

# 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.



S2037 POU

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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<sup>1</sup> at least  
41 105 days<sup>1</sup> 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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#### STATEMENT

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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.