

# Article VIII, Section I, Paragraph 3 New Jersey Constitution

## LEGISLATIVE HISTORY CHECKLIST

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(Extends veterans' property tax deduction to continuing care retirement communities)

**New Jersey Constitution:** Article VIII, Section I, Paragraph 3

**BILL NO:** ACR253

**SPONSOR:** Tucker, Benson, Lampitt, DeAngelo, Cryan, Vitale, Dancer, Zwicker, Webber, Murphy, Danielsen, Jimenez, Space, Wirths, Mazzeo, Armato, Pinkin, Vainieri Huttle, Freiman, Thomson, Houghtaling, Downey, Bateman, Madden, Greenstein, Gopal, Brown, Diegan

**DATE INTRODUCED:** 12/16/2019

**COMMITTEE:** **Assembly:** Military and Veterans Affairs

**Senate:** --

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:** **ASSEMBLY:** 1/13/2020

**SENATE:** 1/13/2020

**FILED WITH SECRETARY OF STATE:** 1/13/2020

**DATE OF ADOPTION:** 11/3/2020

**EFFECTIVE:** 12/3/2020

### FOLLOWING ARE ATTACHED IF AVAILABLE:

**FINAL TEXT OF BILL** (Introduced bill enacted) Yes

**SPONSOR'S STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** No

**SENATE:** No

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

### FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

**REPORTS:** No

**HEARINGS:**

Yes

974.90 Public hearing before Assembly Military and Veterans' Affairs Committee : the public hearing will be held in  
V531 accordance with Article IX, paragraph I of the New Jersey Constitution and Rule 19:3 of the General  
2020a Assembly on the following Assembly Concurrent Resolution: Assembly Concurrent Resolution 253  
"Proposes constitutional amendment to extend veterans' property tax deduction and veterans' property tax  
exemption to certain veterans who did not serve in time of war or other emergency" [January 6, 2020,  
Trenton, New Jersey]

**NEWSPAPER ARTICLES:**

Yes

A. (2020, January 15). *South Jersey Times (NJ)*, p. 003.

Levinsky, D. (2020, January 27). Winners and losers from NJ's lame-duck session. *Burlington County Times (Willingboro, NJ)*, p. A1

KAHN, L. (2020, October 21). Voters asked to weigh in on legalized marijuana, tax credit for veterans, changing legislative redistricting schedule. *Cranbury Press (NJ)*.

Barchenger, S. (2020, November 5). NJ election: Voters overwhelmingly support property tax aid for veterans. *Burlington County Times (Willingboro, NJ)*, p. A3.

NEW JERSEY VETERANS ARE SHORTCHANGED -- AGAIN. (2020, November 29). *Suburban Trends (Bloomingdale, Wanaque, NJ)*, p. A4.

J. Asszony, C. (2020, December 2). NEW JERSEY VETERANS ARE SHORTCHANGED -- AGAIN. *Neighbor News, The (Rockaway, NJ)*, p. A20

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**ASSEMBLY CONCURRENT  
RESOLUTION No. 253**

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**STATE OF NEW JERSEY  
218th LEGISLATURE**

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INTRODUCED DECEMBER 16, 2019

**Sponsored by:**

**Assemblywoman CLEOPATRA G. TUCKER**

**District 28 (Essex)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Burlington and Camden)**

**Assemblyman WAYNE P. DEANGELO**

**District 14 (Mercer and Middlesex)**

**Senator JOSEPH P. CRYAN**

**District 20 (Union)**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Co-Sponsored by:**

**Assemblymen Dancer, Zwicker, Webber, Assemblywoman Murphy, Assemblyman Danielsen, Assemblywoman Jimenez, Assemblymen Space, Wirths, Mazzeo, Armato, Assemblywomen Pinkin, Vainieri Huttie, Assemblymen Freiman, Thomson, Houghtaling, Assemblywoman Downey, Senators Bateman, Madden, Greenstein, Gopal, Brown and Diegnan**

**SYNOPSIS**

Proposes constitutional amendment to extend veterans' property tax deduction and veterans' property tax exemption to certain veterans who did not serve in time of war or other emergency.

**CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 1/14/2020)

1 A **CONCURRENT RESOLUTION** proposing to amend Article VIII,  
2 Section I, paragraph 3 of the New Jersey Constitution.

3

4 **BE IT RESOLVED** by the General Assembly of the State of New  
5 Jersey (the Senate concurring):

6

7 1. The following proposed amendment to the Constitution of  
8 the State of New Jersey is hereby agreed to:

9

10 PROPOSED AMENDMENT

11

12 Amend Article VIII, Section I, paragraph 3 to read as follows:

13 3. a. Any citizen and resident of this State now or hereafter  
14 honorably discharged or released under honorable circumstances  
15 from active service **[**, in time of war or other emergency as, from  
16 time to time, defined by the Legislature,**]** in any branch of the  
17 Armed Forces of the United States shall be entitled, annually to a  
18 deduction from the amount of any tax bill for taxes on real and  
19 personal property, or both, including taxes attributable to a  
20 residential unit held by a stockholder in a cooperative or mutual  
21 housing corporation in the sum of **[\$50 or if the amount of any such**  
22 **tax bill shall be less than \$50, to a cancellation thereof, except that**  
23 **the deduction or cancellation shall be \$100 in tax year 2000, \$150**  
24 **in tax year 2001, \$200 in tax year 2002 and] \$250 in each tax year**  
25 **[thereafter], or if the amount of any such tax bill shall be less than**  
26 **\$250, to a cancellation thereof.** The deduction or cancellation shall  
27 not be altered or repealed. Any person hereinabove described who  
28 has been or shall be declared by the **[United States Veterans**  
29 **Administration] United States Department of Veterans Affairs,** or  
30 its successor, to have a service-connected disability, shall be  
31 entitled to such further deduction from taxation as from time to time  
32 may be provided by law. The surviving spouse of any citizen and  
33 resident of this State who has met or shall meet his or her death on  
34 active duty **[in time of war or of other emergency as so defined]** in  
35 any such service shall be entitled, during her widowhood or his  
36 widowerhood, as the case may be, and while a resident of this State,  
37 to the deduction or cancellation in this subsection provided for  
38 honorably discharged veterans and to such further deduction as  
39 from time to time may be provided by law. The surviving spouse of  
40 any citizen and resident of this State who has had or shall hereafter  
41 have active service **[in time of war or of other emergency as so**  
42 **defined]** in any branch of the Armed Forces of the United States  
43 and who died or shall die while on active duty in any branch of the  
44 Armed Forces of the United States, or who has been or may

**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 hereafter be honorably discharged or released under honorable  
2 circumstances from active service [in time of war or of other  
3 emergency as so defined] in any branch of the Armed Forces of the  
4 United States shall be entitled, during her widowhood or his  
5 widowerhood, as the case may be, and while a resident of this State,  
6 to the deduction or cancellation in this subsection provided for  
7 honorably discharged veterans and to such further deductions as  
8 from time to time may be provided by law.

9 b. A continuing care retirement community shall receive a  
10 veterans' property tax deduction on behalf of eligible veterans. The  
11 amount of the property tax deduction shall be the dollar amount of  
12 the deduction multiplied by the number of eligible veterans  
13 receiving the property tax deduction immediately prior to moving  
14 into the continuing care retirement community. A person otherwise  
15 eligible for the veterans' deduction who is a resident of a continuing  
16 care retirement community shall receive the amount of the  
17 deduction to the extent of the share of the taxes assessed against the  
18 real property of the continuing care retirement community that is  
19 attributable to the unit that the resident occupies. The continuing  
20 care retirement community shall provide that amount as a payment  
21 or credit to the resident. That payment or credit shall be made to  
22 the resident no later than 30 days after the continuing care  
23 retirement community receives the property tax bill on which the  
24 credit appears. A veterans' property tax deduction shall not be paid  
25 on behalf of any eligible veteran who resides in a continuing care  
26 retirement community that is property tax-exempt. A resident  
27 receiving a payment or credit pursuant to this subsection shall not  
28 receive a veterans' property tax deduction on any other residence  
29 owned in whole or in part by the resident, or any residence in which  
30 the resident's spouse is living.

31 The surviving spouse of any citizen and resident of this State  
32 who has met or shall meet his or her death on active duty [in time  
33 of war or of other emergency as so defined] in any such service  
34 shall be entitled, during her widowhood or his widowerhood, as the  
35 case may be, and while a resident of this State, to the deduction in  
36 this subsection provided for honorably discharged veterans. The  
37 surviving spouse of any citizen and resident of this State who has  
38 had or shall hereafter have active service [in time of war or of other  
39 emergency as so defined] in any branch of the Armed Forces of the  
40 United States and who died or shall die while on active duty in any  
41 branch of the Armed Forces of the United States, or who has been  
42 or may hereafter be honorably discharged or released under  
43 honorable circumstances from active service [in time of war or of  
44 other emergency as so defined] in any branch of the Armed Forces  
45 of the United States shall be entitled, during her widowhood or his  
46 widowerhood, as the case may be, and while a resident of this State,

1 to the deduction in this subsection provided for honorably  
2 discharged veterans.  
3 (cf: Article VIII, Section I, paragraph 3 amended effective  
4 December 5, 2019)

5  
6 2. When this proposed amendment to the Constitution is finally  
7 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it  
8 shall be submitted to the people at the next general election  
9 occurring more than three months after the final agreement and  
10 shall be published at least once in at least one newspaper of each  
11 county designated by the President of the Senate, the Speaker of the  
12 General Assembly and the Secretary of State, not less than three  
13 months prior to the general election.

14  
15 3. This proposed amendment to the Constitution shall be  
16 submitted to the people at that election in the following manner and  
17 form:

18 There shall be printed on each official ballot to be used at the  
19 general election, the following:

20 a. In every municipality in which voting machines are not used,  
21 a legend which shall immediately precede the question as follows:

22 If you favor the proposition printed below make a cross (X), plus  
23 (+), or check (✓) in the square opposite the word "Yes." If you are  
24 opposed thereto make a cross (X), plus (+) or check (✓) in the  
25 square opposite the word "No."

26 b. In every municipality the following question:  
27

	YES	<p style="text-align: center;"><b>PROPERTY TAX DEDUCTION AND EXEMPTION FOR PEACETIME VETERANS</b></p> <p>Do you approve amending the Constitution to give a \$250 property tax deduction to veterans who did not serve in time of war? Do you also approve amending the Constitution to give a 100 percent property tax exemption to certain totally disabled veterans who did not serve in time of war?</p> <p>The widow or widower of these veterans also would receive this \$250 deduction or 100 percent exemption after the veteran's death.</p>
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	NO	<p style="text-align: center;">INTERPRETIVE STATEMENT</p> <p>This amendment would give a \$250 property tax deduction to veterans who did not serve in time of war. The widow or widower of a veteran who did not serve in time of war would receive this deduction after the veteran's death.</p> <p>The amendment also extends the 100 percent property tax exemption for disabled veterans to veterans who became disabled during peacetime military service. Persons who became disabled during peacetime military service and reside in a continuing care retirement community would not receive the 100 percent exemption for disabled veterans.</p> <p>Currently, these property tax deductions and exemptions are only given to veterans who served during time of war. The amendment would give the deductions and exemptions to veterans who did not serve in wartime.</p>
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STATEMENT

If approved by the voters of the State, this proposed constitutional amendment would make honorably discharged military veterans who did not serve during time of war or other emergency eligible for the \$250 property tax deduction and the property tax exemption granted by law to veterans with a service-connected disability. Currently, these property tax benefits are given only to honorably discharged military veterans who served during time of war or other emergency.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY CONCURRENT RESOLUTION No. 253**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JANUARY 14, 2020

**SUMMARY**

- Synopsis:** Proposes constitutional amendment to extend veterans’ property tax deduction and veterans’ property tax exemption to certain veterans who did not serve in time of war or other emergency.
- Type of Impact:** Increase in State expenditures from the Property Tax Relief Fund; Increase in municipal revenues; potential increase in municipal expenditures
- Agencies Affected:** Department of the Treasury and municipalities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost Increase</b>	\$13.6 million	\$13.0 million	\$12.4 million
<b>Local Revenue Increase</b>	\$266,000	\$254,000	\$243,000
<b>Potential Local Expenditure Increase</b>		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the constitutional amendment would result in an annual increase in State expenditures associated with the provision of property tax deductions to peacetime veterans who did not serve during a time of war or other emergency.
- Using information from the United States Department of Veterans Affairs and the Department of Community Affairs, it is estimated 53,274 peacetime veterans will qualify for the property tax deduction in Tax Year (TY) 2020. Assuming that each veteran receives the full deduction, the State would be expected to incur an additional cost of approximately \$13.6 million for TY 2020 as a result of the constitutional amendment. Due to an estimated decline in the population of veterans over time, this State expenditure is expected to decrease to approximately \$13.0 million in TY 2021 and \$12.4 million in TY 2022.
- Municipal revenues are expected to increase by approximately \$266,000 in TY 2020 and decline slightly thereafter from the receipt of State funds equal to \$5 for each beneficiary claiming the property tax deduction, with the funds intended to offset increased administrative expenses. This amount assumes all eligible veterans claim the deduction.



- The constitutional amendment also expands eligibility for the disabled veterans' property tax exemption to include certain peacetime veterans. Using information from the United States Department of Veterans Affairs and the State Department of the Treasury for 2018, the constitutional amendment will shift approximately \$38 million of the State-wide property tax levy to non-exempt taxpayers. Therefore, local government revenues are not expected to decrease as a result of this constitutional amendment.
- There is the potential for an increase in municipal expenditures for administrative costs associated with the expansion of the property tax deduction and exemption to include additional beneficiaries. The extent of this increase will depend on the operations of each municipality.

## **BILL DESCRIPTION**

If approved by the voters of the State, this proposed constitutional amendment would make honorably discharged military veterans who did not serve during time of war or other emergency eligible for the \$250 property tax deduction and the property tax exemption granted by law to veterans with a service-connected disability. Currently, these property tax benefits are given only to honorably discharged military veterans who served during time of war or other emergency.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the constitutional amendment would result in an annual increase in State expenditures associated with the provision of property tax deductions to veterans who did not serve during a time of war or other emergency. This increase in State expenditures in TY 2020 is estimated to be \$13.6 million. The constitutional amendment also expands eligibility for the disabled veterans' property tax exemption to include totally disabled peacetime veterans. Using information from the United States Department of Veterans Affairs and the State Department of the Treasury for 2018, the constitutional amendment will redistribute approximately \$38 million of the State-wide property tax levy to non-exempt taxpayers.

### ***Veterans' Property Tax Deduction***

Under current law, a person who was honorably discharged after serving in any branch of the Armed Forces of the United States during a time of war or other emergency, and the surviving spouse of any such veteran, is entitled to receive an annual \$250 property tax deduction. Continuing care retirement communities also receive the property tax deduction on behalf of each eligible veteran that resides in the facility. A municipality applies the property tax deduction to each beneficiary's tax bill and the State is required to reimburse the municipality in an amount equal to 102 percent of the total amount of property tax deductions provided in that municipality.

The State reimbursement for the maximum property tax deduction of \$250 would therefore equal \$255.

The constitutional amendment provides that every honorably discharged veteran would be entitled to receive the property tax deduction, regardless of whether that veteran served during a time of war or other emergency. Consequently, the constitutional amendment would increase State expenditures associated with the reimbursement of every property tax deduction that is provided to a peacetime veteran. This expenditure increase would be equal to: (1) the number of (i) property-owning peacetime veterans, and (ii) peacetime veterans who reside in a continuing care retirement community; multiplied by (2) the State reimbursement, which may not exceed \$255 for each property tax deduction.

According to information published by the United States Department of Veterans Affairs, approximately 82,553 peacetime veterans, including homeowners and renters, are expected to reside in New Jersey by 2020. The department further projects that the population of peacetime veterans in this State will be 78,719 in 2021 and 75,225 in 2022. Information from the United States Census Bureau indicates that the average homeownership rate in this State is 64 percent.

Using this information, the OLS estimates that approximately 52,834 property-owning peacetime veterans would become eligible for the veterans' property tax deduction in TY 2020. Assuming that each of these veterans will be credited with the full \$250 property tax deduction, the State is expected to incur an additional cost of approximately \$13.5 million associated with the reimbursement of TY 2020 property tax deductions for property-owning peacetime veterans. Thereafter, these additional costs are expected to decrease to approximately \$12.8 million in TY 2021 and \$12.3 million in TY 2022, reflecting the decrease in the population of peacetime veterans in the State.

According to information provided by the Department of Community Affairs in 2018, the total occupancy of all continuing care retirement communities in the State was 9,835 persons. Information from the United State Census Bureau and the department, respectively, indicates that: (1) approximately 16.9 percent of State residents over the age of 65 years are veterans; and (2) approximately 26.5 percent of all veterans in the State served during peacetime. Using this information, the OLS estimates that approximately 440 peacetime veterans reside in continuing care retirement communities. Assuming that each veteran is credited with the full \$250 property tax deduction, the State is expected to incur an additional annual cost of approximately \$112,200 associated with the reimbursement of property tax deductions for peacetime veterans who reside in continuing care retirement communities.

Consequently, the OLS estimates that the constitutional amendment would increase State expenditures by approximately \$13.6 million associated with the reimbursement of municipalities for TY 2020 property tax deductions, including the \$5 per beneficiary administrative payment. Thereafter, the fiscal impact of the constitutional amendment is expected to equal \$13 million in TY 2021 and \$12.4 million in TY 2022. Municipal revenues are expected to increase by approximately \$266,000, \$254,000, and \$243,000, respectively, during these three years from the receipt of these State funds, assuming that each eligible veteran claims the deduction.

The OLS notes that the constitutional amendment also allows the surviving spouses of these peacetime veterans to receive the property tax deduction. Due to information constraints, the OLS is unable to determine the number of surviving spouses that may also qualify for the property tax deduction.

#### *Disabled Veterans' Property Tax Exemption*

As permitted under the State Constitution, current law provides a 100 percent property tax exemption for certain veterans, and the surviving spouses thereof, who: (1) were honorably

discharged after serving in any branch of the Armed Forces of the United States during a time of war or other emergency; (2) suffer from a service-connected disability that was declared by the department to be a total or 100 percent permanent disability; and (3) do not reside in continuing care retirement communities or other rental premises. According to the New Jersey Department of Military and Veterans Affairs, a veteran with a disability rating of at least 60 percent, and who is declared “individually unemployable,” is considered to be 100 percent permanently and totally disabled for the purposes of the property tax exemption.

The constitutional amendment would increase eligibility for the disabled veterans’ property tax exemption to include those veterans that did not serve during a time of war or other emergency, and their surviving spouses. The OLS expects the cost of these additional property tax exemptions to be absorbed by other property taxpayers within each municipality.

According to information published by the department, 25,590 veterans in this State were declared to have a service-connected disability rating of 70 percent or more in 2018. However, due to information constraints, the OLS is unable to identify: (1) the number of veterans with a disability rating between 60 percent and 70 percent; and (2) the number of surviving spouses of any disabled veterans. In 2018, the department estimates that approximately 26.5 percent of all veterans in New Jersey served during peacetime.

Based on this information, the OLS estimates that approximately 6,781 totally disabled peacetime veterans resided in the State in 2018, assuming that every veteran with a disability rating of 70 percent or greater, but less than 100 percent, was declared “individually unemployable.” Using the average homeownership rate in this State of 64 percent, the OLS further estimates that approximately 4,340 totally disabled peacetime veterans paid property taxes in 2018.

Assuming that each of these veterans paid the average Statewide property tax of \$8,767 during that year, the provisions of this constitutional amendment would have resulted in the exemption of approximately \$38 million in additional property tax payments in 2018. However, as noted, this estimate does not include the property tax exemptions that would have been provided to the surviving spouses of totally disabled peacetime veterans and those qualified peacetime veterans with a disability rating between 60 percent and 70 percent.

Consequently, the OLS notes that the constitutional amendment will shift the annual property tax levy by approximately \$38 million (based on information for 2018), which will be redistributed to other non-exempt taxpayers. Given that the fiscal impact of the disabled veterans’ property tax exemption is redistributed to other non-exempt taxpayers, local government revenues are not expected to decrease as a result of the constitutional amendment. However, there is the potential for an increase in municipal expenditures for the administrative costs associated with the expansion of the property tax deduction and exemption to include additional beneficiaries. The extent of this increase will depend on the operations of each municipality.

*Section: Local Government*

*Analyst: Joseph A. Pezzulo  
Associate Research Analyst*

*Approved: Frank W. Haines III  
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 (C.52:13B-6 et seq.).