

ASSEMBLY BILL NO. 3382

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3382 with my recommendations for reconsideration.

In December of 2017, the federal government passed the Tax Cuts and Jobs Act, a tax law that limits an individual's maximum state and local property tax ("SALT") deductions to \$10,000. In advance of the new tax law taking effect, some New Jersey taxpayers prepaid their property taxes. The Legislature passed Assembly Bill No. 3382 in an effort to eliminate possible confusion by explicitly clarifying that taxpayers may indeed prepay their property taxes, regardless of whether the municipality had issued the quarterly tax bills prior to submission of the prepayment.

This clarifying language is retroactive to July 1, 2017, and applies to any taxpayer who attempted to prepay a third or fourth quarter property tax installment for tax year 2018 in calendar year 2017.

I fully support efforts to protect New Jersey taxpayers, and I commend this bill's sponsors for their efforts to eliminate potential confusion with this useful clarification, but certain aspects of this bill could be improved with minor amendments. Therefore, I am recommending sensible changes to the bill that will address some of the technical concerns articulated by the State's various departments involved in fiscal matters.

Pursuant to the Local Fiscal Affairs Law, for example, I am recommending that any prepayment made by a taxpayer is paid to the municipality, rather than the tax collector. Further, and among other minor changes, I am recommending that it be made clear that a taxpayer must first satisfy any delinquent property tax or other municipal payments before making any prepayments.

Accordingly, I herewith return Assembly Bill No. 3382 and recommend that it be amended as follows:

- Page 2, Section 2, Line 32: Delete "tax collector" and insert "municipality"
- Page 2, Section 2, Line 34: After "credited." insert "If the taxpayer is otherwise delinquent on property taxes or other municipal charges, the taxpayer shall first satisfy all such outstanding delinquencies before being permitted to make a dedicated prepayment."
- Page 2, Section 2, Line 37: Delete "tax collector" and insert "municipality"
- Page 2, Section 2, Lines 37-38: Delete ", within 30 days of the issuance of the tax bill,"
- Page 2, Section 2, Line 39: Delete "." after "excess" and insert "within 60 days of issuance of the tax bill or, if the governing body does not meet within those 60 days, the next regularly scheduled governing body meeting thereafter."
- Page 3, Section 2, Line 1: Delete "tax collector" and insert "municipality"
- Page 3, Section 2, Line 1: Delete "30" and insert "60"
- Page 3, Section 2, Line 2: Delete ", " after "bill" and insert "or, if the governing body does not meet within those 60 days, the next regularly scheduled governing body meeting thereafter,"
- Page 3, Section 2, Line 2: Delete "owner of the mortgaged premises" and insert "second-in-time payor"

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor