

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3319

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 21, 2023

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3319.

As reported and amended by the committee, this bill amends the Fiscal Year 2024 annual appropriations act to extend ANCHOR Property Tax Relief Program (ANCHOR Program) eligibility to residences on which a homestead owner or tenant made one or more payments in lieu of taxes to the municipality in which the residence is located.

Currently, the Fiscal Year 2024 annual appropriations act does not expressly grant eligibility for the property tax benefit under the ANCHOR program to homestead owners and tenants who made payments in lieu of taxes. However, as implemented by the Division of Taxation in the Department of Treasury, tenants who lived in rental units that operate under a payment in lieu of tax agreement with their municipality are eligible for the property tax benefit under the ANCHOR program in Fiscal Year 2024. As amended by the committee, this bill would amend the Fiscal Year 2024 annual appropriations act to provide that both homestead owners and renters who made payments in lieu of taxes are eligible for the ANCHOR benefit.

The bill, as amended, requires eligible homestead owners and residents to submit an application to the Division of Taxation in the Department of the Treasury no later than March 1, 2024 in order to be eligible for the 2020 property tax benefit under the ANCHOR Program.

COMMITTEE AMENDMENTS:

The committee amendments amend the Fiscal Year 2024 annual appropriations act, rather than the Fiscal Year 2023 annual appropriations act, to extend ANCHOR Program eligibility to homestead owners and tenants who made payments in lieu of taxes.

The committee amendments require eligible homestead owners and residents to submit an application to the Division of Taxation in the Department of the Treasury no later than March 1, 2024 in order to be eligible for the 2020 property tax benefit under the ANCHOR Program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate increase in expenditures due to an increase in State costs incurred by the Property Tax Relief Fund for the ANCHOR Property Tax Relief Program. The bill expands eligibility for ANCHOR property tax rebates to homeowners who make payments in lieu of taxes. Under current law, homeowners who make payments in lieu of taxes are not eligible to receive an ANCHOR rebate. The bill also extends the ANCHOR application deadline from December 29, 2023 to March 1, 2024. The payment of ANCHOR rebates to: 1) newly eligible homeowners who make payments in lieu of taxes, and 2) homeowners who file an application during the extension period provided under the bill, will result in an increase State expenditures.

Although the bill also expands eligibility for ANCHOR rebates to tenants, the OLS notes that this provision merely formalizes a change in policy announced by the Department of the Treasury in November 2022. Under current law, tenants who make payments in lieu of taxes are not eligible to receive an ANCHOR rebate. In November 2022, the Department of the Treasury announced that tenants who were previously ineligible for an ANCHOR rebate because their unit was subject to a payment in lieu of tax agreement would now be eligible for the tax year 2019 ANCHOR benefit provided in Fiscal Year 2023. That change in policy has been extended for the tax year 2020 ANCHOR benefit provided in Fiscal Year 2024. Accordingly, this provision of the bill will not result in any additional State costs in Fiscal Year 2024.

The ANCHOR program provides rebates of up to \$1,500 to eligible homeowners and \$450 to eligible tenants. The FY 2024 Appropriations Act provided approximately \$2.09 billion for rebate payments and other program activities. Of that amount, approximately \$2.06 billion has been expended and about \$35 million remains unexpended. If the remaining balance is not sufficient to support ANCHOR benefit payments, the Executive may exercise authority granted pursuant to Fiscal Year 2024 budget language to appropriate additional unlimited amounts from the Property Tax Relief Fund for ANCHOR rebates.