

FISCAL NOTE TO
ASSEMBLY CONCURRENT RESOLUTION No. 21
STATE OF NEW JERSEY

DATED: OCTOBER 4, 1996

Assembly Concurrent Resolution No. 21 of 1996 proposes a constitutional amendment authorizing the enactment of an increase in the annual deduction from property taxes assessed against dwellings owned by senior citizens, age 65 years or older, and permanently and totally disabled residents from \$250 to \$500. The amendment also authorizes an increase in the annual income eligibility limitation to receive the annual property tax deduction from \$10,000 to \$15,000.

The Division of Taxation estimates that this bill will result in an additional \$98 million cost to the Property Tax Relief Fund. In 1995 approximately 149,000 citizens qualified for the \$250 deduction property tax deduction. Doubling the value of the deduction increases the State's liability by \$37 million. Additionally, according to the division, expanding the income eligibility from \$10,000 to \$15,000 will make approximately 122,000 additional citizens eligible to receive this deduction, resulting in an additional cost of \$61 million. Together, these two changes in the legislation will increase the cost of this deduction by \$98 million. The division advises that costs associated with this legislation will be a continuing one, and the losses in future years should remain at the same level.

The Office of Legislative Services (OLS) concurs with the Division of Taxation's estimate. The OLS notes that stability of the revenue loss associated with this bill is due to two factors. The increasing proportion of senior citizen in New Jersey's population in the next decade should be offset by the a growing number of seniors whose income exceeds the \$15,000 income eligibility requirements for this deduction. If these trends do not offset to maintain the stable \$98 million revenue loss, the cost of this bill could be somewhat higher or lower, depending on which trend exceeds the other.

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