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AARP Recommendations Regarding the Stay NJ Act
Presented by Katie York, PhD, MBA, Associate State Director of Advocacy
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Members of the Stay NJ Task Force: on behalf of our more than 1 million Garden State members and all older New Jerseyans, we thank you for the opportunity to provide some context and recommendations regarding Chapter 75, the Stay NJ Act. My name is Katie York, and I am the Associate State Director of Advocacy for AARP NJ.

In 2022, AARP commissioned a survey of New Jersey voters age 50 and older to gauge their current financial situation and their opinion on state property tax relief programs and proposals. While our survey data were collected prior to the introduction of ANCHOR and Stay NJ, we believe the findings continue to be relevant. Many New Jersey residents are cost burdened.¹ For homeowners, property taxes are the most difficult expense to pay each month with more than half (60%) paying at least \$9,000 annually. In fact, 35% of homeowners whose household income is less than \$50,000 pay at least \$9,000 annually in property taxes. 48% of those with household income less than \$50,000 say their rent/mortgage is 40% or more of their monthly income.

The survey found that two in five (41%) New Jersey voters age 50-plus have considered leaving the state to live elsewhere. When it comes to actually leaving, most (83%) of them say they are likely to do so. Generalized to the entire 50-plus registered voter population in New Jersey, this represents approximately 900,000 older voters. For most, lower taxes and a lower overall cost of living are the top drivers of their intention to leave the state.

While the poll found the consideration of relocating to another state is consistent among income groups and geographical regions, younger voters between the ages of 50 and 64 are more likely than older voters to have considered leaving New Jersey. Such an exodus would have far-reaching consequences for New Jersey's economy beyond the impacts to individuals and their families. New Jersey's 50-plus population creates outsized economic impact and will drive economic growth for the next 30 years. In 2018, the 50-plus population accounted for 37% of New Jersey's population yet contributed 44%—or \$263 billion—of the state's total GDP. The purchasing power of New Jersey's 50-plus population will generate tax revenue for decades to come. In

¹ HUD defines cost-burdened families as those “who pay more than 30 percent of their income for housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.” Severe rent burden is defined as paying more than 50 percent of one's income on rent. See: https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html

2018, the market activities of people 50-plus supported \$26 billion in state and local taxes (39% of New Jersey's total).²

The current average NJ property tax is almost \$10,000 a year. The historic level of property tax relief under the Stay NJ program could not come sooner. The 2026 implementation of STAY NJ, Senior Freeze, and ANCHOR will continue to be essential property tax relief for New Jersey's older residents, critical to their desire and ability to stay in the homes and communities where they have built their lives. The STAY NJ Act also provides opportunities to improve the property tax relief landscape and process in New Jersey.

First, the law's requirement to create a combined, single application process and thereby greatly 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. For example, this year ANCHOR is based on the year 2021 and Senior Freeze is based on the year 2023. We applaud that the second year of ANCHOR did not require an additional application and believe such a user-friendly approach should be modeled to every extent possible.

Given the use of a combined, single application process, we urge the Senior Freeze and ANCHOR programs to also be converted to a credit. Currently, the Senior Freeze and ANCHOR programs require that eligible residents pay their current property tax bill up front and then wait to receive this tax relief in the form of a refund check months after they've paid the bill. For many, particularly those living on fixed, low, and moderate incomes, this creates serious and undue financial hardship. Converting the programs into a credit would allow participants, who are struggling to afford everything from groceries to gas, more resources and better financial security by eliminating the need to wait for their refunds. This increased efficiency also has the potential to reduce costs for all taxpayers by reducing the state's cost of administering the programs. Our 2022 survey found broad, bi-partisan support for converting the Senior Freeze to a credit: 80% of voters 50+ support converting the Senior Freeze to a credit; 79% Republicans, 82% Democrats, and 78% Independents support this change.

AARP also supports 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, despite not meeting the three-year minimum residency and ownership requirement required for initial claimants, provided that the person satisfies the income eligibility limits for the tax year.

It is also essential to increase outreach and education regarding property tax relief programs in New Jersey. Overall, six in ten homeowners report they are not familiar

² https://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2020/longevity-economy-outlook-new-jersey.doi.10.26419-2Fint.00044.031.pdf

with the state's Senior Freeze Program, including half (49%) of voters ages 65 and older. Six in ten New Jersey voters ages 50 and older say they are not familiar with the state's Income Tax Deduction/Credit Program for homeowners and tenants. Those who rent are considerably more likely than homeowners to be unaware of this program (72% vs 57%, respectively).

About half of lower- and middle-income voters say they are unfamiliar with the Senior Freeze program. Nearly two-thirds of lower- and middle-income voters lack familiarity with the Tax Deduction/Credit for Homeowners and Tenants. Only 16% of all 50-plus voters say their mortgage statement, property tax bill, or rent statement has information about where or how to access state property tax relief programs. 85% of all 50-plus voters agree that information about these programs should be included with their mortgage statement and property tax bill or rent statement.

Thank you again for the opportunity to propose improvements to the Stay NJ Act, and we look forward to working with you further.

About AARP New Jersey

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. AARP New Jersey educates and advocates on behalf of those 50 and older on issues that are important to them, their families and to all Garden State residents. The organization works to strengthen New Jersey communities with a focus on health security, financial stability and personal fulfillment. To learn more, visit www.aarp.org/nj or follow @AARPNJ on social media.

