

SENATE, No. 215

STATE OF NEW JERSEY 209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator C. LOUIS BASSANO

District 21 (Essex and Union)

Senator ANTHONY R. BUCCO

District 25 (Morris)

Co-Sponsored by:

Senators Bryant, Robertson, Connors and Rice

SYNOPSIS

Increases veterans' property tax deduction.

CURRENT VERSION OF TEXT

As Introduced.



(Sponsorship Updated As Of: 2/1/2000)

S215 BASSANO, BUCCO

2

1 AN ACT to increase the veterans' property tax deduction and amending
2 P.L.1963, c.171.

3

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

6

7 1. Section 2 of P.L.1963, c.171 (C.54:4-8.11) is amended to read
8 as follows:

9 2. Every person a citizen and resident of this State now or
10 hereafter honorably discharged or released under honorable
11 circumstances from active service in time of war in any branch of the
12 Armed Forces of the United States and a surviving spouse as defined
13 herein, during her widowhood or his widowerhood, and while a
14 resident of this State, shall be entitled, annually, on proper claim being
15 made therefor, to a deduction from the amount of any tax bill for taxes
16 on real or personal property or both in the sum of ~~[\$50.00]~~ \$100 in
17 tax year 2000, \$150 in tax year 2001, \$200 in tax year 2002, and \$250
18 in each subsequent tax year, or if the amount of any such tax shall be
19 less than ~~[\$50.00]~~ \$100 in tax year 2000, \$150 in tax year 2001, \$200
20 in tax year 2002, and \$250 in each subsequent tax year, to a
21 cancellation thereof.

22 (cf: P.L.1985, c.515, s.7)

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24 2. Section 8 of P.L.1963, c.171 (C.54:4-8.17) is amended to read
25 as follows:

26 8. No person shall be allowed a veteran's deduction from the tax
27 assessed against real and personal property of more than ~~[\$50.00]~~
28 \$100 in the aggregate in [any one year] tax year 2000, \$150 in the
29 aggregate in tax year 2001, \$200 in the aggregate in tax year 2002 and
30 \$250 in the aggregate in any subsequent tax year, but a veteran's
31 deduction may be claimed in any taxing district in which the claimant
32 has taxable property and may be apportioned, at the claimant's option,
33 between two or more taxing districts; provided such claims shall not
34 exceed ~~[\$50.00]~~ \$100 in the aggregate in tax year 2000, \$150 in the
35 aggregate in tax year 2001, \$200 in the aggregate in tax year 2002 and
36 \$250 in the aggregate in any subsequent tax year. If a surviving
37 spouse, as herein defined, shall have been honorably discharged or
38 released under honorable circumstances from active service in time of
39 war in any branch of the Armed Forces of the United States, the
40 surviving spouse shall be entitled to a veteran's deduction for each
41 status. The veteran's deductions herein provided shall be in addition
42 to any exemptions now or hereafter provided by any other statute for
43 disabled veterans or surviving spouses, as herein defined, and in

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 addition to any deductions provided under P.L.1963, c.172
2 (C.54:4-8.40 et seq.) for senior citizens and the permanently and
3 totally disabled, and certain surviving spouses thereof, to which the
4 claimant is entitled. In addition, a claimant may receive any homestead
5 rebate or credit provided by law.
6 (cf: P.L.1985, c.515, s.12)

7

8 3. This act shall take effect immediately.

9

10

11

STATEMENT

12

13 This bill implements the State constitutional amendment, approved
14 by the voters of the State on November 2, 1999, that increases the
15 annual property tax deduction for certain veterans and surviving
16 spouses of those veterans from \$50 to \$250.

17 The increase will be phased in over four years to: \$100 in calendar
18 year 2000, \$150 in calendar year 2001, \$200 in calendar year 2002 and
19 \$250 in calendar year 2003 and thereafter.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 215

STATE OF NEW JERSEY

DATED: JANUARY 31, 2000

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 215.

This bill revises certain provisions of statutory law governing the veteran's property tax deduction to conform them to those of a recent amendment to the State Constitution increasing the maximum annual amount of the deduction to \$250. The amendment was approved by the people on November 2, 1999 and became part of the Constitution on December 2, 1999.

The veteran's property tax deduction is allowed to any State resident, honorably discharged from active wartime service in any branch of the U.S. Armed Forces, against the amount of any real or personal property tax. (N.J.Const., Art.VIII, Sec.I, par.3.) The deduction is also allowed to the surviving spouse of such a veteran during the survivor's widow(er)hood; survivors who are themselves qualified wartime veterans are allowed the deduction in both capacities. The veteran's deduction is allowed in addition to any disabled veteran's exemption, senior or totally disabled citizen's property tax deduction, or homestead rebate or credit for which the veteran or surviving spouse may otherwise qualify.

Current statutory law, reflecting the text of the Constitution prior to the recent constitutional amendment, sets the maximum amount of the veteran's property tax deduction at \$50. In accordance with the amendment, the bill increases the amount of the statutory maximum deduction to \$250 over a four-year phase-in period, so that the amount would be \$100 in calendar year 2000, \$150 in calendar year 2001, \$200 in calendar year 2002, and \$250 in calendar year 2003 and thereafter.

FISCAL IMPACT

Pursuant to section 5 of P.L.1997, c.30 (C.54:4-8.24), the State annually reimburses each taxing district in an amount equal to 102% of the amount of veteran's property tax deductions granted in the district. The Office of Legislative Services (OLS) estimates that implementing the deduction enhancement will increase State reimbursements for the deduction by \$16.62 million in fiscal year 2001, rising annually to an additional State cost of \$61.61 million by fiscal year 2004. Total deduction reimbursements will increase from

\$17.54 million in fiscal year 2000 to about \$77.01 million by fiscal year 2004.

**Estimated Fiscal Impact of
Senate Bill No. 215
(\$ Millions)**

| Fiscal Year | Cost Under Current \$50 | Full Cost under S-215 | Additional Cost Due to S-215 |
|--------------------|--------------------------------|------------------------------|-------------------------------------|
| 2001 | \$16.62 | \$33.24 | \$16.62 |
| 2002 | \$16.2 | \$48.61 | \$32.40 |
| 2003 | \$15.79 | \$63.19 | \$47.39 |
| 2004 | \$15.40 | \$77.01 | \$61.61 |

The cost figures are based on OLS projections for fiscal years 2001 and thereafter using certified data from the Division of Taxation concerning the number of veterans receiving property tax deductions from 1995 through 1999. Generally, the number of veterans receiving the property tax deduction has declined from year to year. The OLS assumes that the average 2.5 percent annual decline in the number of eligible veterans experienced during the 1995-99 period will continue. The OLS notes that U.S. military actions continue to receive legislative designation as "time of war" conflicts (most recently in July 1998), and that any future such designations will have the effect of expanding the number of eligible veterans beyond those already qualified under N.J.S.A.54:4-8.10 and so increase the costs associated with this bill by an unknown amount.

The Governor's FY2001 budget proposal recommends that \$35.039 million be appropriated in that fiscal year from the Property Tax Relief Fund as State aid for reimbursement of veteran's property tax exemptions.

SENATE SENIOR CITIZENS, VETERANS' AFFAIRS AND
HUMAN SERVICES COMMITTEE

STATEMENT TO

SENATE, No. 215

STATE OF NEW JERSEY

DATED: JANUARY 31, 2000

The Senate Senior Citizens, Veterans' Affairs and Human Services Committee reports favorably Senate Bill No. 215.

This bill implements the State constitutional amendment, approved by the voters of the State on November 2, 1999, that increases the annual property tax deduction for certain veterans and surviving spouses of those veterans from \$50 to \$250.

The increase will be phased in over four years as follows: \$100 in calendar year 2000, \$150 in calendar year 2001, \$200 in calendar year 2002 and \$250 in calendar year 2003 and thereafter.

This bill was prefiled for introduction in the 2000-2001 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 215
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: FEBRUARY 24, 2000

SUMMARY

Synopsis: Increases veterans' property tax deduction.
Type of Impact: Increase in expenditures from the Property Tax Relief Fund.
Agencies Affected: Division of Taxation in the Department of the Treasury.

Office of Legislative Services Estimate

| Fiscal Impact | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| State Cost (\$ Millions) | \$16.62 | \$32.40 | \$47.39 | \$61.61 |

- ! The bill is the enabling legislation for the constitutional amendment approved by the voters of the State as Ballot Question No. 2 on November 2, 1999.
- ! The OLS estimate is based on a continuation of the recent trend of an annual decrease in the number of veterans receiving the deduction.
- ! State reimbursement to municipalities is 102 percent of actual cost of deduction.

BILL DESCRIPTION

This bill would increase the veterans' property tax deduction to \$250 from the current \$50. The proposed increase would be phased in over four years to: \$100 in calendar year 2000; \$150 in calendar year 2001; \$200 in calendar year 2002 and \$250 in calendar year 2003 and thereafter. The bill is the enabling legislation for the constitutional amendment approved by the voters of the State as Ballot Question No. 2 on November 2, 1999.

FISCAL ANALYSIS

OFFICE OF LEGISLATIVE SERVICES

The OLS has determined, from the most recent division data, that between 1995 and 1999, there has been an average annual decline of 2.5 percent in the number of veterans receiving the \$50 annual property tax deduction. Assuming that such a trend would continue from year to year, it can be estimated that in 2000, based on that compounded rate of change, approximately

325,838 veterans would receive the deduction; in 2001, 317,692 veterans would receive the deduction; in 2002, 309,750 veterans would receive the deduction; and in 2003, 302,006 veterans would receive the deduction. Current law requires that the State reimburse municipalities for 102 percent of the amount of the property tax deduction. Multiplying those estimates by 102 percent of the new amounts designated in the proposed constitutional amendment would indicate that in FY 2001, the State's cost would be \$33.24 million; in FY 2002, the State's cost would be approximately \$48.61 million; in FY 2003, the State's cost would be approximately \$63.19 million; and in FY 2004, the State's cost would be approximately \$77.01 million. (This information is summarized in table form below.)

| Estimated Fiscal Impact of Senate Bill No. 215 (\$ Millions) | | | |
|---|-------------------------------|-------------------------------|---|
| Fiscal Year | Prior Cost at \$50 | Full Cost of S-215 | Additional Cost of Increased Deduction |
| 2001 | \$16.62 | \$33.24 | \$16.62 |
| 2002 | \$16.2 | \$48.61 | \$32.40 |
| 2003 | \$15.79 | \$63.19 | \$47.39 |
| 2004 | \$15.40 | \$77.01 | \$61.61 |

However, the OLS notes that P.L.1991, c.390 and P.L.1998, c.49 added several military missions to the definition of "(a)ctive service in time of war" contained in N.J.S.A. 54:4-8.10, thus increasing the universe of eligible veterans under the statutes. Those military missions include "Operation Desert Shield/Desert Storm," the Panama peacekeeping mission, the Grenada peacekeeping mission, the Lebanon peacekeeping mission, "Operation Restore Hope" in Somalia and "Operation Joint Endeavor" and "Operation Joint Guard" in the Republic of Bosnia and Herzegovina. The potential addition of these veterans could conceivably offset the demonstrated historical decline in the number of veterans receiving the annual \$50 property tax deduction, by slowing the rate of decline or actually increasing the number of recipients of the property tax deduction over a period of time. The OLS is not able to estimate the number of such veterans who might in the future attain eligibility to receive the property tax deduction, as we have been advised by the Department of Military and Veterans' Affairs that no statistics are maintained of the exact number of veterans of "Operation Desert Shield/Desert Storm," the peacekeeping missions in Grenada and Lebanon, "Operation Restore Hope" in Somalia and "Operation Joint Endeavor" and "Operation Joint Guard" in the Republic of Bosnia and Herzegovina.

Section: *Local Government*

Analyst: *Cindy Lombardi Hesper*
Senior Research Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 215

STATE OF NEW JERSEY 209th LEGISLATURE

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Co-Sponsored by:

Senators Bryant, Robertson, Connors, Rice, Matheussen, Allen, Inverso, Sinagra, Singer, Kosco, DiFrancesco, Girgenti, Littell, Kyrillos, Bark, Kavanaugh, Kenny, O'Connor, Assemblymen Azzolina, Gibson, Cohen, DiGaetano, Assemblywoman Crecco, Assemblymen Wisniewski, Bagger, LeFevre, Assemblywoman Buono, Assemblymen Barnes, Blee, Assemblywoman Weinberg, Assemblymen Felice, Merkt, Asselta, Cottrell, Geist, Gregg, Thompson, Connors, Moran, Bateman, Assemblywoman Vandervalk, Assemblyman Greenwald, Assemblywoman Previte, Assemblymen Garrett, Arnone, Conaway, Connors, Corodemus, Assemblywoman Watson Coleman, Assemblymen Payne, Charles, O'Toole, Weingarten, Augustine, Biondi, Bodine, Carroll, Chatzidakis, Assemblywomen Farragher, Gill, Assemblyman Gusciora, Assemblywoman Heck, Assemblymen Holzapfel, Kelly, Lance, Malone, Assemblywoman Myers, Assemblymen Rooney, Russo, T.Smith, Talarico, Wolfe, Zecker, Assemblywomen Friscia, Greenstein and Assemblyman Suliga

SYNOPSIS

Increases veterans' property tax deduction.

CURRENT VERSION OF TEXT

As reported by the Senate Senior Citizens, Veterans' Affairs and Human Services Committee with technical review.

(Sponsorship Updated As Of: 2/25/2000)

S215 BASSANO, BUCCO

2

1 AN ACT to increase the veterans' property tax deduction and amending
2 P.L.1963, c.171.

3

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

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7 1. Section 2 of P.L.1963, c.171 (C.54:4-8.11) is amended to read
8 as follows:

9 2. Every person a citizen and resident of this State now or
10 hereafter honorably discharged or released under honorable
11 circumstances from active service in time of war in any branch of the
12 Armed Forces of the United States and a surviving spouse as defined
13 herein, during her widowhood or his widowerhood, and while a
14 resident of this State, shall be entitled, annually, on proper claim being
15 made therefor, to a deduction from the amount of any tax bill for taxes
16 on real or personal property or both in the sum of ~~[\$50.00]~~ \$100 in
17 tax year 2000, \$150 in tax year 2001, \$200 in tax year 2002, and \$250
18 in each subsequent tax year, or if the amount of any such tax shall be
19 less than ~~[\$50.00]~~ \$100 in tax year 2000, \$150 in tax year 2001, \$200
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21 cancellation thereof.

22 (cf: P.L.1985, c.515, s.7)

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25 as follows:

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28 \$100 in the aggregate in [any one year] tax year 2000, \$150 in the
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31 deduction may be claimed in any taxing district in which the claimant
32 has taxable property and may be apportioned, at the claimant's option,
33 between two or more taxing districts; provided such claims shall not
34 exceed ~~[\$50.00]~~ \$100 in the aggregate in tax year 2000, \$150 in the
35 aggregate in tax year 2001, \$200 in the aggregate in tax year 2002 and
36 \$250 in the aggregate in any subsequent tax year. If a surviving
37 spouse, as herein defined, shall have been honorably discharged or
38 released under honorable circumstances from active service in time of
39 war in any branch of the Armed Forces of the United States, the
40 surviving spouse shall be entitled to a veteran's deduction for each
41 status. The veteran's deductions herein provided shall be in addition
42 to any exemptions now or hereafter provided by any other statute for
43 disabled veterans or surviving spouses, as herein defined, and in

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

S215 BASSANO, BUCCO

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1 addition to any deductions provided under P.L.1963, c.172
2 (C.54:4-8.40 et seq.) for senior citizens and the permanently and
3 totally disabled, and certain surviving spouses thereof, to which the
4 claimant is entitled. In addition, a claimant may receive any homestead
5 rebate or credit provided by law.
6 (cf: P.L.1985, c.515, s.12)

7

8 3. This act shall take effect immediately.

CHAPTER 9

AN ACT to increase the veterans' property tax deduction and amending P.L.1963, c.171.

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

1. Section 2 of P.L.1963, c.171 (C.54:4-8.11) is amended to read as follows:

C.54:4-8.11 Veteran's tax deduction.

2. Every person a citizen and resident of this State now or hereafter honorably discharged or released under honorable circumstances from active service in time of war in any branch of the Armed Forces of the United States and a surviving spouse as defined herein, during her widowhood or his widowerhood, and while a resident of this State, shall be entitled, annually, on proper claim being made therefor, to a deduction from the amount of any tax bill for taxes on real or personal property or both in the sum of \$100 in tax year 2000, \$150 in tax year 2001, \$200 in tax year 2002, and \$250 in each subsequent tax year, or if the amount of any such tax shall be less than \$100 in tax year 2000, \$150 in tax year 2001, \$200 in tax year 2002, and \$250 in each subsequent tax year, to a cancellation thereof.

2. Section 8 of P.L.1963, c.171 (C.54:4-8.17) is amended to read as follows:

C.54:4-8.17 Apportionment of veteran's deduction; additional to other entitlements.

8. No person shall be allowed a veteran's deduction from the tax assessed against real and personal property of more than \$100 in the aggregate in tax year 2000, \$150 in the aggregate in tax year 2001, \$200 in the aggregate in tax year 2002 and \$250 in the aggregate in any subsequent tax year, but a veteran's deduction may be claimed in any taxing district in which the claimant has taxable property and may be apportioned, at the claimant's option, between two or more taxing districts; provided such claims shall not exceed \$100 in the aggregate in tax year 2000, \$150 in the aggregate in tax year 2001, \$200 in the aggregate in tax year 2002 and \$250 in the aggregate in any subsequent tax year. If a surviving spouse, as herein defined, shall have been honorably discharged or released under honorable circumstances from active service in time of war in any branch of the Armed Forces of the United States, the surviving spouse shall be entitled to a veteran's deduction for each status. The veteran's deductions herein provided shall be in addition to any exemptions now or hereafter provided by any other statute for disabled veterans or surviving spouses, as herein defined, and in addition to any deductions provided under P.L.1963, c.172 (C.54:4-8.40 et seq.) for senior citizens and the permanently and totally disabled, and certain surviving spouses thereof, to which the claimant is entitled. In addition, a claimant may receive any homestead rebate or credit provided by law.

3. This act shall take effect immediately.

Approved March 30, 2000.

P.L. 2000, CHAPTER 9, *approved March 30, 2000*

Senate, No. 215

1 **AN ACT** to increase the veterans' property tax deduction and amending
2 P.L.1963, c.171.

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37 spouse, as herein defined, shall have been honorably discharged or
38 released under honorable circumstances from active service in time of
39 war in any branch of the Armed Forces of the United States, the
40 surviving spouse shall be entitled to a veteran's deduction for each
41 status. The veteran's deductions herein provided shall be in addition

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 to any exemptions now or hereafter provided by any other statute for
2 disabled veterans or surviving spouses, as herein defined, and in
3 addition to any deductions provided under P.L.1963, c.172
4 (C.54:4-8.40 et seq.) for senior citizens and the permanently and
5 totally disabled, and certain surviving spouses thereof, to which the
6 claimant is entitled. In addition, a claimant may receive any homestead
7 rebate or credit provided by law.

8 (cf: P.L.1985, c.515, s.12)

9

10 3. This act shall take effect immediately.

11

12

13

14

15 _____
Increases veterans' property tax deduction.

PO BOX 004
TRENTON, NJ 08625

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Laura Otterbourg
609-777-2600

RELEASE: March 30, 2000

Governor Signs Bill to Raise Property Tax Deduction for Veterans

Governor Christie Whitman today honored New Jersey veterans by signing legislation to implement a constitutional amendment that will increase the annual property tax deduction for veterans and their surviving spouses.

"New Jersey will never forget the sacrifices of its more than 700,000 veterans who have answered the call to duty," said Gov. Whitman.

The bill phases in the increase over four years as follows: \$100 in calendar year 2000, \$150 in calendar year 2001, \$200 in calendar year 2002 and \$250 in calendar year 2003 and thereafter.

Gov. Whitman said that the current property tax deduction of \$50 has not increased since 1963 - almost 50 years - but that all changed through a constitutional amendment that the voters overwhelmingly approved last November, and which today she signed into law. Following the passage of a concurrent resolution by the Legislature during its prior session, the amendment was placed on the November 2, 1999 ballot.

The bill, S-215, sponsored by Senators C. Louis Bassano (R-Essex/Union) and Anthony R. Bucco (R-Morris) and Assembly Members Joseph Azzolina (R-Middlesex/Monmouth) and John C. Gibson (R-Cape May/Antlantic/Cumberland), implements the constitutional amendment to increase the annual property tax deduction for certain veterans and surviving spouses.

In the next fiscal year starting July 1, Gov. Whitman said that there is approximately \$18 million in her budget to pay for the property tax deduction for eligible veterans and surviving spouses. To be eligible, the Governor explained a veteran must be honorably discharged from active service in any branch of the Armed Forces, during time of war or other emergency. And if a member of the Armed Forces was killed while on active duty during a time of war or emergency, then their spouse is eligible to receive this deduction.

But property tax relief is not the only benefit dedicated to veterans in Gov. Whitman's "Prosperity Dividend" that was outlined in her budget address this past January. Because of the state's unparalleled prosperity, Gov. Whitman has an unprecedented opportunity - to build on what's been accomplished and to also do more for all New Jerseyans, including its veterans.

For instance, the Governor has recommended in her budget proposal an additional \$9 million in matching state funds toward a \$33 million reconstruction of the Vineland Veterans' Memorial Home, the second of three state-operated homes to be rebuilt under her administration.

Gov. Whitman also spoke about her administration's other accomplishments for state veterans, from welcoming home the battleship USS New Jersey to including \$5.5 million in last year's budget to refund property taxes to all of the 100 percent disabled veterans who had paid those taxes without realizing they were exempt. Last month, the Governor presented a check on behalf of New Jerseyans to the World War II Memorial Campaign, for what will be the first national monument recognizing veterans' achievements during the war.

"Our vets have always been there for New Jersey, and we are showing that, once again, New Jersey is there for them," concluded Gov. Whitman.

For more information, veterans or their surviving spouses should call 609-292-6400 at the New Jersey Division of Taxation.