

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2179

STATE OF NEW JERSEY

DATED: DECEMBER 15, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2179 (1R).

Senate Bill No. 2179 (1R) provides annually, beginning in calendar year 1998, a homestead property tax reimbursement to senior and disabled residents of the State who: (1) are eligible for the program of pharmaceutical assistance to the aged and disabled (PAAD); (2) are current homeowners or mobile home owners; and (3) have paid property taxes on a homestead or rental unit, or mobile home park rental fees on a mobile home, used as their principal residence in this State for at least 10 consecutive years. The annual homestead property tax reimbursement payments would, in effect, "freeze" the property taxes for those eligible senior and disabled residents.

Currently, a single person must have an annual income of less than \$17,550, and a married couple must have an annual income of less than \$21,519, to be eligible for assistance under the PAAD program. Eligible senior and disabled residents could receive a State payment equal to the difference between the amount of property taxes paid for the base tax year (1996 or a later year in which the person first becomes eligible for this benefit) and any future tax year in which the eligible homeowner pays taxes that are higher than the base-year amount.

The homestead property tax reimbursement will be calculated by the Commissioner of Health and Senior Services who will administer the homestead property tax reimbursement program using information provided by applicants for the homestead property tax reimbursement. The homestead property tax reimbursement is required to be paid to those eligible homeowners on or before July 15, 1998 and on or before July 15 in each succeeding year. Payments made pursuant to this bill will be appropriated from receipts in the Casino Revenue Fund. The bill also permits a municipality to apply to the State Treasurer for any costs incurred by the municipality in connection with the administration of this bill, in accordance with procedures to be determined by the State Treasurer.

As reported, this bill is identical to Assembly Bill No. 3 (2R) (Collins/Smith).

FISCAL IMPACT

In a fiscal note prepared by the Office of Legislative Services (OLS) on the identical Assembly bill, the OLS states that the Department of the Treasury in its fiscal note worksheet estimates the program will cost \$21 million in FY 1999. OLS estimates, based on additional information received, that the program will cost a maximum of \$20.7 million in FY 1999, \$39.5 million in FY 2000, and \$57.4 million in FY 2001. After 10 years, in FY 2008, using the same rates of change, OLS estimates the program will cost \$160.6 million.