



Guide to the Revised Tenants' Property Tax Rebate Act

March 2004
3rd Edition



State of New Jersey
James E. McGreevey
Governor



Department of Community Affairs
Susan Bass Levin
Commissioner

Division of Local Government Services
Susan Jacobucci, *Acting Director*

PREFACE

This Guide offers the background and direction tax collectors and others will need for complying with the Tenants' Property Tax Rebate Act as amended in 1998, and the rules governing tenant property tax rebates. The first law, enacted in 1976, required tenant rebates of 65 percent of a landlord's annual property tax savings. It fell out of use several years after enactment and remained so right through the 1980s as rising taxes in most municipalities offset rebate potential.

That era came to a close in 1990-91 with an infusion of State aid intended to let every municipality reduce its taxes for the benefit of property owners. A companion measure amended the original 1976 Tenants' Property Tax Rebate Act to replace the 65 percent with 100 percent of the landlord's tax savings, including those from assessment reductions as rebate to tenants. It included a "floating" base year, to assure the largest possible rebate.

Since then, apartment owners who appealed for lower assessments saw the entire amount of the savings awarded in successful appeals go to their tenants in full. That set the stage for the 1998 and 2000 changes in the Act. With these changes rebates are now keyed to tax rate reductions and not also to changes in assessed valuation; qualified properties start at five units*, and cooperative and condominium dwellers are added to the exceptions list. These changes should reduce the number of rebates processed by municipalities and landlords

This Guide explains the new law and changes to the rules. While the law continues to refer to the Act as the Tenants' Property Tax Rebate Act, this guide will refer to it as the Revised Tenants' Property Tax Rebate Act. The most recent updates of the law (N.J.S.A. 54:-6.2) and rules (N.J.A.C. 5:33-3.1) can be found on the Division's World Wide Web www.nj.gov/dca/lgs/tenreb/tenreb.shtml.

Style note: This Revised Guide interchanges the term "landlord" and "owner." The terms mean the same; no difference in meaning is intended.

Questions and comments about the Guide can be directed to:

Tenants' Property Tax Rebate Program
N.J. Division of Local Government Services
PO Box 803
Trenton, New Jersey 08625-0803

* The threshold to parcels with five or more units was amended in 2000 as section 31 of P.L. 2000, c. 126. This brought the threshold in line with the standard in tax assessment practices of classifying parcels with more than four properties as apartment parcels.

GUIDE TO THE REVISED TENANT PROPERTY TAX REBATE ACT

March 2004
3rd Edition

Table of Contents

Section	Title	Page
1	General Explanation of the Law and Rules	1
2	Guidance for Tax Collectors	3
3	Rebate and Public Relations	5
4	Telephone Support Numbers	6
5	Compliance and Enforcement	7
6	Handling Tax Appeals	9
7	Deductions, Special Exemptions	10
8	Parcel-Related Issues	11
9	MOD IV Update Procedures	12
10	Miscellaneous	13
11	Rebate Calculation	14
12	Questions and Answers	16
13	For Additional Information...	17
Appendix		
A	The Act (N.J.S.A. 54:4-6.2 et seq.)	
B	The Proposed Regulations (N.J.A.C. 5:33-3.1 et seq.)	
C	Sample Notice of Tax Reduction	

Section 1

General Explanation of the Law and Rules

[Note: Citations to N.J.S.A. 54:4-6 et seq. are abbreviated, as 6.1, 6.4 ; those to N.J.A.C. 5:30-9, as 3.2, 3.8]

The original law was enacted in 1976 as part of the State's income tax law to assure that residential tenants got some rent reduction whenever their landlords got a property tax reduction. Until 1991, there was a 65-35 split, but inflation kept tax reductions at bay and neither landlords nor tenants saw much tax saving during that era.

When State aid was increased in 1991, the tenant rebate was boosted to 100 percent. By coincidence, a drop in the real estate market brought on a flood of valuation appeals, and owners whose appeals were successful were required to pass all of the tax savings to their tenants as rent reduction.

With the passage of Chapter 15 of the Laws of 1998, starting in June 1999, owner savings, and therefore tenant rebates, are to be figured on tax *rate* reductions only: savings from assessment appeal judgments will stay with the owners, and the base year taxes will be recalculated to reflect the changes in assessed valuation. That will make smaller subsequent rebates or void them altogether.

The 1998 amendments do not change the procedural ground rules; they needed no revision:

Tax collectors must calculate tax reduction/rebate notices (using the MOD IV system) and send them to owners of residential rental property within 30 days after tax bills are issued. Owners, within 30 days after getting the notice, must post their own notice in plain sight, start the rebates, and return their Rebate Certificate of Compliance to the rent control agency or the tax collector. MOD IV has been programmed to make the calculations in accord with the amendments.

The 1998 and 2000 amendments changed the substance of the act; they affect rebate eligibility, base year determination, revision of rebate notices, penalty and other provisions:

- Five units is the starting point for "qualified properties." Single units (including condominiums) or "structures of four units or less" will no longer qualify.
- Residential cooperatives and mutual housing corporations previously exempt will be joined by condominiums, except for units occupied by tenants covered under the Tenant Protection Act of 1992.
- An owner's savings from assessed valuation reductions will not be subject to rebate, except when a municipal-wide revaluation takes place. Then a valuation reduction will cause a rebate only in the year the revaluation takes effect. After the rebate Notice is issued, MOD IV will reset the revaluation year as the base year. Thus, the rebate will occur only once and not again due to valuation reductions.

- Assessment reductions from tax appeals or administrative action will have a dual effect in the year they are entered — giving owners a new base year at the new level and voiding any rebate that might have been due from a tax rate cut.
- Upon notice to the tax collector that judgments or stipulations have been entered, tax reduction notices already mailed must be revised within 30 working days. Owners may adjust the remaining rebate balance upon receipt of a revised notice, but are not entitled to recapture any rebate already made.
- Tax collector notices are generated either in-house or by a service bureau on behalf of the collector. Collectors are responsible not only for sending notices, but also for answering the questions of tenants and landlords. The Trenton hot line is meant to be a collector's first resort, a tenant or landlord's last resort.

Two other 1998 changes from the 1991 act pertain to rent-controlled communities and those that have tax abatement agreements with developers:

- In communities with rent control ordinances that do not allow automatic tax surcharge increases are exempt from the rebate requirement. Of the approximately 107 rent-controlled municipalities, an estimated one-third are without that surcharge provision.
- 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.

One amendment in the Act is meant to resolve continuing legal disputes arising out of interpretations of the 1980 New Jersey Supreme Court Case [Cold Indian Springs Corp. v. Township of Ocean case (81 NJ 502)] in the handling of tax appeals. The rule in question at N.J.A.C. 5:33-3.8 has been revised accordingly. It was previously invalidated by an appellate court case, N.J. Apartment Association v. Director (304 N.J. Super 445).

Section 2

GUIDANCE FOR TAX COLLECTORS

Procedures for the tenant rebate program are not markedly different from what collectors have become used to since 1991. Responsibility for initiating the process and making it operative still has two parts:

1. Calculating property tax reductions for all owners of qualified residential rental property and sending them notices, with a copy of each notice to the local rent control agency, if one exists. The MOD IV Property Tax System does the actual calculating from data provided.
2. Explaining the program and process to landlords and tenants who call with questions, and helping occasionally with calculations. Collectors' offices have all the records, and must be familiar enough with the ins and outs of the program (including the law and regulations reproduced in the Appendix) to answer common queries and spare constituents an extra phone call, to "Trenton."

DCA's hotline for tax collectors is (609) 292-4656. For landlords and tenants, it is (609) 984-5076.

Substantive aspects of the program, as distinguished from procedural, will change significantly in June 1999 and carry forward:

MOD IV systems have been reprogrammed to start qualified (rebate-eligible) rentals at five units.

- a. Essentially, this means that most Classification Codes 2A (residential) - notably single condos, duplexes, and three-families - and 3A (farm) are eliminated.
- b. The prior exceptions for residential cooperatives and mutual housing corporations will be extended to condominiums whose residents are not covered by the Tenant Protection Act of 1992, and to buildings under rent control where the ordinance does not provide for automatic tax surcharge rent increases.

Individual assessment reductions accomplished administratively or by tax appeal judgment will be "non-reductions" in tenant rebate terms. The statutory language (emphasis added) reads:

- In computing the property tax reduction, if the current year property tax calculation reflects an assessment reduction from a base year assessment . . . no property tax reduction has occurred and no rebate shall be due or payable for that property for the current year.

- The year of an assessment reduction also becomes the new base year at the level of the lower tax. When this happens, the base year shall then mean a calendar year after 1998 for which the property tax calculation reflects a reduction from the prior base year assessment. The MOD IV system has been programmed to deal with these cases, when prompted by Form NJPT-19 for each occurrence.
- Municipal-wide revaluations or reassessments will follow a two-step process for tenant rebates, in the year they take effect:
 - a. The old base year remains applicable, until tax reduction notices are prepared using the new tax amounts.
 - b. After Tax Reduction Notices have been sent, MOD IV will change the base year to the current (revaluation) year and reflect the new valuations for subsequent tax years.

There is no difference between calendar and State fiscal years when it comes to rebates. The process starts with the issuance of the third quarter billing. If estimated bills are used for the third quarter, rebate notices are delayed until 30 days after the final fourth quarter bills are issued. The following steps, modified as appropriate for local conditions, are suggested for administering the tenant rebate program:

- Schedule the MOD IV Data Center to run off Notices of Tax Reduction for mailing no later than 30 days after tax bills are sent out. The timing is critical, since the first rebate is cumulative from January 1 to the month after a landlord receives notice; and notices once mailed are subject to revision by the tax collector within 30 days of notification that a tax appeal judgment has been entered.
- Before printing the extended tax duplicate, update the MOD IV Tenant Rebate Flag field:
 - a. Record tax appeal judgments from the prior year, and from the current year when received in time to include in the duplicate before printing. [Note: this implements the revision that eliminates rebates resulting from tax appeals.]
 - b. To identify any new protected tenancies (See Section 8)
 - c. To identify four unit structures
- Within 30 days after mailing tax bills, have Tax Reduction Notices prepared and mailed for all flagged properties whose taxes are lower than those in the relevant base year, except those lowered by assessment reductions.
- Mail Notices, including the specified explanatory information (see Appendix). Keep one copy of all notices on file and provide it to the rent control agency if one exists.
- Prepare to deal with questions from taxpayers and renters concerning the program (see Rebate Relations section below).

Section 3

REBATES AND PUBLIC RELATIONS

Although the tenant rebate law is not complicated, and the explanatory material accompanying Tax Reduction Notices from Tax collectors' offices is straightforward, landlords and tenants in large number still manage to call in with questions about the program. While the changes may eliminate many calls, if that pattern continues after June 1, 1999, collectors will owe it to themselves and their constituents to answer queries on the spot, and spare them an extra phone call to "Trenton."

Why? Because tax collection offices have all the records. They have the MOD IV system that generates the Tax Reduction Notices, the essentials of the law and regulations right at hand in this manual, and immediate access to interpretive assistance from the DCA tenant rebate office when it is needed. Landlords and tenants look to their local officials to answer their queries first hand.

Some suggestions for the tenant rebate aspect of tax collection:

1. Brief all staff on key aspects of the program; prepare a one-page, instant-access summary for each member, and be sure it is understood.
2. Adopt a "first priority" rule for handling tenant rebate inquiries. Apply it strictly for the month or so after Tax Reduction Notices have been mailed and if the media have carried reports of the program and of tenant eligibility.
3. Prepare and send out a press release when Tax Reduction Notices are distributed. Cite the number of notices, average dollar amount and spread, landlord notice-to-tenant requirements, hotline information number; or call in reporters for the same purpose.
4. Be prepared to furnish rebate amounts and base years to callers or over-the-counter inquirers. Tenants, in particular, ask if their landlord got a tax reduction, and how much it was for, when the landlord may not have notified them. It is public information and should be available readily with minimal disruption of regular functions.
5. Have the Homestead Rebate phone number handy (see Section 4), for tenants calling about their State homestead rebate check. That rebate is applied for on the income tax form or on a special form when no income tax is paid, but the process is widely misunderstood and often confused with the tenant property tax rebate from landlords

6. .

Section 4

TELEPHONE SUPPORT NUMBERS

The DCA office of the Tenant Rebate Program in the Division of Local Government Services provides technical support for tax collectors, and last resort advisory assistance for landlords, tenants, lawyers, accountants, and other inquirers. It may also provide directory assistance for programs in other agencies, related or not.

The tax collectors' hot line, not to be given to others, is: **(609) 292-4656**. It is intended for prompt technical support, but will be in voice mail mode when the line is busy or unattended for short periods.

The taxpayers' last resort hot line is **(609) 984-5076** - the last resort because most inquiries should have been answered locally before referral. It serves chiefly as voice mail for callers to leave their number and the date/time called, to be answered "as soon as possible."

Selected numbers, indirectly related to the Tenant Rebate Program:

- Homestead Rebate Program (checks from the State Treasury Division, applied for on income tax or special forms): Senior Citizen Property Tax Freeze and the New Jersey SAVER programs: (800) 323-4400 or (609) 292-6400
- Landlord-Tenant Relations (Truth in Renting booklet): (609) 633-6606
- MOD IV System (State Treasury Division), if the local service bureau is unable to satisfy: (609) 292-7237

Individuals with concerns about policy aspects of the Act should raise them with their state Senator or Assembly representatives. Names and phone numbers are listed in the blue pages of phone directories. They can also be obtained from the local municipal clerk, the NJ Office of Legislative Services, (800) 792-8630, or the World Wide Web at <http://www.njleg.state.nj.us>.

Section 5

COMPLIANCE AND ENFORCEMENT

The Tenant Rebate law has been essentially self-enforcing. It still will be, compliance depending almost entirely on the integrity and good faith of landlords. The "local enforcement agency" cited in the law as able to make complaints alleging landlord default has been taken not to mean either tax collectors or rent leveling boards - unless the boards are given that authority by ordinance, pursuant to N.J.A.C. 5:33-3.10

Thus the only specific enforcement mechanisms have been the authority granted tenants to take their case to municipal court, and "double jeopardy" — the liability of landlords to pay double in cases decided against them.

Rent leveling boards and tax collectors have had no statutorily assigned enforcement duty. Collectors have routinely "received and filed" landlord certificates - all that the law requires of them; few, if any, have employed follow-up procedures such as matching certificates received with notices sent, sending reminder notices, or initiating court complaints.

LANDLORD OBLIGATIONS

Compliance provisions in the 1998 act are unchanged from 1991. Within 30 days of receiving a Tax Reduction Notice, a landlord shall (references in parens refer to sections of the law in N.J.S.A. 54:4- et seq.):

1. Calculate the amount of rebate owed to each tenant (6.8).
2. Complete the Rent Rebate Certification and return it to the municipality (6.8).
3. Post the Rent Rebate Certification prominently where tenants can see it (6.8).
4. 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 (6.7). This should be the normal practice, unless estimated tax bills are used.
 - For notices received after November 1, the first (not cumulative) shall be within 30 days after receipt of the Notice, then monthly thereafter, and the last by June 30 (6.7).

Rebates may be in cash or rent credit, at the landlord's option; they may (shall) be rounded up or down to the nearest dollar, and shall be only for the months of occupancy, the landlord keeping the balance (6.7) The penalty for landlords in default of 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.

Notification of tenants is the essential link to compliance enforcement, yet there are no sure-fire ways to achieve it if landlords fail to comply.

IF A TENANT OR RENT CONTROL AGENCY THINKS A LANDLORD IS IN DEFAULT

With respect to tenant rebate matters, rent leveling boards have the enforcement authority only if it is granted them by local ordinance (see NJAC 5:33-3.10). Unless that ordinance is in place, they may not make the complaints cited in 6.12. Of approximately 107 rent control agencies, about one-third are thought to be so empowered; in all but that handful, tenants are on their own to make claims against landlords for failure to notify them or to make rebates. The procedure is straightforward:

- Ask the landlord if a Notice was received.
- If the answer is yes, ask to see a copy.
- If the landlord's response is unsatisfactory, ask the tax collector if the landlord had a tax reduction and how much it was for. The tax collector may charge for a copy of the Notice in accordance with open public records requirements. The Notice is a public record.
- Send the landlord a certified letter, return receipt requested, citing the rebate information and giving a reasonable time to respond.

If the landlord's response is unsatisfactory, last recourse is to municipal court where court personnel will help with the claim procedure. It is simple and informal enough that an attorney is not required, but may be used.

Section 6

HANDLING OF TAX APPEALS

Several considerations enter into handling tax appeal judgments (numeric references are to N.J.S.A. 54:4 et seq.):

1. The year judgments and stipulations are entered or filed, reducing assessed valuations, becomes a new base year at the reduced level [6.2c(4)].
2. Notice of judgments or stipulations opens a 30 working day window for collectors to update the base year in the MOD IV system, recalculate tax reductions (if the Notice was already issued), and send revised notices to landlords.
3. Notice may come from the landlord or his agent, pursuant to 6.5d, before the judgment itself is received. To avoid errors, the facts should be verified before the revised notice is issued.
4. An assessment reduction nullifies a tenant rebate in the same year. The unique statutory language reads (6.5b): "no property tax reduction has occurred and no rebate shall be due or payable for that property for the current tax year."
5. Revised notices to landlords entitle them to recalculate their rebates to tenants but not to recapture any rebates already made. Revised notices should show zero rebate due (see paragraph 4 above).
6. Revised Rebate notices may not be in time to achieve their intent of giving judgments immediate effect before rebates are made unless landlords delay the first (cumulative) rebate past the statutory due date.
7. Assessor agreements with owners for a future year will not affect base year calculations.
8. Tax refunds for overpayment of taxes (due to tax appeals or any other reason) belong to owners; they are not part of the tenant rebate program and are thus not payable to tenants.

Section 7

SENIOR CITIZEN AND VETERANS DEDUCTIONS AND SPECIAL EXEMPTIONS

Property tax deductions for landlords who are senior citizens or veterans are not treated as tax reductions for tenant rebate purposes. Consequently, the first time an application is approved for either deduction or both, base year taxes must be reduced in the MOD IV system to bring them to parity with the current year after deductions and before tax rate changes or calculation of tax reduction notices.

The adjustments will correspond to the deductions provided by N.J.S.A. 54:4-34.3 et seq., and 54:4-8.11 et seq. It is the base year that is adjusted, before tax reduction notices are calculated.

Deductions remain in effect without change as long as a landlord meets the statutory conditions and the property continues under the same ownership. Whenever deductions are removed, the base year tax amount must be raised correspondingly in the MOD IV system, solely for the tenant rebate program.

Owners of tax exempt properties, including those for which payments in lieu of taxes are made, need not get tax reduction notices.

Section 8

PARCEL-RELATED ISSUES

Five units or more. As of 2000, only parcels with five or more units, Class 4C in MOD IV terms, are subject to the law.

Parcels combined or split. When lots belonging to a single owner are combined or divided, tenant rebates will be unaffected unless the valuations change. A valuation increase, narrowing or closing the spread between base year and current year taxes, will reduce or eliminate the tax savings that determine the amount of rebate tenants are due. A valuation reduction, on the other hand, will count as "no savings" and foreclose whatever rebate might have been due independently because of a tax rate reduction (N.J.S.A. 54:4-6.5b). Cases such as these are rare; they will best be handled case by case when the time comes.

Commercial to residential rental. Such a change will initiate a first year rental and a new base year. Any rebates will start the next year.

Residence requirements. Tenants in residence for any part of a rebate year are due rebates prorated for the months of occupancy. A reasonable effort by the owner (certified letter, return receipt requested, to their last known address) must be made to locate tenants who have left.

First-year rentals. The year or part thereof that a unit is rented for the first time becomes that unit's base year; no rebate is calculable until the next or a following year when taxes are reduced.

Property transfers. When rental property changes hands, the base year goes with the property. The new owner is ordinarily liable for making rebates, cumulative from January 1, if the matter was not resolved otherwise at settlement. .

Condo renters. Tenants renting condominium or cooperative units are not eligible for tenant rebates after June 1, 1999.

Protected Tenancies. Apartment buildings partly converted to condominium or cooperative ownership, where the remaining tenants who meet the criteria of N.J.S.A. 2A:18-61.40 et al. (usually senior citizens), are entitled to rebates when the owner's taxes are reduced. In these cases, normally known to the tax collector and assessor, notices are to be sent to the owner based on the individual condominium or cooperative unit. In these cases, MOD IV will not normally produce a rebate notice unless told to by marking the flag field with a "Y."

Section 9

MOD IV UPDATE PROCEDURES

MOD IV changes are made through the use of a "Property Record Change Form" or its computer screen equivalent (for those that use a computerized system) in the appropriate fields. Collectors and Tax Assessors should work together to develop an administrative mechanism for entering the data into the system.

Though some MOD IV systems vary due to differences in computer programs, all systems should now include the following fields on change forms or update screens. Field numbers relate to the standard Division of Taxation MOD IV Change Form.

Rebate Flag (field 34) - Indicates whether or not a parcel is a qualified property under the law. It must show a Y (yes) or N (no) to indicate the parcel's status. The collector must update this field to reflect changes in qualified property status as information becomes available. With the 1998 amendments to the law, the field is not generally used, but may be used for special circumstances as they present themselves to the collector or assessor. The field is also used to indicate if a parcel is a protected tenancy (see Section 8). Changes to the MOD IV system did not eliminate any existing flag field entries. The collector must manually remove any pre-existing entries before making new ones.

Tenant Rebate Base Year (field 96) - Indicates the base year - usually 1998 until taxes in a subsequent year are higher. Must be updated manually for qualified property that was not rented in 1998. The computer system will automatically update this if taxes go higher than those in 1998.

Tenant Rebate Base Year Taxes (field 97) - the amount of taxes billed in the base year. This must be updated with the new tax amount if a tax appeal reduces the base year assessed value. If taxes go higher than those in 1998, the system will automatically update this field.

Collectors and Assessors should update Tenant Rebate fields whenever they become aware a tax appeal has been resolved for a qualified property. If this is not done, it will affect the Notice of Tax Reduction and may require a manual notice to be prepared. Updating tenant rebate fields does not mean that other fields have to be updated at the same time. Once the final judgments or action is filed, the field should be checked to ensure it reflects the final result.

Section 10

MISCELLANEOUS PROVISIONS

No-rent and subsidized rentals. 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.

Returned notices. Tax reduction notices returned by the Post Office as undeliverable are handled the same as tax bills undelivered and returned.

Tenant inquiries. Tenants who ask if they are entitled to a rebate, should be told the amount of the tax reduction. It is public information. They may be given a copy of a tax reduction notice, (copying of public records rules apply), and they are not entitled to open their landlord's copy, on peril of tampering with the mails.

Extra Notices. All tax collectors should keep on hand a supply of blank tax reduction notices for use in issuing corrected and revised notices or information copies for citizens who request them. Forms can be obtained from MOD IV service bureaus or reproduced from the Appendix in this booklet,

Section 11

REBATE CALCULATION

Underlying Premises

Rebate calculations start from these premises:

- They apply only to dwelling units with five or more dwelling units.
- The program is calendar year, January-December, each year standing on its own for this year's tenants, not those of prior years.
- One-twelfth of the rebate is due each month on rent payment dates, divided among tenants in proportion to the rent they pay, for the months they were tenants.
- For most tenants, the first rebate (for notices received before November 1) is cumulative, from January to 30 days after the landlord receives notice. For all others (notices received after November 1), rebates are monthly, the number and amount depending on the number of months remaining until next June 30.
- Tenants must be current with their rent payments; rebates are not due until arrearages are cleared. But a tenant who was current any time during the year, is entitled for those months, retroactively and without prejudice.
- Rebates are supposed to be rounded to the nearest dollar. This is a statutory provision (N.J.S.A. 54:4-6.7) meant to simplify calculation, but it is seldom invoked and may therefore be considered optional.
- Rebates of less than \$6 per year (50 cents per month) need not be made (N.J.S.A. 54:4-6.7 and N.J.A.C. 5:33-3.6(e)).

Step by Step Calculation

The several steps in rebate computation are outlined below. The following calculation method may be used or adapted locally as long as the statutory requirements for rebate distribution are met.

Note 1. Computation starts at five dwelling units. For large complexes, group similar rents into classes for computation, and divide the result by the number of units in each class.

Note 2. It is generally convenient to work with monthly amounts. To do this, divide the total rebate amount (R) by 12 (months) and use monthly rents. If annual numbers are preferred, the end result will be the same.

1. List all rents or rent classes and total them:

$$a + b + \dots + n = z$$

where a through n represent each individual rent or class of rental. z equals the total amount of rent.

2. Divide each rent or rent class by the sum total (z):

$$(a/z = a\%) + (b/z = b\%) + \dots + (n/z = \%) = 100\%$$

to determine the percentage of each rent (or class) of the total rent amount.

3. Multiply the total rebate amount (R) by each percentage, and record it:

$$R \text{ times } a\% = ra, R \text{ times } b\% = rb, \dots R \text{ times } n\% = rn$$

where ra , rb , rn , etc., are the amounts due each tenant, rental unit, or rent class. The total of all calculations should equal the gross rebate amount. If rent classes were used, then divide the amount due each class by the number of tenants or rental units in each.

4. For qualified properties that have partial commercial occupancy or have a reeantl unit utilized by the owner or a resident manager:

- i. a rent is assigned to each commercial unit and added to the residential rents total (1 above);
- ii. the sum of the commercial rents is divided by the rent total (2 above);
- iii. apply the percentage derived abovee to the total rebate amount (3 above) for the share attributable to the commercial occupancy. It is not rebatable; it is deducted from the total rebate to determine find the net amount due residential tenants.

Sample Rebate Calculation

To graphically show the full calculation, this example makes the following assumptions:

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).

(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	1050.00	25%	146.00	37.00	12.00
375.00	3.00	1125.00	27%	146.00	39.00	13.00
425.00	2.00	850.00	20%	146.00	29.00	14.00
600.00	2.00	1200.00	28%	146.00	41.00	20.00
TOTALS	10.00	4225.00	100%		146.00	

Section 12
QUESTIONS AND ANSWERS
About the Tenants' Property Tax Rebate Law

How do tenants learn if they will get a tenant property tax rebate?

Landlords are required to post conspicuous notice of rebate amounts when they get a Tax Reduction Notice. Tenants can also obtain the information from the tax collector of the town they live in. No tax reduction, no tenant rebate, and none for fewer than five units.

Are all rented apartments eligible for rebates?

Only those in complexes of five or more dwelling units, and none in condominiums, cooperatives, mutual housing corporations, or continuous care retirement communities.

How is the rebate made?

As credit against rent on rent payment dates, or by check, at the landlord's option. If tenants are behind on their rent their eligibility is deferred until they catch up. Then they are entitled to all prior deferred credits or payments.

How are rebates affected when landlords win a tax appeal that reduces their assessed valuation?

Tenants get no rebate in the year the judgment takes effect, even if the tax rate also goes down. The judgment year becomes the base year.

How much of the landlord's tax reduction are tenants entitled to?

All of the part associated with residential occupancy, less the value of commercial rentals and value of the owner or manager's occupancy. The rest is divided among the residential tenants according to the rent they pay and the months they have been renting.

How is the rebate calculated?

See Section 11 above

What can tenants do if they think they are entitled to a rebate but did not get it?

Make sure from the tax collector that they are entitled, and the amount; send the landlord a certified letter asking for his compliance; as last resort, file claim in municipal court charging failure to post notice and failure to make the rebate when due. Court personnel will help with the filing.

What is the penalty for landlords who fail to comply with the notice and rebate provisions of the law?

On complaint of a tenant or the local enforcement agency in municipal or superior court, landlords are liable to the tenant for double the amount of the rebate, and a fine of \$100 payable to the municipality. (N.J.S.A. 54:4-6.11 and 6.12)

Section 13

For Additional Information...

Municipal tax collectors have all tax and rebate records and the duty to make them and the information they contain available to all inquirers. The State office in Trenton has no records; it does not intervene in local tenant rebate matters, but is available to interpret and explain the law and regulations. The Office of Landlord-Tenant Relations in the Division of Housing has an advisory role in landlord-tenant disputes, and publishes the guide, *Truth in Renting*.

Tenant Property Tax Rebate Program

Division of Local Government Services
N.J. Department of Community Affairs
101 S. Broad Street
P.O. Box 803
Trenton, N.J. 08625
(609) 984-5076

Office of Landlord-Tenant Relations

Division of Housing
N.J. Department of Community Affairs
101 S. Broad Street
P.O. Box 802
Trenton, N.J. 08625
(609) 633-6606