

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1441

STATE OF NEW JERSEY

DATED: JANUARY 9, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1441.

This bill would require the Director of the Division of Taxation in the Department of the Treasury to examine the feasibility of establishing, for the administration of the homestead property tax reimbursement program, a centralized property tax data system that would assist the division in verifying the amount of property taxes paid on a homestead in any base year, and in any year for which an eligible claimant seeks a reimbursement. Upon completion of this examination, the director would be required to prepare a written report explaining the director's findings and transmit that report to the Governor and the Legislature, no later than six months following the effective date of the bill.

If the director concludes a centralized property tax data system is feasible, the director's report would have to include recommendations for any changes to statutory law or to regulations to implement the system. If the director determines that no changes to statutory law or to regulations are necessary to implement a centralized property tax data system, the director would be required to implement that system no later than the first day of the fourth month next following the date of the director's transmission of the report to the Governor and the Legislature.

As reported by the committee, this bill is identical to Assembly Bill No. 1044, which was also reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would result in an indeterminate impact on State and municipal finances. Given the inability to predict the determinations of the Director of Division of Taxation, the potential costs of such determinations, and the outcome of lawmaking and regulatory processes, the OLS cannot quantify the fiscal impact of the bill.

Under the timeline and conditions set by the bill it is unclear whether and when the director would be required to implement a centralized property tax information system. If the director determines that a centralized system is not feasible, no implementation costs will result, and no cost changes from the reduction of incorrectly determined benefits or reduced municipal administrative costs would

result. If the director determines that statutory or regulatory modifications are required to establish the system, implementation would be delayed unless and until those changes are effectuated.

It is unclear whether the Division of Taxation would incur marginal costs to complete the feasibility study the bill requires as a prelude to implementing a centralized property tax data system, or whether it can fulfill that mandate within its current scope of operations. In addition, the division could not provide any information regarding whether it could create a centralized property tax data system database using its current information technology systems or regarding the cost of updating or expanding its capabilities to collect and track property tax payment data. The division informally indicated in 2017 that it does not enter property tax payment data into MOD IV, New Jersey's Statewide property tax database. The division also does not compile property tax payment information.