

STAY NJ (PROPERTY TAX RELIEF PROGRAM) TASK FORCE MEETING

Minutes of the April 9, 2024 Board Meeting

Minutes of the meeting of the Stay NJ Property Tax Relief Program Task Force (the “Task Force”) held via Microsoft Teams on Tuesday, April 9, 2024 at 2:00 PM Eastern Standard Time.

MEMBERS OF THE BOARD IN ATTENDANCE

Dennis Zeveloff, Governor’s Office, Chief Policy Advisor

Aaron Binder, Department of the Treasury, Deputy State Treasurer, Cabinet Designee

Dr. Christopher Wheeler, Department of Community Affairs, Chief Data Officer, Cabinet Designee

Jessica Cohen, Public Member

Honorable John E. McCormac, Public Member

Honorable Adrian O. Mapp, Public Member

ADDITIONAL ATTENDEES

David Ridolfino, Executive Director, Stay NJ Task Force

Kavin Mistry, Deputy Director, Division of Law

Christine Machnowsky, Deputy Attorney General, Division of Law

Assad Akhter, Governor’s Office

Gregory Aquilino, Governor’s Office

David Drescher, Governor’s Office

LaShera Kirk, Treasury, Division of Administration

Seth Hahn, Assembly Majority

Patrick Brennan, Assembly Majority

Elizabeth Mahn, Senate Majority

Chair Designee Dennis Zeveloff presided over the meeting and LaShera Kirk, Treasury, Division of Administration, kept the minutes.

Chair Designee Zeveloff called the meeting to order at 2:01PM. Chair Designee Zeveloff introduced himself and made the following statement:

I wish to announce that adequate notice of this meeting was provided in accordance with the Open Public Meetings Act. Notice of today’s meeting was filed with the Secretary of State, distributed by email and mail to the following five newspapers of general distribution: The Courier Post, Times of Trenton, the Asbury Park Press, the Star Ledger, and North Jersey.com and it was posted in the main entrance at the New Jersey Department of the Treasury and on the bulletin board for the Secretary of State.

Chair Designee Zeveloff turned the meeting over to Acting Secretary, David Ridolfino for roll call.

The following Board members acknowledged their presence:

Dennis Zeveloff, Governor's Office, Chief Policy Advisor

Aaron Binder, Department of the Treasury, Deputy State Treasurer, Cabinet Designee

Dr. Christopher Wheeler, Department of Community Affairs, Chief Data Officer, Cabinet Designee

Jessica Cohen, Public Member

Honorable John E. McCormac, Public Member

Honorable Adrian O. Mapp, Public Member

This constituted a quorum of the members of the Stay NJ Task Force.

ITEMS OF DISCUSSION

I. Approval of the minutes from the 3/13/24 meeting

Chair Designee Zeveloff requested a motion to approve the meeting minutes from the March 13, 2024 Stay NJ Board Meeting. A motion was made to approve the meeting minutes by Public Member, Mayor John E. McCormac, seconded by Cabinet Designee, Dr. Christopher Wheeler and approved by the affirmative vote of the six (6) voting members present.

Chair Designee Zeveloff turned the meeting over to Executive Director Ridolfino for the Executive Director's Report.

II. Executive Director's Report

Executive Director Ridolfino updated the Board by providing an overview of the focus of the last three public Board meetings. During the current meeting he hoped to have the Board agree to adopt adjustments in order to align disparities regarding age, residency, income, benefit year, and the application timeline. These changes would help simplify the process and allow the Division of Taxation to develop and implement an application that is easy to understand and complete, meets the requirements of the legislation, and can be easily verified and administered by the Division.

Executive Director Ridolfino stated that due to the limited time remaining to produce a final report, it is necessary to begin to discuss the structure of the program itself. Changes will be implemented that affect thousands of New Jersey residents. Mr. Ridolfino suggested that, because of this, the first implemented changes should be those that are mostly transparent to seniors and then changes that have more of a dramatic shift can be slowly implemented. The payment method will likely be the most significant change.

Executive Director Ridolfino provided a brief summary of the public feedback submitted through the Stay NJ website. A few hundred emails were received and the feedback was mostly in favor of additional relief. Written testimony from the Senior Citizens Council of Union County was received and distributed to the Board. On April 1st the Stay NJ Task Force Quarterly Report was submitted to legislative leadership, consistent with the requirements of Chapter 75.

III. Speaker

Chair Designee Zeveloff turned the meeting over to Dr. Christopher Wheeler representing the Department of Community Affairs, Division of Local Government Services.

Dr. Wheeler shared a PowerPoint presentation regarding the implementation of Stay NJ as a credit to help the Board in its deliberations on the payment method. The following topics were discussed during the presentation: data security and integrity of taxpayer data; Daniel's Law; reduced flexibility for the state in the timing of credits and municipal disbursements; guidance on entitlement of credits upon sale or transfer of a property; procedures for handling adjustments in taxpayer credits; and cost of tax collection software for municipalities.

At the close of the presentation it was confirmed that the PowerPoint would be sent to each Board member for their review. Chair Designee Zeveloff asked the Board if there were any questions.

Cabinet Designee, Aaron Binder asked what lessons were learned from the challenges of issuing the Homestead Rebate as a credit?

Dr. Wheeler responded that the process would be similar, but timing would make it more difficult for Stay NJ to work through implementation issues to streamline the process of transmitting files in a safe and secure manner.

Mr. Binder followed up by asking if we are not already transferring the same type of data currently to municipalities.

Dr. Wheeler responded that the complicating factor this time is that Daniel's Law is in place. To maintain compliance, there would need to be more security than was in place previously under the Homestead Benefit program. Also, for smaller municipalities with part time tax collectors getting the files to them could prove difficult. Having a permanent secure electronic submission system would help alleviate some of those potential issues.

Public Member, Mayor John E. McCormac asked regarding the allocation of credits at closing, if attorneys would handle the payment of the quarterly taxes if somebody paid it, but then moves out, wouldn't they get a credit from the buyer?

Dr. Wheeler responded that they would need to think about how that would work in practice from a regulatory or statutory perspective.

Public Member, Mayor Adrian O. Mapp asked if the presentation was an indication that the Division is not in favor of credits?

Dr. Wheeler responded that there was no position from the Department or the Division on this particular issue. The presentation was a means to get information out about potential concerns and issues that could come up regarding implementation as a credit for our deliberations.

Public Member, Mayor Adrian O. Mapp followed up by asking if any of the security concerns override any of the benefits that credits might provide?

Dr. Wheeler responded that the security concerns are important because, especially with Daniel's Law, there are additional protections for covered persons and, if credits were to be implemented as the payment method, there would have to be a lot of attention and perhaps expense devoted to securing that information.

Public Member, Jessica Cohen asked how much a secure system would cost?

Dr. Wheeler did not have those figures, but suggested there would need to be some engagement with potential vendors.

Public Member, Mayor Adrian O. Mapp asked if the Municipality or the Division would bear the cost for the secure system.

Dr. Wheeler responded that, historically, Municipalities would be reimbursed for the cost.

Public Member, Jessica Cohen asked for statistics to show the breakdown of municipalities using, for example, part time tax collectors or the effects of Daniel's Law.

Dr. Wheeler responded that he could not provide firm figures. However, rural communities such as Salem County and Warren County that have very small work forces tend to have some of these issues.

Chair Designee Zeveloff agreed that it would be good to have definitive data and cost analysis since one of the requirements of the Task Force is to look at what would be considered necessary system improvements. Chair Designee Zeveloff suggested that this data would be good to have for the next meeting.

Cabinet Designee, Aaron Binder commented that Taxation does have a new system going into place over the next four years. He suggested an update from Taxation as to how that could impact the ability to handle the data.

Chair Designee Zeveloff asked if there were any other questions for Dr. Wheeler. Hearing none he turned the meeting over to Executive Director Ridolfino to discuss the alignment of eligibility requirements for the various property tax relief programs.

IV. Application Timeline

To align the timing of all programs, Executive Director Ridolfino recommended that the application timeline be moved up to February 1st as opposed to a July 1st implementation date. The application will follow the same timeline as the current Senior Freeze application (Blue Book). The information needed for all of the property tax programs would be collected in this one application. The proposal to accelerate the application process from July 1, 2025 to February 1, 2025 will require that all legislative changes to the property tax relief programs be enacted at least 90 days prior to February 1, 2025.

Comments from the Task Force:

The application should go out as early in the new year as possible after January 1st but no later than February 1st. Seniors do not have complicated returns and will want to take the application to their accountants in mid to late January, at the same time their tax returns are being completed.

Keep the application booklet blue to avoid confusion.

If the application timeline is moving up, the legislation that enacts this has to be done in enough time to give guidance on what this program will look like in order to create the application.

V. Benefit Year

To simplify the application process and bring all programs into alignment, Executive Director Ridolfino recommended that all benefits be based on tax year 2024, the most recent tax year. Tax year 2023 income information would be collected to determine eligibility for applicants who may qualify for Senior Freeze for the first time based on other factors such as residency and age. He noted that there could be some, like those who've moved or that stopped being a homeowner and became renters, who could potentially lose a few years of benefit.

Chair Designee Zeveloff noted that it is important to state the downsides in the final report as well.

VI. Income Definition

To bring some uniformity to the income definition for each program, Executive Director Ridolfino recommended all income information be collected from the combined single application, but verified from the 2024 income tax filing for those applicants that have a filing requirement. In order to do this, the income definition for Senior Freeze would be modified from the current Pharmaceutical Assistance for the Aged and Disabled definition (PAAD), to include items from New Jersey income plus total Social Security benefits.

For ANCHOR, the income would remain as Line 29 (after retirement exclusions).

For Senior Freeze and Stay NJ, NJ gross income before any exclusions/non-taxable income would be used (currently line 27 + line 16b + line 20b). Seniors will need to self-report total Social Security benefits.

Comments from the Task Force:

Social Security and Pension benefits should count towards defined income. Inheritance, although included in the current Senior Freeze application, should not be included under the new definition of income nor should Unemployment or Disability.

Everyone would need to submit an application the first year. The goal for subsequent years would be to gather all of the needed income information from the tax return itself, for those who are required to file, with the exception of Social Security benefits which would still need to be self-reported.

The concept of using the tax return information and excluding certain items of income currently required for Senior freeze is essentially the same as basing the application on the state tax return.

VII. Residency Requirements

To standardize residency requirements as much as possible, Executive Director Ridolfino recommended that, for ANCHOR and Stay NJ, an eligible taxpayer would have to own and occupy a home in New Jersey for the entire tax year and be age 65 or over as of December 31 in the year for which they apply.

Taxpayers under age 65 would remain eligible for ANCHOR but would also have to own and occupy a home as a principal residence for the entire tax year.

Renters would continue to qualify but would also have to be New Jersey residents for the entire tax year.

Eventually this information too, could be pulled directly from the tax return. Full time and part time residents will be marking their returns accordingly and residents that are 65 and older will also be indicating this on the return itself.

Senior Freeze will have to retain its unique residency guidelines since it is calculated by comparing a base year to the current tax year – taxpayers should continue to meet eligibility for both years.

VIII. Age Requirements

While 65 is the standard across all programs, the date to reach 65 differs in each. Executive Director Ridolfino recommended benefits granted by age should be offered to any taxpayer who turns 65 by or on December 31 of the specified tax year.

Senior Freeze = 65 by 12/31/23

ANCHOR/Stay = 65 by 12/31/24

These combined recommendations would help to reduce the overall length of the application. This would, for the most part, line everything up between the programs with some disparity for Senior Freeze due to the two years. The application would be modeled off of the “Blue Book” that everyone is familiar with. Almost all of the data collected can be verified from the state tax return making it easier to administer. Regardless of budget changes, the application would collect all of the data needed by February to administer all of the programs.

Chair Designee Zeveloff requested a motion acknowledging that the Task Force is in mutual agreement with the recommended changes to the Homestead Rebate Program (ANCHOR), the Homestead Property Tax Reimbursement Program (Senior Freeze) and the Stay New Jersey Property Tax Credit Program as set forth by Executive Director David Ridolfino. A motion was made by public Member, Mayor John E. McCormac that the application timeline be no later than February 1st, but as early as possible in the year and resemble the current Senior Freeze process as much as possible; that the calendar year for benefit determination be based upon the year immediately preceding the application with the exception of Senior Freeze which will remain unchanged for first time applicants; that the definition of income to determine eligibility for benefits from Senior Freeze and Stay NJ be based on the New Jersey tax return, plus Social Security, meaning gross Social Security benefits, and all items of income both taxable and non-taxable as reported on the NJ tax return. This includes excluded pension and retirement income, retirement income qualifying for the Retirement Exclusion, income qualifying for the Other Income Exclusion, and all non-taxable unearned income such as non-taxable dividends and non-

taxable interest income; and that the residency requirement be the full prior year with applicant being 65 on December 31st. Cabinet Designee, Aaron Binder modified the motion by adding that the legislation requiring enactment be at least 90 days before the application is implemented be moved up to be in line with the revised application timeline of no later than February 1st. Public Member, Mayor Adrian O. Mapp seconded this motion and it was approved by the affirmative vote of the six (6) voting members present.

IX. Task Force Members Open Discussion and Other Matters

Chair Designee Zeveloff stated that, after a review of the PowerPoint from Doctor Wheeler, the Task Force should be thinking about its decision on credits and what makes sense as far as timing as well as technology and security concerns for the next meeting.

Executive Director Ridolfino requested that Dr. Wheeler provide some input on technology improvements that will be necessary between DCA, Taxation, and the local governments to implement a credit process. Dr. Wheeler agreed and suggested education and outreach for the local governments well in advance of implementation. Executive Director Ridolfino offered an alternative to allow for more time to put some of these changes in place by suggesting that the first year be all payments and then make credits available in the second year.

Public member, Jessica Cohen requested more data and actual timelines so that when the Task Force goes back to the Legislature they will have more concrete information and details to provide.

X. Next Meeting Discussion

Chair Designee Zeveloff suggested the next Board meeting be scheduled in late April based on availability.

Chairman Zeveloff appreciated that there were still issues the Task Force could continue to discuss but, due to time constraints, he requested a motion to adjourn. On a motion by public Member, Mayor John E. McCormac, seconded by, Cabinet Designee, Dr. Christopher Wheeler and carried by voice vote from members present voting in favor, the meeting was adjourned at 2:59 PM.