

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 956
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: AUGUST 3, 2020

SUMMARY

- Synopsis:** Extends veterans' property tax exemption to tenant shareholders in cooperatives and mutual housing corporations.
- Type of Impact:** Annual local government revenue decrease.
- Agencies Affected:** Department of the Treasury; local government units (i.e., counties, municipalities, and school districts).

Office of Legislative Services Estimate

Fiscal Impact	
Annual Local Government Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill would decrease annual property tax collections of local government units, all other factors being equal. The OLS is unable to quantify the annual revenue loss, given an absence of data from which the OLS could extrapolate the amount of property taxes currently paid by taxpayers who would become newly eligible for a complete property tax exemption, notably totally and permanently disabled veterans and their surviving spouses living in cooperatives and mutual housing corporations.
- Local governments may compensate for their reduced tax base by increasing tax rates on the remaining property tax base.

BILL DESCRIPTION

Effective as of January 1 next following enactment, this bill would exempt from property taxes totally and permanently disabled veterans and their surviving spouses who occupy a unit in a cooperative or mutual housing corporation in which they are tenant shareholders. The Division of Taxation in the Department of the Treasury is to promulgate the necessary implementing regulations. As cooperatives and mutual housing corporations are the actual payers of property taxes, the regulations are to include provisions that would require cooperatives and mutual housing corporations to pass the full amount of the property tax exemption on to the tenant shareholder who qualified for the benefit.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would decrease annual property tax collections of local government units (i.e., counties, municipalities, and school districts) by an indeterminate amount, all other factors being equal. Irrespective of the specific scale of the annual revenue loss, the OLS notes that local governments may compensate for their reduced tax base by increasing tax rates on the remaining property tax base.

Specifically, local government units would experience revenue losses in the form of property taxes that are not paid by totally and permanently disabled veterans and their surviving spouses who are granted a property tax exemption and living in a cooperative or mutual housing corporation. The OLS has no data on their number and property tax liabilities.

According to a 2015 OLS document, the Department of Community Affairs reported that there were approximately 19,000 cooperative housing units in New Jersey. Information on the number of persons living in these units who have been certified as having a service-connected total and permanent wartime disability is not available.

Department of Community Affairs data show that under current law 12,440 property tax exemptions were granted to qualified totally and permanently disabled veterans and their surviving spouses in calendar year 2019, worth \$97.0 million, or \$7,795 on average.

Section: Local Government

*Analyst: Benjamin A. Levy
Assistant Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).