

# 54:4-8.58b

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2001            **CHAPTER:** 106  
**NJSA:** 54:4-8.58b        (Accelerates phase-in of NJ Saver rebate)  
**BILL NO:** S2              (Substituted for A1/3178)

**SPONSOR(S):** DiFrancesco and others

**DATE INTRODUCED:** October 23, 2000

**COMMITTEE:**            **ASSEMBLY:** Local Government; Appropriations

**SENATE:** Budget and Appropriations

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:**            **ASSEMBLY:** May 24, 2001

**SENATE:** March 26, 2001

**DATE OF APPROVAL:** June 18, 2001

### FOLLOWING ARE ATTACHED IF AVAILABLE:

**FINAL TEXT OF BILL** (original version enacted)

(Amendments during passage denoted by superscript numbers)

**S2**

**SPONSORS STATEMENT:** (Begins on page 3 of original bill)                      Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:**            Yes    5-3-2001  
(Local Gov.)

5-17-2001 (Approp.)

**SENATE:**                      Yes

**FLOOR AMENDMENT STATEMENTS:**                      No

**LEGISLATIVE FISCAL ESTIMATE:**                      Yes

**A1/3178**

<b>SPONSORS STATEMENT (A1):</b>	(Begins on page 3 of original bill)	Yes
<b>SPONSORS STATEMENT (A3178):</b>		Yes
	(Bill and sponsor's statement identical to S2)	
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b>	Yes 5-3-2001
(Local Gov.)		
		5-17-01 (Approp.)
	(Identical to committee statements for S2)	
	<b>SENATE:</b>	No
<b>FLOOR AMENDMENT STATEMENTS:</b>		No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>		Yes
	(Identical to fiscal estimate for S2)	
<b>ASSEMBLY COMMITTEE SUBSTITUTE :</b>		Yes
	(Identical to original version of S2)	
<b>VETO MESSAGE:</b>		No
<b>GOVERNOR'S PRESS RELEASE ON SIGNING:</b>		Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Governor signs legislation boosting NJ Saver rebates," 6-19-2001 The Record, p.A4

"In NJ, property tax rebate doubles," 6-19-2001 The Press of Atlantic City, p.A1

# SENATE, No. 2

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED OCTOBER 23, 2000

**Sponsored by:**

**Senator DONALD T. DIFRANCESCO**

**District 22 (Middlesex, Morris, Somerset and Union)**

**Senator JOHN J. MATHEUSSEN**

**District 4 (Camden and Gloucester)**

**Co-Sponsored by:**

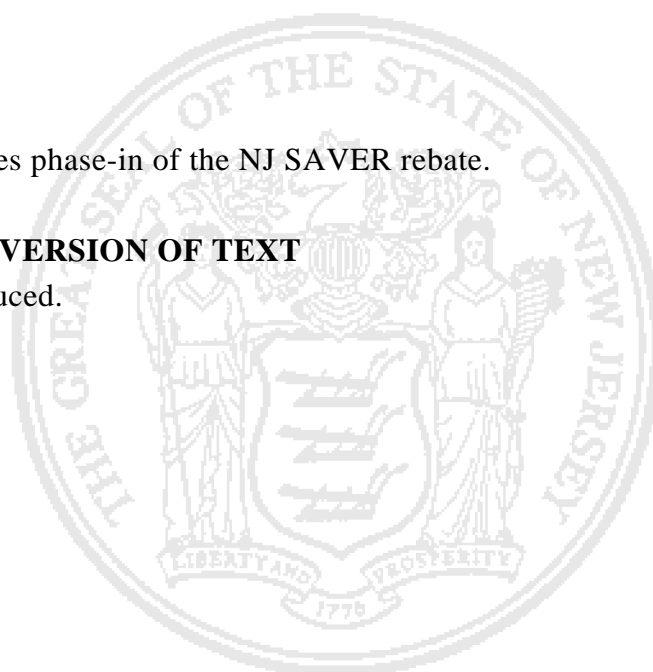
**Senators Inverso, Sinagra, Kosco, Allen, Robertson, Bucco, Ciesla, Singer, Bennett, Connors, Bassano, Littell, Palaia, Kavanaugh, Cardinale, McNamara, Gormley, Cafiero, Bark, Kyrillos, Zane, Turner, Assemblyman Geist, Assemblywoman Heck, Assemblymen Connors, Moran, Blee, LeFevre, Arnone, Holzapfel, Wolfe, Guear, Gusciora, Assemblywoman Previte, Assemblymen Rooney, Thompson and Assemblywoman Vandervalk**

**SYNOPSIS**

Accelerates phase-in of the NJ SAVER rebate.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/25/2001)**

1 AN ACT concerning benefits under the NJ SAVER and amending  
2 P.L.1999, c.63.

3

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

6

7 1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read  
8 as follows:

9 4. a. A resident of this State who has paid property taxes for the  
10 tax year on a homestead that is owned as such, who has filed an  
11 application for an NJ SAVER rebate pursuant to the provisions of  
12 P.L.1999, c.63 (C.54:4-8.58a et al.), shall be allowed an NJ SAVER  
13 rebate in the amount determined by the director pursuant to this  
14 section. The amount of the NJ SAVER rebate shall be equal to the  
15 product of (1) the NJ SAVER property value amount, multiplied by  
16 (2) the NJ SAVER school tax rate for the municipality in which the  
17 claimant maintains the homestead for which the claimant has paid  
18 property taxes for the tax year; provided however, that the NJ SAVER  
19 rebate amount for the 1998 tax year to be paid on or before September  
20 30, 1999 shall be 20% of the amount otherwise determined, the  
21 NJ SAVER rebate amount for the 1999 tax year to be paid on or  
22 before September 30, 2000 shall be 40% of the amount otherwise  
23 determined, and the NJ SAVER rebate amount for the 2000 tax year  
24 to be paid on or before September 30, 2001 shall be ~~60%~~ 83 1/3 %  
25 of the amount otherwise determined ~~], and the NJ SAVER rebate~~  
26 amount for the 2001 tax year to be paid on or before September 30,  
27 2002 shall be 80% of the amount otherwise determined].

28 b. Eligibility for an NJ SAVER rebate shall be based upon the  
29 prerequisites for an NJ SAVER rebate having been met by the  
30 applicant at 12:01 A.M. on October 1 of the tax year for which the  
31 NJ SAVER rebate is claimed.

32 c. If title to a homestead is held by more than one individual, other  
33 than a husband and wife, as joint tenants or tenants in common, each  
34 individual shall be allowed an NJ SAVER rebate pursuant to this  
35 section only in relation to the individual's proportionate share of  
36 interest in the title. Title shall be presumed to be held in equal shares  
37 among all co-owners, but if the applicant satisfactorily demonstrates  
38 to the director that under the conveyance under which the title is held,  
39 or otherwise satisfactorily demonstrates that the title provides for  
40 unequal interests therein, that applicant's NJ SAVER rebate shall be in  
41 proportion to the claimant's interest in the title.

42 d. If the homestead of an NJ SAVER applicant is a residential  
43 property consisting of more than one unit, that applicant shall be

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

**Matter underlined thus is new matter.**

1 allowed an NJ SAVER rebate pursuant to this section only in relation  
2 to the proportionate share of the school property taxes assessed and  
3 levied against the residential unit occupied by that applicant, as  
4 satisfactorily demonstrated by the applicant to the director.

5 e. A homestead held by husband and wife, as tenants by the  
6 entirety, shall be deemed wholly owned by each tenant, but no more  
7 than one NJ SAVER rebate in regard to that homestead shall be  
8 allowed in any year. If a husband and wife file separate NJ SAVER  
9 applications for a tax year for the same homestead, the amount of the  
10 NJ SAVER rebate allowed in regard to that homestead shall be paid  
11 in one-half equal amounts to each applicant. An application for an NJ  
12 SAVER rebate shall be allowed for a homestead the title to which is  
13 held by a partnership, to the extent of the applicant's interest as a  
14 partner therein, and by a guardian, trustee, committee, conservator or  
15 other fiduciary for any individual who would be otherwise be eligible  
16 for an NJ SAVER rebate.

17 (cf: P.L.1999, c.63, s.4)

18

19 2. This act shall take effect immediately.

20

21

22

#### STATEMENT

23

24 This bill accelerates the phase-in of the NJ SAVER rebate. When  
25 enacted in 1999, the NJ SAVER rebate was to be phased in over a five  
26 year period with the full benefit (averaging about \$600) being realized  
27 in calendar year 2003. Under this bill 5/6ths of the full benefit will be  
28 paid in calendar year 2001 and the full benefit will be paid in calendar  
29 year 2002.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2**  
**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

DATED: MARCH 23, 2001

**SUMMARY**

**Synopsis:** Accelerates phase-in of the NJ SAVER rebate.  
**Type of Impact:** Increased expenditures for two fiscal years from the Property Tax Relief Fund.  
**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2004</b>
<b>State Cost</b>	\$192,000,000	\$210,000,000	\$0	\$0

- ! The bill will increase State costs above current law by about \$192 million in FY 2002 and by about \$210 million in FY 2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments should match the schedule under current law.
- ! The Office of Legislative Services' (OLS) notes that Senate Bill No. 2 and Senate Bill Nos. 1 and 4 SCS are viewed by the respective sponsors as a package. If both bills are enacted there will be offsetting fiscal impacts between the bills. The OLS estimates the State will save approximately \$20 million in FY 2002 and about \$70 million annually thereafter in offsetting costs due to overlapping rebate eligibility under both bills.
- ! In its recently proposed FY 2002 Budget, the Executive recommended a total of \$950.5 million in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, the OLS anticipates a need for a total of \$1,100.0 million in FY 2002 from the combined provisions under Senate Bill Nos. 1 and 4 SCS (\$488.0 million) and Senate Bill No. 2 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.

**BILL DESCRIPTION**

Senate Bill No. 2 of 2000 accelerates the phase-in of the NJ SAVER rebate. When enacted in 1999, the NJ SAVER rebate was to be phased in over a five year period with the full benefit

(averaging about \$600) being realized in calendar year 2003. Under this bill 5/6ths of the full benefit will be paid in calendar year 2001 and the full benefit will be paid in calendar year 2002.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The Office of Legislative Services' (OLS) analysis of Senate Bill No. 2 is complicated by a combination of several factors. First, changes in the New Jersey School Assessment Valuation Exemption Relief program (NJ SAVER) will be affected by changes in the State's homestead rebate program. Second, a companion bill, Senate Committee Substitute for Senate Bill Nos. 1 and 4, increases the maximum benefit amounts under the homestead rebate and indexes certain amounts for inflation. Third, the actual payments in the first several years of the NJ SAVER program have been substantially lower than originally anticipated by the Department of the Treasury and the OLS.

The three tables below display the most recent OLS estimates of the cost of the NJ SAVER program and the homestead rebate program from FY 2001 through FY 2005. The tables also display the separate impacts of Senate Bill No. 2, Senate Bill Nos. 1 and 4 SCS, the offsetting cost overlap between the companion bills, and the net State fiscal impact if both bills are enacted.

Table 1 compares OLS estimates for the NJ SAVER under current law and under the accelerated increase in payments under Senate Bill No. 2. The impact of Senate Bill No. 2 is temporary, as it accelerates payments in FY 2002 and FY 2003 to levels that are scheduled to be reached in FY 2004 under current law. The bill will increase State costs above current law by about \$192 million in FY 2002 and by about \$210 million in FY 2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments should match the schedule under current law. The OLS notes that actual costs of this bill will be affected by the enactment of Senate Bill Nos. 1 and 4 SCS, and that impact is discussed below.

<b>Table 1:</b>					
<b>Cost Estimates of Changes to the NJ SAVER Program, S 2</b>					
<b>(\$ millions)</b>					
<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
NJ SAVER, Current Law	289.0	440.0	600.0	810.0	810.0
NJ SAVER, S 2	289.0	632.0	810.0	810.0	810.0
<b>Cost Increase</b>	<b>0.0</b>	<b>192.0</b>	<b>210.0</b>	<b>0.0</b>	<b>0.0</b>

Table 2 compares OLS estimates for the homestead rebate under current law with the homestead rebate as changed by the companion committee substitute. The OLS displays this table in the Fiscal Estimate for Senate Bill No. 2 because the respective sponsors view the bills as a package and if both bills are enacted there will be some offsetting fiscal impacts between

the bills. State costs of the committee substitute are estimated to be between \$140 million and \$133 million higher annually in Fiscal Years 2002 through 2004. Approximately 497,000 senior and disabled homeowners and 125,000 senior and disabled tenants currently receive the homestead rebate. The OLS anticipates that the Statewide average rebate for senior and disabled homeowners will increase from about \$470 to approximately \$660 following the increase of the maximum rebate. Senior and disabled tenants will see their average rebate increase from about \$430 to approximately \$585 under the new, higher maximum. Lastly, the benefit for other homestead rebate recipients will accelerate from the scheduled \$60 under current law to \$100 under the committee substitute. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, Current Law	335.1	348.0	361.0	374.0	374.0
Homestead Rebate, S 1 & 4 SCS	335.1	488.0	497.0	507.0	516.0
<b>Cost Increase</b>	<b>0.0</b>	<b>140.0</b>	<b>136.0</b>	<b>133.0</b>	<b>142.0</b>

Table 3 compares the additional costs of both Senate Bill No. 2 and Senate Bill Nos. 1 and 4 SCS. Because the bills affect some people who would be eligible for either the homestead rebate or the NJ SAVER, the OLS estimates the State will save approximately \$20 million in FY 2002 and \$70 million thereafter in offsetting costs due to dual rebate recipients. **The table displays the estimated net fiscal impact on the State if both bills are enacted.** The OLS estimates an additional State cost of about \$312 million in FY 2002, \$276 million in FY 2003, and \$63 million in FY 2004. Thereafter, the State cost increases along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, S 1 & 4 SCS	0.0	140.0	136.0	133.0	142.0
NJ SAVER, S 2	0.0	192.0	210.0	0.0	0.0
Offset for Combined Programs	0.0	(20.0)	(70.0)	(70.0)	(70.0)
<b>Net Cost of Combined Programs</b>	<b>0.0</b>	<b>312.0</b>	<b>276.0</b>	<b>63.0</b>	<b>72.0</b>

This fiscal estimate is based on OLS extrapolations of recent homestead rebate and NJ SAVER data on average payments and taxpayer participation provided by the Department of the Treasury. The OLS notes that the number of participants in the NJ SAVER program has been less than originally anticipated. It is unclear why fewer taxpayers are applying for the program, but the lower participation has resulted in lower State costs. If at some future date participation



were to increase, the overall cost of the NJ SAVER program would increase correspondingly.

### ***FY 2002 Budget Comparison***

As is customary, this Fiscal Estimate compares the anticipated costs of the programs under current law and under the bills in question. However, since the introduction of these bills, the Executive has proposed a budget which assumes changes in the existing NJ SAVER program which are different from the changes in these bills. Accordingly, it is useful to examine the FY 2002 cost of these bills in relationship to the proposed Executive budget. In the proposed FY 2002 Budget, **the Executive recommended a total of \$950.5 million** in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, **the OLS anticipates a need for a total of \$1,100.0 million** in FY 2002 from the combined provisions under Senate Bill Nos. 1 and 4 SCS (\$488.0 million) and Senate Bill No. 2 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). **The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.** The higher estimated cost in FY 2002 is due to a number of factors that are part of the bills, but were not included in the Executive's budget proposal: 1) the increase in the maximum homestead rebate benefit to \$750; 2) the acceleration of the non-senior and disabled tenant homestead rebate benefit to \$100; and 3) a slightly higher NJ SAVER average benefit.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*  
*Senior Fiscal Analyst*

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

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

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

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2

# STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2001

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2.

This bill accelerates the phase-in of the NJ SAVER property tax rebate by increasing from 60% to 83 1/3% the fraction of the full rebate amount that would be applicable for the tax year 2000, and from 80% to 100% the fraction of that full rebate amount that would be applicable for the tax year 2001.

The NJ SAVER rebate was enacted in 1999 as part of a program to enhance homestead property tax relief. Under the legislation, New Jersey resident homeowners who have paid property tax on their homestead are eligible for their regular homestead rebate payment (if otherwise qualified for that) or the new NJ SAVER rebate amount, whichever is greater. The NJ SAVER benefit is determined by applying the 1997 equalized school tax rate against the first \$45,000 of equalized assessed value of the taxpayer's qualifying residential property. The legislation provided for a five-year phase-in of the program, under which an increasing fraction of the full benefit amount would be payable during the initial four years of the phase-in period, with the full amount payable in the program's fifth year and thereafter. The amount of the average full benefit has been estimated at \$600 for each homestead.

For payments in the first year of the phase-in period (1999), the level of the NJ SAVER rebate benefit was set at one-fifth (20%) of the full amount; for the second year (2000), that fraction rose to two-fifths (40%). Under current law, the fraction is scheduled to increase by an additional one-fifth each year until the full rebate amount is payable in 2003 for tax year 2002. Under this bill, five-sixths (83 1/3%) of the full benefit will be paid in calendar year 2001 for tax year 2000, and the full amount (100%) of the benefit will be payable in calendar year 2002 for tax year 2001.

#### FISCAL IMPACT

! This bill will increase State costs above current law by about \$192 million in FY2002 and by about \$210 million in FY2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments would match those scheduled to be made under current law.

- ! The Office of Legislative Services (OLS) notes that this bill and Senate Bill Nos. 1 and 4 SCS, which increases the maximum benefit under the homestead rebate program and provides for future indexation of those benefits for inflation, are viewed by the sponsors as a package, and that if both bills are enacted, there will be some offsetting fiscal impacts between them. The OLS estimates that the State will save approximately \$20 million in FY2002 and about \$70 million annually thereafter once account is taken of duplicative benefit enhancements under the two bills.
- ! In its recently proposed FY2002 Budget, the Executive recommends a total of \$950.5 million in total appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). The OLS anticipates a total of \$1,100.0 million in FY2002 from the combined appropriations under this bill (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million) and Senate Bill Nos. 1 and 4 SCS (\$488.0 million). The OLS thus estimates combined total fiscal impact of \$149.5 million over the amount budgeted by the Executive.

The OLS notes that the foregoing estimates assume that taxpayer participation in the NJ SAVER program will continue at the current level, which is below the level anticipated when the program was enacted. If the rate of participation rises in the future, the fiscal impact of the basic program and this legislation will increase accordingly.

# ASSEMBLY LOCAL GOVERNMENT COMMITTEE

## STATEMENT TO

### **SENATE, No. 2**

# **STATE OF NEW JERSEY**

DATED: MAY 3, 2001

The Assembly Local Government Committee reports favorably Senate Bill No. 2.

Senate Bill No. 2 accelerates the phase-in of the NJ SAVER property tax rebate by increasing from 60% to 83-1/3% the fraction of the full rebate amount that would be applicable for the tax year 2000, and from 80% to 100% the fraction of that full rebate amount that would be applicable for the tax year 2001.

The NJ SAVER rebate was enacted in 1999 as part of a program to enhance homestead property tax relief. Under the legislation, New Jersey resident homeowners who have paid property tax on their homesteads are eligible for their regular homestead rebate payment (if otherwise qualified for that) or the new NJ SAVER rebate amount, whichever is greater. The NJ SAVER benefit is determined by applying the 1997 equalized school tax rate against the first \$45,000 of equalized assessed value of the taxpayer's qualifying residential property. The legislation provided for a five-year phase-in of the program, under which an increasing fraction of the full benefit amount would be payable during the initial four years of the phase-in period, with the full amount payable in the program's fifth year and thereafter. The amount of the average full benefit has been estimated at \$600 for each homestead.

For payments in the first year of the phase-in period (1999), the level of the NJ SAVER rebate benefit was set at one-fifth (20%) of the full amount; for the second year (2000), that fraction rose to two-fifths (40%). Under current law, the fraction is scheduled to increase by an additional one-fifth each year until the full rebate amount is payable in 2003 for tax year 2002. Under this bill, five-sixths (83-1/3%) of the full benefit will be paid in calendar year 2001 for tax year 2000, and the full amount (100%) of the benefit will be payable in calendar year 2002 for tax year 2001.

Senate Bill No. 2 is identical to Assembly Bill No. 3178, which was also reported by the committee at its May 3, 2001 meeting.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2**

# **STATE OF NEW JERSEY**

DATED: MAY 17, 2001

The Assembly Appropriations Committee reports favorably Senate Bill No. 2.

Senate Bill No. 2 accelerates the phase-in of the NJ SAVER property tax rebate by increasing from 60% to 83 1/3% the fraction of the full rebate amount that will apply for tax year 2000, and from 80% to 100% the fraction of that full rebate amount that will apply for tax year 2001.

The NJ SAVER rebate was enacted in 1999 as part of a program to enhance homestead property tax relief. Under the legislation, New Jersey resident homeowners who have paid property tax on their homestead are eligible for their regular homestead rebate payment (if otherwise qualified for that) or the new NJ SAVER rebate amount, whichever is greater. The NJ SAVER benefit is determined by applying the 1997 equalized school tax rate against the first \$45,000 of equalized assessed value of the taxpayer's qualifying residential property. The legislation provided for a five-year phase-in of the NJ SAVER program, under which an increasing fraction of the full benefit amount is payable during the initial four years of the phase-in period, with the full amount payable in the program's fifth year and thereafter. The amount of the average full benefit has been estimated at \$600 for each homestead.

For payments in the first year of the phase-in period (1999), the level of the NJ SAVER rebate benefit was set at one-fifth (20%) of the full amount; for the second year (2000), that fraction rose to two-fifths (40%). Under current law, the fraction is scheduled to increase by an additional one-fifth each year until the full rebate amount is payable in 2003 for tax year 2002.

Under this bill, five-sixths (83 1/3%) of the full benefit will be paid in calendar year 2001 for tax year 2000, and the full amount (100%) of the benefit will be payable in calendar year 2002 for tax year 2001.

As reported, this bill is identical to the Assembly Committee Substitute for Assembly Bill Nos. 1 and 3178, as also reported by the committee.

**FISCAL IMPACT**

- ! This bill will increase State costs above current law by about \$192 million in FY2002 and by about \$210 million in FY2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments will match those scheduled to be made under current law.
  
- ! The Office of Legislative Services (OLS) notes that the estimated cost of the accelerated NJ SAVER under this bill is \$632 million in FY 2002. The Executive's current FY 2002 budget proposal also accelerates NJ SAVER, but by a slightly lesser amount. The Executive has budgeted a total of \$607 million in FY 2002. Therefore, while this bill would cost the State \$192 million more than under current law in FY 2002, that additional cost would be only \$25 million more than the Executive's current budget proposal.

The OLS notes that the foregoing estimates assume that taxpayer participation in the NJ SAVER program will continue at the current level, which is below the level anticipated when the program was enacted. If the rate of participation rises in the future, the fiscal impact of the basic program and this bill will increase accordingly.

**ASSEMBLY, No. 1**

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**STATE OF NEW JERSEY**

**209th LEGISLATURE**

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INTRODUCED FEBRUARY 5, 2001

**Sponsored by:**

**Assemblyman GEORGE F. GEIST**

**District 4 (Camden and Gloucester)**

**Assemblywoman ROSE MARIE HECK**

**District 38 (Bergen)**

**Co-Sponsored by:**

**Assemblymen Blee, LeFevre and Arnone**

**SYNOPSIS**

Accelerates by one year phase-in of the NJ SAVER rebate.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/9/2001)**

1 AN ACT concerning benefits under the NJ SAVER and amending  
2 P.L.1999, c.63.

3

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

6

7 1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read  
8 as follows:

9 4. a. A resident of this State who has paid property taxes for the  
10 tax year on a homestead that is owned as such, who has filed an  
11 application for an NJ SAVER rebate pursuant to the provisions of  
12 P.L.1999, c.63 (C.54:4-8.58a et al.), shall be allowed an NJ SAVER  
13 rebate in the amount determined by the director pursuant to this  
14 section. The amount of the NJ SAVER rebate shall be equal to the  
15 product of (1) the NJ SAVER property value amount, multiplied by  
16 (2) the NJ SAVER school tax rate for the municipality in which the  
17 claimant maintains the homestead for which the claimant has paid  
18 property taxes for the tax year; provided however, that the NJ SAVER  
19 rebate amount for the 1998 tax year to be paid on or before September  
20 30, 1999 shall be 20% of the amount otherwise determined, the  
21 NJ SAVER rebate amount for the 1999 tax year to be paid on or  
22 before September 30, 2000 shall be 40% of the amount otherwise  
23 determined, and the NJ SAVER rebate amount for the 2000 tax year  
24 to be paid on or before September 30, 2001 shall be [60% of the  
25 amount otherwise determined, and the NJ SAVER rebate amount for  
26 the 2001 tax year to be paid on or before September 30, 2002 shall  
27 be] 80% of the amount otherwise determined.

28 b. Eligibility for an NJ SAVER rebate shall be based upon the  
29 prerequisites for an NJ SAVER rebate having been met by the  
30 applicant at 12:01 A.M. on October 1 of the tax year for which the  
31 NJ SAVER rebate is claimed.

32 c. If title to a homestead is held by more than one individual, other  
33 than a husband and wife, as joint tenants or tenants in common, each  
34 individual shall be allowed an NJ SAVER rebate pursuant to this  
35 section only in relation to the individual's proportionate share of  
36 interest in the title. Title shall be presumed to be held in equal shares  
37 among all co-owners, but if the applicant satisfactorily demonstrates  
38 to the director that under the conveyance under which the title is held,  
39 or otherwise satisfactorily demonstrates that the title provides for  
40 unequal interests therein, that applicant's NJ SAVER rebate shall be in  
41 proportion to the claimant's interest in the title.

42 d. If the homestead of an NJ SAVER applicant is a residential  
43 property consisting of more than one unit, that applicant shall be

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

**Matter underlined thus is new matter.**



1 allowed an NJ SAVER rebate pursuant to this section only in relation  
2 to the proportionate share of the school property taxes assessed and  
3 levied against the residential unit occupied by that applicant, as  
4 satisfactorily demonstrated by the applicant to the director.

5 e. A homestead held by husband and wife, as tenants by the  
6 entirety, shall be deemed wholly owned by each tenant, but no more  
7 than one NJ SAVER rebate in regard to that homestead shall be  
8 allowed in any year. If a husband and wife file separate NJ SAVER  
9 applications for a tax year for the same homestead, the amount of the  
10 NJ SAVER rebate allowed in regard to that homestead shall be paid  
11 in one-half equal amounts to each applicant. An application for an NJ  
12 SAVER rebate shall be allowed for a homestead the title to which is  
13 held by a partnership, to the extent of the applicant's interest as a  
14 partner therein, and by a guardian, trustee, committee, conservator or  
15 other fiduciary for any individual who would be otherwise be eligible  
16 for an NJ SAVER rebate.

17 (cf: P.L.1999, c.63, s.4)

18

19 2. This act shall take effect immediately.

20

21

22

#### STATEMENT

23

24 This bill accelerates the phase-in of the NJ SAVER rebate. When  
25 enacted in 1999, the NJ SAVER rebate was to be phased in over a five  
26 year period with the full benefit (averaging about \$600) being realized  
27 in calendar year 2003. Under this bill 4/5ths of the full benefit will be  
28 paid in calendar year 2001 and the full benefit will be paid in calendar  
29 year 2002.

# ASSEMBLY, No. 3178

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED JANUARY 29, 2001

**Sponsored by:**

**Assemblyman CHRISTOPHER J. CONNORS**

**District 9 (Atlantic, Burlington and Ocean)**

**Assemblyman JEFFREY W. MORAN**

**District 9 (Atlantic, Burlington and Ocean)**

**Co-Sponsored by:**

**Assemblymen LeFevre, Holzapfel, Wolfe and Blee**

**SYNOPSIS**

Accelerates phase-in of the NJ SAVER rebate.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/8/2001)**

1 AN ACT concerning benefits under the NJ SAVER and amending  
2 P.L.1999, c.63.

3

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

6

7 1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read  
8 as follows:

9 4. a. A resident of this State who has paid property taxes for the  
10 tax year on a homestead that is owned as such, who has filed an  
11 application for an NJ SAVER rebate pursuant to the provisions of  
12 P.L.1999, c.63 (C.54:4-8.58a et al.), shall be allowed an NJ SAVER  
13 rebate in the amount determined by the director pursuant to this  
14 section. The amount of the NJ SAVER rebate shall be equal to the  
15 product of (1) the NJ SAVER property value amount, multiplied by  
16 (2) the NJ SAVER school tax rate for the municipality in which the  
17 claimant maintains the homestead for which the claimant has paid  
18 property taxes for the tax year; provided however, that the NJ SAVER  
19 rebate amount for the 1998 tax year to be paid on or before September  
20 30, 1999 shall be 20% of the amount otherwise determined, the  
21 NJ SAVER rebate amount for the 1999 tax year to be paid on or  
22 before September 30, 2000 shall be 40% of the amount otherwise  
23 determined, and the NJ SAVER rebate amount for the 2000 tax year  
24 to be paid on or before September 30, 2001 shall be ~~60%~~ 83 1/3 %  
25 of the amount otherwise determined ~~], and the NJ SAVER rebate~~  
26 amount for the 2001 tax year to be paid on or before September 30,  
27 2002 shall be 80% of the amount otherwise determined].

28 b. Eligibility for an NJ SAVER rebate shall be based upon the  
29 prerequisites for an NJ SAVER rebate having been met by the  
30 applicant at 12:01 A.M. on October 1 of the tax year for which the  
31 NJ SAVER rebate is claimed.

32 c. If title to a homestead is held by more than one individual, other  
33 than a husband and wife, as joint tenants or tenants in common, each  
34 individual shall be allowed an NJ SAVER rebate pursuant to this  
35 section only in relation to the individual's proportionate share of  
36 interest in the title. Title shall be presumed to be held in equal shares  
37 among all co-owners, but if the applicant satisfactorily demonstrates  
38 to the director that under the conveyance under which the title is held,  
39 or otherwise satisfactorily demonstrates that the title provides for  
40 unequal interests therein, that applicant's NJ SAVER rebate shall be in  
41 proportion to the claimant's interest in the title.

42 d. If the homestead of an NJ SAVER applicant is a residential  
43 property consisting of more than one unit, that applicant shall be

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

**Matter underlined thus is new matter.**

1 allowed an NJ SAVER rebate pursuant to this section only in relation  
2 to the proportionate share of the school property taxes assessed and  
3 levied against the residential unit occupied by that applicant, as  
4 satisfactorily demonstrated by the applicant to the director.

5 e. A homestead held by husband and wife, as tenants by the  
6 entirety, shall be deemed wholly owned by each tenant, but no more  
7 than one NJ SAVER rebate in regard to that homestead shall be  
8 allowed in any year. If a husband and wife file separate NJ SAVER  
9 applications for a tax year for the same homestead, the amount of the  
10 NJ SAVER rebate allowed in regard to that homestead shall be paid  
11 in one-half equal amounts to each applicant. An application for an NJ  
12 SAVER rebate shall be allowed for a homestead the title to which is  
13 held by a partnership, to the extent of the applicant's interest as a  
14 partner therein, and by a guardian, trustee, committee, conservator or  
15 other fiduciary for any individual who would be otherwise be eligible  
16 for an NJ SAVER rebate.

17 (cf: P.L.1999, c.63, s.4)

18

19 2. This act shall take effect immediately.

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22

#### STATEMENT

23

24 This bill accelerates the phase-in of the NJ SAVER rebate. When  
25 enacted in 1999, the NJ SAVER rebate was to be phased in over a five  
26 year period with the full benefit (averaging about \$600) being realized  
27 in calendar year 2003. Under this bill 5/6ths of the full benefit will be  
28 paid in calendar year 2001 and the full benefit will be paid in calendar  
29 year 2002.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 3178**  
**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

DATED: APRIL 4, 2001

**SUMMARY**

**Synopsis:** Accelerates phase-in of the NJ SAVER rebate.  
**Type of Impact:** Increased expenditures for two fiscal years from the Property Tax Relief Fund.  
**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2004</b>
<b>State Cost</b>	\$192,000,000	\$210,000,000	\$0	\$0

- ! The bill will increase State costs above current law by about \$192 million in FY 2002 and by about \$210 million in FY 2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments should match the schedule under current law.
- ! The Office of Legislative Services' (OLS) notes that Assembly Bill No. 3178 and Assembly Bill No. 3171 are viewed by the respective sponsors as a package. If both bills are enacted there will be offsetting fiscal impacts between the bills. The OLS estimates the State will save approximately \$20 million in FY 2002 and about \$70 million annually thereafter in offsetting costs due to overlapping rebate eligibility under both bills.
- ! In its recently proposed FY 2002 Budget, the Executive recommended a total of \$950.5 million in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, the OLS anticipates a need for a total of \$1,100.0 million in FY 2002 from the combined provisions under Assembly Bill No. 3171 (\$488.0 million) and Assembly Bill No. 3178 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.

**BILL DESCRIPTION**

Assembly Bill No. 3178 of 2001 accelerates the phase-in of the NJ SAVER rebate. When enacted in 1999, the NJ SAVER rebate was to be phased in over a five year period with the full benefit (averaging about \$600) being realized in calendar year 2003. Under this bill 5/6ths of

the full benefit will be paid in calendar year 2001 and the full benefit will be paid in calendar year 2002.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The Office of Legislative Services' (OLS) analysis of Assembly Bill No. 3178 is complicated by a combination of several factors. First, changes in the New Jersey School Assessment Valuation Exemption Relief program (NJ SAVER) will be affected by changes in the State's homestead rebate program. Second, a companion bill, Assembly Bill No. 3171, increases the maximum benefit amounts under the homestead rebate and indexes certain amounts for inflation. Third, the actual payments in the first several years of the NJ SAVER program have been substantially lower than originally anticipated by the Department of the Treasury and the OLS.

The three tables below display the most recent OLS estimates of the cost of the NJ SAVER program and the homestead rebate program from FY 2001 through FY 2005. The tables also display the separate impacts of Assembly Bill No. 3178, Assembly Bill No. 3171, the offsetting cost overlap between the companion bills, and the net State fiscal impact if both bills are enacted.

Table 1 compares OLS estimates for the NJ SAVER under current law and under the accelerated increase in payments under Assembly Bill No. 3178. The impact of Assembly Bill No. 3178 is temporary, as it accelerates payments in FY 2002 and FY 2003 to levels that are scheduled to be reached in FY 2004 under current law. The bill will increase State costs above current law by about \$192 million in FY 2002 and by about \$210 million in FY 2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments should match the schedule under current law. The OLS notes that actual costs of this bill will be affected by the enactment of Assembly Bill No. 3171, and that impact is discussed below.

<b>Table 1:</b>					
<b>Cost Estimates of Changes to the NJ SAVER Program, A 3178</b>					
(\$ millions)					
<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
NJ SAVER, Current Law	289.0	440.0	600.0	810.0	810.0
NJ SAVER, A 3178	289.0	632.0	810.0	810.0	810.0
<b>Cost Increase</b>	<b>0.0</b>	<b>192.0</b>	<b>210.0</b>	<b>0.0</b>	<b>0.0</b>

Table 2 compares OLS estimates for the homestead rebate under current law with the homestead rebate as changed by the companion bill. The OLS displays this table in the Fiscal Estimate for Assembly Bill No. 3178 because the respective sponsors view the bills as a package and if both bills are enacted there will be some offsetting fiscal impacts between the bills. State costs of the bill are estimated to be between \$140 million and \$133 million higher annually in

Fiscal Years 2002 through 2004. Approximately 497,000 senior and disabled homeowners and 125,000 senior and disabled tenants currently receive the homestead rebate. The OLS anticipates that the Statewide average rebate for senior and disabled homeowners will increase from about \$470 to approximately \$660 following the increase of the maximum rebate. Senior and disabled tenants will see their average rebate increase from about \$430 to approximately \$585 under the new, higher maximum. Lastly, the benefit for other homestead rebate recipients will accelerate from the scheduled \$60 under current law to \$100 under the bill. In FY 2005 and thereafter, State costs will increase along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, Current Law	335.1	348.0	361.0	374.0	374.0
Homestead Rebate, A 3171	335.1	488.0	497.0	507.0	516.0
<b>Cost Increase</b>	<b>0.0</b>	<b>140.0</b>	<b>136.0</b>	<b>133.0</b>	<b>142.0</b>

Table 3 compares the additional costs of both Assembly Bill No. 3178 and Assembly Bill No. 3171. Because the bills affect some people who would be eligible for either the homestead rebate or the NJ SAVER, the OLS estimates the State will save approximately \$20 million in FY 2002 and \$70 million thereafter in offsetting costs due to dual rebate recipients. **The table displays the estimated net fiscal impact on the State if both bills are enacted.** The OLS estimates an additional State cost of about \$312 million in FY 2002, \$276 million in FY 2003, and \$63 million in FY 2004. Thereafter, the State cost increases along with the increase in the inflation-adjusted maximum homestead rebate benefit.

<b>Program</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
Homestead Rebate, A 3171	0.0	140.0	136.0	133.0	142.0
NJ SAVER, A 3178	0.0	192.0	210.0	0.0	0.0
Offset for Combined Programs	0.0	(20.0)	(70.0)	(70.0)	(70.0)
<b>Net Cost of Combined Programs</b>	<b>0.0</b>	<b>312.0</b>	<b>276.0</b>	<b>63.0</b>	<b>72.0</b>

This fiscal estimate is based on OLS extrapolations of recent homestead rebate and NJ SAVER data on average payments and taxpayer participation provided by the Department of the Treasury. The OLS notes that the number of participants in the NJ SAVER program has been less than originally anticipated. It is unclear why fewer taxpayers are applying for the program, but the lower participation has resulted in lower State costs. If at some future date participation were to increase, the overall cost of the NJ SAVER program would increase correspondingly.

***FY 2002 Budget Comparison***

As is customary, this Fiscal Estimate compares the anticipated costs of the programs under current law and under the bills in question. However, since the introduction of these bills, the Executive has proposed a budget which assumes changes in the existing NJ SAVER program which are different from the changes in these bills. Accordingly, it is useful to examine the FY 2002 cost of these bills in relationship to the proposed Executive budget. In the proposed FY 2002 Budget, **the Executive recommended a total of \$950.5 million** in appropriations for the homestead rebate program (\$343.1 million) and the NJ SAVER program (\$607.4 million). Based on the analysis in this Fiscal Estimate, **the OLS anticipates a need for a total of \$1,100.0 million** in FY 2002 from the combined provisions under Assembly Bill No. 3171 (\$488.0 million) and Assembly Bill No. 3178 (\$632.0 million less the \$20.0 million combined program offset = \$612.0 million). **The OLS's combined total estimate is \$149.5 million greater than the amount budgeted by the Executive.** The higher estimated cost in FY 2002 is due to a number of factors that are part of the bills, but were not included in the Executive's budget proposal: 1) the increase in the maximum homestead rebate benefit to \$750; 2) the acceleration of the non-senior and disabled tenant homestead rebate benefit to \$100; and 3) a slightly higher NJ SAVER average benefit.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*  
*Senior Fiscal Analyst*

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

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

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



# ASSEMBLY LOCAL GOVERNMENT COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3178

# STATE OF NEW JERSEY

DATED: MAY 3, 2001

The Assembly Local Government Committee reports favorably Assembly Bill No. 3178.

Assembly Bill No. 3178 accelerates the phase-in of the NJ SAVER property tax rebate by increasing from 60% to 83-1/3% the fraction of the full rebate amount that would be applicable for the tax year 2000, and from 80% to 100% the fraction of that full rebate amount that would be applicable for the tax year 2001.

The NJ SAVER rebate was enacted in 1999 as part of a program to enhance homestead property tax relief. Under the legislation, New Jersey resident homeowners who have paid property tax on their homesteads are eligible for their regular homestead rebate payment (if otherwise qualified for that) or the new NJ SAVER rebate amount, whichever is greater. The NJ SAVER benefit is determined by applying the 1997 equalized school tax rate against the first \$45,000 of equalized assessed value of the taxpayer's qualifying residential property. The legislation provided for a five-year phase-in of the program, under which an increasing fraction of the full benefit amount would be payable during the initial four years of the phase-in period, with the full amount payable in the program's fifth year and thereafter. The amount of the average full benefit has been estimated at \$600 for each homestead.

For payments in the first year of the phase-in period (1999), the level of the NJ SAVER rebate benefit was set at one-fifth (20%) of the full amount; for the second year (2000), that fraction rose to two-fifths (40%). Under current law, the fraction is scheduled to increase by an additional one-fifth each year until the full rebate amount is payable in 2003 for tax year 2002. Under this bill, five-sixths (83-1/3%) of the full benefit will be paid in calendar year 2001 for tax year 2000, and the full amount (100%) of the benefit will be payable in calendar year 2002 for tax year 2001.

Assembly Bill No. 3178 is identical to Senate Bill No. 2, which was also reported by the committee at its May 3, 2001 meeting.

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, Nos. 1 and 3178**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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ADOPTED MAY 17, 2001

**Sponsored by:**

**Assemblyman GEORGE F. GEIST**

**District 4 (Camden and Gloucester)**

**Assemblywoman ROSE MARIE HECK**

**District 38 (Bergen)**

**Assemblyman CHRISTOPHER J. CONNORS**

**District 9 (Atlantic, Burlington and Ocean)**

**Assemblyman JEFFREY W. MORAN**

**District 9 (Atlantic, Burlington and Ocean)**

**Co-Sponsored by:**

**Assemblymen Blee, LeFevre, Arnone, Holzapfel, Wolfe, Guear, Gusciora,**

**Assemblywoman Previte, Assemblymen Rooney, Thompson and**

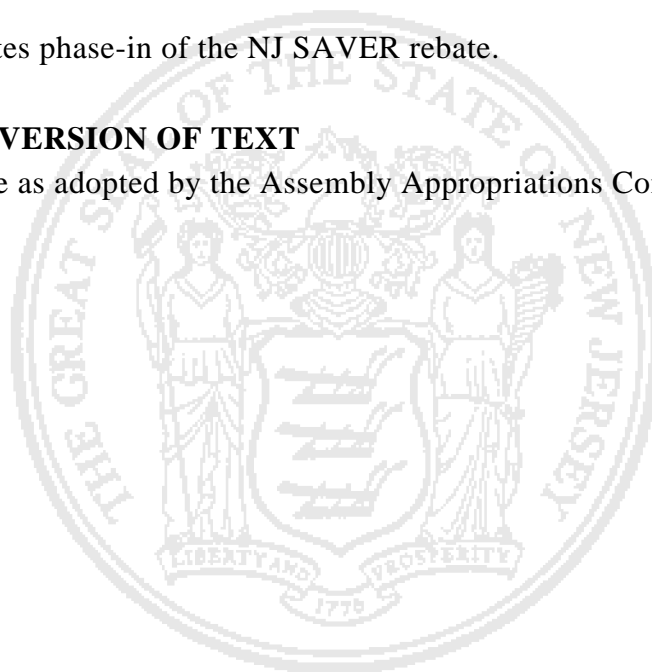
**Assemblywoman Vandervalk**

**SYNOPSIS**

Accelerates phase-in of the NJ SAVER rebate.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Assembly Appropriations Committee.



**(Sponsorship Updated As Of: 5/25/2001)**

1 AN ACT concerning benefits under the NJ SAVER and amending  
2 P.L.1999, c.63.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read  
8 as follows:

9 4. a. A resident of this State who has paid property taxes for the  
10 tax year on a homestead that is owned as such, who has filed an  
11 application for an NJ SAVER rebate pursuant to the provisions of  
12 P.L.1999, c.63 (C.54:4-8.58a et al.), shall be allowed an NJ SAVER  
13 rebate in the amount determined by the director pursuant to this  
14 section. The amount of the NJ SAVER rebate shall be equal to the  
15 product of (1) the NJ SAVER property value amount, multiplied by  
16 (2) the NJ SAVER school tax rate for the municipality in which the  
17 claimant maintains the homestead for which the claimant has paid  
18 property taxes for the tax year; provided however, that the NJ SAVER  
19 rebate amount for the 1998 tax year to be paid on or before September  
20 30, 1999 shall be 20% of the amount otherwise determined, the  
21 NJ SAVER rebate amount for the 1999 tax year to be paid on or  
22 before September 30, 2000 shall be 40% of the amount otherwise  
23 determined, and the NJ SAVER rebate amount for the 2000 tax year  
24 to be paid on or before September 30, 2001 shall be ~~60%~~ 83 1/3 %  
25 of the amount otherwise determined ~~], and the NJ SAVER rebate~~  
26 amount for the 2001 tax year to be paid on or before September 30,  
27 2002 shall be 80% of the amount otherwise determined].

28 b. Eligibility for an NJ SAVER rebate shall be based upon the  
29 prerequisites for an NJ SAVER rebate having been met by the  
30 applicant at 12:01 A.M. on October 1 of the tax year for which the  
31 NJ SAVER rebate is claimed.

32 c. If title to a homestead is held by more than one individual, other  
33 than a husband and wife, as joint tenants or tenants in common, each  
34 individual shall be allowed an NJ SAVER rebate pursuant to this  
35 section only in relation to the individual's proportionate share of  
36 interest in the title. Title shall be presumed to be held in equal shares  
37 among all co-owners, but if the applicant satisfactorily demonstrates  
38 to the director that under the conveyance under which the title is held,  
39 or otherwise satisfactorily demonstrates that the title provides for  
40 unequal interests therein, that applicant's NJ SAVER rebate shall be in  
41 proportion to the claimant's interest in the title.

42 d. If the homestead of an NJ SAVER applicant is a residential  
43 property consisting of more than one unit, that applicant shall be

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

**Matter underlined thus is new matter.**

1 allowed an NJ SAVER rebate pursuant to this section only in relation  
2 to the proportionate share of the school property taxes assessed and  
3 levied against the residential unit occupied by that applicant, as  
4 satisfactorily demonstrated by the applicant to the director.

5 e. A homestead held by husband and wife, as tenants by the  
6 entirety, shall be deemed wholly owned by each tenant, but no more  
7 than one NJ SAVER rebate in regard to that homestead shall be  
8 allowed in any year. If a husband and wife file separate NJ SAVER  
9 applications for a tax year for the same homestead, the amount of the  
10 NJ SAVER rebate allowed in regard to that homestead shall be paid  
11 in one-half equal amounts to each applicant. An application for an NJ  
12 SAVER rebate shall be allowed for a homestead the title to which is  
13 held by a partnership, to the extent of the applicant's interest as a  
14 partner therein, and by a guardian, trustee, committee, conservator or  
15 other fiduciary for any individual who would be otherwise be eligible  
16 for an NJ SAVER rebate.

17 (cf: P.L.1999, c.63, s.4)

18

19 2. This act shall take effect immediately.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, Nos. 1 and 3178**

**STATE OF NEW JERSEY**

DATED: MAY 17, 2001

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 1 and 3178.

The Assembly Committee Substitute for Assembly Bill Nos. 1 and 3178 accelerates the phase-in of the NJ SAVER property tax rebate by increasing from 60% to 83 1/3% the fraction of the full rebate amount that will apply for tax year 2000, and from 80% to 100% the fraction of that full rebate amount that will apply for tax year 2001.

The NJ SAVER rebate was enacted in 1999 as part of a program to enhance homestead property tax relief. Under the legislation, New Jersey resident homeowners who have paid property tax on their homestead are eligible for their regular homestead rebate payment (if otherwise qualified for that) or the new NJ SAVER rebate amount, whichever is greater. The NJ SAVER benefit is determined by applying the 1997 equalized school tax rate against the first \$45,000 of equalized assessed value of the taxpayer's qualifying residential property. The legislation provided for a five-year phase-in of the NJ SAVER program, under which an increasing fraction of the full benefit amount is payable during the initial four years of the phase-in period, with the full amount payable in the program's fifth year and thereafter. The amount of the average full benefit has been estimated at \$600 for each homestead.

For payments in the first year of the phase-in period (1999), the level of the NJ SAVER rebate benefit was set at one-fifth (20%) of the full amount; for the second year (2000), that fraction rose to two-fifths (40%). Under current law, the fraction is scheduled to increase by an additional one-fifth each year until the full rebate amount is payable in 2003 for tax year 2002.

Under this substitute, five-sixths (83 1/3%) of the full benefit will be paid in calendar year 2001 for tax year 2000, and the full amount (100%) of the benefit will be payable in calendar year 2002 for tax year 2001.

As reported, this Assembly Committee Substitute for Assembly Bill Nos. 1 and 3178 is identical to Senate Bill No. 2, as also reported by the committee.

FISCAL IMPACT

- ! This substitute will increase State costs above current law by about \$192 million in FY2002 and by about \$210 million in FY2003. Thereafter, no additional State cost is anticipated, as the NJ SAVER payments will match those scheduled to be made under current law.
  
- ! The Office of Legislative Services (OLS) notes that the estimated cost of the accelerated NJ SAVER under this bill is \$632 million in FY 2002. The Executive's current FY 2002 budget proposal also accelerates NJ SAVER, but by a slightly lesser amount. The Executive has budgeted a total of \$607 million in FY 2002. Therefore, while this bill would cost the State \$192 million more than under current law in FY 2002, that additional cost would be only \$25 million more than the Executive's current budget proposal.

The OLS notes that the foregoing estimates assume that taxpayer participation in the NJ SAVER program will continue at the current level, which is below the level anticipated when the program was enacted. If the rate of participation rises in the future, the fiscal impact of the basic program and this substitute will increase accordingly.

P.L. 2001, CHAPTER 106, *approved June 18, 2001*  
Senate, No. 2

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3  
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5 of New Jersey:

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7 1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read  
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17 claimant maintains the homestead for which the claimant has paid  
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22 before September 30, 2000 shall be 40% of the amount otherwise  
23 determined, and the NJ SAVER rebate amount for the 2000 tax year  
24 to be paid on or before September 30, 2001 shall be **[60%]** 83 1/3 %  
25 of the amount otherwise determined **[**, and the NJ SAVER rebate  
26 amount for the 2001 tax year to be paid on or before September 30,  
27 2002 shall be 80% of the amount otherwise determined**]**.

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29 prerequisites for an NJ SAVER rebate having been met by the  
30 applicant at 12:01 A.M. on October 1 of the tax year for which the  
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39 or otherwise satisfactorily demonstrates that the title provides for  
40 unequal interests therein, that applicant's NJ SAVER rebate shall be in  
41 proportion to the claimant's interest in the title.

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

**Matter underlined thus is new matter.**

1 d. If the homestead of an NJ SAVER applicant is a residential  
2 property consisting of more than one unit, that applicant shall be  
3 allowed an NJ SAVER rebate pursuant to this section only in relation  
4 to the proportionate share of the school property taxes assessed and  
5 levied against the residential unit occupied by that applicant, as  
6 satisfactorily demonstrated by the applicant to the director.

7 e. A homestead held by husband and wife, as tenants by the  
8 entirety, shall be deemed wholly owned by each tenant, but no more  
9 than one NJ SAVER rebate in regard to that homestead shall be  
10 allowed in any year. If a husband and wife file separate NJ SAVER  
11 applications for a tax year for the same homestead, the amount of the  
12 NJ SAVER rebate allowed in regard to that homestead shall be paid  
13 in one-half equal amounts to each applicant. An application for an NJ  
14 SAVER rebate shall be allowed for a homestead the title to which is  
15 held by a partnership, to the extent of the applicant's interest as a  
16 partner therein, and by a guardian, trustee, committee, conservator or  
17 other fiduciary for any individual who would be otherwise be eligible  
18 for an NJ SAVER rebate.

19 (cf: P.L.1999, c.63, s.4)

20

21 2. This act shall take effect immediately.

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#### STATEMENT

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26 This bill accelerates the phase-in of the NJ SAVER rebate. When  
27 enacted in 1999, the NJ SAVER rebate was to be phased in over a five  
28 year period with the full benefit (averaging about \$600) being realized  
29 in calendar year 2003. Under this bill 5/6ths of the full benefit will be  
30 paid in calendar year 2001 and the full benefit will be paid in calendar  
31 year 2002.

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36 Accelerates phase-in of the NJ SAVER rebate.



## CHAPTER 106

AN ACT concerning benefits under the NJ SAVER and amending P.L.1999, c.63.

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

1. Section 4 of P.L.1999, c.63 (C.54:4-8.58b) is amended to read as follows:

C.54:4-8.58b NJ SAVER rebate, amount; eligibility; conditions.

4. a. A resident of this State who has paid property taxes for the tax year on a homestead that is owned as such, who has filed an application for an NJ SAVER rebate pursuant to the provisions of P.L.1999, c.63 (C.54:4-8.58a et al.), shall be allowed an NJ SAVER rebate in the amount determined by the director pursuant to this section. The amount of the NJ SAVER rebate shall be equal to the product of (1) the NJ SAVER property value amount, multiplied by (2) the NJ SAVER school tax rate for the municipality in which the claimant maintains the homestead for which the claimant has paid property taxes for the tax year; provided however, that the NJ SAVER rebate amount for the 1998 tax year to be paid on or before September 30, 1999 shall be 20% of the amount otherwise determined, the NJ SAVER rebate amount for the 1999 tax year to be paid on or before September 30, 2000 shall be 40% of the amount otherwise determined, and the NJ SAVER rebate amount for the 2000 tax year to be paid on or before September 30, 2001 shall be 83 1/3 % of the amount otherwise determined.

b. Eligibility for an NJ SAVER rebate shall be based upon the prerequisites for an NJ SAVER rebate having been met by the applicant at 12:01 A.M. on October 1 of the tax year for which the NJ SAVER rebate is claimed.

c. If title to a homestead is held by more than one individual, other than a husband and wife, as joint tenants or tenants in common, each individual shall be allowed an NJ SAVER rebate pursuant to this section only in relation to the individual's proportionate share of interest in the title. Title shall be presumed to be held in equal shares among all co-owners, but if the applicant satisfactorily demonstrates to the director that under the conveyance under which the title is held, or otherwise satisfactorily demonstrates that the title provides for unequal interests therein, that applicant's NJ SAVER rebate shall be in proportion to the claimant's interest in the title.

d. If the homestead of an NJ SAVER applicant is a residential property consisting of more than one unit, that applicant shall be allowed an NJ SAVER rebate pursuant to this section only in relation to the proportionate share of the school property taxes assessed and levied against the residential unit occupied by that applicant, as satisfactorily demonstrated by the applicant to the director.

e. A homestead held by husband and wife, as tenants by the entirety, shall be deemed wholly owned by each tenant, but no more than one NJ SAVER rebate in regard to that homestead shall be allowed in any year. If a husband and wife file separate NJ SAVER applications for a tax year for the same homestead, the amount of the NJ SAVER rebate allowed in regard to that homestead shall be paid in one-half equal amounts to each applicant. An application for an NJ SAVER rebate shall be allowed for a homestead the title to which is held by a partnership, to the extent of the applicant's interest as a partner therein, and by a guardian, trustee, committee, conservator or other fiduciary for any individual who would otherwise be eligible for an NJ SAVER rebate.

2. This act shall take effect immediately.

Approved June 18, 2001.

PO BOX 004  
TRENTON, NJ 08625

*Office of the Governor*  
**NEWS RELEASE**

CONTACT: Rae Hutton  
609-777-2600

RELEASE: June 18, 2001

**DiFRANCESCO PROVIDES LARGEST SINGLE YEAR INCREASE IN DIRECT  
PROPERTY TAX RELIEF IN NJ HISTORY  
Signs NJ Saver Legislation to Double Property Tax Rebates to \$500**

Acting Governor Donald T. DiFrancesco today signed into law an increase in the NJ SAVER program to provide the largest property tax relief rebate in New Jersey history - more than doubling last year's average check from \$240 to \$500.

"Today we're making good on a pledge I made to the people of New Jersey in February to accelerate the NJ SAVER plan to provide more relief more quickly. Thanks to the hard work of the legislators here with me today, you will take that pledge to the bank," remarked DiFrancesco.

Since DiFrancesco became Senate President in 1992, New Jersey has now seen 55 tax cuts - an average of one tax cut every two months - which saves taxpayers \$16 billion, including more than \$6.1 billion in direct property tax relief. Combined with President Bush's tax plan, the average New Jersey family will see up to \$1,100 in tax relief this year.

"We've frozen property taxes for seniors and the disabled, allowed people to deduct their property taxes from their state income tax, increased the property tax deduction for seniors and veterans, and encouraged cost-sharing to help municipalities reduce the cost of government. Today, we send more money back to our communities and schools than ever. In fact, nearly half of the state budget now goes toward reducing the cost of local government and schools," remarked the acting Governor.

The NJ SAVER bill will fully phase in the rebate program in 2002 -- one year ahead of schedule. Next year, homeowners can expect an average rebate of \$600.

"Last year, 1.2 million New Jerseyans received relief from this important program. This year, we expect 1.3 million families will receive a check. And the good news is that this year, the check will be bigger - much bigger," stated DiFrancesco.

Today's bill signing took place at the home of the Kratchwell family in Washington Township. Joseph and Verna Kratchwell have four children - Joseph (13), Michael (10) and twins Courtney and Christine (6) - and will receive \$547 to spend any way they see fit as a result of this legislation. This is real money for real families.

Other families in attendance today include the Newbold family from Lindenwold, the Strippoli family from Clementon, the Williams family from Glassboro, the Vendetta

family from Pitman, the Chodnicki family from Newfield, the Wirtz family from Blackwood and the Micarelli family from Franklinville.

"The New Jersey SAVER program is the largest property tax relief program ever enacted by state government. We understand that no one knows better than you how to best spend your hard-earned tax dollars. That is why we are returning more tax dollars to you, so that you can decide how to best use this property tax relief," said Senator John J. Matheussen (R-Gloucester/Camden).

"The NJ SAVER program is the biggest, broadest and best property tax-relief initiative in our state's history," said Assemblyman George F. Geist (R-Gloucester/Camden). This provides additional relief, and sooner is certainly better."

The NJ SAVER legislation was sponsored by DiFrancesco and Senator John Matheussen and Assemblymembers Chris Connors (R-Atlantic/Burlington/Ocean), Jeff Moran (R-Atlantic/Burlington/Ocean), George Geist (R-Camden/Gloucester) and Rose Heck (R-Bergen).

Homeowners can fill out the application online at [www.njsaverrebate.com](http://www.njsaverrebate.com) or via the automated phone system by calling toll-free 877-658-2972. For additional information or questions, contact the NJ SAVER Hotline at 609-826-4282.

New Jersey Tax Fact Sheet is attached.

### **Tax Cut Facts**

- The average NJ SAVER Rebate this year is \$500, up from an average of \$240 last year. Next year's average rebate is estimated to be \$600.
- Approximately 1.3 million taxpayers will receive rebate checks.
- In the last five years, New Jersey property taxes have risen at an annual rate of less than 2%, the lowest since the early 1980s.
- The NJ SAVER Rebate Program is the largest single-year direct property tax relief program in New Jersey history enacted without a tax increase.
- Republicans have now enacted 55 tax cuts since 1992 - this averages to one tax cut every two months which saved taxpayers \$16 billion, including more than \$6.1 billion in direct property tax relief.
- Acting Governor Donald T. DiFrancesco has signed four tax cuts into law in four months.
- NJ SAVER is among the most generous individual property tax rebates in the nation.

- The NJ SAVER Rebate Program will be fully implemented in 2002 -- one year ahead of schedule.
- The NJ SAVER Rebate Program was a bipartisan bill with 20 co-sponsors.