

Governor Phil Murphy

Governor Murphy Presents Fiscal Year 2026 Budget – “Stronger, Fairer, and More Prepared for the Future”

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Budget Proposes Record-High Property Tax Relief and School Funding Maintains Commitment to Fiscal Responsibility with \$7.2 Billion Full Pension Payment and \$6.3 Billion Surplus

TRENTON – Governor Phil Murphy delivered his ninth and final budget address on Tuesday, outlining spending priorities for Fiscal Year 2026 (FY2026) to deliver economic security and opportunity to every New Jerseyan and ensure the state continues to be well prepared for the future. The budget proposal builds upon the Administration’s historic investments in expanding affordability, supporting the next generation, maintaining fiscal responsibility, and building a stronger and fairer future for all New Jerseyans.

The Governor’s proposed budget expands direct property tax relief for New Jersey homeowners and renters, including funding the new Stay NJ program, and continues support for the popular ANCHOR and Senior Freeze programs. The proposal also provides record school funding, delivers a fifth consecutive full pension payment, and supports significant investments in New Jersey’s economy and communities.

“Our budget proposal for the next fiscal year reflects our ongoing—and unrelenting—commitment to building a New Jersey that is stronger, fairer, and more prepared for the future,” **Governor Murphy said**. “Over the past seven plus years, we have made historic progress in advancing this mission, but we’re not done yet. And over the next year, our absolute top priority—as it has been since day one—is delivering economic security and opportunity to every New Jerseyan.”

“This budget builds upon this Administration’s commitments to making New Jersey more affordable, prioritizing good fiscal stewardship, strengthening our economy, and building healthy communities,” **said State Treasurer Elizabeth Maher Muoio**. “We look forward to working with our partners in the Legislature to deliver a final budget that benefits New Jerseyans across our state.”

The \$58.05 billion budget includes a proposed surplus of \$6.3 billion, while redirecting over 74 percent of the total budget back into our communities in the form of grants-in-aid for property tax relief, social services, and higher education, as well as State aid to schools, municipalities, and counties.

Affordability and Economic Security

The FY2026 budget delivers a record high amount of property tax relief to the people of New Jersey, with nearly \$4.3 billion for Direct Property Tax Relief.

The proposed budget would continue funding for Senior Freeze, New Jersey’s property tax reimbursement program for seniors and disabled residents, with a \$239 million allocation to benefit more than 235,000 taxpayers. The Governor also proposes additional funding for the forthcoming Stay NJ program, dedicating \$600 million in resources to significantly reduce property taxes for more than 432,000 senior homeowners.

The budget proposes \$2.4 billion for the continuation of the ANCHOR program to benefit over two million homeowners and tenants. This will be the fourth season of the ANCHOR program, which has provided more than \$6.4 billion in direct tax relief over the past three years.

Continuing the focus on providing relief for working and middle-class families, this budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit. It also includes new sales tax exemptions for baby items, including cribs, car seats, nursing bottles, and strollers, as well as for sunscreen. This proposal is modeled off of proposals by Senators Parker Space and Owen Henry and Assemblymembers Dawn Fantasia and Paul Kanitra.

The Murphy Administration, in partnership with the Legislature, has provided more than twice as much direct property tax relief than any prior administration.

Ensuring New Jersey residents have access to affordable health care remains a top priority in the upcoming fiscal year. The budget proposes \$165 million for the continuation of Cover All Kids; \$61.2 million for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold programs, helping nearly 150,000 seniors and residents with disabilities; \$52 million for family planning services and reproductive health programs; and \$35.8 million for Family Connects NJ, which has provided nearly 2,500 free in-home nurse visits to families with newborns and is now available in 11 counties. The proposal also includes \$10 million for a new initiative to provide State employees with full pay while they take family leave to care for a newborn, adopted, or fostered child.

Supporting the Next Generation of New Jerseyans

After becoming the first Governor to fully fund the K-12 school funding formula in the last fiscal year, Governor Murphy proposes to continue providing record-high school funding in FY2026. The budget includes a record-breaking \$12.1 billion for K-12 schools in FY2026, a greater than \$3.9 billion increase since FY2018. This proposal also addresses district feedback about the formula by capping losses in major school aid categories and reducing input volatility, ensuring no district sees a steep reduction in aid from one year to the next. K-12 State aid will not decrease by an amount greater than 3% of the prior year State aid in four primary categories: equalization, special education, security, and transportation.

The budget also includes legislation to require every school district to provide full-day kindergarten. It proposes \$7.5 million in new grant funding to support districts in providing high-impact tutoring to students in need of extra academic support, as well as \$3 million in incentive grants for schools that want to go entirely phone-free, giving students the best opportunity to learn without distraction.

Building on the Governor’s commitment to forging the path towards free universal preschool in New Jersey, the FY2026 budget proposes \$1.27 billion for Preschool Education Aid. Since 2018, the Murphy Administration has expanded pre-K to 229 school districts and created nearly 20,000 new seats.

Fiscal Responsibility

The budget continues the Murphy Administration’s record of fully funding the pension system, with the \$7.2 billion proposed payment marking the fifth consecutive full payment made by this Administration. Under Governor Murphy’s leadership, total pension contributions are on track to exceed \$47 billion – nearly four times the \$12.2 billion in total contributions of the previous six governors combined.

The Governor continues his focus on fiscally responsible governance, proposing a budget surplus of \$6.3 billion dollars, nearly ten times larger than the average surplus under the previous administration. With this final budget, the Murphy Administration would leave the next Governor with a surplus that is more than 15 times greater than the one it inherited (\$409 million).

The proposed FY2026 budget largely caps discretionary spending and incorporates nearly \$2 billion in appropriation reductions. Total appropriations for the FY2026 budget proposal are \$70 million less than the FY2025 adjusted appropriation.

Additionally, the proposal includes \$815 million in funding from the Corporate Transit Fee dedicated to support NJ TRANSIT; builds upon \$1.358 billion in interest saved by taxpayers over the last four years by paying down debt and minimizing new debt taken on; and anticipates reforming technical parole violations so that the State can close East Jersey State Prison, which would save taxpayers a projected \$30 million in FY2026 and an additional \$20 million in FY2027.

The Governor will also propose a range of tax policy changes. Those include tax increases for the highest tier of realty transfer fees, sports betting, alcohol, adult-use marijuana, and cigarettes, as well as a new exemption for small business investment. These changes, along with the cuts in appropriations help ensure that revenues are more closely in line with expenditures.

Building New Jersey's Future

As the most densely populated state in the nation, New Jersey's infrastructure remains the backbone of America's economy. The budget includes \$1.23 billion for critical investments in State and local highway and bridge projects, and another \$767 million for NJ TRANSIT capital projects.

The FY2026 budget proposes an additional \$20 million for Strategic Innovation Centers (SICs). The Murphy Administration has helped launch ten new SICs that have already drawn in over \$250 million in funding from the private sector, positioning New Jersey's entrepreneurs, workers, and students to lead the industries of tomorrow.

The proposal supports building upon the success of the Cannabis Regulatory Commission, which has overseen billions of dollars of legal cannabis sales, including more than \$1 billion in 2024 alone, with sales expected to produce \$90 million in tax and fee revenues this year.

Continuing the Administration's commitment to advancing clean energy, the budget includes \$50 million for the Charge Up NJ program from the Clean Energy Fund, moving closer to the State's nation-leading goal of 100 percent clean electricity by 2035.

For more information on the Governor's proposed FY2026 budget, please see the [Budget-in Brief](#)

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An additional one-page policy paper on the central commitments outlined in this budget proposal can be found [here](#)

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