



Division of Local Government Services

Department of Community Affairs

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Considerations for Implementing Stay NJ as a Credit

New Jersey Department of Community Affairs
Division of Local Government Services

Data Security & Integrity

Implementation as credit will require Divisions of Taxation and Local Government Services to make electronic taxpayer files with available to municipal tax collectors and tax collection software vendors. Additional steps versus direct disbursement of relief to taxpayer.

Considerations:

- Risk of data error - the tax collector will need to confirm accuracy of the file with the municipality's own tax collection records to ensure accurate credit application.
- Cybersecurity vulnerability; risk of improper access to and use of taxpayer information:
 - Integrity of IT systems on State, municipal, and software vendor level
 - Need for a secure electronic system that only provides access to taxpayer information for the municipalities served by the tax collector and software vendor.
 - Tax collection software vendor employees and subcontractors would have access to taxpayer file.
 - Credits could be applied to the tax bills of individuals protected under Daniel's Law.



Data Security & Integrity

Experience from Homestead Credit Implementation:

- Homestead Benefit information, including the amount of the credit, was treated as public information [i.e. subject to OPRA] once the adjusted tax bills were produced.
- Registered users of the MyNewJersey Portal (tax collectors and software vendors) had physical access to information for all municipalities – access was not physically restricted to only those municipalities that the tax collector or tax collection software vendor served.
 - Users were instructed to only access data relevant to their duties with users advised that access to the MyNewJersey document library was logged and may be used to determine inappropriate use of data. Confidentiality stipulations were signed by vendors as a condition of MyNewJersey access.



Timing of Credits & Municipal Disbursements

- Quarter due August 1st: Even if taxpayer data file were to be provided to municipalities in May, credits cannot be applied until the State Budget is adopted and it is known whether StayNJ credits will be funded either at all or to the level specified in the file.
- Ability to implement StayNJ credit on the quarter due November 1 could be negatively impacted by factors such as the late adoption of municipal budgets. In unusual cases, delays could impact subsequent quarters as well.
 - Delay in adopting FY2024 Washington Twp. (Burlington County) school budget led to delay in 1Q 2024 Township property tax bill.
- The State will have reduced flexibility in timing the funding of credits to municipalities. Significant delays in funding StayNJ credits could negatively impact municipal cashflow, particularly in fiscally distressed municipalities with minimal reserves.
- Need for allowing sufficient time for quality control on electronic taxpayer files; buffer for Taxation/DLGS to remedy any data errors that may arise.
- A credit framework will also dramatically limit the State's flexibility to extend applicant filing deadlines and, if desired, provide leniency to late filers.



Additional Considerations

Clear guidance, perhaps statutory or regulatory provisions, necessary to determine entitlement to credits upon sale or transfer of a property.

- Does the credit remain with the property or is that information disclosed upon settlement?
- What is the relevant date for assigning the credit to the buyer versus the seller?
- Uniform guidance on calculating the amount of the credits for the bills of each eligible taxpayer; timing of distributing billing files to mortgage servicers.
- If applying the credit will require the issuance of an adjusted bill, municipalities will need to be reimbursed for the cost of issuance (as was done with the Homestead credit).
- Implementing adjustments in taxpayer credits. Will the taxpayer receive a check or is the tax collector supposed to adjust the amount of the credit in the next quarter? The latter would likely pose a significant administrative burden for the tax collector's office and the tax collection software vendor.



Additional Considerations

- Municipal codes used by Taxation are not uniform with those used by DLGS. Taxation will need to convert their codes to DLGS system before transmitting files to municipalities.
- How much will tax collection software vendors be charging municipalities to implement a StayNJ credit, and how much lead time would those vendors need to implement the necessary changes?
- DLGS would need to work with tax collection software vendors to approve adjusted bill formats, which will require lead time prior to implementation to ensure accuracy and comprehensibility for taxpayers.

