

ASSEMBLY, No. 705

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman MICHAEL TORRISSI, JR.

District 8 (Atlantic and Burlington)

SYNOPSIS

"Senior Citizens Property Tax Deferral Act"; allows certain seniors to defer property tax payments.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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2

1 AN ACT concerning the deferral of certain senior citizens' property
2 tax payments, and supplementing Title 54 of the Revised
3 Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the "Senior
9 Citizens Property Tax Deferral Act."

10

11 2. The Legislature finds and declares that:

12 a. The combination of low, fixed incomes, and New Jersey's
13 high cost of living, have created an overwhelming challenge for
14 many New Jersey seniors, over 42 percent of whom live in
15 economic insecurity;

16 b. Property taxes in New Jersey have risen dramatically in
17 recent years, climbing on average from less than \$5,000 in 2002, at
18 which time the State's property taxes were already highest in the
19 nation by some measures, to more than \$8,500 in recent years;

20 c. Many New Jersey seniors, in addition to struggling with low
21 fixed incomes, frequently face health emergencies and other
22 problems that may render them unable to handle financial matters,
23 or may turn the payment of property taxes into a financially
24 impossible task;

25 d. Because property tax bills, if neglected for long enough, can
26 result in a tax sale, and eventually foreclosure, these bills threaten
27 many seniors with financial catastrophe and the eventual loss of
28 home ownership;

29 e. Despite the recent improvements in unemployment statistics
30 and other economic indicators, New Jersey's foreclosure rate
31 continues to be elevated, and was higher than that of any other state
32 in 2018;

33 f. Although reverse mortgages, in some cases, can offer seniors
34 the extra money necessary to pay property tax bills, seniors are
35 often reluctant to enter into these contracts, due to concerns that
36 fees and other contractual terms may become more burdensome
37 than initially expected; and

38 g. It is, therefore, a compelling public purpose in the best
39 interests of this State to allow certain low-income seniors defer the
40 payment of property taxes until a senior dies, or the home is sold or
41 otherwise conveyed.

42

43 3. As used in P.L. , c. (C.) (pending before the
44 Legislature as this bill):

45 "Applicant" means an eligible senior who submits an application
46 for a tax deferral.

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1 "Deferral" or "tax deferral" means the delay of bill payment for
2 property taxes pursuant to section 4 of P.L. , c. (C.)
3 (pending before the Legislature as this bill).

4 "Deferred payments" means taxes subject to a deferral.

5 "Director" means the Director of the Division of Taxation in the
6 Department of the Treasury.

7 "Eligible senior" means any person of at least 65 years of age
8 whose residence has an equalized assessed value of under \$500,000,
9 is not subject to a reverse mortgage, and who has an annual
10 household income, for federal income tax purposes, of less than
11 \$50,000.

12 "Eligible senior's equity" means 75 percent of the equalized
13 assessed value of the residence as determined by the municipal
14 assessor for the year in which the eligible senior files a claim under
15 section 4 of P.L. , c. (C.) (pending before the Legislature
16 as this bill), which amount shall be reduced by the amount of any
17 liens against the residence, including the liens for any property
18 taxes already deferred.

19 "Residence" means a dwelling unit that is occupied by the owner
20 as their principal place of domicile.

21 "Reverse mortgage" means a home equity conversion mortgage
22 or other similar financial instrument marketed as a reverse
23 mortgage.

24 "Senior Citizens Property Tax Deferral Fund" means the
25 revolving fund established pursuant to section 13 of
26 P.L. , c. (C.) (pending before the Legislature as this bill).

27 "Tax-deferred property" means the land and residential
28 improvements thereon upon which property taxes are deferred.

29

30 4. a. An eligible senior may apply for an annual deferral of the
31 amount of all property taxes that will become due and payable in
32 the subsequent calendar year, as estimated based on the property
33 taxes due during the year in which the application is submitted.

34 b. Each year, the amount of the deferral on any eligible senior's
35 residence shall not exceed 110 percent of the property taxes
36 assessed and levied on the residence for the year in which the
37 application is submitted, as adjusted to account for the total amount
38 of rebates, credits, deductions, or exemptions received by an
39 eligible senior, or on behalf of the eligible senior, that are
40 incorporated into the eligible senior's property tax bill, for the year
41 in which the application is submitted.

42 c. Deferred payments on a residence shall not be permitted
43 beyond the limit of the eligible senior's equity in that residence.

44 d. (1) If the applicant has delinquent taxes and charges on the
45 residence that collectively do not exceed the amount of the tax
46 deferral awarded for the ensuing year, the tax collector shall apply
47 the deferral payment to satisfy the delinquent charges, or redeem
48 the property if the lien has already been sold at tax sale, prior to

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1 applying the deferral against new property tax balances.

2 (2) If the eligible senior has delinquent taxes and charges on the
3 residence that collectively do exceed the amount of deferral
4 awarded for the ensuing year, then the tax collector shall apply the
5 deferral payment only against new property tax balances.

6 e. Receipt of a tax deferral shall not limit the amount that the
7 eligible senior may receive through the homestead property tax
8 reimbursement program, P.L.1997, c.348 (C.54:4-8.67 et al.).

9

10 5. a. No deferral of current property taxes or assessments shall
11 be allowed except upon an annual written application therefore, on
12 a form prescribed by the director. The application shall:

13 (1) specify any documentation that an applicant shall submit in
14 order to receive a deferral as an eligible senior, including
15 confirmation that the applicant meets the income, property value,
16 and reverse mortgage restrictions;

17 (2) direct the applicant to specify what amount of the property
18 tax bill the applicant wants to defer; and

19 (3) notify the applicant of their ability to initiate a search for
20 municipal liens pursuant to R.S.54:5-12, in exchange for the
21 associated fee, and provide the applicant with contact information
22 for the municipal tax collector's office.

23 b. An eligible senior, or a person acting on behalf of the
24 eligible senior, shall file the application for deferral with the tax
25 collector of the municipality in which the residence is located by
26 April 1 preceding the calendar year for which the deferral shall
27 apply. The application shall be accompanied by any documentation
28 required to be submitted pursuant to subsection a. of this section.

29

30 6. a. In reliance, to the extent necessary, on the eligibility
31 confirmation required pursuant to paragraph (1) of subsection a. of
32 section 5 of P.L. , c. (C.) (pending before the Legislature
33 as this bill), and following the prioritization requirements of
34 subsection e. of section 12 of P.L. , c. (C.) (pending before
35 the Legislature as this bill), the tax collector shall approve or deny
36 each application for a tax deferral, and shall notify each applicant
37 by December 1 whether or not they will obtain a tax deferral during
38 the ensuing year.

39 b. The notification required by subsection a. of this section
40 shall also alert the applicant as to whether there are any delinquent
41 charges or existing liens on the residence resulting from overdue
42 balances for local government and utility assessments.

43 (1) If the delinquent charges are less than or equal to the amount
44 of the deferral award, then, pursuant to paragraph (1) of subsection
45 d. of section 4 of P.L. , c. (C.) (pending before the
46 Legislature as this bill), the tax collector shall apply the tax deferral
47 payment to pay off the delinquency, or redeem the residence if the
48 lien has already been sold at tax sale. At this time, the tax collector

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1 shall also notify the applicant, pursuant to paragraph (4) of
2 subsection b. of section 12 of P.L. , c. (C.) (pending before
3 the Legislature as this bill), that the deferral awarded may be
4 insufficient to cover the full tax deferral the applicant had applied
5 for, and the applicant may be responsible for some, or all, of their
6 property tax payments in the ensuing year.

7 (2) If the delinquent charges are greater than the amount of the
8 deferral award, then, pursuant to paragraph (2) of subsection d. of
9 section 4 of P.L. , c. (C.) (pending before the Legislature
10 as this bill), the tax collector shall apply the deferral payment only
11 against new property tax balances. In such case, at the time of the
12 notification required by subsection a. of this section, the tax
13 collector shall also alert the applicant of the existence of the
14 delinquent charges, and that the deferral will not be able to resolve
15 those balances.

16

17 7. a. The deferred payments shall continue to be a lien against
18 the residence in the same manner as any other unpaid taxes or
19 assessments, but shall not be subject to foreclosure except as
20 provided in accordance with sections 8 through 10 of
21 P.L. , c. (C.) (pending before the Legislature as this bill).

22 b. Interest shall accrue annually on all deferred payments,
23 regardless of what year payments were first deferred or the amount
24 of the deferral, at a rate of one-half of the maximum rate
25 permissible for tax delinquencies in excess of \$1,500 pursuant to
26 R.S.54:4-67. However, the director shall have discretionary
27 authority to annually adjust the interest rate on deferred payments
28 by as much as four percentage points higher or lower than such rate
29 based on recent mortgage rate trends.

30

31 8. a. Subject to the provisions of section 10 of
32 P.L. , c. (C.) (pending before the Legislature as this bill),
33 all deferred payments, including accrued interest, shall become
34 payable when:

35 (1) the eligible senior who claimed the deferral dies;

36 (2) a judgment of foreclosure is entered against the tax-deferred
37 property, the tax-deferred property is sold or otherwise conveyed,
38 or someone other than the eligible senior who claimed the deferral
39 becomes the owner of the property;

40 (3) the tax-deferred property is no longer the residence of the
41 eligible senior who claimed the deferral, except in the case of an
42 eligible senior required to be absent from the tax-deferred property
43 by reason of health and temporarily residing in a medical or nursing
44 facility; or

45 (4) the eligible senior who claimed the deferral enters into a
46 reverse mortgage agreement for the residence.

47 b. Deferred payment shall constitute a paramount municipal
48 lien pursuant to R.S.54:5-9.

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1 9. Whenever any one of the circumstances listed in subsection
2 a. of section 8 of P.L. , c. (C.) (pending before the
3 Legislature as this bill) occurs:

4 a. the deferral of payments for the calendar year subsequent to
5 the year in which the circumstance occurs shall cease, and the total
6 amount of deferred payments for each applicable year shall be due
7 and payable in full, and that tax-deferred property shall be added to
8 the tax roll for that year; and

9 b. the amounts of deferred payments, including accrued
10 interest, for all years prior to the year in which the circumstance
11 occurs shall be due and payable not later than 30 days after the date
12 on which title to the tax-deferred property is conveyed to another
13 owner.

14

15 10. a. Notwithstanding the provisions of section 8 of
16 P.L. , c. (C.) (pending before the Legislature as this bill),
17 when one of the circumstances listed in subsection a. of section 8 of
18 P.L. , c. (C.) (pending before the Legislature as this bill)
19 occurs, the spouse of the eligible senior may elect to continue the
20 tax deferred property in its deferred payment status if:

21 (1) the spouse of the eligible senior is or will be 55 years of age
22 or older not later than six months from the day the circumstance
23 listed in subsection a. of section 8 of P.L. , c. (C.) (pending
24 before the Legislature as this bill) occurs; and

25 (2) the tax-deferred property is the residence of the spouse of
26 the eligible senior.

27 b. The spouse of the eligible senior may continue the
28 property's deferred payment status through application pursuant to
29 section 5 of P.L. , c. (C.) (pending before the Legislature
30 as this bill), not later than 90 days from the date the circumstance
31 listed in subsection a. of section 8 of P.L. , c. (C.) (pending
32 before the Legislature as this bill) occurs.

33 c. When the spouse of the eligible senior has continued the tax-
34 deferred property in its deferred payment status pursuant to
35 subsection b. of this section, the spouse may also continue the filing
36 of subsequent applications pursuant to section 5 of
37 P.L. , c. (C.) (pending before the Legislature as this bill).

38

39 11. a. Subject to subsection b. of this section, all or part of the
40 deferred payments and accrued interest may at any time be paid to
41 the tax collector by:

42 (1) the eligible senior or the spouse or child of the eligible
43 senior; or

44 (2) a person having or claiming a legal or equitable interest in
45 the tax-deferred property.

46 b. A person having or claiming a legal or equitable interest in
47 the tax-deferred property may make payments only if no objection
48 is made by the eligible senior within 10 days after the tax collector

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1 provides notice to the eligible senior, by certified mail, of the fact
2 that payment has been tendered.

3 c. Any payment made under this section shall be applied first
4 against accrued interest and any remainder against the deferred
5 payments, starting with the oldest deferred payments. Payment
6 shall not affect the deferred status of the tax-deferred property.
7 Unless otherwise provided by law, payment shall not give the
8 person paying the taxes any interest in the property or any claim
9 against the estate of the eligible senior or spouse of the eligible
10 senior, in the absence of a valid agreement to the contrary.

11

12 12. a. The State annually shall pay the tax collector of each
13 municipality the total amount of deferred payments applied for
14 within that municipality pursuant to section 4 of
15 P.L. , c. (C.) (pending before the Legislature as this bill)
16 plus two percent.

17 b. (1) Following the receipt of tax deferral applications by
18 April 1 pursuant to subsection b. of section 5 of
19 P.L. , c. (C.) (pending before the Legislature as this bill),
20 the tax collector shall notify the director by May 1 preceding the
21 calendar year for which the deferrals shall apply of the number of
22 applicants, and the amount of funding necessary for all applicants'
23 prospective tax deferrals in that municipality.

24 (2) By September 1 preceding the calendar year for which the
25 deferrals shall apply, the director shall notify the tax collector of
26 each municipality of the amount of funding to be allocated by the
27 State towards tax deferrals in the municipality, and if that amount is
28 limited pursuant to subsection d. of this section.

29 (3) Following the prioritization requirements stipulated by
30 subsection e. of this section, the tax collector shall notify applicants
31 by December 1 whether or not they will obtain a tax deferral during
32 the ensuing year.

33 (4) If at any time it becomes apparent to the tax collector that
34 the deferral funding provided by the State will be insufficient to
35 cover the full tax deferral the applicant had applied for, the tax
36 collector shall notify the applicant of the additional payment owed.

37 c. The tax collector of each municipality shall refund back to
38 the State the amount paid by the State pursuant to subsection a. of
39 this section in installments upon collection of the deferred payments
40 pursuant to sections 8 or 11 of P.L. , c. (C.) (pending
41 before the Legislature as this bill), along with all interest accrued
42 pursuant to subsection b. of section 7 of P.L. , c. (C.)
43 (pending before the Legislature as this bill). However, out of each
44 refund payment back to the State, the tax collector, in his or her
45 discretion, may retain up to \$25 per each annual deferral granted in
46 order to fund administrative costs associated with the tax collector's
47 responsibilities under P.L. , c. (C.) (pending before the
48 Legislature as this bill). Funding paid by the State to the tax

1 collector pursuant to subsection a. of this section that is not used for
2 tax deferral payments shall also be refunded to the State. Refund
3 payments shall be deposited into the "Senior Citizens Property Tax
4 Deferral Fund."

5 d. If, during any year, the amount of funding dedicated to tax
6 deferral payments through the annual appropriations act, in
7 combination with the amount available through the "Senior Citizens
8 Property Tax Deferral Fund," is less than the total amount applied
9 for by eligible seniors within the limitations imposed pursuant to
10 section 4 of P.L. , c. (C.) (pending before the Legislature
11 as this bill), then the amount paid to each tax collector shall be
12 allocated pro rata, based on the amount of deferred payments that
13 eligible seniors apply and qualify for within each municipality.

14 e. Within the limitations imposed pursuant to section 4 of
15 P.L. , c. (C.) (pending before the Legislature as this bill),
16 the tax collector shall account for the full tax deferral for as many
17 eligible senior applicants as possible. If the amount of funding
18 dedicated to tax deferral payments pursuant to subsection d. of this
19 section is limited, then payment priority shall be given first to
20 eligible seniors who both submit a timely application and had also
21 applied and received a tax deferral in the preceding year. Priority
22 shall then be given based on the date of application receipt.

23 f. If necessary, a municipality may anticipate in its budget the
24 amount due from the State pursuant to subsections a. and d. of this
25 section.

26
27 13. There is established within the general fund the "Senior
28 Citizens Property Tax Deferral Fund" as a nonlapsing revolving
29 fund in the Department of the Treasury. Monies deposited in the
30 fund shall be utilized by the director exclusively for the purposes
31 established under section 12 of P.L. , c. (C.) (pending
32 before the Legislature as this bill).

33
34 14. Intentionally misrepresenting eligibility, the confirmation of
35 which is required pursuant to paragraph (1) of subsection a. of
36 section 5 of P.L. , c. (C.) (pending before the Legislature
37 as this bill), shall constitute a crime of the fourth degree.
38 Negligently misrepresenting eligibility shall constitute a disorderly
39 persons offense. In addition to any penalties imposed by law, any
40 applicant who violates any provisions of P.L. , c. (C.)
41 (pending before the Legislature as this bill) shall be subject to a
42 suspension of eligibility for one year for a first offense and
43 permanent revocation of eligibility for a second offense.

44
45 15. The Director of the Division of Taxation in the Department
46 of the Treasury shall, on a biennial basis, publish a report to detail
47 the utilization of P.L. , c. (C.) (pending before the
48 Legislature as this bill). The report shall provide information on the

1 number of seniors who have applied for a deferral, the number who
2 have been awarded a deferral, and any additional information that
3 the director believes is relevant. The report shall be published on
4 the Internet website of the division.

5
6 16. The Director of the Division of Taxation in the Department
7 of the Treasury shall adopt, pursuant to the "Administrative
8 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
9 regulations necessary to implement the provisions of
10 P.L. , c. (C.) (pending before the Legislature as this bill).

11
12 17. Sections 1 through 15 of this act shall take effect on the first
13 day of the first calendar year following enactment. Section 16 shall
14 take effect immediately.

15

16

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STATEMENT

18

19 This bill allows New Jersey seniors, 65 years of age and older,
20 whose annual household income, for federal tax purposes, is under
21 \$50,000 to also qualify for an annual deferral of property tax
22 payments. Deferral eligibility is further limited to persons whose
23 primary residence does not have a reverse mortgage, and has a
24 value of under \$500,000.

25 A senior eligible for a deferral, or a person acting on behalf of
26 the senior, would file an application with the tax collector of the
27 municipality in which the residence is located by April 1 of the year
28 preceding the tax year that the deferral would cover, and submit any
29 documentation required to ascertain that the applicant qualifies for
30 the deferral. The amount of an annual deferral cannot exceed 110
31 percent of the taxes assessed and levied on the residence for the
32 preceding year, as adjusted to incorporate any rebates, credits,
33 deductions, or exemptions that are not received later, but
34 incorporated into the property tax bill itself. Deferral payments will
35 not be permitted beyond 75 percent of a home's equity. Receipt of
36 a deferral will not limit the amount that may later be received
37 through the homestead property tax reimbursement program,
38 P.L.1997, c.348 (C.54:4-8.67 et al.). Interest will accrue on
39 deferred payments at a rate of nine percent, which is one half of the
40 maximum rate permissible for delinquent taxes pursuant to
41 R.S.54:4-67. However, the Director of the Division of Taxation
42 will have discretion to annually alter this rate by as much as four
43 percentage points higher or lower in response to mortgage rate
44 trends.

45 Deferral payments shall become due upon the death of the
46 senior, the conveyance of the property, upon entrance into any
47 reverse mortgage agreement, or if the home ceases to be the primary
48 residence of the eligible senior for reasons other than health

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1 complications. A spouse of a deceased senior of age 55 or older
2 will be able to continue the property's deferred status, subject to the
3 75 percent equity limit.

4 In order to avoid an unfunded mandate, this bill requires that the
5 State annually pay each municipality for the deferrals that eligible
6 senior residents have applied for. The tax collector is required to
7 reimburse the State, including all interest accrued for each deferral,
8 upon receipt of the payment deferred from each eligible senior. At
9 the time of this return payment, the tax collector's office is
10 permitted to keep up to \$25 per annual deferral granted, in order to
11 account for any administrative costs incurred. In other words, if a
12 senior receives a deferral each year for four years, the tax collector
13 would be entitled to keep as much as \$100 in administrative
14 expenses when that deferral is fully repaid to the State. Refund
15 payments to the State shall be deposited into the "Senior Citizens
16 Property Tax Deferral Fund," a revolving fund to be established in
17 the Department of the Treasury.

18 If the State limits the amount of funding dedicated to property
19 tax deferral reimbursement payments for any year through the
20 annual appropriations act, and revolving fund monies are
21 insufficient for all applications, then the amount annually paid from
22 the State to each municipality will be allocated proportionally to the
23 amount that eligible seniors within each municipality have applied
24 and qualified for. Each municipal tax collector would then award
25 tax deferrals to seniors with priority going first to those who
26 received a deferral in the previous year, and next to the earliest
27 applications.

28 Misrepresenting eligibility could constitute a crime of the fourth
29 degree, or a disorderly persons offense, depending on whether the
30 misrepresentation was intentional or only negligent.

31 The bill directs the Division of Taxation to adopt regulations to
32 implement the program, and biennially report on the utilization of
33 the program.