

FISCAL NOTE TO
ASSEMBLY, No. 1142
STATE OF NEW JERSEY

DATED: AUGUST 9, 1996

Assembly Bill No. 1142 of 1996 provides an annual \$50 property tax deduction to peacetime veterans and their surviving spouses, pending passage and voter approval of an amendment to Article VIII, Section I of the New Jersey State Constitution.

As defined in the bill, a peacetime veteran means any citizen and resident of this State now or hereafter honorably discharged or released under honorable circumstances from active service in peacetime in any branch of the Armed Forces of the United States.

The bill does not in any way affect the existing annual \$50 property tax deduction for veterans who were honorably discharged or released under honorable circumstances from active service in time of war or emergency. The bill does, however, redefine those veterans as war veterans to differentiate them and their property tax deduction from peacetime veterans and their property tax deduction. It also provides a property tax deduction for the surviving spouse of a citizen and resident who dies while in active service in peacetime.

The Department of the Treasury (Treasury) has advised the Office of Legislative Services (OLS) that it estimates the number of peacetime veterans in New Jersey to be approximately 190,000 for 1997, based on departmental calculations using federal data. Treasury has determined that providing each of those peacetime veterans with an annual \$50.00 property tax deduction would result in an increased cost to the State of approximately \$9.5 million in fiscal year 1998. Treasury notes that it assumes the bill will not take effect until July 1, 1997 after passage and ratification of an amendment to the State constitution authorizing a \$50.00 property tax deduction for peacetime veterans.

The OLS does not have any information that would cause it to reject Treasury's estimates; however, the OLS notes that Treasury's calculation appears to assume that all 190,000 estimated peacetime veterans are homeowners. The 1990 Census of Housing states that 64.9 per cent of all housing units in New Jersey were owner occupied. Therefore, the OLS estimates that the number of peacetime veterans eligible for a \$50.00 property tax deduction under this bill would be approximately 123,310, for a total first-year cost to the State of \$6,165,500. The OLS also notes that, based on previous experience with both the veterans' and senior and disabled citizens' property tax deductions, the number of eligible homeowners differs from year to year. The OLS is unable to determine the effect of this bill on State

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revenues beyond the first year due to a dearth of information concerning the actual number of peacetime veterans and the change in that number from year to year.

This fiscal note has been prepared pursuant to P.L.1980, c.67.