

SENATE, No. 2037

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 3, 2022

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Requires direct payment of homestead credit to claimant following sale of qualifying homestead and upon claimant request.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT requiring the direct payment of a homestead credit to the
2 claimant if the claimant requests the direct payment following
3 the sale of the qualifying homestead, and amending P.L.1990,
4 c.61.

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

8
9 1. Section 7 of P.L.1990, c.61 (C.54:4-8.63) is amended to read as
10 follows:

11 7. a. The State Treasurer annually on or before October 31, upon
12 certification of the director and upon warrant of the Director of the
13 Division of Budget and Accounting, shall pay and distribute the
14 amount of a homestead rebate payable under this act that is claimed for
15 the prior tax year to each claimant whose rebate is approved by the
16 director.

17 b. A homestead credit allowed by the Director of the Division of
18 Taxation to a claimant who claimed a homestead credit pursuant to
19 section 3 of P.L.1990, c.61 (C.54:4-8.59), and whose homestead is not
20 a unit in a cooperative, mutual housing corporation or continuing care
21 retirement community, shall be paid by the State Treasurer, through
22 electronic funds transfer made by the director to the local property tax
23 account maintained by the local tax collector for the homestead of the
24 claimant as the claimant shall identify, in equal installments after the
25 application for the credit has been approved, at the dates and in the
26 manner as the director shall determine to best coincide with the next
27 local property tax quarterly due dates of August 1 and November 1.
28 Notice of payments of credit installments shall be provided to the
29 claimant and the appropriate local tax collector.

30 c. Notwithstanding subsection b. of this section, the director shall
31 provide a homestead benefit under this act as a credit only if the
32 director can ensure that the benefit will be applied to the appropriate
33 taxpayer. Otherwise, the director may remit a homestead benefit to an
34 eligible taxpayer as a rebate. Provided further, the director shall remit
35 a homestead benefit directly to an eligible taxpayer by paper check,
36 prepaid debit card, electronic direct deposit into the taxpayer's bank
37 account or any other disbursement method that the director may deem
38 appropriate, if the taxpayer: (1) sells, after the taxpayer's application
39 for a homestead benefit, the homestead for which the taxpayer
40 qualified for a homestead benefit; and (2) notifies the director at least
41 105 days prior to the payment of the homestead benefit, on a form to
42 be developed and furnished by the director, of the sale and the
43 taxpayer's election to directly receive the homestead benefit.

44 d. Notwithstanding subsection b. of this section, a resident
45 homeowner of this State who is 65 years of age or older at the close of
46 the tax year or who is allowed to claim a personal deduction as a blind
47 or disabled taxpayer pursuant to subsection (b) of N.J.S.54A:3-1, shall

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 receive the credit in the form of a rebate payment in calendar year
2 2007, but will receive credits in future years starting in calendar year
3 2008, unless the claimant elects in the claimant's homestead credit
4 application to receive a rebate.

5 e. Notwithstanding subsection b. of this section, if the director
6 determines that homestead benefits for a particular tax year cannot be
7 administered and delivered as credits efficiently, the director may
8 remit homestead benefits for that year as rebates.

9 (cf: P.L.2007, c.62, s.25)

10
11 2. This act shall take effect immediately.

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13
14 STATEMENT

15
16 This bill changes the payment method for some benefit recipients
17 under the New Jersey Homestead Property Tax Credit program,
18 which is also known as the Homestead Benefit Program.
19 Specifically, the bill requires the direct payment of a homestead
20 benefit to a claimant if the claimant requests the direct payment
21 following the sale of the claimant's qualifying homestead. The bill
22 grants the Division of Taxation the discretion to select a specific
23 direct payment method.

24 With limited exceptions, all claimants currently receive their
25 homestead benefits as a credit against their property tax bill. This
26 disbursement method presents the risk that claimants who sell their
27 qualifying homesteads after filing a homestead benefit application
28 may not receive the full homestead benefit to which they are
29 entitled. This is because the division will apply the benefit against
30 the property's tax bill even if the property's ownership has changed.
31 This bill would address this risk by authorizing claimants to request
32 the benefits' direct disbursement to them if they sell their homes
33 after filing a homestead benefit application.

34 Current law requires the homestead benefit to be paid on or
35 before October 31 of each year. The bill requires a taxpayer to
36 provide notice of the taxpayer's election to directly receive the
37 homestead benefit at least 105 days prior to the payment of the
38 homestead benefit. The notice will allow for the completion of
39 administrative tasks required to make the payment on time.