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State of New Jersey

OFFICE OF THE GOVERNOR
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JIM FLORIO
GOVERNOR

DEPARTMENT OF COMMUNITY AFFAIRS

MELVIN R. PRIMAS, JR.
COMMISSIONER

LOCATION:

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TRENTON, NEW JERSEY

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TRENTON, N. J. 08625-0800

May 27, 1991

MEMORANDUM

TO: Joseph Salema, Chief of Staff
Office of the Governor

FROM: Barry Skokowski, Sr., Deputy Commissioner *BS*

SUBJECT: Tenant Rebate Program

This memo is to advise you of actions being undertaken by the Division of Local Government Services in regard to the Tenant Rebate Law (N.J.S. 54:4-6.2 et seq. as amended by P.L. 1991, c. 65) and its impact on the public. Given the public concern and awareness of the law, I felt it appropriate to advise you of the issues and practices involved in implementing its provisions.

BACKGROUND:

The original law was passed in 1976 to provide tenants with a rent reduction due to the lower property taxes that would be paid by many landlords as a result of the new income tax. The pass-through was set at 65%, and 1976 was set as the base year from which calculations would be performed. The statute required tax collectors to provide landlords a statement showing previous, current and reduction in taxes (within 30 days of tax bills being issued); landlords had to post a notice to tenants showing the amount of rebate to each type of unit; and landlords had to certify the posting to either the local tax collector or rent leveling board, if the community had one.

Rules adopted by the Division that set a minimum standard of information that had to be provided to landlords and tenants, gave landlords several options on how to calculate the rebates and how they were to be paid. A major public information initiative was set up with a "hot-line" information system operated by the Division. Landlord compliance was a local matter, with the municipal courts used as a forum for tenants to file complaints against landlords.



The law applies to "qualified rental property", which includes all non-seasonal or non-transient type apartments (4 units or greater), and non-owner occupied two and three family structures. A later amendment changed the definition to include single family homes that were rented, a type originally excluded from the legislation. Two and three family owner-occupied units continued to be exempt from the rebate provisions. Though the law was in place, the practice of sending out rebate notices tailed off over time, as rebates were only required when total property taxes dipped below the 1976 amount.

1990 AMENDMENTS

The 1990 amendments made key changes, requiring all of the tax reduction be passed through to renters (up from 65%), eliminated mobile homes from rebate eligibility, and changed the base year to the "previous tax year", thus insuring that if total taxes go down in any one year, a rebate would be required based on the previous.

CURRENT STATUS

In order to implement the provisions of the amended law, the Division of Local Government Services is currently involved with several initiatives:

- 1) Update of rules - the changes in the statute and various practices since the rules were first adopted, require a virtual rewriting of the text. Division staff is currently working on the changes, a rough draft of which should be ready around May 29. Given the timetable to have these implemented prior to the time when tax bills go out, an emergency rulemaking procedure will probably be requested to put them into effect immediately, pending comment and formal adoption.
- 2) Standard forms - In previous years, tax collectors were left to their own devices on the type of form to be used and the information to be provided to landlords and tenants as to their rights and responsibilities. We are developing several standard forms to be used by the parties to simplify the process of notice, response to the municipality and notice to tenants. The use of these forms would be required by the rules. In accordance with the statute, these notices will have to be mailed out within 30 days of tax bills being issued.
- 3) Public Information - The "hotline" phone number used 10 years ago is still an active number in the Division and known to the landlord/tenant community. Our intention at this time is to create several public information sheets for landlords and tenants (including a Spanish version for tenants) and send them out when calls are received on the hotline. The hotline will have an answering machine for this purpose. The handouts will refer them to the "Landlord/Tenant Information" office in DCA's Division of Codes and Standards for additional information. The Office is a service known to many tenants, landlords and their respective organizations. We will train their staff in the implementation of the law, so they can resolve disputes and problems.

KEY ISSUES

Of some concern is the use of a standard form to be used by all tax collectors. Though there may be some objection by collectors, we feel the advantages of a standard system outweigh the disadvantages.

A key issue is who receives the notices of tax reduction. The database for this information is the MOD IV property tax ownership and assessment system supervised by the Division of Taxation and the local data centers who run the programs. Though the database classifies apartment units of 4 units or more separately, single family rented, and two and three family units (owner occupied or not) are simply classified as residential. Thus, in order to reach all potential landlords, unless the municipality keeps a separate list, all residential property owners receive the tax reduction notice.

Please advise me if you have any concerns about our implementation of this program. We will be pursuing the plan as described herein, unless you advise differently.