

NEW JERSEY TENANT PROPERTY TAX REBATE PROGRAM Notice of Tax Reduction

If the property described below is not a rented residential property, you may disregard this Notice.

Municipality	County	Tax Rebate
Calculation		
Block:	Lot: Qual:	Base year taxes – xxxx \$xxxx
Street Address:		Less Current taxes <u>xxxx</u>
		Sub-total Property Tax Reduction <u>\$xxxx</u>
		REAP Tax Credit xxxx
		Miscellaneous Tax Credit <u>\$xxxx</u>
		Total Amount to be Rebated \$xxxx

The N.J. Tenants' Property Tax Rebate Act (N.J.S.A. 54:4-6.2 and N.J.A.C. 5:33-3.1 et seq.) requires the owners of property with five or more rented residential units on one parcel to rebate to their tenants 100% of the tax reduction, with certain exceptions. Unless this property is one of those, you must rebate to your tenants the amount shown to the right, in accordance with the law (see explanatory information below for more details.)

Mailing Information

Owner: Please complete the other side and return this entire form, within 30 days of receipt, to:

Refer to the enclosed summary for additional information on the law and program rules.

SUMMARY DESCRIPTION OF TENANTS' PROPERTY TAX REBATE ACT
 N.J.S.A. 54:4-6.1 et seq. as amended, effective June 1999
 Supplemented by N.J.S.A. 54:4-8.76, effective April 13, 1999

The attached Notice of Tax Reduction shows the amount of money that the owner of the named residential rental building must provide to tenants under the New Jersey Tenant's Property Tax Rebate Act. The law provides that landlords of covered properties must rebate property tax savings to their tenants when one or more of the following three events (all explained in detail below) are triggered: when property taxes fall below the amount in a statutorily determined base year (see below), there is a REAP property tax credit, or there is a one-time local miscellaneous revenue credit. This summary explains the owner's responsibility and other information about the program.

- Who is subject to the Act? Basically, owners of residential rental buildings with five or more rental units, and tenants residing in those units. Exceptions are listed below. All tenants that occupied the building during the year are eligible, regardless of whether they currently rent or have left. Best effort attempts (certified, return receipt required mail to the tenant's last known address suffices) must be made to notify tenants who left during the year, and their rebates are to be held for one year before it reverts to the owner.

- How does the Act work? Any combination of three circumstances can trigger a Notice of Tax Reduction sent to the owner. The "Total Amount to be Rebated" must be given as rent reduction to tenants in properties subject to the law:

- Whenever an owner's current property taxes dip below those in the "base year" stored in the tax collector's computer system (a property tax reduction) pursuant to N.J.S.A. 54:4-6.2 et seq.
- A property tax credit is granted to the property through the State's Regional Efficiency Aid Program (REAP). The entire REAP tax credit must be rebated to tenants, even if there is no other rebate and taxes increase. Rebate rules apply to a REAP credit as if it was a reduction in property taxes pursuant to N.J.S.A. 54:4-8.76 et seq.
- The municipality chose to distribute the receipts of a local miscellaneous revenue to property taxpayers in the form of a property tax credit pursuant to N.J.S.A. 40A:4-27.3. Under these circumstances, the entire property tax credit must be rebated to tenants, even if there is no other rebate and taxes increase.

The last two items will always appear on the property tax bill as separate, negative line items.

- What are the exclusions from liability for tenant rebates? If any of the following circumstances are met, this property may not have a rebate requirement. Contact the municipal tax collector to make the clarification.

- Tax reductions obtained by action of county boards of taxation or local tax assessors or by judgments of the tax court or other courts of competent jurisdiction
- There are up to four rental units in the same building or on a single lot
- It is a hotel, motel or other guest house serving transient or seasonal guests. "Transient" means up to 90 days and have other permanent residence.
- They are dwelling units that are:
 - residential cooperatives and mutual housing corporations;
 - condominiums, other than units rented to tenants qualified under the Tenant Protection Act of 1992 (N.J.S.A. 2A:18-61.40 et seq.);
 - continuing care retirement communities;

assisted-living facilities in which the cost of medical, nursing, and personal care services is included in the rent;

buildings in rent-controlled communities where the ordinance does not allow for compensating rent increases when taxes go up; or when the rent control ordinance provides for both increases or decreases to be passed along to tenants; and

buildings subject to tax abatement agreements.

- How is the base year derived? Effective June 1, 1999, the base year is 1998 for all eligible properties. It will be succeeded eventually by:

- The year property taxes exceed the 1998 amount;
- The first year of a first-time rental;
- The first year of a lowered tax bill obtained by assessment reduction;
- The year after municipal-wide revaluation or reassessment takes effect;
- The year a tax abatement expires; or
- The year of a shift from a tax basis to a fee basis for utility services.

- What are an owner's obligations? Within 30 days from receipt of this Notice:

- To post notice (the Rent Rebate Certification) in a prominent place and start making rebates to tenants;
- To complete monthly rebates by December 31 (if this Notice was received before November 1), or June 30 (if this Notice was received after November 1);
- To make the first pre-November 1 rebate cumulative from January 1 to the month after receipt of the Notice; or, to equalize post-November monthly rebates by dividing the amount to be rebated by the number of months to June 30; and
- At the owner's option, to make rebates in cash or rent credit at each payment date. Rebates for unoccupied units or commercial use units are retained by the owner.

- What are the tenant's obligations? None, other than to keep their rent payments current. Rebates on those units where rent is disputed or delinquent must be held until the rent is made current.

- How does a tenant learn of his rebate entitlement? By notice from his owner posted in a conspicuous place; or by asking the tax collector, "Did my owner have a tax reduction?" "How much was it?"

- What is a tenant's remedy in case an owner does not make the rebate? To file a complaint at municipal court, with a summons or warrant to issue from the municipal prosecutor. Superior courts also have jurisdiction. The owner's penalty on conviction is a \$100.00 fine and the tenant may receive a rebate equal to double the amount.

- How is the tenant's rebate calculated? The following method is preferred, though other methods that meet the law may be used (*letters in italic refer to the chart below*):

- a. Divide the "Amount to be Rebated" by 12 for the total amount to be apportioned monthly among all tenants.
- b. List under "Rent per Unit" on the Owner Certificate (a) each different monthly rent category and the

- number of units (*b*) in each. Assign a rent to commercial and owner-occupied units when applicable.
- c. Add all rents together (*c*) and divide each by the total for the percentage of rebate applicable to each (*d*).
 - d. Multiply the monthly amount to be rebated (*e*), by each percentage (*d*), for the Rebate/Credit per Month in each category (*f*); divide this by the number of tenants in each class (*b*) for the share due each tenant (*g*).

To graphically show the full calculation, this example uses the following facts:

The property has 10 rental units, broken into 4 different rent classes, two with three units each, and two with two units each. No commercial rent.

The Amount to be Rebated provided on the Notice is \$1,750; the monthly amount is \$146 (\$1,750/12).

SAMPLE REBATE CALCULATION

(a) Rent per Unit	(b) # of Units	(c) Total Rent per class (a times b)	(d) % of rebate for rent class (c divided by total c)	(e) Monthly rebate amount	(f) Rebate for rent class (d times e)	(g) Monthly rebate per unit (f divided by b)
350.00	3.00	1,050.00	25%	146.00	37.00	12.00
375.00	3.00	1,125.00	27%	146.00	39.00	13.00
425.00	2.00	850.00	20%	146.00	29.00	14.00
600.00	2.00	1,200.00	28%	146.00	41.00	20.00
TOTALS	10.00	4,225.00	100%		146.00	

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Municipality _____ County _____
 Block: _____ Lot: _____ Qual: _____
 Street Address: _____

Tax Rebate Information	
Base year taxes – xxxx	\$xxxx
Less Current taxes	<u>xxxx</u>
Sub-total Property Tax Reduction	<u>\$xxxx</u>
REAP Tax Credit	xxxx
Miscellaneous Tax Credit	<u>xxxx</u>
Total Amount to be Rebated	\$xxxx

The N.J. Tenants' Property Tax Rebate Act requires most owners of most five or more unit residential units to rebate to their tenants 100% of their property tax reduction, with certain exceptions. Unless this property is one of those, you must rebate to your tenants the amount shown to the right, in accordance with the law (see explanatory information below for more details).

Mailing Information

Owner: Please complete the other side and return this entire form, within 30 days of receipt, to:

Refer to the enclosed summary for additional information on the law and program rules.

New Jersey Tenant Property Tax Rebate Program—*Rent Rebate Certification*

For guidance on rebate calculation, please consult the information received with this form.

Owners of residential rental properties with five or more units must complete the certificate below, post a copy conspicuously where tenants will see it, and return the original to the municipal office shown on the Notice of Tax Reduction. If more room is needed, you may create a Supplemental Certificate by photocopying the original onto a full length sheet or another similar method.

Owner Rent Rebate Certification

The undersigned hereby certifies that the amounts shown below reflect the property tax rebate to be paid to tenants in accordance with the N.J. Tenants Property Tax Rebate Law, and that a copy of this certificate has been posted prominently on the premises for tenant inspection.

<i>Rent per unit</i>	<i>Rebate/Credit per month</i>	<i>Rebate/credit per year</i>
1. \$ _____	\$ _____	\$ _____
2. _____		
3. _____		
4. _____		
5. _____		
<i>Residential Totals</i>	\$ _____	_____
<i>Allocation to owner-occupied or commercial unit:</i>	\$ _____	(Owner or Agent)
<i>Date Posted</i> _____		