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**Property Tax Deduction for Veterans Extended to Continuing Care Retirement Communities**

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On November 5, 2019 New Jersey voters approved a constitutional amendment that extended the annual \$250 veterans' deduction from real property taxes to qualifying veterans (and their surviving spouse/civil union/domestic partner) who reside in a continuing care retirement community ("CCRC"). Prior to this amendment, the deduction applied only to qualifying veterans (and their surviving spouse/civil union/domestic partner) who owned real property, wholly or in part, or held legal title to the property for which the deduction was made. Generally, once an application is filed and approved, a municipality applies the property tax deduction to each beneficiary's tax bill. The State then reimburses the municipality in an amount equal to 102 percent of the total amount of the deductions provided in that municipality.

Pursuant to the amendment and revised statutes, a CCRC is entitled to receive a veterans' property tax deduction on behalf of each of its residents who qualify for the deduction. The amount of the deduction is equal to the dollar amount of the deduction, multiplied by the number of eligible veterans receiving the deduction immediately prior to moving into the CCRC. A person otherwise eligible for the veterans' deduction who is a resident of a CCRC shall receive the amount of the deduction to the extent of the share of the taxes assessed against the real property of the CCRC that is attributable to the unit that the resident occupies. The CCRC is required to credit or pay the amount of the deduction to each eligible veteran within 30 days of receiving the property tax bill in which the deduction appears. Consistent with pre-amendment law, the surviving spouse/civil union/domestic partner of an eligible veteran is entitled to receive the veterans' property tax deduction if he or she resides in a CCRC.

The amendment contains notable exceptions. For example, property tax deductions will not be provided for any CCRC that is exempt from property taxation. Additionally, a resident receiving a payment or credit pursuant to this amendment shall not receive a veterans' property tax deduction on any other residence owned in whole or in part by the resident, or any residence in which the resident's spouse is living.

A continuing care retirement community is defined as a residential facility primarily for retired persons where lodging and nursing, medical or other health-related services at the same or another location are provided as continuing care to a resident of the facility pursuant to an agreement effective for the life of the resident and in consideration of the payment of an entrance fee with or without other periodic charges, which agreement requires the individual to bear a share of the property taxes that are assessed upon the continuing care retirement community, if a share is attributable to the unit that the resident occupies. *N.J.S.A. 54:4-8.10(m)*.

Relying on information provided by the New Jersey Department of Community Affairs, the Office of Legislative Services (“OLS”) stated in its Legislative Fiscal Estimate (“LFE”) that the total occupancy of all CCRCs located in New Jersey is currently 9,835 persons. *See Legislative Fiscal Estimate [Second Reprint], Senate Concurrent Resolution No. 110, dated June 4, 2019*. Additionally, relying on the American Community Survey (Five-Year Estimate, 2012-2016) published by the U.S. Census Bureau, OLS stated that a total of 1,312,291 people over the age of 65 years currently reside in the State, with 212,818 of those residents being veterans. *Id.* As a result, OLS stated that approximately 16.9 percent of State residents over the age of 65 years are veterans. *Id.* Based on the foregoing, OLS estimates that 1,162 veterans currently reside in CCRC facilities. *Id.*

OLS further estimates that the enactment of this constitutional amendment will result in an annual increase in State expenditures ranging from approximately \$350,000 to \$550,000 during each of the first three years, payable from the Property Tax Relief Fund. *Id.* The OLS expects that this constitutional amendment will increase State expenditures by increasing the number of persons who would receive the veterans’ property tax deduction. *Id.* Specifically, this cost increase would be attributable to the amount of veterans’ property tax deductions provided to CCRCs on behalf of the beneficiaries residing in those facilities made newly eligible through the provision of this constitutional amendment. *Id.*

Schenck Price is very experienced in representing Health Care Institutions and Non-Profit Organizations throughout the State. If you have any questions regarding this constitutional amendment, revised statutes or other issues regarding veteran property tax deductions and/or exemptions, please contact Schenck Price’s Real Property Tax Practice Group at 973-295-3670. The Tax Practice Group at Schenck Price handles all aspects of state and local property tax litigation including a broad range of tax appeal matters involving complex commercial developments, corporations, financial institutions, residential property and vacant land. In addition, Schenck Price provides legal guidance and representation involving other tax issues such as farmland assessment classification, added/omitted assessments, non-profit exemptions, and abatements.

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