

STAY NJ (PROPERTY TAX RELIEF PROGRAM) TASK FORCE MEETING

Minutes of the Meeting

March 13, 2024

Minutes of the meeting of the Stay NJ Property Tax Relief Program Task Force (the “Task Force”) held in person at the State House Annex, Committee Room #11 on Wednesday, March 13, 2024 at 2:30 PM Eastern Standard Time.

MEMBERS OF THE BOARD IN ATTENDANCE

Dennis Zeveloff, Governor’s Office, Chief Policy Advisor

Aaron Binder, Department of the Treasury, Deputy State Treasurer, Cabinet Designee

Dr. Christopher Wheeler, Department of Community Affairs, Chief Data Officer, Cabinet Designee

Jessica Cohen, Public Member

Honorable John E. McCormac, Public Member

Honorable Adrian O. Mapp, Public Member

ADDITIONAL ATTENDEES

David Ridolfino, Executive Director, Stay NJ Task Force

Kavin Mistry, Deputy Director, Division of Law

Christine Machnowsky, Deputy Attorney General, Division of Law

LaShera Kirk, Treasury, Division of Administration

Chair Designee Dennis Zeveloff presided over the meeting and LaShera Kirk, Treasury, Division of Administration, kept the minutes.

Chair Designee Zeveloff called the meeting to order at 2:39PM. Chair Designee Zeveloff introduced himself and made the following statement:

I wish to announce that adequate notice of this meeting was provided in accordance with the Open Public Meetings Act. Notice of today’s meeting was filed with the Secretary of State, distributed by email and mail to the following five newspapers of general distribution: The Courier Post, Times of Trenton, the Asbury Park Press, the Star Ledger, and North Jersey.com and it was posted in the main entrance at the New Jersey Department of the Treasury and on the bulletin board for the Secretary of State.

Chair Designee Zeveloff turned the meeting over to Acting Secretary, David Ridolfino for roll call.

The following Board members acknowledged their presence:

Dennis Zeveloff, Governor’s Office, Chief Policy Advisor

Aaron Binder, Department of the Treasury, Deputy State Treasurer, Cabinet Designee

Dr. Christopher Wheeler, Department of Community Affairs, Chief Data Officer, Cabinet Designee

Jessica Cohen, Public Member
Honorable John E. McCormac, Public Member
Honorable Adrian O. Mapp, Public Member

This constituted a quorum of the members of the Stay NJ Task Force.

ITEMS OF DISCUSSION

I. Approval of the minutes from the 2/8/24 meeting

Chair Designee Zeveloff requested a motion to approve the meeting minutes from the February 8, 2024 Stay NJ Board Meeting. A motion was made to approve the meeting minutes by public Member, Mayor John E. McCormac, seconded by Cabinet Designee, Dr. Christopher Wheeler and approved by the affirmative vote of the six (6) voting members present.

Chair Designee Zeveloff turned the meeting over to Executive Director Ridolfino for the Executive Director's Report.

II. Executive Director's Report

Executive Director Ridolfino provided an update since the February Board Meeting.

Executive Director Ridolfino stated that, based on feedback from the Task Force and with the help of Taxation staff, proposed adjustments were developed to the existing property tax relief programs for the Task Force to review. Adjustments to the application timeline, benefit year, income definition, residency requirements and age requirements were included along with ideas from Mayor McCormac.

Executive Director Ridolfino suggested that time be allotted at the end of the meeting for he and Mayor McCormac to expand upon these proposed adjustments and answer questions with the expectation of agreeing to adopt some of the propositions, such as how to define income, benefit year, residency, age and the combined single application start date.

Executive Director Ridolfino stated that he was pleased to have stakeholders, whose opinions are critical to the Task Force, in attendance to share their testimony. These speakers represented organizations whose constituency may be impacted the most by the recommendations of the Task Force, making their statements important in the formulation of the final report due in May. Executive Director Ridolfino expressed the need for the next scheduled Board meeting to focus on nothing other than hammering out the details of the report, which would mean using today's meeting to achieve a consensus on the recommendations.

Executive Director Ridolfino ended his report and turned the meeting over to Chair Designee Zeveloff.

The Chair Designee asked if there were any questions from the Task Force. Hearing none, he proceeded with the next item on the agenda.

III. Invited Speakers

Chair Designee Zeveloff turned the meeting over to Maureen Cosgrove, 2nd Vice President, Tax Collectors and Treasurers Association of NJ (TCTANJ). Ms. Cosgrove made the following points during her testimony.

- Request for one large font, easy to read, simplified application for all three programs
- Request for a reconsideration of the application date
- Request to issue a credit or a paper check depending on application date
- Request that application have precise language and hard line rules about the sale of a property

Public Member, Mayor Adrian O. Mapp asked about cash flow concerns and estimated tax bills.

Ms. Cosgrove responded that the timing of estimated bills was a challenge that would need to be addressed.

Cabinet Designee, Dr. Christopher Wheeler asked about the cost associated with adding this to the homeowner's bill.

Ms. Cosgrove responded that it is not more costly - the issue is timing. It could take up to a month to have the files released to municipalities and the coding used by state government does not always correlate with local government. Additional cost would be incurred, however, if a separate bill needed to be mailed and for large towns this would be costly.

Public Member, Jessica Cohen asked for Ms. Cosgrove's thoughts on whether Stay NJ should be applied as a credit vs a check.

Ms. Cosgrove used the Anchor program as an example of what she feels the response will be. Anchor recipients received a paper check directly which caused some confusion when their tax bills went. A credit, on the other hand, would have been handled through the applicant's mortgage company and recipients would have seen this reflected in their tax bill.

Public Member, Mayor John E. McCormac asked if a credit could be applied to an estimated tax bill.

Ms. Cosgrove responded that it could as long as files were received from Taxation in a timely manner.

Executive Director Ridolfino asked if the files are sent out prior to the passing of a budget in July, would they be considered estimated?

Ms. Cosgrove responded that they are unable to get bills out and start working until they get a tax rate. The goal is to have it readily available so that once the tax rates do come out we can start getting everything ready.

Executive Director Ridolfino provided further clarification that with the budget not being passed until July the State cannot legally commit to that funding.

Public Member, Mayor John E. McCormac asked if there would be an obligation to make the payment regardless of whether it is in the budget.

Executive Director Ridolfino stated that the obligation would still need to be turned into law through the appropriation act. He suggested that a disclaimer be attached stating that an application submitted in May will be subject to appropriation as of July 1st since payment can be held back temporarily if it is not added to the budget.

Cabinet Designee, Aaron Binder asked when information on how much applicants are eligible for would be transferred to the Division of Taxation.

Ms. Cosgrove responded that Taxation is made aware of assessed values on January 1st. Second assessments come out in October.

This ended the questions pertaining to the testimony by Maureen Cosgrove of TCTANJ.

Chair Designee Zeveloff then turned the meeting over to the next speaker Peter Chen, Senior Policy Analyst, NJ Policy Perspective. Mr. Chen began his presentation by stating that he would focus more on the structure of the credit itself. During his testimony, Mr. Chen made the following points:

- Per Mr. Chen's analysis, the distribution of the benefits of Stay NJ across the income spectrum, because of the design of the program, are disproportionately skewed towards the higher end of the income spectrum. Referencing the first chart in his written testimony, the bottom 20% of incomes, less than \$26,000 a year, would receive about 7% of the total benefits of the Stay NJ program. On the other hand, the top 20% would receive 28% of the benefits of the program. He encouraged the Task Force to consider how to make the program more equitable, particularly for those applicants at the lower end of the income spectrum.
- Mr. Chen felt that a proportional credit leads to a lot of the distributional effect that he discussed. He stated that a person's property tax bill is largely dependent on the value of their home and the value of the home is strongly correlated with one's income and wealth. He asserted that, in a program where the credit is a percentage of the tax bill, a proportionally larger percentage goes to people who have more valuable homes. He suggested a design similar to the current Anchor program with a fixed dollar amount for people who are 65 and over as a possible solution.
- Mr. Chen discussed the exclusion of renters from the program. He stated that renters pay property taxes indirectly in the form of higher rents. He felt that not including renters would continue the disparity in favor of wealthier homeowners.
- Mr. Chen's last point was regarding the \$500,000 income cap. Keeping the cap at this level would push the benefit toward the highest income earners. He again referred to the

Anchor program and other tax programs, such as the Child Tax Credit as examples of a solution.

Mr. Chen concluded that managing the cost and the size of the program is going to be important. At the close of the testimony, Cabinet Designee, Aaron Binder stated that the \$125,000 income cap the Mr. Chen suggests is lower than the current income cap on the other two Tax programs offered. He asked if Mr. Chen was suggesting that all three programs be lowered to this income level.

Mr. Chen responded that \$125,000 would be ideal, but bringing Stay NJ in alignment with the other two programs would make sense from a distributional standpoint and for logistical administrative concerns.

Cabinet Designee, Aaron Binder asked if Mr. Chen had any comments on credit versus check for the program.

Mr. Chen responded that he didn't feel strongly one way or the other, but a check system already exists through the income tax. That format would probably be the most straightforward way of getting the money distributed rather than going through the town.

Cabinet Designee, Dr. Christopher Wheeler asked if Mr. Chen had done any analysis around the income distribution of senior households that are leaving the State. He stated that part of the Legislative intent behind Stay NJ is to encourage senior households to remain within New Jersey. He asked if Mr. Chen had any insights on whether lower income households were moving out of the state or higher income households.

Mr. Chen responded that data is very scant. In his broad review, the distribution of incomes doesn't seem to be substantially different from the overall distribution of incomes. He stated that income reported on a census may be different than the income for purposes of Stay NJ.

Speaking to the renter benefit, Cabinet Designee, Dr. Christopher Wheeler asked if Mr. Chen had any estimates on how many renters would be eligible or what the cost would be.

Mr. Chen responded that he thought the estimate would be similar to what was seen with the Anchor benefit.

Public Member, Mayor Adrian O. Mapp asked about a phase out of the credit.

Mr. Chen responded that that is what he would prefer. He stated that a stepdown system would yield similar results.

Chair Designee Zeveloff turned the meeting over to Katherine York, Associate State Director of Advocacy, American Association of Retired Persons (AARP) for her testimony. Ms. York made the following recommendations during her testimony.

- Creating a combined, single application process and simplifying the current application processes is vital. To the extent possible, the application should rely exclusively on information that the Division of Taxation can access based on tax returns.
- The programs should also have consistent types of income used to calculate eligibility and consistent program years that are as recent as possible.
- The second year of ANCHOR did not require an additional application. Such a user-friendly approach should be modeled to every extent possible.
- Senior Freeze and ANCHOR programs should be converted to a credit.
- AARP is in support of eliminating the waiting period for the Senior Freeze after an eligible resident relocates within New Jersey. A person who has been an eligible claimant for a previous tax year should qualify as an eligible claimant immediately following a move to another homestead in New Jersey, provided that the person satisfies the income eligibility limits for the tax year.
- An increase in outreach and education regarding property tax relief programs in New Jersey is essential.

At the conclusion of the testimony, Chair Designee Zeveloff asked if the Board had any questions. Hearing none, he turned the meeting over to Sherry Diamond of the National Association of Tax Professionals. Ms. Diamond made the following statements.

- The most imperative item for the Task Force to consider is simplicity and clear communication with the residents of the State of NJ. This should be accompanied by an education and marketing effort to reach seniors and inform them of what is available to them.
- The application process should be simplified, and program qualification requirements aligned.
- Rolling the application process back to February would help seniors get assistance from their tax preparer at the same time they are having their taxes completed.
- One due date, one definition of income, one set of qualifications and, one application which should be part of the NJ-1040 tax return.
- Seniors should be given a choice on how they receive benefits.

Public Member, Mayor John E. McCormac asked Ms. Diamond how many PTR forms she does for people who do not have to file a NJ 1040?

Ms. Diamond responded 4-5 per year since these are the type of people doing their own taxes, meaning it needs to be kept simple.

Cabinet Designee, Dr. Christopher Wheeler asked what would be the impact if Stay NJ was implemented as a rebate?

Ms. Diamond responded that she felt half of her clients would be OK with it because they'd be writing a smaller check. Those who still have mortgages tend to be the ones who don't see the benefit. She thought a choice would be a good idea.

At this time Chair Designee Zeveloff opened the floor to other speakers.

Peter Humphreys and Eileen Steinberg, Union Senior Citizens Counsel used this opportunity to address the Board. They made the following points: income does not include pension withdrawals or social security; \$500,000 income cap; application use year; single application; and funding over long term.

Chair Designee Zeveloff suggested that they provide a written statement.

IV. Task Force Members Open Discussion

Executive Director Ridolfino stated that he appreciated the feedback and comments, and it reinforced a lot of things the Board has discussed in previous meetings. He proposed the Board come to a consensus on issues such as definition of income, residency, and payment year.

Public member, Mayor John E. McCormac stated that the application should be out in the mail by January so they have it for their accountant.

Cabinet Designee, Dr. Christopher Wheeler agreed and stated that there should be a marketing campaign to build awareness.

Public member, Mayor John E. McCormac suggested the program be a credit. He said checks tend not to be associated with tax relief.

Public member, Jessica Cohen mentioned concerns for the funding over the years to come.

Chair Designee Zeveloff suggested Executive Director Ridolfino provide a document with items to be voted on for the next meeting.

V. Next Meeting Discussion

Chair Designee Zeveloff suggested the next Board meeting be scheduled in early April based on availability.

Chairman Zeveloff appreciated that there were still issues the Task Force could continue to discuss but, due to time constraints, he requested a motion to adjourn. On a motion by public Member, Mayor Adrian O. Mapp, seconded by public Member, Mayor John E. McCormac, and carried by voice vote from members present voting in favor, the meeting was adjourned at 4:13 PM.