

The Revised Tenants' Property Tax Rebate Act (P.L. 1998, c. 15) Frequently Asked Questions for Landlords

Do I have to rebate any or all of the proceeds from a successful appeal of the property tax assessment on my rental property?

As of June 1, 1999, landlords no longer have to rebate any part of the proceeds from a successful appeal of the property tax assessment on a rental property to the tenants. Landlords may now keep 100 per cent of any refund or reduction due to a successful tax appeal for themselves. The judgment year become the new base year.

Do all tenants living in all rental units qualify for the Tenants' Property Tax Rebate?

Not anymore. As of June 1, 1999, the only tenants who qualify for the Tenants' Property Tax Rebate are tenants living in rental properties with five or more units. Single family homes, duplexes, triplexes, and apartments in buildings with four or less units **do not** qualify. Nor do condominiums and cooperative apartments. The only exception is units occupied by tenants covered by the Tenant Protection Act of 1992 (P.L. 1991, c. 509), which pertains only to rental units which are being converted to condominiums or cooperative apartments. In addition, the following are not considered "Qualified Real Rental Property" under the Tenants' Property Tax Rebate Program:

- Hotels, motels, and other guesthouses serving transient or seasonal guests;
- Buildings or structures which are subject to an abatement agreement under which reduced or no property taxes are paid on the improvements pursuant to statute, notwithstanding that payments in lieu of taxes are paid in accordance with the agreement;
- Buildings or structures located in municipalities in which a rent control ordinance that does not provide for an automatic increase in the amount of rent permitted to be charged by a property owner upon an increase in the amount of property tax levied upon the property is in effect for the base year and the current year;
- Dwelling units in a residential cooperative or mutual housing corporation;
- Dwelling units in a condominium, other than those occupied by qualified tenants (senior citizens, disabled people, and people with low incomes in rentals being converted to condominiums or cooperative apartments) under the "Tenant Protection Act of 1992." P.L. 1991, c. 509 (C.2A:18-61.40 et seq.) ;;
- Dwelling units in a continuing care retirement community;
- Dwelling units within residential health care facilities, assisted living facilities, facilities with a Class C license pursuant to the "Rooming and Boarding House Act of 1979" [P.L. 1979, c. 496 (C. 55:13B-1 et al)], or similar facilities for which occupancy is conditioned on receipt of medical, nursing or personal care services for the residents and the cost thereof is included in the rent.

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When do I have to give a rebate to my tenants under the revised Tenants' Property Tax Rebate Act?

In three situations:

- 1) Whenever there is a revaluation of all the property in a municipality, and then only if the revaluation results in a lowered property tax assessment of your rental property, and then only for the first year of the revaluation.
- 2) Whenever the property tax rate in the current year is lower than the property tax rate in the "base year." P.L. 1998, c. 15 established 1998 as the first "base year." Each following year that the property tax rate increases becomes the new base year.
- 3) If the property tax payers in the municipality receives are eligible for a REAP (Regional Efficiency Aid Program) credit.

Who notifies me of the need to give a Tenants' Property Tax Rebate Act rebate to my tenants?

The municipal tax collector. The tax collector's computer system that generates the property tax bills also generates Tax Reduction Notices, if applicable, which are then mailed to all property owners in the municipality.

The municipality where my rental property is located has a rent control ordinance in place. What effect does the rent control ordinance have on my obligation to give a Tenants' Property Tax Rebate Act rebate?

Rental properties located in rent controlled municipalities that **do not** allow automatic tax surcharge increases are **exempt** from the rebate requirement. Of the approximately 107 municipalities with rent control, an estimated one-third are without the surcharge provision.

My rental property is subject to a tax abatement agreement. What effect does that have on my obligation to give a Tenants' Property Tax Rebate Act rebate?

Buildings subject to tax abatement agreements are exempt from the rebate requirement while the agreement is in effect. The year the agreement expires will become the base year for the property.

The tax collector in the municipality where my rental property is located told me to call the State government in Trenton to find out if I am liable to pay a Tenants' Property Tax Rebate Act rebate. Can the State tell me if I have to pay the rebate?

Unfortunately, no. The tax collector has all the records necessary to determine the obligation to pay the rebate, not the State. The computer system that calculates tax bills also generates the Tax Reduction Notices. The computer system will calculate the tax reduction for eligible rental properties. It is the obligation of the tax collector to mail you a Tax Reduction Notice that will notify you that you are required to give the rebate.

What are my obligations if I must give a Tenants' Property Tax Rebate Act rebate?

Within 30 days of receiving a Tax Reduction Notice from the tax collector, a landlord shall:

- Calculate the amount of rebate due each tenant;
- Complete the Rent Rebate Certification and return it to the municipality;
- Post the Rent Rebate Certification prominently where tenants can see it;
- Begin making monthly rebates, nominally on rent payment dates:
 - For Notices received by November 1, the first rebate shall be cumulative from January 1 to 30 days after receipt of the Notice, and the last by December 31.
 - For Notices received after November 1, the first (not cumulative) rebate shall be within 30 days after receipt of the Notice, then monthly thereafter, and the last by June 30.

Do I have to give a rebate to my tenants in cash or rent credits?

Rebates may be in cash or rent credits, at the landlord's option. They shall be rounded up or down to the nearest dollar, and shall be only for the months of occupancy, with the landlord keeping the balance.

What if I don't give my tenants a rebate as required by the Tenants' Property Tax Rebate Act?

The penalty for landlords in default of the notice and rebate provisions can be a double payment of the rebate amount, paid to tenants who take their claim to municipal court, and a \$100 fine.

What if I have no rent or subsidized rent tenants?

Tenants who pay no rent (as in some in-kind situations) are ineligible for tenant rebates. In subsidized housing, however, tenants who pay a nominal rental are entitled to the full amount of any rebate unless the rental contract calls for the subsidizing agency to get a share.