

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2599**

STATE OF NEW JERSEY

DATED: JANUARY 9, 2020

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute No. 2599.

This committee substitute is the enabling legislation to Senate Concurrent Resolution No. 187 of 2018-2019 (SCR-187), which proposes a constitutional amendment to extend the veterans' property tax exemption for 100 percent service-disabled veterans, and the \$250 veterans' property tax deduction, to New Jersey veterans who are honorably discharged or released under honorable circumstances from active service in the United States Armed Forces, but did not serve in "time of war or other emergency" as the New Jersey Constitution currently requires. These veterans are colloquially referred to as "peacetime veterans." The committee substitute would also extend the veterans' property tax exemption and the \$250 veterans' property tax deduction to the surviving spouses of these veterans.

The committee substitute amends current law concerning the veterans' property tax deduction and the veterans' property tax exemption to remove language requiring that veterans serve in "time of war."

The committee substitute would remain inoperative until the approval by the voters of the State, at a general election, of SCR-187 or its identical Assembly counterpart, ACR-253, or a similar constitutional amendment extending the veterans' property tax exemption for 100 percent service-disabled veterans, and the \$250 veterans' property tax deduction, to New Jersey veterans who are honorably discharged or released under honorable circumstances from active service in the United States Armed Forces, but did not serve in "time of war or other emergency."

This committee substitute is identical to the Assembly Committee Substitute for Assembly Bill No. 1268.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the committee substitute 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 (VA) and the Department of Community Affairs, it is estimated 53,274 peacetime veterans will qualify for the property tax 2 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 bill. 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.

The bill also expands eligibility for the disabled veterans' property tax exemption to include certain peacetime veterans. Using information from the VA and the New Jersey Department of the Treasury, for 2018, the OLS estimates that the bill will shift approximately \$38 million of the Statewide property tax burden to non-exempt property taxpayers. Therefore, local government revenues are not expected to decrease as a result of this bill.