

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2246

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 14, 2022

SUMMARY

- Synopsis:** Establishes New Jersey Homebuyer Tax Credit Program under gross income tax for certain home purchases during qualified periods by first-time homebuyers.
- Type of Impact:** State revenue loss to Property Tax Relief Fund.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Lifetime of Tax Credit Program</u>
State Revenue Loss	Up to \$100 million

- The Office of Legislative Services (OLS) notes that the bill caps tax credit awards under the program at \$100 million total over four terms. The OLS also notes that the tax credits are refundable, but only one-third of the credit amount awarded to a taxpayer can be claimed for each taxable year within a specified three-year period.

BILL DESCRIPTION

This bill establishes the New Jersey Homebuyer Tax Credit Program under the gross income tax. The tax credit provided by the bill is refundable and is allowed for up to \$15,000 or five percent of the purchase price, whichever is less. The total credits available are capped at \$100 million, with up to \$25 million allocated for qualified home purchases made between the effective date of the bill and up to one year thereafter; and up to \$25 million allocated for qualified home purchases made after one year, but before two years, after the effective date of the bill. If the tax credit program is renewed, up to \$25 million is available for qualified home purchases made up to one year after the renewal date; and up to \$25 million is available for qualified purchases made between one year, but before two years, after the date the program is renewed. The credit is provided on a first-come, first-serve basis, and the claiming of the credit for personal income tax filing purposes will be divided into three equal credit amounts claimed over three taxable years.

The terms of the credit require that the home continue to be occupied as the taxpayer's principal residence for three years.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill caps tax credit awards under the program at \$100 million total over four terms. The OLS also notes that the tax credits are refundable, but only one-third of the credit amount awarded to a taxpayer can be claimed for each taxable year within a specified three-year period. Given that the tax credits are refundable, the tax credit program is more likely to reach full utilization of the \$100 million cap. The bill contains certain provisions that may reduce its overall impact on State revenues like requiring a taxpayer to repay tax credit amounts received and applied if the taxpayer does not meet certain requirements.

Section: Revenue, Finance and Appropriations

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).