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SYNOPSIS
Authorizes municipality, county or school district to establish charitable funds for specific purposes; permits property tax credit for certain donations.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning local government charitable fund management and property tax credits and supplementing Title 54 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. As used in P.L. , c. (C. ) (pending before the Legislature as this bill):

   “Annual donation cap” means the cap on the total value of local charitable donations that are eligible for a tax credit, as established pursuant to paragraph (1) of subsection d. of section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill).

   “Charitable fund” means a fund established pursuant to section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill).

   “Director” means the Director of the Division of Local Government Services in the Department of Community Affairs.

   “Fund administrator” means the official or entity designated pursuant to subsection b. of section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill), to be responsible for the collection, distribution, and administration of donations to charitable funds.

   “Local charitable donation” means a donation by, or on behalf of a property owned by, a local property owner to a charitable fund established by a local unit.

   “Local property owner” means a person who owns property within the county, municipality, or school district, to which the person offers a local charitable donation.

   “Local unit” means a municipality, county, or school district.

   “Property tax credit” means the credit established pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill).

   “Qualified donation” means a local charitable donation that qualifies the associated property for a tax credit established pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill).

   “Spillover fund” means a fund established, pursuant to subsection e. of section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill), to temporarily capture donations to charitable funds that have reached their annual donation cap.

2. a. A local unit may establish by ordinance, or resolution, as appropriate, one or more charitable funds for specific public purposes of the local unit. A charitable fund shall be maintained in one or more bank accounts, and kept separate from the other accounts of the local unit. A charitable fund shall not be administered jointly by more than one local unit. All moneys
deposited into a charitable fund shall be expended exclusively for public purposes in accordance with subsection d. of section 3 of P.L. , c. (C. ) (pending before the Legislature as this bill), and other applicable State law.

b. The ordinance or resolution establishing a charitable fund shall designate a person or entity to serve as the fund administrator. The fund administrator shall assume responsibility for the collection and distribution of donations dedicated to the charitable fund, and shall continually track the total of all qualified donations with respect to a fiscal year.

c. A charitable fund shall have a specified public purpose. The specified public purpose shall be materially narrower than the general purposes of the local unit. The specified public purpose shall be described in materials made publicly available to the local community, and to any other person who may wish to donate to the charitable fund.

d. (1) The ordinance or resolution establishing a charitable fund shall establish an annual donation cap, which shall limit the total amount of money donated through local charitable donations to a particular charitable fund that may qualify for a tax credit. The ordinance or resolution establishing a charitable fund shall establish an initial annual donation cap, and shall set an initial annual limit on tax credit funding that shall be available as a result of local charitable donations to the particular charitable fund. The annual limit on available tax credit funding shall equal 90 percent of the annual donation cap, or a different percentage as determined appropriate by the director. The ordinance or resolution establishing a charitable fund may also limit the extent to which a large local charitable donation on behalf of an individual property may count against the annual donation cap. Both the maximum amount of tax credit funding made available, and the annual donation cap, shall be established in the ordinance or resolution adopted to establish the charitable fund, but may be adjusted through subsequent ordinances or resolutions, as applicable, of the governing body of the local unit.

(2) The annual donation cap shall be established prior to the beginning of each fiscal year. However, with regard to any fiscal year that begins in calendar year 2018, the amount of tax credits that may be awarded for the remainder of calendar year 2018 shall be established no later than the date on which the charitable fund begins to accept donations.

(3) The annual donation cap shall not be construed to limit all donations. The annual donation cap shall only limit the donations that are creditable in relation to property tax payments.

e. The ordinance or resolution establishing a charitable fund may establish a spillover fund, which shall capture local charitable donations contributed after the annual donation cap has been
reached, and local charitable donations that the local unit has designated as too large to be fully creditable.

3. a. Anyone may donate to a charitable fund, regardless of property ownership or location of residence. A donation to a charitable fund may be made by or on behalf of a local property owner by directing the payment to the appropriate fund administrator of a charitable fund of a local unit in which the local property owner resides.

b. If a local property owner intends to obtain a property tax credit in association with a local charitable donation, the owner shall indicate when making the donation which specific parcel of property the donation shall apply to. A donation may be credited across more than one parcel in a manner indicated by the local property owner.

c. Following receipt of a local charitable donation, the fund administrator shall:

   (1) issue a receipt to the donor, confirming the amount of the donation, and the size and anticipated timing of the associated property tax credit;

   (2) notify the donor in the event that the annual donation cap has been reached, in order to inform the donor that the donation is either being moved to the spillover fund or is otherwise being held by the local unit, awaiting the donor’s direction. Following such notification, the fund administrator shall provide the donor with at least 60 days to direct the fund administrator to allocate the donation to another charitable fund established by the local unit, or to rescind the donation; and

   (3) notify the appropriate tax collector within five business days of the amount of the donation and the size of the credit made available as a result of the donation.

d. Charitable fund donations shall be used for the following purposes:

   (1) the payment of any fees that may be required by a tax collector pursuant to subsection g. of section 4 of P.L. ,

   c. (C. ) (pending before the Legislature as this bill);

   (2) the payment of administrative costs associated with the establishment of the fund; and

   (3) the remainder of the funds shall be used for purposes consistent with the specified charitable purpose of the fund, as designated pursuant to subsection c. of section 2 of P.L. ,

   c. (C. ) (pending before the Legislature as this bill).

4. a. For fiscal years beginning on or after January 1, 2018, the tax collector shall allow a local property owner a credit to be applied to property taxes as hereinafter set forth.

b. The credit shall be equal to 90 percent of the amount of local charitable donations contributed on behalf of the owner’s specified
parcel of property to a charitable fund within the local unit, or a
different percentage as determined appropriate by the director.
c. The tax collector shall apply the credit against the first
property tax bill with respect to the specified parcel of property that
is assessed on or after the fifth business day following receipt of the
notification sent pursuant to paragraph (3) of subsection c. section 3
of P.L. , c. (C. ) (pending before the Legislature as this
bill).
d. If the total amount of all tax credits on a parcel of property
exceed the amount of property tax owed for the property to the local
unit associated with a charitable fund to which a local charitable
donation was made for the property, and the tax collector is unable
to apply all or a portion of a credit enabled under this section
against the bill, then the tax collector shall carry the remaining
portion of the credit forward to one or more future bills. However,
no tax credit established under this section shall be carried forward
for more than five years.
e. The tax collector shall indicate on a tax bill the value of the
tax credits that apply to the bill pursuant to this section, and the
value of tax credits that, pursuant to this section, shall be applied to
future bills.
f. The tax collector shall apply a tax credit awarded under this
section to a parcel of property, not to an individual person.
g. In association with each notification sent pursuant to
paragraph (3) of subsection c. of section 3 of P.L. c. (C. )
pending before the Legislature as this bill), the tax collector may
require a fee to be paid by the fund administrator to be allocated
towards the tax collector’s administrative expenses. The amount
collected by the tax collector through such fees shall not be greater
than necessary to compensate for reasonable expenses associated
with the tax collector’s responsibilities under this section.

5. The provisions of P.L. , c. (C. ) (pending before the
Legislature as this bill) shall not be construed to prohibit a
municipality or county from accepting bequests, legacies, or gifts
pursuant to N.J.S.40A:5-29, or prevent a local unit from accepting
charitable donations in accordance with any other legal authority.

6. Notwithstanding the provisions of the "Administrative
Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
contrary, the State Treasurer and the Director of the Division of
Local Government Services in the Department of Community
Affairs may adopt immediately upon filing with the Office of
Administrative Law such rules and regulations as the State
Treasurer or the director determine to be necessary to effectuate the
purposes of this act, which rules and regulations shall be effective
for a period not exceeding 360 days following the effective date of
this act and may thereafter be amended, adopted, or readopted by
the State Treasurer or the director in accordance with the
requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

a. The rules and regulations adopted by the director may include
provisions to: (1) protect local units against the loss of property tax
revenues that may apply to a local unit due to operation of the
property tax levy cap attributable to receipt of charitable donations;
(2) establish standard operating procedures for management of
charitable funds, and the establishment of appropriate timelines to
coordinate the various responsibilities of fund administrators and
tax collectors established under P.L. , c. (C. ) (pending
before the Legislature as this bill); (3) provide guidance to tax
collectors on when a tax bill is deemed assessed for the purposes of
subsection c. of section 4 of P.L. , c. (C. ) (pending before
the Legislature as this bill); (4) provide guidance for how
mortgagees who pay property taxes through escrow accounts shall
be notified of credits awarded under P.L. , c. (C. ) (pending
before the Legislature as this bill); and (5) adjust the percentage of
the annual donation cap that may be credited against property tax
payments pursuant to paragraph (1) of subsection d. of section 2 of
P.L. , c. (C. ) (pending before the Legislature as this bill), if
deemed appropriate.

b. The rules and regulations adopted by the State Treasurer may
include guidance on how qualified donations made pursuant to
P.L. , c. (C. ) (pending before the Legislature as this bill)
shall impact payments allocated pursuant to the "Homestead
Property Tax Credit Act," P.L.1990, c.61 (C.54:4-8.57 et seq.), the
seq.), and the homestead property tax reimbursement program,
P.L.1997, c.348 (C.54:4-8.67 et al.).

7. In addition to the information required by R.S.54:4-65, a
property tax bill shall have printed thereon the information required
pursuant to subsection e. of section 4 of P.L. , c. (C. )
(pending before the Legislature as this bill).

8. This act shall take effect immediately.

STATEMENT

This bill permits a local unit, consisting of a municipality, county
or school district, to establish one or more charitable funds, each for
a specific public purpose, and permits property tax credits in
association with certain donations.

Once a charitable fund is established, the bill would allow
anyone to donate to it. However, if a donation is made on behalf of
a real property within the jurisdiction of the local unit, the property
could be entitled to a property tax credit on the next property tax
bill assessed after the donation is processed.

A local unit that intends to establish a charitable fund would do
so by ordinance or resolution of the governing body, as appropriate.
A charitable fund ordinance or resolution would designate a fund
administrator to assume responsibility for the collection and
distribution of donations to the fund. The ordinance or resolution
also would establish an annual limit on tax credit funding that may
be made available as a result of local charitable donations, and an
annual donation cap, which would be updated prior to the beginning
of each fiscal year. The limit on tax credit funding would equal 90
percent of the annual donation cap, or a different percentage as
determined appropriate by the Director of the Division of Local
Government Services ("DLGS") in the Department of Community
Affairs. The annual donation cap would not limit all donations,
only donations that could be creditable in relation to property tax
payments. A charitable fund ordinance could also limit the extent
to which a large charitable donation on behalf of an individual
property owner could count against the annual donation cap.

Under the bill, a donation to a charitable fund could be made by
or on behalf of a local property owner by directing the payment to
the appropriate fund administrator. If the donor intends to obtain a
property tax credit in association with the donation, the donor
would indicate to which parcel of property the donation should
apply. A donation could be credited across more than one parcel.

Following receipt of a local charitable donation, the fund
administrator would issue a receipt to the donor. The fund
administrator would also notify the donor in the event that the
annual donation cap has been reached, in order to provide notice
that the donation is either being moved to the spillover fund or is
otherwise held by the local unit, awaiting the donor’s direction.
Following this notification, the fund administrator would provide
the donor with at least 60 days to direct the fund administrator to
instead allocate the donation to another charitable fund or to rescind
the donation. Following donation receipt, the fund administrator
also would notify the appropriate tax collector within five business
days of the amount of the donation and the size of the credit made
available as a result of the donation.

Under the bill, charitable fund donations could be used for the
payment of fees that may be required by a tax collector for their
responsibilities under the bill, and the payment of administrative
costs associated with the establishment of the fund. Charitable
funds also would be used for purposes consistent with the specified
charitable purpose, as designated in the ordinance or resolution
establishing the fund.

The bill directs municipal tax collectors to allow a local property
owner a credit to be applied to property taxes in association with
certain charitable donations. A credit would be equal to 90 percent
of the amount of donations contributed on behalf of the owner’s specified parcel of property to a charitable fund within the local unit, or a different percentage as determined appropriate by DLGS. The tax collector would apply the credit against the first property tax bill with respect to the specified parcel of property that is assessed on or after the fifth business day following receipt of the notification sent by the fund administrator. If the total amount of all tax credits on a property exceed the amount of tax owed for the property to the local unit associated with a charitable fund, and the tax collector is unable to apply a full credit against the bill, then the tax collector would carry the remaining portion of the credit forward to one or more future bills. However, no tax credit would be carried forward for more than five years. The tax collector would indicate on a tax bill the value of the tax credits that apply to the bill and the value that would be applied to future bills. In association with each credit, the bill permits the tax collector to require a fee from the fund administrator to be allocated towards the tax collector’s administrative expenses.

Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the bill directs the State Treasurer and DLGS to adopt immediately such rules and regulations as the State Treasurer or the Director of the Division of Local Government Services determine to be necessary to effectuate the purposes of the bill.