve bank; or

(f) Any other obligations as may be approved by the commissioner by regulation or by specific approval;

"Event of default" means issuance of an order of a supervisory authority or of a receiver restraining a public depository from making payments of deposit liabilities;

"Governmental unit" means any county, municipality, school district or any public body corporate and politic created or established under any law of this State by or on behalf of any one or more counties or municipalities, or any board, commission, department or agency of any of the foregoing having custody of funds or any charitable funds established pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7), or spillover funds established pursuant to subsection e. of section 2 of P.L.2018, c.11 (C.54:4-66.7);

"Maximum liability" of a public depository means, with respect to any event of default, a sum equal to 4% of the average daily balance of collected public funds held on deposit by the depository during the three-month period ending on the last day of the month immediately preceding the occurrence of the event of default that exceed the amount of such public fund

deposits that are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or by any other agency of the United States which insures deposits made in public depositories;

"Net deposit liability" means the deposit liability of a defaulting depository to a governmental unit after deduction of any deposit insurance with respect thereto;

"Obligations" means any bonds, notes, capital notes, bond anticipation notes, tax anticipation notes, temporary notes, loan bonds, mortgage related securities, or mortgages;

"Public depository" means a State or federally chartered bank, savings bank, credit union, or an association located in this State or a state or federally chartered bank, savings bank, credit union, or an association located in another state with a branch office in this State, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund and which receives or holds public funds on deposit;

"Public funds" means the funds of any governmental unit, including but not limited to moneys possessed or held by charitable funds established pursuant to section 2 of P.L.2018, c.11 (C.54:4-66.7), spillover funds established pursuant to subsection e. of section 2 of P.L.2018, c.11 (C.54:4-66.7), or local charitable donations as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) or in escrow related thereto, but does not include deposits held by the State of New Jersey Cash Management Fund;

"Significantly undercapitalized" means, with respect to a public depository, "significantly undercapitalized" as the term is defined in subsection (b) of section 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)), as applicable, and their implementing regulations;

"Undercapitalized" means, with respect to a public depository, "undercapitalized" as the term is defined in subsection (b) of section 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)), as applicable, and their implementing regulations;

"Valuation date" means March 31, June 30, September 30, and December 31;

"Well capitalized" means, with respect to a public depository, "well capitalized" as the term is defined in subsection (b) of section 38 of the "Federal Deposit Insurance Act," Pub.L.81-797 (12 U.S.C. s.1831o(b)), or subsection (c) of section 216 of title II of the "Federal Credit Union Act," Pub.L.73-467 (12 U.S.C. s.1790d(c)), as applicable, and their implementing regulations.

10. Section 2 of P.L.1990, c.61 (C.54:4-8.58) is amended to read as follows:

C.54:4-8.58 Definitions relative to the homestead credit act.

2. As used in sections 2 through 10 of P.L.1990, c.61 (C.54:4-8.58 through 54:4-8.66) and sections 3 and 14 through 16 of P.L.1999, c.63 (C.54:4-8.58a and 54:4-8.66a through C.54:4-8.66c):

"Annualized rent" means, for tax years 2004 and thereafter, the rent paid by the claimant during the tax year for which the homestead rebate is being claimed, and if paid for a lease term covering less than the full tax year, the actual rent paid for the days during the term of the lease of the homestead proportionalized as if the term of the lease had been for 365 days of the tax year;

"Arm's-length transaction" means a transaction in which the parties are dealing from equal bargaining positions, neither party is subject to the other's control or dominant influence, and the transaction is entirely legal in all respects and is treated with fairness and integrity;

"Condominium" means the form of real property ownership provided for under the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.);

"Continuing care retirement community" means a residential facility primarily for retired persons where lodging and nursing, medical or other health related services at the same or another location are provided as continuing care to an individual pursuant to an agreement effective for the life of the individual or for a period greater than one year, including mutually terminable contracts, and in consideration of the payment of an entrance fee with or without other periodic charges;

"Cooperative" means a housing corporation or association which entitles the holder of a share or membership interest thereof to possess and occupy for dwelling purposes a house, apartment, manufactured or mobile home or other unit of housing owned or leased by the corporation or association, or to lease or purchase a unit of housing constructed or to be constructed by the corporation or association;

"Director" means the Director of the Division of Taxation in the Department of the Treasury;

"Dwelling house" means any residential property assessed as real property which consists of not more than four units, of which not more than one may be used for commercial purposes, but shall not include a unit in a condominium, cooperative, horizontal property regime or mutual housing corporation;

"Homestead" means:

a. (1) a dwelling house and the land on which that dwelling house is located which constitutes the place of the claimant's domicile and is owned and used by the claimant as the claimant's principal residence;

(2) a dwelling house situated on land owned by a person other than the claimant which constitutes the place of the claimant's domicile and is owned and used by the claimant as the claimant's principal residence;

(3) a condominium unit or a unit in a horizontal property regime which constitutes the place of the claimant's domicile and is owned and used by the claimant as the claimant's principal residence;

(4) for purposes of this definition as provided in this subsection, in addition to the generally accepted meaning of owned or ownership, a homestead shall be deemed to be owned by a person if that person is a tenant for life or a tenant under a lease for 99 years or more and is entitled to and actually takes possession of the homestead under an executory contract for the sale thereof or under an agreement with a lending institution which holds title as security for a loan, or is a resident of a continuing care retirement community pursuant to a contract for continuing care for the life of that person which requires the resident to bear a share of the property taxes that are assessed upon the continuing care retirement community, if a share is attributable to the unit that the resident occupies;

b. a unit in a cooperative or mutual housing corporation which constitutes the place of domicile of a residential shareholder or lessee therein, or of a lessee, or shareholder who is not a residential shareholder therein, and which is used by the claimant as the claimant's principal residence; and

c. a unit of residential rental property which unit constitutes the place of the claimant's domicile and is used by the claimant as the claimant's principal residence;

"Horizontal property regime" means the form of real property ownership provided for under the "Horizontal Property Act," P.L.1963, c.168 (C.46:8A-1 et seq.);

"Gross income" means all New Jersey gross income required to be reported pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., other than income excludable from the gross income tax return, but before reduction thereof by any applicable exemptions, deductions and credits, received during the taxable year by the owner or residential shareholder in, or lessee of, a homestead;

"Manufactured home" or "mobile home" means a unit of housing which:

(1) Consists of one or more transportable sections which are substantially constructed off site and, if more than one section, are joined together on site;

(2) Is built on a permanent chassis;

(3) Is designed to be used, when connected to utilities, as a dwelling on a permanent or nonpermanent foundation; and

(4) Is manufactured in accordance with the standards promulgated for a manufactured home by the Secretary of the United States Department of Housing and Urban Development pursuant to the "National Manufactured Housing Construction and Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the standards promulgated for a manufactured or mobile home by the commissioner pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.);

"Mobile home park" means a parcel of land, or two or more parcels of land, containing no fewer than 10 sites equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation thereof, and where the owner or owners provide services, which are provided by the municipality in which the park is located for property owners outside the park, which services may include but shall not be limited to:

(1) The construction and maintenance of streets;

(2) Lighting of streets and other common areas;

(3) Garbage removal;

(4) Snow removal; and

(5) Provisions for the drainage of surface water from home sites and common areas;

"Mutual housing corporation" means a corporation not-for-profit, incorporated under the laws of this State on a mutual or cooperative basis within the scope of section 607 of the Lanham Act (National Defense Housing), Pub.L.849, 76th Congress (42 U.S.C. s.1521 et seq.), as amended, which acquired a National Defense Housing Project pursuant to that act;

"Principal residence" means a homestead actually and continually occupied by a claimant as the claimant's permanent residence, as distinguished from a vacation home, property owned and rented or offered for rent by the claimant, and other secondary real property holdings;

"Property tax" means payments to a municipality based upon an assessment made by the municipality upon real property on an ad valorem basis on land and improvements, and shall include the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), but shall not include payments made in lieu of taxes;

"Rent" means the amount due in an arm's-length transaction solely for the right of occupancy of a homestead that is a unit of residential rental property. Rent shall not include any amount paid under the federal Housing Choice Voucher (Section 8) Program or paid as a rental assistance grant under section 1 of P.L.2004, c.140 (C.52:27D-287.1). If the director finds that the parties in a rental transaction have not dealt with each other in an arm's-length

transaction and that the rent due was excessive, the director may, for purposes of the homestead rebate claim, adjust the rent claimed in the homestead rebate application to a reasonable amount of rent;

"Rent constituting property taxes" means 18% of the rent paid by the homestead rebate claimant during the tax year on a unit of residential rental property which constitutes the claimant's homestead, and in the case of a manufactured home or mobile home in a mobile home park which constitutes the claimant's homestead means 18% of the site fee paid by the claimant during the tax year to the owner of the mobile home park. Provided however, that for tax year 2004 and for each tax year thereafter, rent constituting property taxes shall equal 18% of annualized rent, and in the case of a manufactured home or mobile home in a mobile home park rent constituting property taxes shall equal 18% of a similarly annualized site fee;

"Resident" means an individual:

a. who is domiciled in this State, unless he maintains no permanent place of abode in this State, maintains a permanent place of abode elsewhere, and spends in the aggregate no more than 30 days of the tax year in this State; or

b. who is not domiciled in this State but maintains a permanent place of abode in this State and spends in the aggregate more than 183 days of the tax year in this State, unless the individual is in the Armed Forces of the United States;

"Residential rental property" means:

a. any building or structure or complex of buildings or structures in which dwelling units are rented or leased or offered for rental or lease for residential purposes;

b. a rooming house, hotel or motel, if the rooms constituting the homestead are equipped with kitchen and bathroom facilities;

c. any building or structure or complex of buildings or structures constructed under the following sections of the National Housing Act (Pub.L.73-479) as amended and supplemented: section 202, Housing Act of 1959 (Pub.L.86-372) and as subsequently amended, section 231, Housing Act of 1959; and

d. a site in a mobile home park equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation thereof;

"Residential shareholder in a cooperative or mutual housing corporation" means a tenant or holder of a membership interest in that cooperative or corporation, whose residential unit therein constitutes the tenant or holder's domicile and principal residence, and who may deduct real property taxes for purposes of federal income tax pursuant to section 216 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.216; and

"Tax year" means the calendar year in which property taxes are due and payable.

11. Section 1 of P.L.1997, c.348 (C.54:4-8.67) is amended to read as follows:

C.54:4-8.67 Definitions relative to homestead property tax reimbursement.

1. As used in this act:

"Base year" means, in the case of a person who is an eligible claimant on or before December 31, 1997, the tax year 1997; and in the case of a person who first becomes an eligible claimant after December 31, 1997, the tax year in which the person first becomes an eligible claimant. In the case of an eligible claimant who subsequently moves from the homestead for which the initial eligibility was established, the base year shall be the first full tax year during which the person resides in the new homestead. Provided however, a base

year for an eligible claimant after such a move shall not apply to tax years commencing prior to January 1, 2009.

"Commissioner" means the Commissioner of Community Affairs.

"Director" means the Director of the Division of Taxation.

"Condominium" means the form of real property ownership provided for under the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.).

"Cooperative" means a housing corporation or association which entitles the holder of a share or membership interest thereof to possess and occupy for dwelling purposes a house, apartment or other unit of housing owned or leased by the corporation or association, or to lease or purchase a unit of housing constructed or to be constructed by the corporation or association.

"Disabled person" means an individual receiving monetary payments pursuant to Title II of the federal Social Security Act (42 U.S.C. s.401 et seq.) on December 31, 1998, or on December 31 in all or any part of the year for which a homestead property tax reimbursement under this act is claimed.

"Dwelling house" means any residential property assessed as real property which consists of not more than four units, of which not more than one may be used for commercial purposes, but shall not include a unit in a condominium, cooperative, horizontal property regime or mutual housing corporation.

"Eligible claimant" means a person who:

is 65 or more years of age, or who is a disabled person;

is an owner of a homestead, or the lessee of a site in a mobile home park on which site the applicant owns a manufactured or mobile home;

has an annual income of less than \$17,918 in tax year 1998, less than \$18,151 in tax year 1999, or less than \$37,174 in tax year 2000, if single, or, if married, whose annual income combined with that of the spouse is less than \$21,970 in tax year 1998, less than \$22,256 in tax year 1999, or less than \$45,582 in tax year 2000, which income eligibility limits for single and married persons shall be subject to adjustments in tax years 2001 through 2006 pursuant to section 9 of P.L.1997, c.348 (C.54:4-8.68);

has an annual income of \$60,000 or less in tax year 2007, \$70,000 or less in tax year 2008, or \$80,000 or less in tax year 2009, if single or married, which income eligibility limits shall be subject to adjustments in subsequent tax years pursuant to section 9 of P.L.1997, c.348 (C.54:4-8.68);

as a renter or homeowner, has made a long-term contribution to the fabric, social structure and finances of one or more communities in this State, as demonstrated through the payment of property taxes directly, or through rent, on any homestead or rental unit used as a principal residence in this State for at least 10 consecutive years at least three of which as owner of the homestead for which a homestead property tax reimbursement is sought prior to the date that an initial application for a homestead property tax reimbursement is filed. A person who has been an eligible claimant for a previous tax year shall qualify as an eligible claimant beginning the second full tax year following a move to another homestead in New Jersey, despite not meeting the three-year minimum residency and ownership requirement required for initial claimants under this paragraph; provided that the person satisfies the income eligibility limits for the tax year. Provided however, eligibility beginning in a second full tax year after such a move shall not apply to tax years commencing prior to January 1, 2010.

"Homestead" means:

a dwelling house and the land on which that dwelling house is located which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence;

a site in a mobile home park equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation thereof and such site is used by the eligible claimant as the eligible claimant's principal residence;

a dwelling house situated on land owned by a person other than the eligible claimant which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence;

a condominium unit or a unit in a horizontal property regime or a continuing care retirement community which constitutes the place of the eligible claimant's domicile and is owned and used by the eligible claimant as the eligible claimant's principal residence.

In addition to the generally accepted meaning of "owned" or "ownership," a homestead shall be deemed to be owned by a person if that person is a tenant for life or a tenant under a lease for 99 years or more, is entitled to and actually takes possession of the homestead under an executory contract for the sale thereof or under an agreement with a lending institution which holds title as security for a loan, or is a resident of a continuing care retirement community pursuant to a contract for continuing care for the life of that person which requires the resident to bear, separately from any other charges, the proportionate share of property taxes attributable to the unit that the resident occupies;

a unit in a cooperative or mutual housing corporation which constitutes the place of domicile of a residential shareholder or lessee therein, or of a lessee or shareholder who is not a residential shareholder therein, which is used by the eligible claimant as the eligible claimant's principal residence.

"Homestead property tax reimbursement" means payment of the difference between the amount of property tax or site fee constituting property tax due and paid in any year on any homestead, exclusive of improvements not included in the assessment on the real property for the base year, and the amount of property tax or site fee constituting property tax due and paid in the base year, when the amount paid in the base year is the lower amount; but such calculations shall be reduced by any current year property tax reductions or reductions in site fees constituting property taxes resulting from judgments entered by county boards of taxation or the State Tax Court.

"Horizontal property regime" means the form of real property ownership provided for under the "Horizontal Property Act," P.L.1963, c.168 (C.46:8A-1 et seq.).

"Manufactured home" or "mobile home" means a unit of housing which:

(1) Consists of one or more transportable sections which are substantially constructed off site and, if more than one section, are joined together on site;

(2) Is built on a permanent chassis;

(3) Is designed to be used, when connected to utilities, as a dwelling on a permanent or nonpermanent foundation; and

(4) Is manufactured in accordance with the standards promulgated for a manufactured home by the Secretary of the United States Department of Housing and Urban Development pursuant to the "National Manufactured Housing Construction and Safety Standards Act of 1974," Pub.L.93-383 (42 U.S.C. s.5401 et seq.) and the standards promulgated for a manufactured or mobile home by the commissioner pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.).

"Mobile home park" means a parcel of land, or two or more parcels of land, containing no fewer than 10 sites equipped for the installation of manufactured or mobile homes, where these sites are under common ownership and control for the purpose of leasing each site to the owner of a manufactured or mobile home for the installation thereof, and where the owner or owners provide services, which are provided by the municipality in which the park is located for property owners outside the park, which services may include but shall not be limited to:

- (1) The construction and maintenance of streets;
- (2) Lighting of streets and other common areas;
- (3) Garbage removal;
- (4) Snow removal; and
- (5) Provisions for the drainage of surface water from home sites and common areas.

"Mutual housing corporation" means a corporation not-for-profit, incorporated under the laws of this State on a mutual or cooperative basis within the scope of section 607 of the Langham Act (National Defense Housing), Pub.L.849, (42 U.S.C. s.1521 et seq.), as amended, which acquired a National Defense Housing Project pursuant to that act.

"Income" means income as determined pursuant to P.L.1975, c.194 (C.30:4D-20 et seq.).

"Principal residence" means a homestead actually and continually occupied by an eligible claimant as his or her permanent residence, as distinguished from a vacation home, property owned and rented or offered for rent by the claimant, and other secondary real property holdings.

"Property tax" means the general property tax due and paid as set forth in this section, and shall include the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), on a homestead, but does not include special assessments and interest and penalties for delinquent taxes. For the sole purpose of qualifying for a benefit under P.L.1997, c.348 (C.54:4-8.67 et seq.), property taxes paid by June 1 of the year following the year for which the benefit is claimed will be deemed to be timely paid.

"Site fee constituting property tax" means 18 percent of the annual site fee paid or payable to the owner of a mobile home park.

"Tax year" means the calendar year in which a homestead is assessed and the property tax is levied thereon and it means the calendar year in which income is received or accrued.

12. R.S.54:4-66 is amended to read as follows:

When calendar year taxes payable, delinquent.

54:4-66. a. Taxes for municipalities operating under the calendar fiscal year shall be payable the first installment as hereinafter provided on February 1, the second installment on May 1, the third installment on August 1 and the fourth installment on November 1, after which dates if unpaid, after subtracting the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), the taxes shall become delinquent and remain delinquent until such time as all unpaid taxes, including taxes and other liens subsequently due and unpaid, together with interest have been fully paid and satisfied, which payment and satisfaction may be by property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6);

b. From and after the respective dates hereinbefore provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to the interest and penalties hereinafter prescribed;

c. The dates hereinbefore provided for payment of the first and second installments of taxes being before the true amount of the tax will have been determined, the amount to be payable as each of the first two installments shall be one-quarter of the total tax finally levied against the same property or taxpayer for the preceding year or, if directed to do so for the tax year by resolution of the municipal governing body, one-half of the tax levied for the second half of the preceding tax year, as appropriate; and the amount to be payable for the third and fourth installments shall be the full tax as levied for the current year, less the amount charged as the first and second installments; the amount thus found to be payable as the last two installments shall be divided equally for and as each installment. An appropriate adjustment by way of discount shall be made, if it shall appear that the total of the first and second installments exceeded one-half of the total tax as levied for the year;

d. (Deleted by amendment, P.L.1994, c.72).

e. Taxes and applicable property tax credit, as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), may be received and credited as payments at any time, even prior to the dates hereinbefore fixed for payment, from the property owners, their agents or lien holders; however, no interest shall accrue until the delinquency date. Up to and including the payment date for each quarter, priority of payment shall be given to the property owner when third party tax liens exist against the property.

f. Notwithstanding any law to the contrary, local property taxes due to a local unit shall be considered fully paid and satisfied if, with respect to that local unit, the amount of taxes paid for a specific local real property plus the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) applicable to that local real property equals or exceeds the amount of local property tax due.

13. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to read as follows:

C.54:4-66.1 Fiscal year taxes payable, delinquent; definitions; formula.

2. Taxes in municipalities operating under the State fiscal year shall be payable and shall be delinquent pursuant to the following provisions:

a. Taxes shall be payable in the first installment as hereinafter provided on February 1, the second installment on May 1, the third installment on August 1 and the fourth installment on November 1, after which dates if unpaid, after subtracting the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), from the total local property taxes applicable to the local real property taxed, local property taxes due shall become delinquent and remain delinquent until such time as all unpaid taxes, including taxes and other liens subsequently due and unpaid, together with interest have been fully paid and satisfied;

b. From and after the respective dates hereinbefore provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to the penalties hereinafter prescribed;

c. The following terms and phrases shall have the meaning defined below when calculating taxes under this section:

"Assessed value" means the net valuation taxable of each parcel of property in a municipality in the current tax year.

"Billing percentage" is used to calculate the amount required to meet municipal and non-municipal fiscal obligations for the first six months of the calendar year.

"Calendar year" means the current calendar year.

"Certification of tax billing levies" is the form and associated procedures promulgated by the director on which the tax collector calculates the appropriate billing amounts for the first and second installments of the calendar year, including the amount of applicable property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6).

"Director" means the director of the Division of Local Government Services.

"Municipal tax levy" means the tax levy set in the municipal budget for the current fiscal year.

"Non-municipal tax levy" means the total of all of the tax levies certified by the county board of taxation for non-municipal purposes for the calendar year.

"Preliminary municipal tax levy" is the amount certified by the governing body for the purposes of third and fourth installment municipal tax levy.

"Prior year" means the calendar year just previous to the quarters being billed.

"Six month required non-municipal tax levy" means the amount necessary to be paid by the municipality to the county and non-municipal taxing districts for the first six months of the calendar year.

"Total adjusted prior year taxes" means the prior year taxes billed after adjustments are made to incorporate changes to tax bills between tax billings.

"Total assessed value" means the total net valuation taxable for the municipality pursuant to the most recent Table of Aggregates promulgated by the County Board of Taxation.

d. The following formulas shall be utilized in calculating the taxes for each parcel or property:

(1) the municipal rate shall be the preliminary municipal tax levy divided by the total assessed value per one hundred dollars of assessed valuation.

(2) the non-municipal rate shall be the non-municipal tax levy divided by the total assessed value per one hundred dollars of assessed value.

(3) "Municipal billing percentage" shall be the municipal tax levy less the sum of the adjusted taxes billed for the prior year third and fourth installments, divided by the total adjusted prior year taxes.

(4) "Non-municipal billing percentage" shall be calculated by dividing the six-month required non-municipal tax levy by the total adjusted prior year taxes.

e. Taxes for each parcel or property shall be calculated as follows:

(1) The tax collector shall prepare the certification of tax billing levies and calculate the first and second installments by computing the municipal portion, which shall be the municipal billing percentage multiplied by the total adjusted prior year taxes; and then the non-municipal portion, which shall be the non-municipal billing percentage multiplied by the total adjusted prior year taxes. The sum of the two shall be divided in half for each installment. A copy of the certification shall be filed with the director and the county board of taxation.

(2) The third and fourth installments shall be calculated by computing the municipal portion, which shall be the product of the municipal rate times the total assessed value per one hundred dollars of assessed value, and subtracting the taxes billed for the previous first and second installments; and then the non-municipal portion which shall be the product of the non-municipal rate times the total assessed value per one hundred dollars of assessed value, and subtracting the taxes billed for the previous first and second installments. The sum of the two shall be divided in half for each installment.

f. Taxes and applicable property tax credit, as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), may be received and credited as payments at any time, even prior to the dates hereinabove fixed for payment, from the property owners, their agents or lien holders;

however, no interest shall accrue until the delinquency date. Up to and including the payment date for each quarter, priority of payment shall be given to the property owner when third party tax liens exist against the property.

14. R.S.54:4-67 is amended to read as follows:

Discount for prepayment; interest for delinquency; exceptions.

54:4-67. a. (1) The governing body of each municipality may by resolution fix the rate of discount to be allowed for the payment of taxes or assessments previous to the date on which they would become delinquent. The rate so fixed shall not exceed 6% per annum, shall be allowed only in case of payment made on or before the thirtieth day previous to the date on which the taxes or assessments would become delinquent, after subtracting the amount of applicable property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6). No such discount shall apply to the purchaser of a total property tax levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5). The governing body may also fix the rate of interest to be charged for the nonpayment of taxes, assessments, or other municipal liens or charges, unless otherwise provided by law, on or before the date when they would become delinquent, and may provide that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same became payable. The rate so fixed shall not exceed 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date that actual payment to the tax collector is made.

(2) Notwithstanding the provisions of paragraph (1) of this subsection regarding delinquent payments, in the case of a municipality that has experienced a flood, hurricane, superstorm, tornado, or other natural disaster, interest shall not be charged by the municipality to a delinquent taxpayer if:

(a) a state of emergency has been declared as a result thereof by the Governor less than 30 days prior to the date upon which a property tax installment payment is payable pursuant to R.S.54:4-66 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

(b) the governing body of the municipality adopts a resolution providing that interest shall not be charged to a delinquent taxpayer if payment of the property tax installment, plus any available property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), is made on or before the first day of the next calendar month from the date upon which it became payable.

(3) The municipal clerk shall notify the Director of the Division of Local Government Services in the Department of Community Affairs of its adoption of the resolution not later than the third business day next following the municipal governing body's adoption of the resolution. If the municipality is under State supervision pursuant to the provisions of Article 4 of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to the provisions of the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is otherwise subject to a memorandum of understanding or similar agreement with the division as a condition of receiving supplemental State aid, the resolution shall not be effective unless it is approved by the director.

b. In any year when the governing body changes the rate of interest to be charged for delinquent taxes, assessments or other municipal charges, or to be charged for the end of the year penalty, the governing body, after adoption of a resolution changing the rate of interest, shall provide a notice to all taxpayers, prior to the date taxes are next due or with the tax bill,

stating the new rate or rates to be charged and the date that the new rate or rates take effect. The notice may be separate from the tax bill. No change in the rate of interest or the end of year penalty shall take effect until the required notice has been provided in accordance with this subsection.

c. In municipalities that have sold their property tax levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of interest to be charged for the nonpayment of taxes, assessments or other municipal liens or charges shall be the same interest or delinquency rate or rates otherwise charged by the municipality, to be calculated from the date the tax was payable until the date of actual payment to the tax collector. The purchaser of the total property tax levy shall be paid only those amounts attributable to properties included in the total property tax levy purchase and actually collected by the tax collector and which amounts shall not include any delinquent interest collected by the municipal tax collector prior to the time that the total property tax levy purchaser makes the levy payment to the municipality.

d. Whenever the time period for a property tax installment payment has been extended pursuant to the provisions of subsection a. of this section, the Director of the Division of Local Government Services in the Department of Community Affairs may, by temporary order, extend the dates for payment of taxes by a municipality due to a county pursuant to R.S.54:4-74, any school district pursuant to R.S.54:4-75, and any other taxing district as provided by law.

"Delinquency" means the sum of all taxes and municipal charges due on a specific real property, less the amount of applicable property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), covering any number of quarters or years. The property shall remain delinquent, as defined herein, until such time as all unpaid taxes, including subsequent taxes and liens, together with interest thereon shall have been fully paid and satisfied and all applicable property tax credit, as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), has been credited. The delinquency shall remain notwithstanding the issuance of a certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent tax by the purchaser of the total property tax levy pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5) and for the purposes of satisfying the requirements for filing any tax appeal with the county board of taxation or the State tax court. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency as billed, less the amount of applicable property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), prior to the end of the fiscal year. If any fiscal year delinquency in excess of \$10,000 is paid by the holder of an outstanding tax sale certificate or a total property tax levy purchaser, the holder or purchaser, as appropriate, shall be entitled to receive the amount of the penalty as part of the amount required to redeem such certificate of sale providing the payment is made by the tax lien holder or tax levy purchaser prior to the end of the fiscal year. If the holder of the outstanding tax sale certificate or the levy purchaser, as appropriate, does not make the payment in full prior to the end of the fiscal year, then the holder or purchaser shall be entitled to a pro rata share of the delinquency penalty upon redemption, and the balance of the penalty shall inure to the benefit of the municipality. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only.

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

C.54A:3A-17 Resident taxpayer allowed certain property tax deductions; limitations.

3. a. A resident taxpayer under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from gross income for the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) plus property taxes, the total of which shall not exceed \$10,000, subject to the limitations of subsection f. of this section. Property taxes deductible under this section shall be due and paid for the calendar year in which the taxes are due and payable on the taxpayer's homestead.

b. A deduction for property taxes or property tax credits shall be allowed pursuant to this section in relation to the amount of the property taxes or property tax credits actually paid by or allocable to a resident taxpayer who has more than one homestead, but the aggregate amount of the property taxes or property tax credits 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 taxable year for which the taxpayer occupied it as the taxpayer'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 deduction pursuant to this section only in relation to the individual's proportionate share of the property taxes assessed and levied against the homestead. The proportionate share shall be equal to that of all other individuals who hold the title, but if the conveyance under which the title is held provides for unequal interests therein, a taxpayer's share of the property taxes shall be in proportion to the taxpayer's interest in the title.

d. If title to a homestead is held by a husband and wife who own the homestead as tenants by the entirety, or if that husband and wife are both residential shareholders of a cooperative or mutual housing corporation and occupy the same homestead therein, and who elect to file separate income tax returns pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband and wife shall each be entitled to one-half of the deduction for property taxes for which they may be jointly eligible pursuant to this section.

e. If the homestead is a dwelling house consisting of more than one unit, that taxpayer shall be allowed a deduction for property taxes or property tax credits only in relation to the proportionate share of the property taxes assessed and levied against the residential unit occupied by the taxpayer, as determined by the local tax assessor.

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

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

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

(1) 65 years of age or older at the close of the taxable year; or

(2) allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall not be allowed a deduction pursuant to this section;

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

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

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

C.54A:3A-19 Deduction for property taxes; limitations.

5. a. If a taxpayer who is eligible for a deduction for property taxes under section 3 of this act for a part of the taxable year is also eligible for a deduction for rent constituting property taxes under section 4 of this act for a part of the taxable year, the taxpayer shall be allowed a deduction, not in excess of \$10,000, subject to the limitations of subsection b. of this section, the amount of which shall be equal to the sum of the amount of property tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6) plus the amount of property taxes due and paid for the calendar year in which the property taxes are due and payable on a homestead that is not a unit of residential rental property and the amount of rent constituting property taxes due and paid for the calendar year in which the rent constituting property taxes is due and payable for the occupancy of a homestead that is a unit of residential rental property, provided however, that the amount of property taxes and property tax credits shall be subject to the limitations set forth in subsections b. through e. of section 3 and the amount of rent constituting property taxes shall be subject to the limitations set forth in subsections b. and c. of section 4 as may be applicable.

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

17. This act shall take effect on the 60th day following enactment, provided that the Commissioner of Banking and Insurance, Commissioner of Community Affairs, the State Treasurer, the Director of the Division of Local Government Services, and the Director of the Division of Taxation may take such anticipatory action as may be necessary to effectuate the provisions of this act.

Approved May 4, 2018.