Stay NJ Task Force: Report to the Governor and State Legislature

Recommendations to Restructure N.J. Property Tax Relief Programs under P.L. 2023, c.75

May 30, 2024

Stay NJ Task Force Executive Summary

May 30, 2024

On June 30, 2023, the New Jersey State Legislature passed and Governor Philip D. Murphy signed the "Stay NJ Act," P.L. 2023, c.75, into law ("c. 75"). Specifically, c. 75 made material revisions to two existing major property tax relief programs – the Affordable New Jersey Communities for Homeowners and Renters (ANCHOR) program (the "Anchor Program") and the Property Tax Reimbursement (PTR) program, otherwise known as Senior Freeze (the "Senior Freeze Program"), by changing eligibility requirements and enhancing benefits.

However, the most substantial change under c. 75 is the establishment of the Stay NJ property tax credit program (the "Stay NJ Program"), a new property tax relief program that will go into effect for State Fiscal Year 2026. The purpose of c. 75, including the changes to the ANCHOR Program and the Senior Freeze Program, is to incentivize New Jersey retirees to remain in their homes in New Jersey and not to move out of the State upon retirement.

Specifically, c. 75 does the following:

- Creates a new benefit equal to 50% of property taxes paid, but not to exceed $6,500 ($3,250 in FY 2026);
- Raises income eligibility to $500,000;
- Requires quarterly credits to be applied to local property tax bills beginning with Calendar Year ("CY") 2026;
- Compares what would be the benefits under the ANCHOR Program and the Senior Freeze Program to the benefit calculated under c. 75 and provides a homeowner with the higher benefit amount; and
- Requires a single combined application for the ANCHOR Program, Senior Freeze Program, and the Stay NJ Program.

The act also established the Stay NJ Task Force (the "Task Force"), and created an Executive Director position, to develop recommendations for establishing and funding uniform property tax relief under the Stay NJ Program. Specifically, c. 75 requires the Task Force to issue a report (the "c. 75 Report") which will, among other things, make recommendations to the Governor and Legislature about how to restructure and consolidate the various property tax relief programs into one streamlined property tax relief program that would deliver an annual property tax benefit to senior citizens, having an annual gross income under $500,000.

The annual property tax benefit for homeowners shall be in the amount of 50 percent of the property tax bill on their principal residence, beginning with Tax Year 2026, which commences on January 1 of that year. The c. 75 Report is also required to include recommendations concerning system improvements that both the State and local government units will need to take in order to implement the Stay NJ Program and the funding required to establish and maintain such system improvements. The c. 75 Report is to be submitted to the Governor and the Legislature by May 30, 2024.

The Task Force members and the Executive Director were appointed by the Governor in early December 2023. The Task Force members include the State Treasurer or designee, the Commissioner of Community Affairs or designee, one member appointed by the Governor, and three members appointed by the Governor upon the recommendation of the Senate President and Speaker of the General Assembly.

The Task Force's role is limited in scope and expressly defined by c. 75. As such, the Task Force was not asked to make any recommendations related to income thresholds, alternatives to existing programs, or traditional circuit breakers such as property taxes as a percentage of income or asset tests. While these items merit discussion, they were not within the Task Force's statutory responsibility to address.

The Task Force recognizes that the recommendations presented here are only a part of the solution to addressing property taxes in New Jersey. The Task Force also recognizes that property tax relief is just one, albeit significant, component of the State's budget and one choice the Governor and the Legislature need to consider when balancing the needs of all New Jerseyans. This concept was a controlling factor in the Task Force's deliberations to compose its recommendations. The Task Force also took great care in heeding the advice of experts who testified and shared concerns and ideas as well as the individuals who provided feedback through the Stay NJ website.

The Task Force also focused on ensuring that the recommendations contained herein do not result in overly burdensome procedures and confusing requirements. Some of these recommendations will require legislative changes. These recommendations were considered and formulated to not only align with the spirit of c. 75, but to also provide an easy to understand, comprehensive, and all-inclusive approach to senior citizen property tax relief.

Finally, the legislative changes to the Stay NJ Program that will be codified into law as a result of the c. 75 Report must be administered and managed by the State departments charged with those responsibilities, specifically, the Department of the Treasury and the Department of Community Affairs. The Task Force was careful about making sure its recommendations considered this and avoided recommending anything that would be unsustainable from an administrative perspective.

After subsequent discussions, particularly in response to a presentation from the Division of Taxation, the Task Force agreed that certain features of the property tax relief programs would need to be standardized in order to create a more comprehensive unified approach to property tax relief in New Jersey. To meet its responsibilities for developing recommendations, the Task Force would need to focus on income eligibility, residency requirements, timelines and other important features to create a standard foundation on which to build its recommendations. The Task Force also agreed to address certain areas – specifically the benefit year, income definition, age and residency requirements, application timeline and payment method.

Before finalizing the recommendations, the Task Force recognized the importance of hearing from the public, especially from experts in local finance, property tax administration and public policy. As a result, the Task Force met with invited guest speakers representing various

stakeholders, namely, the AARP of New Jersey, New Jersey Policy Perspective, The Tax Collectors and Treasurers Association of New Jersey and the New Jersey Chapter of the National Association of Tax Professionals. The Task Force also heard from the Department of Community Affairs who provided an outline summarizing the difficulties related to property tax relief in the form of credits.

RECOMMENDATIONS

The Task Force has adopted the following recommendations to be included in the P.L. 2023, c.75 Report.

1. The application timeline shall be no later than February 1st, but as early as possible in the year and will follow the process currently in place for the Senior Freeze Program. This includes, to the extent possible, resembling the application currently in place;

2. The calendar year for benefit determination will be based on the year immediately preceding the application year, with the exception of the Senior Freeze Program for first time applicants, which will remain unchanged;

3. The definition of income to determine eligibility for benefits from the Senior Freeze Program and Stay NJ Program shall be determined by the New Jersey tax return, plus Social Security – meaning gross Social Security benefits and all items of income both taxable and non-taxable as reported on the New Jersey Gross Income Tax return. This includes excluded pension and retirement income, retirement income qualifying for the Retirement Exclusion, income qualifying for the Other Income Exclusion, and all non-taxable unearned income such as non-taxable dividends and non-taxable interest income. The income eligibility for the ANCHOR Program will remain unchanged;

4. All programs will require residency as of December 31 of the benefit year and for the full twelve-month benefit year;

5. The applicant must be age 65 as of December 31 of the benefit year;

6. All legislation required to enact these changes must be signed into law no later than 90 days prior to February 1, 2025;

7. Program structure – Benefits for Stay NJ equal to 50% of property taxes not to exceed $6,500 ($3,250 in FY 2026) should be calculated. The maximum Stay NJ benefit is then reduced by Senior Freeze (PTR) and ANCHOR benefits paid to eligible homeowners and any remaining benefit is paid as a separate payment after ANCHOR;

8. Benefit payment method – During the first year of the Stay NJ Program, for the Senior Freeze, ANCHOR and Stay NJ Programs, benefits will be paid by check or direct deposit;

9. The Department of Community Affairs, in coordination with the Department of the Treasury and local governments, shall develop a standard application packet to be sent to all homeowners no later than the November tax bill. The packet will outline the benefits a homeowner can expect to receive and display the actual property taxes to be paid in a given year when offset by property tax relief earned in the prior year;

10. The Departments of the Treasury and Community Affairs, along with local governments, will continue to work toward the effective implementation of a credit process for future years. This includes creating a survey to be sent to local governments to collect information necessary to effectively implement property tax credits in future years for the Senior Freeze Program and Stay NJ Program;

11. Benefit payment timeline - it is recommended that benefits for the Senior Freeze Program and ANCHOR Program should be paid consistently with the benefits that were most recently paid. For the Stay NJ Program, benefits are recommended to be paid after ANCHOR benefits are paid;

12. As part of the review to determine how best to implement a property tax credit process, it is recommended that the Division of Taxation determine the feasibility of allowing taxpayers to choose to continue receiving direct payments – such as a check – instead of a property tax credit for Senior Freeze and Stay NJ; and

13. The Director of the Division of Taxation should use the discretion granted under N.J.S.A. 54:4-8.70 to waive the requirement to include proof of property taxes paid when applying for the Senior Freeze benefit, thus eliminating the PTR 1A and PTR 2A applicant/local tax collector certification process. (Authority is at the discretion of the Director of the Division of Taxation via existing statutory authority.)

TABLE OF CONTENTS

Introduction 2

Task Force Composition 2

Role of the Task Force 3

Background 4

New Jersey Tax Environment 5

Legislative History of Property Tax Relief 6

Current Measures for Senior Tax Relief 7

Task Force Meeting Timeline 8

Administrative and Logistical Challenges 9

Stakeholder Commentary 13

Additional Concerns on Credits 15

Task Force Recommendations 19

Cost and Administrative Requirements 24

Legislative Considerations 26

Contributions 27

Attachments 28

Attachment 1 – NJ Property Tax Relief Legislative History

Attachment 2 – Power Point Overview from Meeting of December 20, 2023

Attachment 3 – Property Tax Relief Programs Overview from Meeting of February 8, 2024

Attachment 4 – Credit Implementation Considerations Power Point from Meeting of April 9, 2024

Attachment 5 – Draft Notices Prepared by Taxation

Attachment 6 – Draft Survey for Municipalities

Attachment 7 – Motion from Meeting of April 9, 2024

Attachment 8 – Motion from Meeting of April 30, 2024

Attachment 9 – Motion from Meeting of May 28, 2024

Introduction

Governor Philip D. Murphy and the State Legislature, led by Assembly Speaker Craig J. Coughlin and Senate President Nicholas P. Scutari, called for historic transformation of New Jersey's property tax relief programs through the passage of P.L. 2023, c.75 – the "Stay NJ Act" – which was signed into law on June 30, 2023. The strategic objective was to stem the loss of seniors leaving New Jersey for other states because they could no longer afford to remain in their homes due to property tax rates.

New Jersey has offered property tax relief in various forms for many years. P.L. 2023, c.75 was designed to expand the number of eligible seniors by adding a new tax relief program (Stay NJ); increase the maximum benefit of property tax relief for seniors to the largest amount in State history; and restructure the application process for all property tax relief programs to make it more convenient for taxpayers.

The law mandates material revisions for two existing tax relief programs to increase benefit amounts for some seniors, and creates a third benefit program to expand the pool of seniors who can qualify for property tax relief. The law accomplished this aim, in part, by changing eligibility requirements and enhancing benefits in the Affordable New Jersey Communities for Homeowners and Renters ("ANCHOR") program and the Property Tax Reimbursement ("PTR") program known as "Senior Freeze."

However, the most substantial change under the new law was the establishment of the Stay NJ Property Tax Credit Program, a third tax relief program that would go into effect for Fiscal Year 2026.

Specifically, Stay NJ:

- Creates a new benefit equal to 50% of property taxes paid. The benefit – the largest property tax relief benefit in State history – is capped at $6,500;
- Implements a higher income eligibility limit of $500,000;
- Compares aggregate ANCHOR and Senior Freeze benefits to the new Stay NJ benefit to give homeowners the highest benefit amount;
- Requires a single combined application for the ANCHOR, Senior Freeze, and Stay NJ programs; and
- Stipulates quarterly credits to be applied to local property tax bills beginning with CY 2026.

Task Force Composition

P.L. 2023, c.75 also created the Stay NJ Task Force, as well as an Executive Director position, to develop recommendations on funding and the application process for uniform property tax relief. The Task Force is required to produce a report containing recommendations on how to restructure and consolidate various property tax relief programs into one, streamlined benefit delivery mechanism.

The Governor appointed Task Force members and the Executive Director in early December 2023. The group includes the State Treasurer or designee, the Commissioner of the Department of Community Affairs or designee, one member appointed by the Governor, and three members appointed by the Governor upon the recommendation of the Senate President and the Assembly Speaker.

The Task Force is comprised of experienced public servants with backgrounds in government finance and budgeting, as well as local property tax and government administration. This includes two public members who serve their communities as mayors. The Executive Director had a lengthy career in senior leadership positions in State government and is a longtime tax professional.

The Task Force members and Executive Director are:

- **Dennis Zeveloff,**
  Chairperson of the Board, Governor's Office, Chief Policy Advisor
- **Aaron Binder,**
  Department of the Treasury, Deputy State Treasurer, State Treasurer designee
- **Dr. Christopher Wheeler,**
  Department of Community Affairs ("DCA"), Chief Data Officer, DCA Commissioner designee
- **Jessica Cohen,**
  Public Member
- **The Honorable Adrian O. Mapp,**
  Mayor of Plainfield (Union County), Public Member
- **The Honorable John E. McCormac,**
  Mayor of Woodbridge Township (Middlesex County), Public Member
- **David Ridolfino,**
  Executive Director, Stay NJ Task Force

Role of the Task Force

The Task Force was convened to develop recommendations for establishing and funding uniform property tax relief for all senior citizen homeowners and tenants earning less than $500,000 annually.

This working group was tasked with reviewing all existing property tax relief programs and drafting a report containing recommendations on how to restructure and consolidate disparate programs into one streamlined system to deliver meaningful annual benefits to taxpayers, particularly senior citizens, in the most efficient way possible.

The report must also include recommendations concerning system improvements that both State and local government units would need to make in order to implement the Stay NJ property tax credit program and the funding required to establish and maintain such process enhancements.

This publication addresses the criteria above and serves as the report required by P.L. 2023, c.75 to be submitted to the Governor and the Legislature by May 30, 2024.

The Task Force's role was limited in scope and expressly defined by P.L. 2023, c.75. As such, the Task Force was not asked to make recommendations related to income eligibility thresholds or alternatives to existing programs. While these items merit discussion, they were not within the Task Force's statutory responsibility to address. As such, the Task Force did not recommend changes to current benefits for homeowners or tenants.

The Task Force recognizes that the recommendations contained in this report are only part of the solution to address property tax challenges affecting New Jersey. The Task Force also is cognizant that property tax relief is just one – albeit significant – component of the State's budget and one of many choices the Governor and legislators need to consider when balancing the needs of all New Jerseyans.

The Task Force also took great care in heeding advice from experts who testified and shared thoughts and ideas as well as individuals who provided feedback through the Stay NJ website.

The Task Force was diligent in ensuring that the recommendations contained herein do not result in overly burdensome procedures and confusing requirements. These recommendations were formulated to align with the spirit and legislative intent of the "Stay NJ Act," but also to provide an easy-to-understand, yet comprehensive approach to relieve the property tax burden for seniors.

Finally, any program codified into law as a result of this report must be administered and managed by the Executive Branch departments charged with those responsibilities: the Department of the Treasury and the Department of Community Affairs. The Task Force was mindful that its recommendations should avoid any actions that would be unsustainable from an administrative perspective.

Background

Budget decisions over the years have helped to enhance New Jersey's standing as a great state in which to work, raise a family, receive a quality education, and enjoy its natural resources, arts, culture and entertainment. New Jersey's proximity to two major metropolitan areas uniquely enhances the social well-being of its residents. However, these benefits come at a price. Compared to other states, New Jersey is considered a high-tax location.

As residents grow older, retire, and move past the stage of raising children, in some cases, their ties to the Garden State begin to untether. The outstanding school systems, family services, and infrastructure become less important to older New Jerseyans. With fewer attachments to New Jersey, a senior's decision on whether to stay or leave could hinge on their finances. It is certainly true that non-financial factors such as weather or family location may prompt a senior resident to move. But why do other seniors decide to relocate to other states?

To answer this question, one needs to take a holistic view of overall tax obligations in New Jersey. This includes the Sales Tax, Gross Income Tax, property tax, and other taxes.

New Jersey Tax Environment

Like other states, New Jersey collects taxes to fund essential programs and services for its residents. New Jersey levies taxes on personal and corporate income, sales of goods and select services, motor fuels, and inheritances, while local government units and school districts levy a property tax.

The largest source of State tax revenue, the Gross Income Tax, has been entirely dedicated to property tax relief since enacted in 1976. Additionally, a portion of the State's second largest tax revenue – the Sales and Use Tax – also is dedicated to property tax relief. In total, the State annually appropriates more than $20 billion exclusively for property tax relief.

New Jersey's tax regime impacts high- and low-income earners differently, as some taxes are more progressive while others are more regressive. A regressive tax, such as residential property taxes, typically takes a larger percentage of income from seniors, who tend to have lower incomes than non-seniors.

A sales tax is considered a regressive tax, affecting everyone irrespective of age or income. New Jersey's Sales Tax rate of 6.625% is nominally in the top 10 of state sales tax rates imposed. But when comparing state to state – unless someone moves to a state without a sales tax – sales tax rates are generally within a percentage point or two of New Jersey's.[1] New Jersey also does not impose its Sales Tax – with certain exceptions – on food, clothing, and other necessities, which makes that tax dramatically less regressive than in other states.

Some lower sales tax states allow municipal governments to assess a local sales tax, which dramatically increases the sales tax burden in those states. For the most part, New Jersey does not permit local sales taxes to be imposed. Instead, New Jersey allows for the State Sales Tax to be collected at a reduced rate of 3.3125% in 32 Urban Enterprise Zones throughout the state. Overall, the variation in sales tax rates across states is minimal, and the payment frequency throughout the year makes differences negligible for the average consumer.

The New Jersey Gross Income Tax ("GIT") is a progressive tax with marginal tax brackets. In essence, the more a taxpayer makes, the more the taxpayer owes in income taxes. If a taxpayer earns $20,000, that income is typically taxed at a rate of 1.4%; if a taxpayer earns over $1 million, the marginal income over $1 million will be subject to a rate of 10.75%. In addition to New Jersey's progressive marginal rate structure, the tax code also includes various exemptions, deductions, and credits for retirees 62 or older.

To support seniors, many of whom are on fixed incomes, New Jersey does not tax Social Security benefits. Additionally, if a taxpayer's income is $100,000 or under, a taxpayer can exclude up to $100,000 of retirement income (depending on filing status). If a taxpayer's income is between $100,000 and $150,000, they can exclude a reduced portion of said income. Thus, if a taxpayer falls into one of those categories, that taxpayer could only be paying tax on a portion of their retirement income, or possibly no tax at all. For example, 401(k) plan contributions are not

[1] https://taxfoundation.org/data/all/state/2024-sales-taxes/

included in New Jersey taxable income, and distributions are taxed based on the income limits above. Further, New Jersey offers additional exemptions and credits for seniors, and medical deductions with low thresholds.

Although New Jersey no longer imposes an Estate Tax, it is one of six states that still retains an Inheritance Tax (Iowa is scheduled to eliminate its inheritance tax in 2025, leaving five states). While spouses, parents, children, and grandchildren are exempt, the tax is 11% to 16% on other beneficiaries.

For many New Jerseyans, property taxes are the greatest state or local tax burden they face. There are 697 local education agencies and 564 municipalities. The sheer number of taxing jurisdictions at the local level and the lack of regional shared services are among the reasons why New Jersey's property taxes are the highest in the nation.

Need for Property Taxes

Property taxes are a source of income for municipal and county governments to provide critical services to their constituencies, such as local and regional public schooling, sanitation, roads, parks, sewer maintenance, and law enforcement. The average residential property tax was $9,803 in 2023, based on data from the Department of Community Affairs. Of the amount paid in property taxes by a taxpayer – on average – 17.8% funded county government, 52.4% went to schools, and 29.8% was allocated to municipal government.

Seniors are uniquely impacted by property taxes. Seniors who still pay a mortgage are likely to be thinking about local property taxes every month. Seniors without mortgages are faced with rather large quarterly payments. As such, seniors are constantly reminded of what it costs to live in their home. Unlike the Gross Income Tax, which declines as income drops and becomes more fixed in retirement, property taxes typically do not decline. At best, they stay the same, but more than likely they increase. While individuals can plan and strategize to reduce or minimize income taxes, they have limited control over property taxes.

One major issue for seniors is that more than half of the property tax collected from them is for school funding. On average, the school tax component of residential property taxes is $5,139, compared to $1,746 for the county and $2,919 for the municipality. Further exacerbating the concern among higher income seniors is that revenue from the State's Gross Income Tax, which is constitutionally dedicated for property tax relief, is largely appropriated for school aid.

Legislative History of Property Tax Relief

As part of its analysis, the Task Force reviewed past and present property tax relief offerings. Since 1977, there have been countless efforts aimed at providing tax relief to New Jersey homeowners and renters. Some efforts – such as Senior Freeze – have undergone several legislative changes, but the framework of the program has endured. Others, such as NJ SAVER, have not fared as well.

Attachment 1 summarizes the legacy of New Jersey property tax relief programs.

Current Measures for Senior Tax Relief

As discussed, there are already measures to make living in New Jersey more affordable for seniors, particularly in the area of Gross Income Tax and existing property tax relief programs. Examples include:

- No imposition of an Estate Tax
- Gross Income Tax exclusion for Social Security benefits
- Pension exclusion
- Other retirement income exclusion
- Age 65 or older additional Gross Income Tax exemption
- Gross Income property tax deduction
- Senior Freeze
- ANCHOR
- Property tax deduction for senior citizens and disabled persons

There are five Gross Income Tax benefits either specific to senior citizens or from which senior citizens receive a benefit:

- Gross Income Tax exclusion on Social Security benefits
- Pension exclusion
- Other retirement income exclusion
- Age 65 or older additional Gross Income Tax exemption
- Gross Income property tax deduction

The total estimated benefit derived from these tax-advantaged items is over $1.6 billion, according to the most recent State of New Jersey Tax Expenditure Report. This does not include the tax benefit of medical deductions in excess of 2% of income which applies to all taxpayers, not just senior citizens.

In addition to the estimated over $1.6 billion in Gross Income Tax benefits for seniors, an additional $1.1 billion is provided through the following property tax relief programs, according to the 2024 New Jersey Tax Expenditure Report.

NJ Property Tax Reimbursement (Senior Freeze)

The Senior Freeze program reimburses eligible senior citizens and disabled persons for property tax increases. To qualify, the senior must meet income and residency requirements.

Once the person qualifies, they pay their property taxes at the higher gross amount but will be reimbursed by the State for the difference between the amount they paid and the amount their taxes are frozen at in the first year they qualified.

As a result, this benefit starts out small and grows over time as taxes increase, but the base frozen year remains unchanged. The total value of this benefit is $208.3 million, according to the 2024 Tax Expenditure Report.

ANCHOR (Replaced Homestead Benefit)

Replacing the former Homestead Benefit program in 2022, ANCHOR provides an additional $250 (starting in 2023) of tax relief to qualifying seniors over the base amount of $1,000 or $1,500, which is available to all qualifying homeowners, or $450 available to tenants. To qualify, a senior's income must be below $150,000 to receive the full benefit and not more than $250,000 to receive the reduced benefit. The total value of this benefit for seniors is $928 million, according to the 2024 Tax Expenditure Report.

While the focus of this report is property tax relief, it should be noted that efforts to help seniors in the area of the Gross Income Tax also impact property tax relief to seniors. The ANCHOR program provides both seniors and non-seniors with a flat monetary benefit. Senior citizen homeowners receive a flat monetary benefit of $1,750 if their income is below $150,000, and $1,250 if their income is below $250,000. What is important to understand is that the income definition for this program is line 29 of the NJ Gross Income Tax Return, which is defined as New Jersey Gross Income. This amount excludes the following for seniors:

- Social Security benefits
- Pension Exclusion
- Other Retirement Income Exclusion

What this means is that certain categories of income are specifically exempt from taxation for seniors, which will benefit seniors when applying for ANCHOR property tax relief. Income eligibility requirements for this program specifically exclude income that is exempt in New Jersey as a result of prior efforts to help seniors reduce their New Jersey Income Tax liability. As a result, more seniors will qualify for ANCHOR.

Property Tax Deduction for Senior Citizens and Disabled Persons

Available to senior taxpayers with income below $10,000, a benefit of $250 is applied directly to their tax bill. The value of this benefit is $6.7 million, according to the 2024 Tax Expenditure Report.

To summarize, before implementing the Stay NJ benefit, at least $2.7 billion in income and property tax relief is already afforded to senior citizens in New Jersey.

Task Force Meetings Timeline

After the appointment of all members in early December, the Stay NJ Task Force immediately began work and held its first public meeting on December 20, 2023. The meeting included comments from members who acknowledged the crucial role they would play in untangling the current property tax relief system to benefit New Jersey seniors. The Executive Director also shared an overview of the administrative and logistical challenges related to P.L. 2023, c.75.

After subsequent discussions, particularly in response to a presentation from the Division of Taxation, the Task Force agreed that certain features of the different programs should be standardized to create a more comprehensive, unified approach to property tax relief.

To meet its responsibilities, the Task Force would focus on income definitions, residency requirements, timelines, and other important features to build its recommendations. At the second meeting, the Task Force agreed to address specific areas, including:

- Benefit year
- Income definition
- Age and residency requirements
- Application timeline
- Payment method

The Task Force also recognized the critical importance of listening to public commentary, especially from experts in local finance, property tax administration, and public policy. As a result, the Task Force's third meeting included invited guest speakers representing various stakeholders: The AARP of New Jersey, New Jersey Policy Perspective, the Tax Collectors and Treasurers Association of New Jersey, and the New Jersey Chapter of the National Association of Tax Professionals.

The Task Force also created a website that allowed the public to provide feedback and suggestions. This feedback provided Task Force members with necessary guidance in order to decide on how best to coordinate dissimilar programs and formulate recommendations as required under P.L. 2023, c.75.

During its fourth meeting on April 9, 2024, the Task Force heard from the Department of Community Affairs, which outlined the difficulties of providing tax relief in the form of credits on a homeowner's municipal property tax bill. (This report goes into more detail later about these challenges.)

At this same meeting, the Task Force unanimously adopted a motion to recommend changes to the State's three property tax relief programs. These changes revolve around the application timeline, age and residency requirements, tax year used for benefit determination, definition of income, and the need for legislation within at least 90 days of the application start date expected in February 2025.

At its meeting on April 30, 2024, the Task Force unanimously agreed to a second motion mostly related to program structure, payment method, and timelines. As part of this motion, the Task Force agreed it would recommend that Stay NJ make all **payments directly to qualified residents** in the first year of the consolidated program, effectively **deferring credits** as a payment method for at least one year.

Details of the April 9, 2024, and April 30, 2024, motions are included in the "Recommendations" section of this report.

Administrative and Logistical Challenges

As part of its review of the three main property tax relief programs, the Task Force identified several logistical and administrative challenges to implementing the requirements of P.L. 2023,

c.75. Some of these challenges are summarized below and on Attachment 2 (PowerPoint from first meeting).

Payment Method
There is no consistency with the payment method.

- ANCHOR – check or direct deposit (currently, the Director of Taxation has flexibility in the method to use)
- Senior Freeze – check only
- Stay NJ – property tax credits

Benefit Year
There are differences in the years used to determine income eligibility.

- ANCHOR – uses a tax year, two years prior (e.g., CY2023 program used TY2020 and not 2022)
- Senior Freeze – uses most recent tax year (and one prior year for first-time applicants only)
- Stay NJ – uses most recent tax year

Payment Dates
There is no consistency in the statutory payment dates.

- ANCHOR – by May each year (sooner in FY2024)
- Senior Freeze – July 15th each year and then rolling payments thereafter
- Stay NJ – annual quarterly credit based on calendar year (Feb, May, Aug, Nov)

Residency Dates
There is no consistency in the statutory residency dates to qualify.

- ANCHOR – as of October 1 of the benefit year
- Senior Freeze – as of December 31 of the benefit year and all year, plus three-year continuous residency
- Stay NJ – as of July 1, 2024

Expected Start of Application Process
There is no consistency in the expected start of each process.

- ANCHOR – varies, but typically over the summer
- Senior Freeze – February
- Stay NJ – July 1st

Income Eligibility, Definition of Income
There are material differences in sources of income used in eligibility determination.

- ANCHOR – NJ Gross Income Tax
- Senior Freeze – Income from all sources, including NJ non-taxable income. This includes items such as inheritances and bequests
- Stay NJ – NJ Gross Income Tax

Income Limits for Eligibility Determination
There are differences in the income limits used to determine eligibility.

- ANCHOR – $150,000 full benefit, $250,000 partial benefit (homeowners); $150,000 (renters)
- Senior Freeze – $150,000, and annually increased according to Social Security Cost of Living
- Stay NJ – $500,000

Renter Benefits
Only one program provides a benefit to renters.

- ANCHOR – reduced benefit for renters
- Senior Freeze – no renters
- Stay NJ – no renters

Disability Benefits
Only one program provides any preference for taxpayers with a disability.

- ANCHOR – no additional benefit
- Senior Freeze – eligibility is based on age or receipt of Social Security disability payments
- Stay NJ – no additional benefit

Non-Senior Benefits
Only one program provides a benefit to non-disabled, non-seniors (under 65).

- ANCHOR – benefit to non-seniors based on income; $250 less than senior benefit at similar income level
- Senior Freeze – non-senior benefit not available
- Stay NJ – non-senior benefit not available

Mobile Homes
Mobile home owners are treated differently under the programs.

- ANCHOR – treats mobile home owners and tenants as renters
- Senior Freeze – owner's ground rent considered property taxes; no mobile home tenants
- Stay NJ – owner's ground rent considered property taxes; no mobile home tenants. The Division of Taxation interprets the law to mean that mobile home owners are ineligible for Stay NJ

Qualified Long-Term Care Facilities
Residents in LTCFs are treated differently under the programs.

- ANCHOR – both homeowners and renters included
- Senior Freeze – homeowners only
- Stay NJ – P.L. 2023, c.75 is not clear

Residents Making Payments in Lieu of Taxes ("PILOT")
Residents paying PILOT are treated differently under the programs.

- ANCHOR – renters only; homeowners not eligible
- Senior Freeze – no homeowners or renters
- Stay NJ – yes for homeowners

Funding Mechanism
Stay NJ has additional funding limitations compared to the other programs.

- ANCHOR – subject to appropriation
- Senior Freeze – subject to appropriation
- Stay NJ – subject to appropriation; other items in the budget *must be funded before* considering Stay NJ funding. (Pensions fully funded, K-12 education fully funded, veterans and senior tax deductions fully funded, and a 12% budget ending fund balance.)

Appeal Process and Benefit Determination
There are slight differences in the appeal process.

- ANCHOR – 90 days
- Senior Freeze – 90 days
- Stay NJ – 90 days, but the Director of Taxation must inform the taxpayer of the calculated benefit. The Director has to calculate the better benefit and inform the taxpayer of the calculated benefit amount. With the other two programs, the application is filed, and then the benefit is determined based on the law and any annual budget adjustments.

Application Type
There is no uniformity in the application process. Stay NJ requires that all programs use a single combined application.

- ANCHOR – electronic/telephonic/paper
- Senior Freeze – primarily paper
- Stay NJ – single combined application

Frequency of Stay NJ Credits

Quarterly property tax credits will be difficult and costly to implement. Technology systems used by, and communication between, the State and local governments is inconsistent, and in some cases, non-existent.

Timing of Year One Implementation for Stay NJ

Senior citizens will be expecting Senior Freeze applications (blue book) approximately 60 days before Stay NJ legislation needs to be passed and approximately 120 days prior to the Stay NJ funding decision and the deadline for the consolidated application. This means that it will be impossible to administer Senior Freeze without initiating the typical application process despite the potential for a consolidated application just a few months later.

Determination of property tax deduction on NJ Gross Income Tax Return

Currently, taxpayers who receive an ANCHOR benefit do not have to reduce their property tax deduction, or the amount used to determine the property tax credit by the amount of the ANCHOR rebate. However, if they receive a Senior Freeze benefit, they must typically use the base year amount as opposed to the amount they actually pay. This would appear to mean that taxpayers are receiving a benefit on the tax return for property taxes not paid because of how the ANCHOR benefit is treated for this purpose.

Stakeholder Commentary

The Stay NJ Task Force recognized the importance of hearing from stakeholders in this process, both within and outside of government. At its second meeting, the Task Force asked the Division of Taxation to provide an overview of current property tax relief programs, including the number of seniors reached and the average benefit as well as Taxation's concerns regarding the implementation and administration of P.L. 2023, c.75. Attachment 3 is the presentation shared at the meeting by Jacob Foy, Division of Taxation; Chief of the Legislation, Communications & Disclosure Branch.

At its fourth meeting, the Task Force heard from the Department of Community Affairs. Task Force member Dr. Christopher Wheeler, who is the Department's Chief Data Officer, addressed various concerns related to the property tax credit requirements of c.75. Attachment 4 is the presentation shared by Dr. Wheeler at the meeting.

The Task Force invited a group of organizations to speak at its third meeting on March 13, 2024. Speakers included the Tax Collectors and Treasurer's Association of NJ ("TCTA NJ"), the AARP NJ, NJ Policy Perspective ("NJPP"), and the National Association of Tax Professionals, NJ Chapter ("NATP, NJ"). The intention was that this group's combined testimony would represent most stakeholders affected by P.L. 2023, c.75.

The TCTA NJ represented local governments; the AARP NJ represented senior residents of New Jersey; the NATP, NJ represented tax professionals; and NJ Policy Perspective shared its feedback regarding the equitable allocation of P.L. 2023, c.75. Additionally, the Task Force Chairperson offered other attendees the opportunity to express concerns, and the Senior Citizens Council of Union County provided testimony as well. Testimony from each invited guest can be found at the Stay NJ website https://www.nj.gov/treasury/staynj/.

Additionally, the Stay NJ website elicited feedback from the public. Several hundred emails were received, with many commenters skeptical about Stay NJ, but generally supportive of the program. For example, emails were received indicating direct relief of this magnitude would be welcome, but arguing that it may not be sustainable considering the $500,000 income limit.

In summary, the Taxation and Community Affairs assessments, guest speakers, and comments received through the website revolved around a few key themes – simplicity in administration, equity in the distribution of benefits, and concerns related to credits.

Simplicity in Administration

This theme covers everything from making the application process easy to understand, timing of the application, awareness, and other logistical issues related to implementation and administration of benefits. Simply adding another program without addressing the differences of each would only make the process more difficult to understand. Consolidating the application without addressing the differences in programs would increase the degree of difficulty to administer, collect, and verify data.

For example, the NATP, NJ is a proponent of addressing the differences in due dates and eligibility requirements. The trade group also advocates an earlier start to the application process, citing the advantages of coordinating tax preparation with the application for property tax relief.

AARP NJ suggests that additional outreach is essential to educate the senior population regarding available benefits. Based on a survey conducted by the organization, six out of 10 homeowners are unaware of the Senior Freeze program, including nearly half of senior homeowners. The group cites similar statistics for other benefits available to New Jersey homeowners and renters, such as the New Jersey Gross Income Tax deduction for property taxes and rent paid

Equity in Distribution of Benefits

The Task Force's role was not to recommend changes to income eligibility levels, but rather to suggest changes on how to restructure and consolidate different property tax relief programs into one, seamless process. However, many comments were related to the costs of the program and the long-term viability of Stay NJ because the benefits are generous and the income limit to qualify is $500,000 – a higher amount than any other property tax relief program.

For example, NJPP indicated that while Stay NJ attempts to address the issue of rising property taxes and home affordability for seniors on fixed incomes, it fails to achieve its stated goals since the people least able to stay in their homes are those with lower incomes. Rising housing costs take up a large portion of their fixed income, as well as for renters who typically have less wealth than homeowners. The group's argument is that benefits should be distributed in a more equitable fashion to address those who most need it.

AARP NJ recommends that all benefits should be paid as a credit to allow the benefits to be distributed faster and without having to pay property taxes upfront. Many of the public's comments mentioned simply addressing the requirement for seniors to continue to pay school taxes. Simply waiving that portion of the tax bill would provide significant relief from property taxes.

Concerns Related to Credits

Additional details regarding difficulties in implementing credits can be found later in the report, but the TCTA NJ raised issues that the application process needs to be streamlined into one simplified application and that the timing of the credits must be addressed. The Senior Council of Union County also raised an issue regarding benefits possibly declining if credits reduce what a senior pays in property taxes. As seniors pay less in property taxes when credits are applied, the 50% requirement under Stay NJ will reduce future benefits unless the Stay NJ benefit is calculated using "property taxes billed" and not "property taxes paid". More details are included in the Legislative Considerations section of this report.

Overall, comments from speakers at the March 13, 2024, meeting and website feedback from the general public were helpful to the Task Force and collectively reinforced the testimony by Division of Taxation and Department of Community Affairs professionals.

Additional Concerns on Credits

The process previously used for programs such as the Homestead Property Tax Credit (2010 through 2018 tax year) was cumbersome and manually intensive. While a certain level of success was achieved, the potential for error was high.

The process involves sharing data and taxpayer information among local governments, the Department of Community Affairs' Division of Local Government Services, and the Department of the Treasury's Division of Taxation. It also requires the support of Treasury's Office of Management and Budget (OMB), the Division of Revenue and Enterprise Services (DORES), and the Office of Information Technology (OIT).

This sharing of data across disparate systems requires manual intervention to minimize errors and to ensure consistency of codes identifying municipalities. This includes parsing large files into smaller files to share with those local governments and reconciling differences between systems to calculate the correct payments to those local governments.

The credit process required under P.L. 2023, c.75 also appears to be much more complicated than the process used for the Homestead Credit Program. The credit process last used applied credits once or twice over a 12-month period and was based on a singular calculation to determine the benefit.

Stay NJ calls for *four credits to be issued throughout the year*, a lengthy appeal process, and the issuance of a benefit that can only be determined once the calculation of Senior Freeze and ANCHOR is calculated. Moreover, Stay NJ's required implementation date of January 1, 2026, and its July 1, 2025, deadline for producing the application create challenges previously unseen with Homestead. Those challenges include marketing the program to eligible applicants and preparing for implementation in partnership with 564 municipalities within such a tight timeframe.

Concerns regarding credits can be categorized within two broad categories, both of which may impact data integrity:

- Logistics
- Data security

Logistics

- Data in the Division of Taxation's MOD IV property tax system is updated annually based on information provided by local tax collectors. As such, delays in updating information at the local level could lead to inaccurate data and the potential that correct data will not be available for long stretches of time.
- The production of a credit file by the Division of Taxation is a two-month, manual process that requires a determination of eligible individuals, a calculation of the credit amount, and

application of the credits by lot and block number into a master credit file. The master file must then be broken into a smaller file for each municipality and reviewed by the State and local governments to eliminate and adjust stale data, correct errors, and account for taxpayer sales not yet reported, etc.

- Each town receives a PDF approximately one month ahead of implementation that is dissected from the larger file. The risk for error from this process is extremely high and, in the case of the Homestead Property Tax Credit program, has resulted in the transmission of refunds and additional payments for towns where data is inaccurate. For example, differences between Division of Taxation and Department of Community Affairs municipality codes, and block and lot number changes that are not immediately disclosed to the Division of Taxation could create complications in processing the credit for the correct property.
- Technology improvements are necessary to ensure that exempt properties such as those owned by totally disabled veterans do not receive a credit. In the past, manual adjustments were necessary, or individuals received benefits for property taxes they did not pay.
- In addition, a modern and secure data transfer system would need to be in place to protect personally identifiable information, especially for taxpayers who are covered persons under Daniel's Law (discussed in more detail below). Municipalities would need to have their tax collection software updated to accommodate the Stay NJ credit, which will cause them to incur additional costs.
- Credit-chasing concerns exist – meaning that when individuals move, the credits may not follow them. Unlike the Homestead Property Tax Credit, which is attached to the property, the Stay NJ credit belongs to the homeowner. A homeowner may be required to chase their earned credit if they are unable to deal with the timing issues at closing on the sale of their home. While some title companies comply, others may simply ignore the issue. This may lead to homeowners contacting local tax collectors demanding payments as well as the State paying out rebates twice.
- The credits are based on the prior year eligibility. Anyone who sells their home in the first six months of the year will not know the amount of the credit that would have been applied to the current year's property tax bill beginning in August and November. The seller will want the credit they earned in the prior year, but the buyer will not want to make the adjustment at closing since the payment of the credit is not actually funded until the annual appropriations act passes on July 1. This will lead to escrow requirements to preserve the credit for the seller.
- Individuals with mortgages will wait longer to realize their credits due to mortgage company escrow adjustments.
- Although P.L. 2013, c.75 envisioned a credit process that starts with an application on July 1, for reasons discussed earlier, the application process must start much sooner, during tax season. However, the official credit will not be known until July 1. Although the State can share data with the towns earlier than July 1, the towns cannot rely on any credit file sent to them prior to July 1, and they may need to re-enter data that changed when the annual appropriations act was adopted. This will require annual credits to be applied over fewer

than four quarters. In some cases, the credits may exceed the amount of tax due, particularly if the credits are applied to no more than two quarters.

- The credit process requires involvement from five areas within government as well as the multitude of local governments that initiate the process and are on the back end receiving the final data. Much of the human capital involved in the process during the 2018 tax year credit process is no longer employed by State and local governments. This means that successors will need to learn the original process before they can implement changes to improve it.
- Not everyone who applies can have their benefit paid by credit. The application process currently in place for Senior Freeze runs from February to October. The consolidated application process is expected to be similar in order to give individuals adequate time to apply for benefits. However, as mentioned above, creation of a credit file can take upwards of two months. This means that there will need to be an earlier application deadline for a benefit to be paid by credit. When factoring in the issuance of municipal tax bills, the deadline is likely to be May 1 of each year. Individuals who file their applications by May 1 will have their benefit applied as a credit. Individuals who file after May 1 will receive a check. This will likely lead to a perception that some people are getting benefits while others are not, which may create confusion.

Data Security

- Daniel's Law did not exist the last time credits were applied to tax bills. While Daniel's Law creates exemptions for interagency transmission of data, the volume of data that will be transmitted across multiple levels of government to implement Stay NJ will require a significant review of systems and data transmission methods. This may also necessitate the adoption of newer technologies that were not available a few years ago when credits were last applied to property tax bills.

While there would be no need for substantial investment to replicate the old credit process, the procedures must be re-engineered for all of the reasons identified above. To do so correctly, the Department of the Treasury and Department of Community Affairs, with assistance from the Office of Information Technology, are developing a survey that will be sent to all towns to provide feedback on their needs and concerns regarding how to implement credit-issuance procedures. Training of local government staff also will be critical.

As discussed above, the process previously used for issuing credits under the Homestead Property Tax Credit Program required several months of lead time. With the Homestead Program, DCA sent tax credit information to municipal tax collection software vendors by January. Vendors then provided DCA with information containing each taxpayer's name, address, legal block and lot. DCA checked the information for accuracy and sent it to the Division of Taxation by February. The Division of Taxation then developed the credit file, and provided it to municipal tax collectors, who printed PDFs and imported files into their computer systems, leading to revised tax bills.

The Division of Taxation needed two months to prepare the credit file, and the process of sharing this data and reconciling differences in the data across various systems required significant manual

intervention, further extending the timeline. The entire process took several months and only operated in this timeframe with the necessary software and staffing in place to process credits. For Stay NJ, a similar procedure would be needed for credits to be accurately applied on tax bills.

Additional steps, which require months to execute, would have to be undertaken to ensure Stay NJ can be implemented as a credit. Prior to implementing a credit program, municipalities would need to be notified through an explanatory E-Government for Government (EGG) notice and educated on their new obligations to implement the Stay NJ credit on property tax bills.

Municipal tax collection staff would have to be trained on how to implement the credit. In addition, tax collection software vendors would have to be engaged and given time to implement software changes needed to accommodate Stay NJ. Municipalities also would need to allocate additional funding to vendors to implement these changes.

Ideally, there would be a testing period to work out any issues with the software prior to implementing the program as a credit. Information-sharing protocols among Taxation, DLGS, municipalities, and vendors would need to be developed to minimize errors, ensure proper data security protocols, and to reduce the possibility of unexpected delays and bottlenecks in the credit implementation process.

Additionally, protocols should be in place to ensure that the credit program is not adversely impacted by vendor turnover. At times, for example, tax collection software vendors go out of business, and municipalities must change vendors. As a result, there should be a procedure to ensure municipalities can seamlessly replace vendors without interrupting the credit process.

Further, DCA's current tax collector database is outdated. To compile the necessary information in a timely manner, DCA would need ample time to update it. DCA would also need to update all software vendor representatives, identify which municipalities they serve and share this information with the Division of Taxation.

In sum, the lack of necessary systems, software, trained staff, and databases needed to implement credits require much more preparation time than the existing timeline in the law allows. Under these conditions, there is little chance of applying a Stay NJ credit as prescribed in P.L. 2023, c.75.

While these logistical issues are numerous, there are potential solutions. For example, as it relates to applying credits when homes are sold, a process can be created whereby depending on when the home is sold, the seller would be able to secure the credit as follows:

- **If the eligible resident already sold, or is considering selling, their home after December 31 but before filing the application** – A question on the application is included to allow the eligible resident to indicate the sale and provide a new address/bank information. Once the Appropriations Act is adopted, a check or direct deposit can be issued to the eligible resident.
- **If the homeowner is not considering a sale before filing the application, but a sale actually does occur before the annual appropriations act is adopted** – A form must be completed at closing that indicates the sale, and once the budget passes, a check or direct deposit can be issued to the eligible resident.

- **If the home sale occurs after filing the application, and after the appropriations act is adopted – but before the credits are applied** – The buyer and seller can negotiate who receives the credit at closing, and the credit is applied to the property.

Additional solutions need to be identified to construct a credit process that reduces potential errors, can be implemented effectively and is sustainable over the long term. DCA and Treasury should be able to determine those solutions after pinpointing the specific priorities of local governments from the survey mentioned above.

Task Force Recommendations

The State's annual Appropriations Act needs to hit certain milestones for Stay NJ to be funded. Specifically, full funding of K-12 education, full funding of State pension requirements, full funding of veterans and senior/disabled property tax credits and a 12% ending fund balance. These milestones will not be clear until annual budget deliberations are final and an Appropriations Act is enacted at or around July 1, 2025. If Stay NJ is funded, the combined single application goes into effect on July 1, 2025.

Currently, P.L. 2023, c.75 requires a comparison of a combined ANCHOR and Senior Freeze benefit to a Stay NJ benefit. An applicant would receive the higher of the two, up to 50% of property taxes, not to exceed $6,500. For FY 2026, the benefit payment begins in the second half of the State's fiscal year meaning the total benefit available in FY2026 is for 50% of the total benefit. If a resident taxpayer qualifies for the full $6,500 the maximum they would receive in FY 2026 is $3,250 or $1,625 per quarter (February 2026 and May 2026).

As taxpayers apply, the Division of Taxation needs to determine – from the data collected on the combined single application – which benefit is better; notify the applicant; and then provide 90 days for the applicant to appeal. After the 90 days pass, Taxation's judgment is deemed final and:

- If the benefit is greater from Stay NJ, a credit is applied quarterly to the applicant's property tax bill in the new calendar year (2026).
- If the benefit is higher from the combination of the existing programs, the benefit payments are made by direct deposit or check.

As previously discussed, there are unintended consequences from P.L. 2023, c.75 that create logistical and administrative issues, including:

- Disparity as to how seniors are paid – check/direct deposit or credit;
- Changes in the recognized timeline for Senior Freeze, whereby checks start going out in July 2025 based on applications filed starting in February 2025;
- Re-printing of property tax bills originally mailed to homeowners in July 2025, but that now include credits starting in February 2026;
- Benefit determination by the Division of Taxation and an unknown appeal process to administer. Benefits for the current programs are prescribed and known when filing, but

Stay NJ requires the Division of Taxation to determine which benefit structure is better. This has never occurred in the past;

- A combined single application that will be longer than the State of NJ 1040 Income Tax return;
- Changes to the current process that will confuse the same people the new law is designed to help;
- An application timeline that requires Gross Income Tax data to be submitted on an application and begins after tax season ends. This will lead to increased costs for seniors who need assistance from paid preparers or other professionals to complete a long application.

Because of the issues identified by its members and stakeholder commentary, to deliver Stay NJ property tax relief totaling 50% of an eligible homeowner's property taxes not to exceed $6,500 ($3,250 in FY2026), the Stay NJ Task Force recommends the following:
Benefits for Stay NJ equal to 50% of property taxes not to exceed $6,500 ($3,250 in FY 2026) should be calculated. The maximum Stay NJ benefit is then reduced by Senior Freeze (PTR) and ANCHOR benefits paid to eligible homeowners and any remaining benefit is paid as a separate payment after ANCHOR.

It should be noted that residents already receiving a higher benefit from Senior Freeze and ANCHOR will continue to receive the higher benefit. This attempts to address the issues related to P.L. 2023, c.75 while maintaining the spirit of the legislation to reach more seniors than current programs.

The Division of Taxation will calculate the maximum Stay NJ benefit for eligible homeowners. Using the data collected from the comprehensive single application, the Division can determine the amount of benefits to pay for Senior Freeze and ANCHOR. For example, if an eligible senior applicant's 2024 property taxes total $10,000, their maximum first-year Stay NJ benefit would be $2,500 (50% of their maximum benefit) based on their total 2024 property taxes. If the resident receives a $250 Senior Freeze benefit and a $1,750 ANCHOR benefit, the remaining Stay NJ benefit would be $500 also payable in FY2026.

In a full year of the program, if the eligible senior applicant has not received 50% of their taxes – up to $6,500 from the two programs – an additional benefit is paid. In total, the benefits requirement will be met, and homeowners not currently eligible for Senior Freeze or ANCHOR or not receiving the maximum Stay NJ benefit under P.L. 2023, c. 75 will receive property tax relief benefits payable under Stay NJ up to the maximum benefit required by the Law.

The following recommendations speak to SFY 2026/CY 2025, but the process would be the same for any year once enacted.

Application Timeline

The comprehensive single application timeline would need to be moved back to approximately February 1, 2025, and run through October 31, 2025. The Senior Freeze (PTR) process and application design would be retained as much as possible, including the use of a blue application.

Non-seniors and tenants would apply for ANCHOR beginning in the same timeframe and using the same application.

Align Benefit Year

The benefit year should be aligned for the entire suite of programs. All benefits are based on Tax Year 2024, the most recent tax year. Tax Year 2023 income information would be collected to determine eligibility for applicants who may qualify for Senior Freeze for the first time based on other factors such as residency and age.

Income Definition

All income information should be collected from the combined single application, but verified from the 2024 Income Tax filing for those applicants who have an Income Tax return filing requirement.

For ANCHOR – the income would remain as Line 29 on the NJ-1040 (after retirement exclusions and not including non-taxable income).

For Senior Freeze and Stay NJ – New Jersey gross income before any exclusions/non-taxable income would be used. Seniors would self-report gross Social Security benefits. This change, with the exception of Social Security benefits, removes amounts not included as New Jersey income or referenced on the New Jersey Gross Income Tax Return – specifically inheritances and bequests – from the determination of property tax relief benefits.

As long as the return is filed by the deadline, the Division of Taxation will have the income information needed to determine eligibility for all programs. Seniors without a Gross Income Tax filing requirement will self-report all income.

Residency and Age Requirements

All programs should require a full year of residency as of December 31, 2024, and Freeze and Stay NJ applicants must be age 65 by December 31, 2024. New Senior Freeze applicants would need to be 65 as of December 31, 2023. ANCHOR would continue to be available to non-seniors and renters.

Benefit Payment Method

The strategic goal is eventually to implement a credit process for Senior Freeze and Stay NJ. However, for the first year of the program, due to the complexity and ongoing work needed to convert to a credit process, it will be necessary that all benefits be paid by check or direct deposit.

Additionally, the Department of Community Affairs, in coordination with the Department of the Treasury, should develop a standard education packet that will be sent to all homeowners outlining the benefits they can expect to receive and display the actual property taxes they will pay in a given year when offset by property tax relief earned in the prior year.

This mailer should be provided to homeowners as soon after the August quarter as possible, or just before or with the November tax bill. The correspondence will specifically indicate whether an

applicant was the beneficiary of Stay NJ, Senior Freeze and ANCHOR. Attachment 5 is a draft of the correspondence each homeowner would receive in a full year of the program.

Benefit Payment Timeline

Senior Freeze/PTR – for applications received by May 1, 2025, the benefit payment should be made on July 15, 2025. For applications received after May 1, 2025, the benefit should be paid on a rolling monthly disbursement.

ANCHOR and Stay NJ – starting in September for ANCHOR, followed by Stay NJ.

P.L. 2023, c. 75 clearly states that certain funding requirements need to be met to fund Stay NJ. The sequential approach as outlined above is not impacted by the decision to fund Stay NJ. However, if Stay NJ is funded, benefits equal to $6,500/50% of property taxes reduced by Senior Freeze and ANCHOR benefits already credited/paid would be issued as a check/direct deposit after ANCHOR benefits are paid.

Legislation

Legislation should be enacted prior to the comprehensive single application in February 2025, and all data necessary to implement and administer all three programs *must be collected at the time of the application*. To ensure all data necessary to administer all three programs is captured starting in February 2025, legislative changes to P.L. 2023, c.75 and any other legislation required for implementation should be in place at least **90 days prior** to February 1, 2025.

Tenants

As indicated earlier, the Task Force's role did not include providing alternatives to existing programs, including increasing benefit amounts or changing income thresholds in the three programs. As such, the Task Force is not recommending changes to the current benefits paid to tenants under the ANCHOR program. The ANCHOR benefits for tenants should continue to be paid by check since tenants do not pay property taxes directly. The amount of the tenant benefit and income eligibility should be reviewed annually as part of the budget process and adjusted based on available funding.

Funding

The State budget includes a series of appropriations since the passing of P.L. 2023, c.75.

- FY2024 $100M actual
- FY2025 $200M pending
- FY2026 $300M planned

Subject to appropriation, the total funds allocated to Stay NJ through FY2026, total $600M. This amount represents a half-year benefit for Stay NJ. These funds are included in a dedicated, non-lapsing account known as the Stay NJ account. The Department of the Treasury projected that the year one cost of adding Stay NJ to ANCHOR and Senior Freeze will be $600M. The total maximum benefit that a qualified resident can receive from Stay NJ in FY 2026 is $3,250. It should

be noted that residents already receiving a higher benefit from Senior Freeze and ANCHOR will continue to receive the higher benefit.

Based on the recommendations included above, the application process will begin by February 2025, and the first benefits paid in July 2025 (Senior Freeze) followed by ANCHOR, and finally Stay NJ. Because the Stay NJ program is new and projections fluid, the Task Force suggests the Governor and the Legislature consider appropriation language be included in the FY2026 budget that would allow the Director of the Office of Management and Budget to exercise a directory letter supplemental appropriation in the event the amounts projected for Stay NJ and appropriated through FY2026 are insufficient to cover the actual benefit costs.

The cost of Stay NJ when annualized is approximately $1.2B per year. Based on current estimates, starting in FY2027, this amount would need to be included in the annual budget subject to the funding pre-requisites identified in P.L. 2023, c.75. The recommendations made by the Task Force may change the original projections for Stay NJ.

If these recommendations are accepted, the Department of the Treasury will need to update its projections for all three programs to take into consideration the adjustments made to eligibility requirements. For example, changes in the income requirements for Senior Freeze may increase costs. However, the recommended changes to residency requirements may reduce ANCHOR costs, while standardizing the base year and effectively eliminating two years of eligibility could accelerate an increase in costs if more people qualify for ANCHOR based on 2024 residency than for 2022.

Other Considerations

As mentioned above, the goal is eventually to treat Stay NJ as a credit on quarterly property tax bills as envisioned in P.L. 2023, c.75. However, to do so and minimize the potential for error, several logistical considerations need to be addressed, most of which are outlined under Additional Concerns on Credits above.

Overall, it seems logical that change be implemented incrementally to ease the burden on seniors and administrators. As such, the goal of implementing credits in one or two of these programs is achievable, but it needs to occur in stages. A single comprehensive application along with consolidation of the programs in a sequential manner, followed by changes to how benefits are paid, should be accomplished in steps. The last step would be the move to credits.

Implementing a credit process requires investment to improve the process last used for Homestead Credits. To determine the extent of the investment, the DCA's Division of Local Government Services and the Division of Taxation should develop and distribute a survey to all local governments to collect information that will help prioritize concerns and issues that need to be addressed. The results of this survey will reveal what changes the State needs to make to accommodate the needs of local municipalities. Attachment 6 is a preliminary draft of some of the survey questions. The final survey will be completed within the next sixty (60) days.

It should be mentioned that there are consequences to these recommendations. By aligning the eligibility year for all of the programs, there will be cases in which individuals lose an ANCHOR benefit. Because of changes in residency, income, or homeowner status, a person may have been eligible for ANCHOR in 2022 but may no longer be eligible in 2024. Estates that are eligible because a deceased applicant qualified in 2022, will lose a current year benefit if the benefit year for eligibility is moved to 2024.

There may be a perception that the State is taking something away from a qualified applicant by moving the ANCHOR benefit year to 2024. However, as long as ANCHOR is funded, there will still be an annual payment. A person who qualified in 2022 and still qualifies in 2024 will continue to get a benefit.

Additionally, because of the 12-month residency requirement, a number of new residents may need to wait a year to become eligible for ANCHOR.

Finally, the Task Force is recommending that the Director of Taxation should use their administrative powers (N.J.S.A. 54:4-8.70) to waive the requirement mandating proof of property taxes paid in order to receive the Senior Freeze portion of the benefit. Most senior residents and municipal tax collectors would benefit from a change in the requirement to complete the annual PTR-1A and PTR-2A forms, or to provide other proof of property taxes paid. The Division receives information annually from local governments via DCA that indicates property taxes are paid.

Task Force Motions

At its meetings on April 9, 2024, April 30, 2024, and May 28, 2024, the Task Force adopted the recommendations outlined above by approving a series of motions whereby members agreed to move the recommendations forward and include them in the final report required by P.L. 2023, c.75. These motions are summarized in Attachment 7, Attachment 8 and Attachment 9.

Costs and Administrative Requirements

As written, Stay NJ requires significant investment and substantial changes to administrative processes. However, as recommended, the investment should be significantly less until a determination is made on how best to implement property tax credits in year two of the program. The Stay NJ legislation that passed in 2023 envisioned quarterly credits, a dual calculation of benefits, a new benefit determination, a lengthy appeals process, and an application that likely would be larger than the State Gross Income Tax return.

As recommended, most of the investment should involve external communications, outreach, and education, with additional resources afforded to administer a new, consolidated property tax relief program. While the need may still be substantial for year one of the program, it should be focused on educating New Jersey residents about the new application process and ensuring that seniors, in particular, are aware of the benefits available and how they can apply.

The Governor and Legislature should consider funding in FY2026 for a public relations contract to address a marketing and outreach effort starting soon after the current year ANCHOR process

begins. The proactive campaign should first focus on awareness, informing seniors and non-seniors alike to keep close watch on legislative changes that will impact how they apply for benefits in 2025.

Second, once legislation passes, a robust effort should be made to create toolkits and other education materials for the tax professional community, senior centers, local governments, AARP, etc. These stakeholders can inform the residents in their client base, town/community, and membership of what is needed to apply for benefits. A direct marketing campaign also is critical to reach anyone who needs to apply for benefits starting in February 2025. This includes TV and radio ads, social media content, and other forms of outreach for maximum publicity.

An investment in the Division of Taxation is crucial, as well. Giving the Division of Taxation the resources it needs to answer questions from applicants and to deal with the unique issues that will arise is important. Even with the ANCHOR program, which was a simple, flat benefit, the Division of Taxation received thousands of phone calls from applicants. As such, it is vitally important to ensure there are appropriate resources in-house and adequate external support from third-party overflow call centers to answer taxpayer questions.

The Division of Taxation will need to work closely with the Office of Innovation to develop on-line solutions for the application and to ensure logic related to benefit calculation is implemented accurately. The sequential approach to benefits and the nature of the Stay NJ benefit, in particular, will require a calculation not currently included in programming. Further, the Division of Taxation will need to ensure the application is as concise as possible, only requiring information necessary to comply with State law and to effectively administer the program.

While P.L. 2023, c.75 is intended primarily to address senior property tax relief, every resident of New Jersey, homeowner or tenant, senior or non-senior, is impacted. The effect on non-seniors and tenants is limited to a change in how they apply, but even that change requires a robust education effort to make sure everyone knows what they need to do to obtain property tax relief.

Year Two Considerations

The Task Force's recommendation is to defer the P.L. 2023, c.75 property tax credit requirement to year two of the program. As explained, this deferment would give State agencies and local governments time to develop procedures, reduce confusion and implement change to New Jersey residents gradually, with the last change being the move to property tax credits.

Additionally, as part of the review to determine how best to implement a property tax credit process, it is recommended that the Division of Taxation determine the feasibility of allowing taxpayers to choose to continue receiving direct payments – such as a check – instead of a property tax credit for Senior Freeze and Stay NJ.

Given the additional time, the Department of Community Affairs, Division of Taxation, and local governments can review the best method for coordinating and implementing credits, which may necessitate significant investments in technology, training, etc., based on the outcome of the local government survey that will begin soon. Any costs related to this effort will be communicated separately to the Legislature and the Governor.

Legislative Considerations

As evidenced by the legislative history of property tax relief in the State of New Jersey (see Attachment 1), there are myriad statutes that govern the administration of ANCHOR, Senior Freeze and now, Stay NJ. As such, to implement the changes recommended in this report, amendments to these existing statutes are necessary. A list of the statutes is as follows:

Stay NJ

Stay NJ Act: N.J.S.A. 54:4-8.75a
Stay definitions: N.J.S.A. 54:4-8.75b
Benefit calculations: N.J.S.A. 54:4-8.75c
Combined applications and rules: N.J.S.A. 54:4-8.75d – f

ANCHOR

Homestead Credit Act (ANCHOR) definitions: N.J.S.A. 54:4-8.58
Homestead calculation: N.J.S.A. 54:4-8.59

Senior Freeze

Homestead Property Tax Reimbursement (Senior Freeze) definitions: N.J.S.A. 54:4-8.67
Senior Freeze Income - N.J.S.A. 54:4-8.68

There may be other statutes and regulations that need to be amended, but this list is a starting point. The Division of Taxation and the Department of Law and Public Safety, Division of Law, stand ready to work with the Legislature to assist in identifying all of the statutory changes necessary and help develop legislation to implement the Task Force's recommendations.
There are other considerations that should be considered to clarify legislative intent or allow for administrative flexibility in implementing and administering the new consolidated tax relief program.

1. P.L. 2022, c.75 defines a "Stay NJ Property Tax Credit" as "a property tax credit in the amount of 50 percent of an eligible claimant's **property tax bill**." (Emphasis added). However, in Section 3 of the law, the Stay Credit is described as a "tax credit in the amount of 50 percent of the **property tax paid**". This contradiction between what is billed vs. what is paid can cause confusion within the Stay Calculation. The amount of property taxes billed would be the gross assessment of property taxes due before any credits or deductions – such as the senior or veteran deduction – are applied to reduce the bill. The amount of property taxes paid would be the amount owed by the homeowners after these deductions are applied. Further, once Stay is issued as a property tax credit, it would directly reduce the amount of property taxes paid by the recipient. **The Legislation needs to clarify that the benefit is calculated based on property taxes billed – not taxes paid.** In addition, legislation should clarify whether the Stay credit should be issued based on the senior and/or veteran deductions, the amount of which are already paid for by the State as property tax relief.

2. It is expected that in the course of implementing and administering these recommendations, the Division of Taxation will incur unexpected issues that will need to be addressed. Until legislation passes and implementation begins, it is impossible to predict every nuance of the consolidated program. As such, it may be beneficial to be guided by the discretion of the Director of Taxation to address any administrative issues. Language to this effect should be written into the legislation. Further, consideration for extending the term of the Task Force may make sense to suggest any clean-up legislation if issues arise that the Director cannot address administratively. Issues beyond the Director's authority could be directed to the attention of the Task Force for consideration and to make further recommendations to the Legislature.

3. The Legislature may want to consider clarifying that the New Jersey Gross Income Tax Property Tax deduction is **limited to property taxes paid**. Otherwise, there could be confusion if the Division of Taxation cannot specifically indicate in the instructions that the deduction is limited to property taxes paid, which would be net of benefits received during the year from Senior Freeze, ANCHOR and Stay NJ. Failure to do so, may lead taxpayers to deduct up to $6,500 of property taxes they did not pay in the tax year – increasing the cost of this tax expenditure.

Contributions

Our gratitude goes out to the staff of the State of New Jersey, Department of the Treasury agencies such as the Division of Taxation, the Division of Administration, the Office of Revenue and Economic Analysis and the Office of Management and Budget, as well as the Division of Law in the Department of Law and Public Safety and the Department of Community Affairs, Division of Local Government Services, for all of their diligent work and input.

A special thanks to Jacob Foy, LaShera Kirk, Karen Orozco, Kavin K. Mistry, Susan K. Fischer, Christine Machnowsky, Aimee Manocchio Nason, Marita R. Sciarrotta, Joseph R. Perone, Amy Martin, Shelly Riley, Kevin Boyle, Jordan DiGiovanni, James Green-Armitage, Fotini Iliadis and Kate McDonnell for their invaluable contributions.

With much appreciation, the Task Force is thankful for the commentary provided by the following on March 13, 2024:

- Maureen Cosgrove, 2nd Vice-President of the Tax Collectors and Treasurers Association of New Jersey;
- Peter Chen, Senior Policy Analyst for New Jersey Policy Perspective;
- Sherril (Sherry) Diamond, former President of the New Jersey Chapter of the National Association of Tax Professionals;
- Katherine York, PhD., Associate State Director of Advocacy, AARP New Jersey State Office.
- Peter Humphreys and Ellen Steinberg, The Senior Council of Union County

Attachment 1

NJ Property Tax Relief Legislative History

History of New Jersey's Property Tax Relief Programs

Property tax relief has been offered to New Jersey residents since the Homestead Exemption enacted under P.L. 1976, c.72. Beginning in 1977, the exemption offered $1.50 per $100 of a home's equalized value plus 12.5% of the municipal effective tax rate multiplied by $10,000. Senior residents would receive an additional $50 on top of the calculation.

The Homestead Exemption could not exceed 50% of the real estate taxes paid. At the time, applications were created by the State, but administered by local tax assessors. The locality provided the forms, determined eligibility, and calculated the exemption amount. A separate Homestead Tenant Credit program – a flat $65 credit available for a tenant to take on their income tax return – was created as part of P.L. 1976, c. 47.

This document provides an overview of major contemporary changes to the Homestead Rebate under numerous names, the short-lived NJ SAVER rebate, and the Senior Freeze program from inception to current date. The following is a list of property tax relief programs in chronological order.

Stay NJ

- *Prospective benefit to be paid in 2026*
- *Combined application for Stay, Senior Freeze, and ANCHOR*
- *Task Force to make legislative recommendations*

P.L.2023, c.75 established the Stay NJ property tax credit program; required the formation of a Stay NJ Task Force, expanded the income limit and modified the ownership requirement for eligibility to receive the Senior Freeze (Homestead Property Tax Reimbursement); and enhanced ANCHOR benefits for seniors.

New Jersey lawmakers approved future increases in property tax relief to seniors and required the Division of Taxation to develop a single application for ANCHOR, Senior Freeze, and Stay NJ. Included in the law was the establishment of a Stay NJ Task Force that will examine ways to implement uniform property tax relief for senior citizen homeowners and renters. The Legislature and the Governor are required to enact legislation implementing the Task Force's recommendations. Failure to act would delay the implementation of the Stay NJ program.

Beginning in 2026, eligible senior citizens are to receive up to $6,500 in annual tax relief in the form of a credit on their property tax bill. For every tax year after the first year in which the Stay NJ program is implemented, the maximum amount to be credited to an eligible claimant will increase based on the annual percentage increase in the average residential property tax bill. For nearly all recipients, the State will pay the credits directly to the tax collector of the municipality in which a claimant's home was located.

The State will make direct payments to residents of a cooperative, mutual housing corporation, or continuing care retirement community. Credits will be equal to one-half of property taxes on the principal residences of eligible senior citizens, up to the $6,500 limit.

Combined application: The law required the Division to produce a single application that claimants could use to apply for the Stay NJ tax credit, the ANCHOR benefit, and the Senior Freeze program. The Division of Taxation was to have the application ready for taxpayer use no later than July 1, 2025.

Eligibility: Claimants for Stay NJ must be 65 years of age or older, a New Jersey homeowner on or after July 1, 2024, and have a prior year gross income of less than $500,000. The law gives claimants either the amount of the Stay NJ property tax credit, or the combined amount of the ANCHOR and Senior Freeze benefits – whichever is greater. The Division will calculate which amount is higher. A claimant will have 90 days to appeal the Division's determination of the size of the benefit.

ANCHOR

(Replaced the Homestead Benefit)

In March 2022, Governor Phil Murphy announced the Affordable New Jersey Communities for Homeowners and Renters (ANCHOR) program to replace the Homestead Benefit. Lawmakers placed details of funding and eligibility for ANCHOR into the FY23 Appropriations Act (P.L.2022, c.49) Benefits were enhanced by P.L.2023, c.75 and by the FY24 Appropriations Act (P.L.2023, c.74). In FY24, the State approved an additional $250 per applicant for New Jersey's senior homeowner and renter populations.

Homeowners		
Income	Benefit Amount	Senior Amount (new for FY24)
$150,000 or less	$1,500	$1,750
$150,001 - $250,000	$1,000	$1,250

Renters		
Income	Benefit Amount	Senior Amount (new for FY24)
$150,000 or less	$450	$700

Homestead Rebate/Benefit Program
(Replaced by ANCHOR)

1990 – 2003 actions:

- *Homestead Rebate included on income tax return*
- *Court hears PILOT case*
- *Enactment of SAVER rebate*
- *Increase for renters phased in*

P.L. 1990, c.61 created a Homestead Property Tax Rebate program to provide rebates for both homeowners and tenants. The new program replaced certain other direct property tax relief programs: (1) the original Homestead Rebate program (P.L. 1976, c.72), which provided rebates to homeowners; (2) the Residential Property Tax Deduction and Credit provided to both homeowners and tenants on their Income Tax returns under P.L. 1985, c.304, and (3) the Tenant Credit program (P.L. 1976, c. 47, as amended).

The application for the Homestead Property Tax Rebate was combined with the resident Income Tax return beginning with the tax return for 1990, and benefits were linked to income level and amount of property taxes paid. Under this program, rebates ranged from $100 to $500 for homeowners, and $35 to $500 for tenants, depending on the applicant's filing status, gross income, and the amount of property taxes paid, either directly or through rent. Those with incomes over $100,000 were not eligible for a rebate.

FY93 budget restricts eligibility: Beginning in 1992, the amount appropriated for property tax relief programs in the State Budget affected the amount of the Homestead Rebate paid to some taxpayers. Only taxpayers who were 65 years of age or older or blind or disabled were eligible to receive rebates of $100 to $500 (homeowners) or $35 to $500 (tenants), provided that their gross income did not exceed $100,000. For other taxpayers, only those with gross income of $40,000 or less were eligible to receive a standard rebate amount of $90 for homeowners and $30 for tenants. Those with gross incomes over $40,000 were no longer eligible for a rebate.

PILOT homes ineligible: In November 1992, the New Jersey Tax Court ruled that anyone who resided in a dwelling that was not subject to Local Property Tax was not entitled to a Homestead Property Tax Rebate. This group included tenants living in subsidized housing or other dwellings owned by the State, county, municipal, or federal government; students living in on-campus apartments at State colleges and universities; and tenants living in dwellings owned by religious, charitable, or other nonprofit organizations, including on-campus apartments at private nonprofit colleges and universities, if the property was exempt from Local Property Taxes.

Permanently and totally disabled veterans and their surviving spouses who do not pay property taxes were also ineligible for rebates.

Enactment of SAVER rebate: P.L. 1999, c. 63, the NJ SAVER and Homestead Rebate Act, created the NJ SAVER Rebate program, a direct property tax relief program to be phased in over five years beginning in 1999.

Homeowners who qualified for both the Homestead Rebate and the NJ SAVER Rebate received either the Homestead Rebate or the NJ SAVER Rebate, depending on which program provided the greater benefit.

This legislation increased the Homestead Rebate income threshold for tenants to $100,000 and set the income threshold at $40,000 for homeowners who were not 65 or older or blind or disabled.

Chapter 159, P.L. 2001 increased the maximum benefit under the Homestead Rebate program for homeowners and tenants who were 65 or older or disabled from $500 to $750 beginning with Homestead Rebates paid in Calendar Year 2001. For Homestead Rebates paid in 2002 and thereafter, the maximum amount would be indexed annually to the cost of living. This legislation also increased the maximum tenant Homestead Rebate paid in 2001 and thereafter to tenants who are not 65 or disabled to $100, eliminating the three-year phase-in that, under the prior legislation (C. 63, P.L. 1999), was scheduled to end with rebates paid in 2003. It also increased the minimum rebate for tenants who were 65 or disabled to $100.

Under State Budget provisions for Fiscal Year 2004, Homestead Rebates paid in 2003 were not adjusted for cost-of-living. From 1999 until 2004, both the Homestead Rebate and the NJ SAVER Rebate programs provided property tax relief benefits to qualified homeowners.

1998 – 2002 increase for renters: For 1998, tenants who were under 65, not blind or disabled, and who had income between $40,000 and $100,000 were eligible to receive a $30 Homestead Rebate provided they filed a Homestead Rebate Application by June 15, 1999. The legislation increased this amount to $40 for the 1999 tax year, $60 for the 2000 tax year, $80 for the 2001 tax year, and $100 for 2002 and thereafter.

2004 – 2018 actions:

- *Homestead/SAVER combined as FAIR*
- *2006 Homestead Property Tax Credit Act replaces FAIR*
- *2007 – 2015 benefits restricted to 2006 property taxes*
- *2009 – 2018 benefit starts being paid as credit*

Chapter 40, P.L. 2004, the 2004 Homestead Property Tax Rebate Act, folded the NJ SAVER Rebate program into the existing Homestead Rebate program, and combined certain aspects of each, eliminating the NJ SAVER Rebate for Tax Years 2004 and thereafter. The new program was given the acronym FAIR, which stood for Fair and Immediate Relief. The Act also provided that the NJ SAVER and Homestead Rebates for 2003 were to be calculated the same way, taking into account the applicant's filing status, gross income, and the amount of property taxes paid, either directly or through rent.

2003 – 2004 benefit calculations: Eligible applicants received either the Homestead Rebate or the NJ SAVER Rebate. The rebates ranged from $500 to $1,200 for homeowners, and from $150 to $825 for tenants. Homeowners with incomes over $200,000, or tenants with incomes over $100,000, were not eligible for a 2003 rebate.

2004 eligibility/application changes: For Tax Year 2004, rebate amounts were determined by income, filing status, whether a taxpayer was age 65 or older or eligible to claim an exemption as blind or disabled for the tax year, and whether the taxpayer was a homeowner or a tenant on October 1 of the tax year. Gross income could not exceed $200,000 for eligible homeowners or $100,000 for eligible tenants.

Beginning with Tax Year 2004, tenants applied for the rebate on Form TR-1040, found in the Income Tax return booklet. A separate rebate application was mailed to homeowners. Only New Jersey residents who were either homeowners or tenants on October 1 and met the other requirements were eligible for a rebate for that year.

FY06/FY07 benefit amounts: The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2006 affected rebate amounts paid for Tax Year 2004. Homeowners age 65 or older or disabled received rebates of $500 to $1,200. Homeowners under age 65 and not disabled received $300 to $350. Tenants age 65 or older or disabled received $150 to $825; and the rebate amount for tenants under age 65 and not disabled was $75. For Tax Year 2005, eligible homeowners who were age 65 or older or disabled received rebates ranging from $500 to $1,200.

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2007 affected rebate amounts for 2005 for eligible homeowners under age 65 and not disabled. Rebates for these homeowners ranged from $200 to $350. Tenants age 65 or older or disabled received from $150 to $825; and the rebate amount for tenants under age 65 and not disabled was $75.

2006 Homestead Property Tax Credit Act: P.L. 2007, c.62 rebranded the FAIR program and established a new system for calculating benefits. For Tax Year 2006, eligible homeowners received 10% to 20% of the first $10,000 of property taxes paid, depending on their income level:

Income	Percentage of Property Tax
$100,000 or less	20%
$100,001 to $150,000	15%
$150,001 to $250,000	10%

Eligible homeowners who were age 65 or older or disabled received the larger of either the applicable percentage of property taxes paid (see above) or the amount by which the property taxes paid exceeded 5% of gross income, but within the range specified based on income:

Income	Rebate Range
$70,000 or less	$1,000 to $1,200
$70,001 to $125,000	$600 to $800
$125,001 to $200,000	$500

2007 income levels and amounts: Under the State Budget for Fiscal Year 2008, eligible tenants aged 65 or older or disabled received rebates ranging from $160 to $860, and tenants under age 65 and not disabled received from $80 to $350.

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2009 affected eligibility and rebate amounts for Tax Year 2007 for both homeowners and tenants. Only homeowners with income of $150,000 or less were eligible, and the rebates for homeowners were to be based on 2006 property taxes.

For Tax Year 2007, eligible homeowners received either 10% or 20% of the first $10,000 of property taxes paid in 2006, depending on their income level (P.L.2007, c.62):

Income	Percentage of Property Tax
$100,000 of income or less	20%
$100,001 to $150,000	10%

Eligible homeowners who were age 65 or older or disabled received the larger of either the applicable percentage of property taxes paid (see above) or the amount by which the property taxes paid exceeded 5% of gross income, but within the range specified based on income:

Income	Rebate Range
$70,000 or less	$1,200 to $1,000
$70,001 to $125,000	$800 to $600
$125,001 to $150,000	$500

Eligible tenants aged 65 or older or disabled received rebates ranging from $160 up to a maximum of $860. Other tenants received $80.

2008 – 2018 income levels and amounts: The amounts appropriated for property tax relief programs in the State Budgets for Fiscal Years 2010 through 2015 limited eligibility and benefit amounts for Tax Years 2008 through 2012 for homeowners based on income (homeowners aged 65 or older or disabled with gross income of more than $150,000 and homeowners under age 65 with gross income of more than $75,000 were not eligible). The Budgets also required that the benefits for homeowners be based on 2006 property taxes.

2008 – 2018 renters: For Tax Year 2008, only tenants aged 65 or older or disabled were eligible for a $860 rebate. No Homestead Benefits were issued to tenants for Tax Years 2009 through 2018.

2008 homeowners: For Tax Year 2008, eligible homeowners who were aged 65 or older or disabled received the larger of either the applicable percentage of the first $10,000 of property taxes paid for 2006 or the amount by which property taxes paid exceeded 5% of New Jersey gross income, but within the following ranges:

Income	Rebate Amount
$70,000 or less	$1,200 to $1,000
$70,001 to $125,000	$800 to $600
$125,001 to $150,000	$500

Eligible homeowners who were under age 65 and not disabled received either 20% or 13.34% of the first $10,000 of **property taxes paid for 2006**, depending on their income level:

Income	Percentage of Property Tax
$50,000 or less	20%
$50,001 to $75,000	13.34%

2009 – 2018 benefits paid as credits: For Tax Year 2009, eligible homeowners who were age 65 or older or disabled received one-quarter of the applicable percentage of the first $10,000 of property taxes paid for 2006 (20% for applicants with gross income up to $100,000 or 10% for applicants with gross income over $100,000 but not over $150,000).

Eligible homeowners who were under age 65 and not disabled received one-quarter of the applicable percentage of the first $10,000 of property taxes paid for 2006 (20% for applicants with gross income up to $50,000 or 13.34% for applicants with gross income over $50,000 but not over $75,000).

Benefits for 2009 were applied to property tax bills for the second quarter of 2011. For Tax Years 2010 through 2014, eligible homeowners who were age 65 or older or disabled received either 10% or 5% of the first $10,000 of property taxes paid for 2006, depending on their income level:

Income	Percentage of Property Tax
$100,000 or less	10%
$100,001 to $150,000	5%

Eligible homeowners who were under age 65 and not disabled received either 10% or 6.67% of the first $10,000 of property taxes paid for 2006, depending on their income level:

Income	Percentage of Property Tax
$50,000 or less	10%
$50,001 to $75,000	6.67%

In Tax Years 2015 and 2016, the budget appropriations directed that the benefit be split into two credit amounts. Homestead credits for 2010 through 2018 were applied as follows:

Tax Year	Month Credited
2010	February 2012
2011	August 2013
2012	May 2015
2013	May 2016
2014	May 2017
2015	May and November 2018
2016	May and November 2019
2017	May 2020
2018	May 2021

ANCHOR replaces Homestead beginning Tax Year 2019: P.L. 2022, c.49 increased income eligibility, reinstated benefits for renters, and eliminated the percentage calculation for flat rebate amounts.

NJ SAVER

- *Now expired*
- *Ran concurrently with Homestead*
- *Applicants received greater of Homestead or SAVER*
- *Combined with Homestead in 2004; Rebranded as FAIR.*

Chapter 63, P.L. 1999, the New Jersey School Assessment Valuation Exemption Relief and Homestead Property Tax Rebate Act (NJ SAVER and Homestead Rebate Act), created the NJ SAVER Rebate program. Under this program, New Jersey residents, regardless of age or income, who owned, occupied, and paid property taxes on a home in New Jersey that was their principal residence on October 1 of any year were eligible to receive an NJ SAVER Rebate for that year.

Rebate calculation: Rebates were calculated by multiplying the equalized value of a home by the effective school tax rate for the municipality in which the home was located. The equalized value for the calculation could not exceed $45,000. Since school tax rates varied among municipalities, NJ SAVER Rebate amounts varied.

The legislation provided for a five-year phase-in period beginning in 1999. The first rebate checks mailed in 1999 represented 20% of the maximum NJ SAVER Rebate and homeowners received 40% of the maximum rebate in 2000.

P.L. 2001, c.159 amended the original legislation (P.L. 1999, c.63) to accelerate the phase-in period of the NJ SAVER Rebate program from five years to four years. The legislation increased

the amount to be paid in 2001 from 60% to 83 1⁄3% of the full amount and provided for the full benefit amount to be paid in 2002.

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2003 affected NJ SAVER Rebates for 2001. Only homeowners earning $200,000 or less received rebates, which were limited to the amounts paid for 2000. As part of the State Budget for Fiscal Year 2004, NJ SAVER Rebates for 2002 were not paid to any individual or married couple with gross income in excess of $200,000.

Additionally, the amount paid was limited to 50% of the prior year's NJ SAVER Rebate check. The 2004 Homestead Property Tax Rebate Act (P.L. 2004, c.40) folded the NJ SAVER Rebate program into the existing Homestead Rebate program, and combined certain aspects of each, eliminating the NJ SAVER Rebate for Tax Year 2004 and thereafter. The combined program was called Fair and Immediate Relief (FAIR) which later became the Homestead Benefit in 2006.

Fair and Immediate Relief (FAIR)

- *2004 program combined the Homestead and SAVER*

Chapter 40, P.L. 2004, the 2004 Homestead Property Tax Rebate Act, folded the NJ SAVER Rebate program into the existing Homestead Rebate program, and combined certain aspects of each, eliminating the NJ SAVER Rebate for Tax Years 2004 and thereafter. The new program was called Fair and Immediate Relief (FAIR). Replaced by the 2006 Homestead Property Tax Credit Act pursuant to P.L. 2007, c.62.

Senior Freeze (Property Tax Reimbursement)

- *Separate program from ANCHOR; formerly Homestead*
- *Taxpayer entitled to both Freeze and ANCHOR*
- *2008 income increase*
- *Budgets restricted payment amount in certain years*
- *2022 relaxes residency requirements and expands income*

P.L.1997 c.348 created the Senior Freeze (Property Tax Reimbursement) program.

P.L.2001, c.251 expanded the income limits for the Senior Freeze program to $37,174 for single filers and $45,582 for joint filers for the 2000 tax year.

P.L.2003, c.30 extended the deadline for applying for the Senior Freeze from December 31 of the tax year for which the benefit would be paid to June 1 of the following year.

P.L.2008, c.119 increased the income eligibility limits for the Senior Freeze program beginning in Tax Year 2007. The law stated that beginning with Tax Year 2008, a property taxpayer could not receive reimbursements, rebates, credits, deductions, or exemptions of property taxes exceeding the amount of property taxes that the taxpayer paid for the taxpayer's residence for the same year.

Income eligibility limits increased from $45,135, if single, and $55,344 (combined income) for married couples to $60,000 in Tax Year 2007; to $70,000 in Tax Year 2008; and to $80,000 in Tax Year 2009, whether single or married.

P.L.2009, c.129 allowed eligible claimants to meet the three-year ownership requirement for initial eligibility but allowed a claimant who moved to another home in New Jersey to resume eligibility for the Senior Freeze program and receive a Senior Freeze benefit in the second full year following the move.

P.L.2023, c.84 allowed individuals who exceeded income limits because of a one-year, windfall rise in income to apply to retain their base year for calculation of the Senior Freeze reimbursement.

P.L.2023, c.75 revised eligibility for Senior Freeze claimants who established a base year beginning in 2022. The law increased the income limit to $150,000 for Tax Year 2022 and eliminated the 10-year New Jersey residency requirement. The changes were not applicable until the 2023 Senior Freeze application year, for which the benefit was scheduled to be paid in calendar year 2024.

Claimants who were authorized to receive a Stay NJ property tax credit in lieu of a Senior Freeze reimbursement could maintain their base year if they met eligibility requirements.

Attachment 2

Power Point Overview (December 20, 2023 Stay NJ Board Meeting)

Stay NJ

P.L. 2023 CH. 75

Legacy Program - ANCHOR

- Any qualified taxpayer, senior or otherwise
- Rent or own
- Based on tax year, two prior – example for CY 2023/TY 2022, ANCHOR benefit was based on 2020 TY
- Income limit not more than $250,000 (renters $150,000) and based on NJ income
- Paid by check or direct deposit
- Requires a new application each year with a PIN and ID for homeowners. If taxpayer has no changes to previously filed application, Taxation may apply for them.
- Benefit currently paid in last quarter of CY up to $1750 for homeowners and $700 for renters depending on income and age

Legacy Program – Senior Freeze PTR

- Senior homeowners only
- Qualified seniors are able to freeze property taxes when they first qualify. This is referred to as a base year
- First time applicants must qualify for two consecutive years
- 2024 benefit will be based on 2022 and 2023 tax years
  - Income threshold now $150,000 + owned and resided in the homestead for three years
  - Income threshold indexes annually
- Requires an annual, mostly paper application that includes verification of income and proof of payment of property taxes
- Income requirement is tied to the PAAD program and generally includes income from all sources
- Application period starts in February of each year and benefits begin to get paid out by check during July of each year.
  - Taxpayer pays their higher property taxes and the State reimburses them for the difference between the current payment and the frozen amount from the base year.
- N.J.S.A. 54:4-8.71 requires the Director to mail payments to eligible claimants.

New program – Stay NJ (P.L. 2023, CH.75)

- Creates a new property tax relief program called Stay NJ
  - Maximum benefit - credit equal to up to 50% of property taxes or $6500
    - Seniors only (65 years of age as of 7/1/2024)
    - Earned NJ income of less than $500,000
    - Owned a NJ home as a principal residence as of 7/1/2024
  - Benefit is applied as a quarterly credit to municipal property taxes effective 1/1/2026 tax year
  - Law **does not** eliminate the two existing property tax relief programs
    - Senior Freeze and ANCHOR
  - Law requires a comparison of benefits under the two legacy programs compared to Stay NJ. The higher calculated benefit is approved.

New program – Stay NJ (P.L. 2023, CH.75)

- Effective 1/1/2026 - funding would be included in the FY2026 (7/1/25) state budget (six month impact). Additionally, the enabling legislation requires annual appropriations for FY2024 and FY2025 held in “escrow”
- Stay NJ pre-requisites for funding in any given year…
  - Full funding of K-12 education
  - Full funding of $250 property tax deduction for veterans and $250 property tax deduction for senior citizens and disabled persons
  - Full funding of the contributions to the retirement systems
  - Budget surplus of 12%
- If the above are not met, Stay NJ is not funded.
- This requirement would prohibit Stay NJ from being operationalized in a given year but the two legacy programs would remain (subject to appropriation)

Stay NJ Administrative Requirements

- ✓Creation of a task force
- ✓Appointment of an executive director to the task force
- Development of a combined single application to meet the requirements of the three property tax relief programs
- Quarterly activity reports and final report with recommendations by May 30, 2024

Role of task force - P.L. 2023, CH 75; 18.a.

- Develop recommendations for establishing and funding uniform property tax relief.
- Present to the Governor and the Legislature, no later than May 30, 2024, a report containing recommendations about how to restructure, and consolidate, the various property tax relief programs into one, streamlined, property tax relief program.
- The report shall include recommendations concerning system improvements that both the State and local government units would need to implement the Stay NJ property tax credit program and the funding required to establish and maintain such system improvements.
- The task force shall provide recommendations that have a target implementation date of January 1, 2026.

Final Report

- May 30, 2024 report to the Governor and the Legislature detailing the task force's recommendations, including any recommendations for legislative or regulatory action that are necessary to effectuate the recommendations.
  - Legislature and Executive shall consider the task force's recommendations and have until 90 days prior to July 1, 2025 to enact any required legislation. If the deadline is not met, Stay NJ and the combined single application is delayed.
- Deferral/Delay of Stay NJ may occur if…
  - Funding pre-requisites are not met. Stay NJ cannot obstruct full funding of the pre-requisites.
  - Necessary legislation to effectively implement the program is not enacted.

Challenges

- Areas to focus on…
  - Payment method (Stay NJ v. ANCHOR and Senior Freeze)
  - Program year (ANCHOR v. Stay NJ and Senior Freeze)
  - Definition of income (Senior Freeze v. ANCHOR and Stay NJ)
  - Alignment with Senior Freeze in year one
  - Expected local government issues

Program Differences

- Stay NJ
  - Payment method – property tax credit (quarterly)
  - Program year – most recent tax year
  - Definition of income – NJ income
- ANCHOR
  - Payment method – check or direct deposit (Director has flexibility)
  - Program year – two years prior (2023 benefit based on 2020TY)
  - Definition of income – NJ income
- Freeze
  - Payment method – reimbursement paid by check
  - Program year – most recent two years (2023 benefit based on 2022TY and 2021TY)
  - Definition of income – PAAD definition…income from all sources

Stay NJ Payment Requirements

- The director shall determine which property tax benefit program or programs provide the greatest benefit for the applicant.
- An applicant shall only be entitled to the greater of:
  - the amount of the Stay NJ property tax **credit**; or
  - the combined amount of the ANCHOR property tax **rebate** and the Senior Freeze (homestead property **tax reimbursement**).

N.J. Stat. § 54:4-8.75d

Stay NJ Implementation and Alignment with Senior Freeze

- Senior Freeze applications are released to seniors in February each year and benefits begin to be paid by July 15th.
- The application and payment process continues to the end of October.
- Freeze application is expected by seniors in February 2025, Stay NJ legislation due April 2025, Funding decision around July 1, 2025.
- The consolidated application is due July 1, 2025 and the benefits applied as quarterly credits starting in 2026 (Feb 2026 property tax bill)

Stay NJ Implementation Timeline – Year One

CY 2025											
FY 2025						FY 2026					
Jan 2025	Feb 2025	March 2025	April 2025	May 2025	June 2025	July 2025	Aug 2025	Sept 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026
Red = Senior Freeze **Green = Stay NJ** **Blue = ANCHOR** Based on 2023 program			**2024 TY Stay NJ benefit Legislation deadline**			**2024 TY Stay NJ funding determination and Consolidated Application due**						**2024 TY Stay NJ credit applied Q1 of 2026 property taxes (Feb 2026 tax bill)**
	2023 TY/2024 TY Freeze benefit application process begins					**2023 TY/2024 TY Freeze benefit payments begin**	**2022 TY ANCHOR benefit application process begins**			**2022 TY ANCHOR benefit payments begin**		

Expected Local Government Issues (related to credits)

- Timing of Stay NJ may conflict with tax bill…
  - Property tax bills are statutorily mandated to be printed in July for quarters 3 and 4 of the current year and quarters 1 and 2 of the following year.
  - Stay NJ application process will occur when tax bills are printed.
  - Final benefit amounts may result in re-printing of tax bills.
- Technology issues for many municipalities may require investment to upgrade IT infrastructure.
- Training will be required for both state and local personnel in order to administer the program. This will be difficult under the current timeframe.

Attachment 3

Power Point Overview of Property Tax Relief Programs (Presentation by Taxation)

Property Tax Relief Programs

New Jersey Division of Taxation

Property Tax Relief

- 2020 ANCHOR benefits
- Upcoming 2023 Senior Freeze filing season
- Creating a combined application

2020 ANCHOR Eligibility

Homeowners are eligible if they met the following:

- They owned and occupied a home in New Jersey used as a principal residence on October 1, 2020; and
- Property taxes were paid on that home; and
- 2020 New Jersey income was $250,000 or less

ANCHOR Benefit Amounts

New for 2020 – Increased ANCHOR benefits for seniors by $250

Homeowners ANCHOR Benefit Amounts

2020 New Jersey Gross (NJ 1040, line 29)	In 2020, age 64 or younger	In 2020, age 65 or older
$150,000 or less	$1,500	$1,750
$150,001 - $250,000	$1,000	$1,250

Renters ANCHOR Benefit Amounts

2020 New Jersey Gross (NJ 1040, line 29)	In 2020, age 64 or younger	In 2020, age 65 or older
$150,000 or less	$450	$700

2020 ANCHOR Highlights

- Filing and benefit payments
  - Season condensed into four months
  - 1.8 million total benefits paid
  - 2019 Comparison: 1.6 million total benefits paid

- Senior homeowner payments
  - $863.9 million benefits paid
  - 502k senior homeowners paid
  - Average benefit - $1,718

- Senior renter payments
  - $60.8 million in benefits paid
  - 92k senior renters paid
  - Average benefit - $656

Benefit payment amounts as of January 2024.

Challenges Administering ANCHOR

Public Assistance:

- Program reaches massive amount of New Jerseyans

- Phone and correspondence channels impacted
  - 1.4 million ANCHOR calls received
  - 749k unique callers
  - 339k callers used self-service options
  - 42k emails received

Challenges Administering ANCHOR

Fraud Concerns:

- Bad actors attempt to redirect benefit payments by filing false applications
- Some of these efforts include valid taxpayer information and appear legitimate
- Fraud can delay payment and increase taxpayer traffic with the State

Challenges Administering ANCHOR

Two ANCHOR rebates in calendar year 2023:

- 2019 ANCHOR paid in May 2023
- 2020 ANCHOR filing season began August 2023
- Public confusion
- Resource heavy to administer in this manner

Senior Freeze - Background

- Enacted as P.L. 1997, c.348
  - 1998 was the initial tax year program was offered
- Benefit calculated as a reimbursement the property tax increase
  - Tax year minus the "base year"
  - Example: Initial year calculation = 1998 minus 1997 property taxes
- Seniors keep their "base year" in future calculations
  - So long as they remain eligible

Senior Freeze Eligibility Guidelines

- Age 65/older or receiving federal Social Security disability
- Owned and lived in the home for at least 3 years
- Property taxes paid in full
- Have income below the annual limit
  - Income is commonly different than the NJ income tax return

Eligibility requirements must be met for both the "base year" and the tax year

2023 Senior Freeze filing season

- Applications to be mailed February 12, 2024

- New: Income limits
  - 2022 income - $150,000 or less
  - 2023 income - $163,050 or less

- New: Residency requirement reduced to three years
  - Formerly, a 10 year NJ Resident requirement

2023 Senior Freeze Applications

- Form PTR-1
  - Predominantly new filers
  - Used to establish a base year
- Form PTR-2
  - Used by those who already established a base year
- Filing Deadline: October 31, 2024

Senior Freeze Benefits

- Approx. 139k seniors benefit annually
  - Expected to significantly increase in 2023 and later due to new income and residency requirements
- In 2022, $1,196 average benefit amount

Combined Stay Application

- Eligibility Differences
  - Residency requirements
  - Treatment of income
  - Benefit years do not match
- Benefit Payment Differences
  - Rebate vs credits
  - Statutes conflict on how benefits are paid
- Ideal Property Tax Relief would:
  - Minimize fraud
  - Be simplified for senior applicants
  - Have easier administrative burden

Attachment 4

Considerations for Implementation as a Credit Power Point Presentation (Department of Community Affairs)

Division of Local Government Services

Department of Community Affairs

Jacquelyn A. Suarez
Acting Commissioner
Director, Div. of Local Government Services

Considerations for Implementing Stay NJ as a Credit

New Jersey Department of Community Affairs

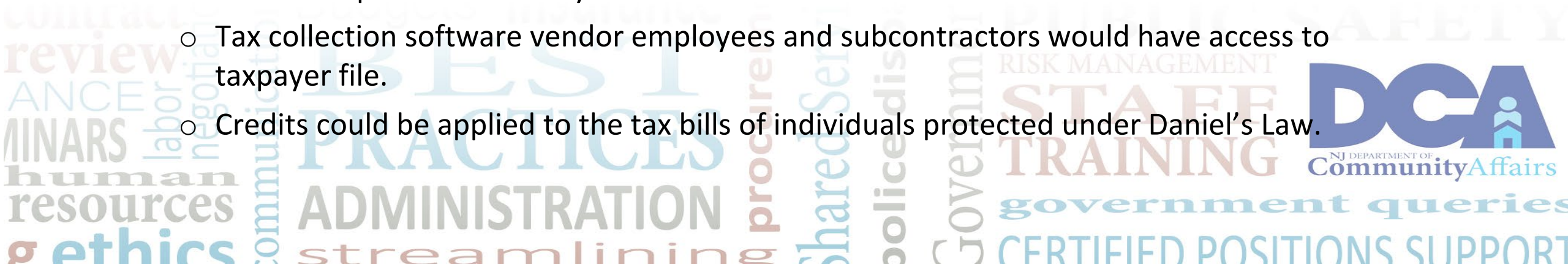
Division of Local Government Services

Data Security & Integrity

Implementation as credit will require Divisions of Taxation and Local Government Services to make electronic taxpayer files with available to municipal tax collectors and tax collection software vendors. Additional steps versus direct disbursement of relief to taxpayer.

Considerations:

- Risk of data error - the tax collector will need to confirm accuracy of the file with the municipality's own tax collection records to ensure accurate credit application.
- Cybersecurity vulnerability; risk of improper access to and use of taxpayer information:
  - Integrity of IT systems on State, municipal, and software vendor level
  - Need for a secure electronic system that only provides access to taxpayer information for the municipalities served by the tax collector and software vendor.
  - Tax collection software vendor employees and subcontractors would have access to taxpayer file.
  - Credits could be applied to the tax bills of individuals protected under Daniel's Law.



Data Security & Integrity

Experience from Homestead Credit Implementation:

- Homestead Benefit information, including the amount of the credit, was treated as public information [i.e. subject to OPRA] once the adjusted tax bills were produced.
- Registered users of the MyNewJersey Portal (tax collectors and software vendors) had physical access to information for all municipalities – access was not physically restricted to only those municipalities that the tax collector or tax collection software vendor served.
    - Users were instructed to only access data relevant to their duties with users advised that access to the MyNewJersey document library was logged and may be used to determine inappropriate use of data. Confidentiality stipulations were signed by vendors as a condition of MyNewJersey access.

Timing of Credits & Municipal Disbursements

- Quarter due August 1st: Even if taxpayer data file were to be provided to municipalities in May, credits cannot be applied until the State Budget is adopted and it is known whether StayNJ credits will be funded either at all or to the level specified in the file.
- Ability to implement StayNJ credit on the quarter due November 1 could be negatively impacted by factors such as the late adoption of municipal budgets. In unusual cases, delays could impact subsequent quarters as well.
    - Delay in adopting FY2024 Washington Twp. (Burlington County) school budget led to delay in 1Q 2024 Township property tax bill.
- The State will have reduced flexibility in timing the funding of credits to municipalities. Significant delays in funding StayNJ credits could negatively impact municipal cashflow, particularly in fiscally distressed municipalities with minimal reserves.
- Need for allowing sufficient time for quality control on electronic taxpayer files; buffer for Taxation/DLGS to remedy any data errors that may arise.
- A credit framework will also dramatically limit the State's flexibility to extend applicant filing deadlines and, if desired, provide leniency to late filers.

Additional Considerations

Clear guidance, perhaps statutory or regulatory provisions, necessary to determine entitlement to credits upon sale or transfer of a property.

- Does the credit remain with the property or is that information disclosed upon settlement?
- What is the relevant date for assigning the credit to the buyer versus the seller?

- Uniform guidance on calculating the amount of the credits for the bills of each eligible taxpayer; timing of distributing billing files to mortgage servicers.
- If applying the credit will require the issuance of an adjusted bill, municipalities will need to be reimbursed for the cost of issuance (as was done with the Homestead credit).
- Implementing adjustments in taxpayer credits. Will the taxpayer receive a check or is the tax collector supposed to adjust the amount of the credit in the next quarter? The latter would likely pose a significant administrative burden for the tax collector's office and the tax collection software vendor.

Additional Considerations

- Municipal codes used by Taxation are not uniform with those used by DLGS. Taxation will need to convert their codes to DLGS system before transmitting files to municipalities.
- How much will tax collection software vendors be charging municipalities to implement a StayNJ credit, and how much lead time would those vendors need to implement the necessary changes?
- DLGS would need to work with tax collection software vendors to approve adjusted bill formats, which will require lead time prior to implementation to ensure accuracy and comprehensibility for taxpayers.

DCA
NJ DEPARTMENT OF CommunityAffairs

Attachment 5

Property Tax Benefit Draft Notices

Sample Letters for Property Tax Relief for STAY NJ

These letters are an approximation of statements that will be sent to qualified New Jersey residents in the Stay NJ program's second year of implementation. The maximum benefit in year one of the program – FY 2026 (2024 tax year) – is half of the full benefit or 50% of the property taxes up to $3,250 and will increase to a maximum of $6,500 or 50% of the property taxes for year two.

These letters assume that the applicants were homeowners who met the age, residency, and income requirements of the combined Property Tax Relief application. This means that the homeowners must have been full-year New Jersey residents who were age 65 or older (if married filing jointly at least one of the applicants must have met the age requirement). Additionally, they must have owned a home that was their principal residence on December 31, 2025.

The income recorded in these scenarios is the maximum total income that would be reported on the combined property tax relief application. Note: The maximum total income is the applicant's New Jersey gross income before any exclusions plus the taxpayer's tax-exempt interest; excludable pension, annuity, IRA distributions/withdrawals; and Social Security benefits.

For purposes of the Senior Freeze calculation, the homeowner's benefit is the full amount of their 2025 property taxes less their base year property taxes. For purposes of the Anchor Benefit calculation, these letters assume the 2025 benefit for homeowners who are age 65 or older will be paid as follows:

Gross Income	*ANCHOR Benefit Amount*
$150,000 or less	$1,750
$150,001 - $250,000	$1,250
More than $250,000	0

Letter 1: John Doe was 75 years old in 2025 and had $101,742 of income for purposes of the combined property tax relief application. He received a significant benefit from the Senior Freeze program and also received the maximum ANCHOR benefit. Since the amount of his combined Senior Freeze and ANCHOR benefits was more than 50% of his taxes, he was ineligible an additional benefit from the Stay NJ program.

Letter 2: Jane Doe was 67 years old in 2025 and had $98,976 of income for purposes of the combined property tax relief application. The amount of her combined Senior Freeze and ANCHOR benefits was less than 50% of her taxes. Therefore, she received an additional benefit amount from the Stay NJ program.

Letter 3: John and Jane Doe are a married couple who had $162,724 of income for purposes of the combined property tax relief application. In 2025, Dexter was age 70 and Anna was age 65. The amount of their combined Senior Freeze and ANCHOR benefits was less than 50% of their taxes. Therefore, they received an additional benefit amount from the Stay NJ program.

Letter 4: Jane and John Doe are a married couple who had $465,113 of income for purposes of the combined property tax relief application. In 2025, Jane was age 62 and Joe was age 65. They are not eligible for either the Senior Freeze or the ANCHOR benefit because their income exceeds the income thresholds for both of those programs. Their entire property tax relief benefit was received through the Stay NJ benefit. Without Stay NJ, these seniors would not receive tax relief.

Note: These letters are for illustration purposes only and may not be an exact representation of what the Division of Taxation actually produces nor do they cover all possible scenarios.

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. BOX 1234
TRENTON, NEW JERSEY 08695-1234

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

MARITA R. SCIARROTTA
Acting Director

Dear John Doe:

Governor Murphy worked with his partners in the State Legislature to expand property tax relief benefits for New Jersey seniors. This administration has been dedicated to increasing and expanding property tax relief incentives to help New Jersey seniors remain in their homes. The addition of the Stay NJ program effectively cuts many seniors' property taxes in half.

Here's how your property taxes are affected by this effort:

2025 Property Taxes	$ 7,500
Qualified Property Taxes[+]	$ 3,750
Total 2025 Property Relief	**$ 3,750**
Senior Freeze Base Year Taxes	$ 4,500
Senior Freeze Benefit	$ 3,000
ANCHOR Benefit	$ 1,750
Combined Benefit	$ 4,750
Stay NJ Benefit	$ 0

[+] Qualified property taxes means 50% of the 2025 property taxes, which are capped at $6,500 for purposes of the calculation.

Sincerely,
The New Jersey Division of Taxation

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. BOX 1234
TRENTON, NEW JERSEY 08695-1234

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

MARITA R. SCIARROTTA
Acting Director

Dear Jane Doe:

Governor Murphy worked with his partners in the State Legislature to expand property tax relief benefits for New Jersey seniors. This administration has been dedicated to increasing and expanding property tax relief incentives to help New Jersey seniors remain in their homes. The addition of the Stay NJ program effectively cuts many seniors' property taxes in half.

Here's how your property taxes have been affected by this effort:

2025 Property Taxes	$ 7,500
Qualified Property Taxes[+]	$ 3,750
Total 2025 Property Relief	**$ 3,750**
Senior Freeze Base Year Taxes	$ 7,300
Senior Freeze Benefit	$ 200
ANCHOR Benefit	$ 1,750
Combined Benefit	$ 1,950
Stay NJ Benefit	$ 1,800

[+] Qualified property taxes means 50% of the 2025 property taxes, which are capped at $6,500 for purposes of the calculation.

Sincerely,
The New Jersey Division of Taxation

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. BOX 1234
TRENTON, NEW JERSEY 08695-1234

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

MARITA R. SCIARROTTA
Acting Director

Dear John and Jane Doe:

Governor Murphy worked with his partners in the State Legislature to expand property tax relief benefits for New Jersey seniors. This administration has been dedicated to increasing and expanding property tax relief incentives to help New Jersey seniors remain in their homes. The addition of the Stay NJ program effectively cuts many seniors' property taxes in half.

Here's how your property taxes are affected by this effort:

2025 Property Taxes	$ 18,000
Qualified Property Taxes[+]	$ 6,500
Total 2025 Property Relief	**$ 6,500**
Senior Freeze Base Year Taxes	$ 17,700
Senior Freeze Benefit	$ 300
ANCHOR Benefit	$ 1,250
Combined Benefit	$ 1,550
Stay NJ Benefit	$ 4,950

[+] Qualified property taxes means 50% of the 2025 property taxes, which are capped at $6,500 for purposes of the calculation.

Sincerely,
The New Jersey Division of Taxation

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. BOX 1234
TRENTON, NEW JERSEY 08695-1234

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

MARITA R. SCIARROTTA
Acting Director

Dear Jane and John Doe:

Governor Murphy worked with his partners in the State Legislature to expand property tax relief benefits for New Jersey seniors. This administration has been dedicated to increasing and expanding property tax relief incentives to help New Jersey seniors remain in their homes. The addition of the Stay NJ program effectively cuts many seniors' property taxes in half.

Here's how your property taxes are affected by this effort:

2025 Property Taxes	$ 17,500
Qualified Property Taxes[+]	$ 6,500
Total 2025 Property Relief	**$ 6,500**
Senior Freeze Base Year Taxes	$ n/a
Senior Freeze Benefit	$ n/a
ANCHOR Benefit	$ n/a
Combined Benefit	$ 0
Stay NJ Benefit	$ 6,500

[+] Qualified property taxes means 50% of the 2025 property taxes, which are capped at $6,500 for purposes of the calculation.

Sincerely,
The New Jersey Division of Taxation

Attachment 6

Draft Survey for the Municipalities

Sample Municipal Survey

P.L. 2023, c.75 (Stay NJ) requires property tax credits to be applied for qualified residents beginning with Tax Year 2026. Please answer the following questions to assist the State of New Jersey with identifying municipal issues and concerns about complying with the law.

GENERAL

Does your municipality have adequate personnel and the appropriate processes, systems, and controls in place to comply with Stay NJ for **Tax Year 2026**?	○ YES ○ NO
Does your municipality have adequate personnel and the appropriate processes, systems, and controls in place to comply with Stay NJ for **Tax Year 2027**?	○ YES ○ NO
Please indicate which quarter of the tax year would be easiest for you to initiate annual credits.	○ February ○ May ○ August ○ November
Please indicate the preferred frequency of the credits.	○ Annually ○ Twice per tax year ○ Three times per tax ○ Quarterly
Does your municipality typically issue estimated tax bills before the adoption of the State budget on July 1st?	○ YES ○ NO
By what date are your final tax bills issued?	Month/Day Month/Day
Do you anticipate the need to re-print tax bills in order to be in compliance with Stay NJ? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES ○ NO
Please explain any issues you encountered with administering the Homestead Property Tax Credit program last used in 2018. Please explain Click or tap here to enter text. Please explain	
Please prioritize and explain what changes are necessary to improve the process for administering a credit program compared to the Homestead Property Tax Credit program last used in 2018. Please explain Click or tap here to enter text. Please explain	

SYSTEMS

Does your municipality's property tax collection system have protections in place to prevent unauthorized divulgence of personally identifiable information? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Has your municipality taken any action to ensure compliance with Daniel's Law? *The Law prohibits disclosure of the residential addresses of judicial and law enforcement personnel and their families on websites controlled by state, county, and local government agencies.* (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Do you feel that Daniel's Law creates issues in implementing and administering Stay NJ? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Is your system's data up-to-date with the most accurate property ownership information? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Do you have a system in place to refund the State credit payments issued in error because of inaccurate data, residents who move, etc.? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Would your municipality need to upgrade IT systems in order to comply with Stay NJ? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES	○ NO
Which IT vendor are you using for property tax administration and collection? Please explain Click or tap here to enter text. Please explain		
Please explain any IT/data security issues related to the implementation of Stay NJ for your municipality. Please explain Click or tap here to enter text. Please explain		

PERSONNEL

Does your tax office still employ personnel who are familiar with the Homestead Property Tax Credit program last used in 2018?	○ YES	○ NO
Will you need to hire additional staff to comply with Stay NJ?	○ YES	○ NO
Will your staff require training to implement Stay NJ?	○ YES	○ NO
Please explain any personnel issues related to the implementation of Stay NJ. Please explain Click or tap here to enter text. Please explain		

FINANCES

Will your municipality be able to fund personnel increases, system improvements, etc., in order to comply with Stay NJ? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES ○ NO
Will your municipality need financial assistance from the State in order to comply with Stay NJ? (Provide explanation) Please explain Click or tap here to enter text. Please explain	○ YES ○ NO

MISCELLANEOUS

Please provide any suggestions or explain any concerns not covered by this survey. Please be as specific as possible.

Add your comments here Click or tap here to enter text. Add your comments here

Attachment 7

Motion Summary from the April 9, 2024 Stay NJ Board Meeting

RESOLUTION UNANIMOUSLY ADOPTED BY THE STAY NEW JERSEY TASK FORCE AGREEING TO CERTAIN RECOMMENDED CHANGES TO THE HOMESTEAD REBATE PROGRAM (ANCHOR), THE HOMESTEAD PROPERTY TAX REIMBURSEMENT PROGRAM (SENIOR FREEZE) AND THE STAY NEW JERSEY PROPERTY TAX CREDIT PROGRAM

Adopted by Unanimous Vote: April 9, 2024

WHEREAS, Section 18 of P.L. 2023, c. 75 established in the New Jersey Department of the Treasury the Stay NJ Task Force for the purpose of developing recommendations for establishing and funding uniform property tax relief to all senior citizen homeowners and tenants making under $500,000 per year; and

WHEREAS, P.L. 2023, c. 75 requires that the Stay NJ Task Force review all of the existing property tax relief programs to present, to the Governor and the Legislature, no later than May 30, 2024, a report containing recommendations about how to restructure, and consolidate, the various property tax relief programs into one, streamlined, property tax relief program that would deliver to senior citizens having an annual gross income under $500,000 an annual property tax benefit, which for homeowners shall be in the amount of 50 percent of the property tax bill on their principal residence, beginning with the tax year 2026, which commences on January 1 of that year; and

WHEREAS, the report shall include recommendations concerning system improvements that both the State and local government units would need to implement the Stay NJ property tax credit program and the funding required to establish and maintain such system improvements; and

WHEREAS, the Stay NJ Task Force convened a public meeting on April 9, 2024; and

WHEREAS, the Stay NJ Task Force considered solutions to reduce the overall length of the comprehensive single application required by P.L. 2023 c.75, and to simplify the application process by reducing the burden and confusion for senior applicants and to reduce the administrative burden on State and local agencies required to administer the property tax relief programs; and

WHEREAS, a motion was proposed orally at the April 9, 2024, meeting, by Public Member John E. McCormac, modified by Public Member, Aaron Binder and seconded by Public Member, Mayor Adrian O. Mapp**,** and unanimously adopted by the Stay NJ Task Force; and this resolution memorializes that oral motion, as modified.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE STAY NJ TASK FORCE THAT THE FOLLOWING RECOMMENDATIONS SHALL BE INCLUDED IN THE FINAL REPORT REQUIRED BY P.L. 2023, C. 75 AS FOLLOWS:

1. The application timeline shall be no later than February 1st, but as early as possible in the year and will follow the process currently in place for the Senior Freeze including to the extent possible resemble the application currently in place;

2. The calendar year for benefit determination will be based on the year immediately preceding the application year with the exception of Senior Freeze for first time applicants, which will remain unchanged;

3. The definition of income to determine eligibility for benefits from Senior Freeze and Stay NJ shall be determined by the New Jersey tax return, plus Social Security, meaning gross Social Security benefits and all items of income both taxable and non-taxable as reported on the NJ tax return. This includes excluded pension and retirement income, retirement income qualifying for the Retirement Exclusion, income qualifying for the Other Income Exclusion, and all non-taxable unearned income such as non-taxable dividends and non-taxable interest income; the income eligibility for ANCHOR will remain unchanged.

4. The residency requirement for all programs will require residency as of December 31 of the benefit year and for the full twelve-month benefit year;

5. The applicant must be age 65 as of December 31 of the benefit year;

6. All legislation required to enact these changes must be signed into law no later than 90 days prior to February 1, 2025.

Attachment 8

Motion Summary from the April 30, 2024 Stay NJ Board Meeting

RESOLUTION UNANIMOUSLY ADOPTED BY THE STAY NEW JERSEY TASK FORCE AGREEING TO CERTAIN RECOMMENDED CHANGES TO THE HOMESTEAD REBATE PROGRAM (ANCHOR), THE HOMESTEAD PROPERTY TAX REIMBURSEMENT PROGRAM (SENIOR FREEZE) AND THE STAY NEW JERSEY PROPERTY TAX CREDIT PROGRAM AND SUPPLEMENTING THOSE RECOMMEDATIONS PREVIOUSLY ADOPTED AT THE APRIL 9, 2024 MEETING

Adopted by Unanimous Vote: April 30, 2024

WHEREAS, Section 18 of P.L. 2023, c. 75 established in the New Jersey Department of the Treasury the Stay NJ Task Force for the purpose of developing recommendations for establishing and funding uniform property tax relief to all senior citizen homeowners and tenants making under $500,000 per year; and

WHEREAS, P.L. 2023, c. 75 requires that the Stay NJ Task Force review all of the existing property tax relief programs to present, to the Governor and the Legislature, no later than May 30, 2024, a report containing recommendations about how to restructure, and consolidate, the various property tax relief programs into one, streamlined, property tax relief program that would deliver to senior citizens having an annual gross income under $500,000 an annual property tax benefit, which for homeowners shall be in the amount of 50 percent of the property tax bill on their principal residence, beginning with the tax year 2026, which commences on January 1 of that year; and

WHEREAS, the report shall include recommendations concerning system improvements that both the State and local government units would need to implement the Stay NJ property tax credit program and the funding required to establish and maintain such system improvements; and

WHEREAS, the Stay NJ Task Force convened a public meeting on April 30, 2024; and

WHEREAS, the Stay NJ Task Force considered solutions to reduce the overall length of the comprehensive single application required by P.L. 2023 c.75, and to simplify the application process by reducing the burden and confusion for senior applicants and to reduce the administrative burden on State and local agencies required to administer the property tax relief programs; and

WHEREAS, a motion was proposed orally at the April 30, 2024, meeting, by Chairperson Dennis Zeveloff, and seconded by Public Member, Mayor John E. McCormac**,** and unanimously adopted by the Stay NJ Task Force; and this resolution memorializes that oral motion, as clarified by Public Member Jessica Cohen.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE STAY NJ TASK FORCE THAT THE FOLLOWING RECOMMENDATIONS SHALL BE INCLUDED IN THE FINAL REPORT REQUIRED BY P.L. 2023, C. 75 AS FOLLOWS:

1. Regarding program structure – the calculation of benefits will be made in a sequential manner beginning with Senior Freeze, then ANCHOR and if the combined benefit from these two programs does not exceed 50% of the eligible applicant's property taxes up to $6500, a third Stay NJ benefit payment will be made for the difference;

2. Regarding the benefit payment method - During the first year of the program, for the Senior Freeze, ANCHOR and Stay NJ Programs, benefits will be paid by check or direct deposit;

3. The Department of Community Affairs, in coordination with the Department of the Treasury and local governments, should develop a standard packet to be sent to all homeowners no later than the November tax bill, outlining the benefits a homeowner can expect to receive and displaying the actual property taxes to be paid in a given year when offset by property tax relief earned in the prior year;

4. The Departments of the Treasury and Community Affairs, along with local governments will continue to work towards the effective implementation of a credit process for future years including creating a survey to be sent to local governments to collect information necessary to effectively implement property tax credits in future years for Senior Freeze and Stay NJ;

5. Regarding the benefit payment timeline, it is recommended that benefits for Senior Freeze and ANCHOR should be paid consistently with when the benefits were most recently paid. For the Stay NJ Program, benefits are recommended to be paid beginning in October.

Attachment 9

Motion Summary from the May 28, 2024 Stay NJ Board Meeting

RESOLUTION UNANIMOUSLY ADOPTED BY THE STAY NEW JERSEY TASK FORCE AGREEING TO ADOPT THE DRAFT REPORT ENTITLED "STAY NJ TASK FORCE: REPORT TO THE GOVERNOR AND STATE LEGISLATURE – RECOMMENDATIONS TO RESTRUCTURE NJ PROPERTY TAX RELIEF PROGRAMS" AS FINAL

Adopted by Unanimous Vote: May 28, 2024

WHEREAS, Section 18 of P.L. 2023, c. 75 established in the New Jersey Department of the Treasury the Stay NJ Task Force for the purpose of developing recommendations for establishing and funding uniform property tax relief to all senior citizen homeowners and tenants making under $500,000 per year; and

WHEREAS, P.L. 2023, c. 75 requires that the Stay NJ Task Force review all of the existing property tax relief programs to present, to the Governor and the Legislature, no later than May 30, 2024, a report containing recommendations about how to restructure, and consolidate, the various property tax relief programs into one, streamlined, property tax relief program that would deliver to senior citizens having an annual gross income under $500,000 an annual property tax benefit, which for homeowners shall be in the amount of 50 percent of the property tax bill on their principal residence; and

WHEREAS, the Task Force convened several public meetings to review these existing property tax relief programs and draft such report containing recommendations on how to restructure and consolidate disparate programs into one, streamlined program to deliver meaningful annual benefits to senior citizens in the most efficient way possible; and

WHEREAS, at the meeting of April 30, 2024, the Task Force agreed by unanimous motion that, regarding the benefit payment timeline, the Final Report of the Stay NJ Task Force include a recommendation that benefits for Senior Freeze and ANCHOR be paid consistently with when the benefits were most recently paid. For the Stay NJ Program, benefits were recommended to be paid beginning in October; and

WHEREAS, at the May 17, 2024 Meeting of the Stay NJ Task Force, the Task Force discussed the addition of the check option for tax payers who have sold their homes and would rather a check be mailed to a new address versus a credit issued on a home in which they no longer reside and the option that anyone filling out the application could make such request. The Task Force discussed adding the possibility that this item be added to the report as a recommendation but engaged in ongoing discussions about this issue following this meeting; and

WHEREAS, the Task Force continued to discuss the recommendations to add to the Final Report of the Stay NJ Task Force following the May 17, 2024 Meeting; and

WHEREAS, the draft report prepared by the Task Force includes recommendations as required by P.L. 2023, c.75 and as updated based upon ongoing consultation between Task Force members; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE STAY NJ TASK FORCE THAT:

1. The Task Force's previous recommendation that Stay NJ Program benefits be paid beginning in October adopted by unanimous Motion on April 30, 2024, be modified such that, for the benefit payment timeline, benefits for the Senior Freeze Program and ANCHOR Program be paid consistently with the benefits that were most recently paid. For the Stay NJ Program, benefits are recommended to be paid after ANCHOR benefits are paid and that such modified recommendation be included in the Final Report of the Stay NJ Task Force; and

2. The draft report of the Task Force include a recommendation that, once a credit process is implemented, the Division of Taxation determine the feasibility of allowing taxpayers to choose to continue receiving direct payments – such as a check – instead of a property tax credit for Senior Freeze and Stay NJ; and

3. The draft report of the NJ Task Force include a recommendation that the Director of the Division of Taxation use the discretion granted under N.J.S.A. 54:4-8.70 to waive the requirement to include proof of property taxes paid when applying for the Senior Freeze benefit, thus eliminating the Property Tax Relief 1A and Property Tax Relief 2A applicant/local tax collector certification process. (Authority is at the discretion of the Director of the Division of Taxation via existing statutory authority); and

4. The draft report prepared by the Task Force as currently constituted, with exceptions for grammatical edits, formatting edits, and clarification of the first year benefit be adopted as final; and

5. The final report prepared by the Task Force be submitted to the Governor and the Legislature by May 30, 2024.