

**GOVERNOR'S STATEMENT UPON SIGNING
ASSEMBLY BILL NO. 4706
(First Reprint)**

Today I am signing Assembly Bill No. 4706 (First Reprint), which amends various provisions of law that govern the State's property tax relief programs to effectuate the recommendations of the Stay NJ Task Force (the "task force").

On June 30, 2023, I was pleased to sign the "Stay NJ Act," P.L.2023, c.75, into law. The purpose of that act was to simplify and streamline the State's two existing major property tax relief programs: the Affordable New Jersey Communities for Homeowners and Renters (ANCHOR) program and the Property Tax Reimbursement program, commonly known as Senior Freeze. The act also set forth a loose framework for a new property tax relief program, the Stay NJ Program, which endeavors to provide a new benefit to eligible homeowners equal to 50 percent of property taxes paid, not to exceed \$3,250 in State Fiscal Year 2026 and \$6,500 in each fiscal year thereafter. The Stay NJ benefit will be available to all senior citizen homeowners earning less than \$500,000 annually, with income defined in the bill as gross income reported before the Pension and Retirement Income Exclusion and the Other Retirement Income Exclusion, and adding back excludable pension, annuity, and IRA distributions and withdrawals; tax exempt interest income; income derived from distributions from or roll overs to a Roth IRA; and Social Security income.

In recognition of the expense and complexity inherent in the establishment of a new property tax relief program, paired with a full overhaul of the State's existing property tax relief programs, the "Stay NJ Act" convened a task force to develop recommendations for delivering uniform property tax relief for eligible seniors. Assembly Bill No. 4706 (First Reprint) is the result of the task force's efforts. The task force wrestled with multiple difficult technical issues, including the need to pay benefits by check or direct deposit due to the immediate impossibility of issuing the benefit through a property tax credit. The task force met its statutory charge to advance a unified framework that will better enable the State's seniors to substantially lessen their property tax burdens. Months of hard work led to this legislation, which will allow our residents to more conveniently access their property tax benefits through a single combined application form that will be available in February 2025. Timely enactment of this bill is fundamental to ensuring that the Division of Taxation can deliver a single combined application by the statutory deadline required for the delivery of benefits in the upcoming year.

When the Stay NJ proposal was first put forward, it was significantly more expansive and did not include an income eligibility threshold. While I have always been strongly

supportive of increasing property tax relief for seniors, I raised serious concerns with the initial proposal that focused on the recurring cost of the program and whether it would be sustainable in the context of a budget facing a structural imbalance. After extensive and good faith negotiations with the Speaker and Senate President, I was pleased to be able to reach an agreement on a program that included a \$500,000 income cap and a benefit capped at \$6,500, to ensure that the relief was focused on middle class residents and to make the cost of the program more manageable.

Most importantly, my negotiations with legislative leadership resulted in an agreement that the Stay NJ program would not be implemented if it would endanger the fiscal progress that New Jersey has made due to my Administration's partnership with the Legislature. As a result, in the law that I ultimately signed, there are explicit provisions that state that the implementation of the program "shall not supersede, impact, or interfere" with a number of other commitments. Most notably, those commitments include 1) full funding of K-12 education; 2) the full payment into the State's pension system; and 3) the maintenance of no less than a 12 percent budgetary surplus.

These commitments are deeply important to me. When I first ran for Governor, the issue that concerned me as much as any other was that New Jersey's credit rating had been downgraded 11 times under my predecessor. Equally troubling was New Jersey's failure to meet its commitments to those most in need - specifically our children, who were in a school system that had been underfunded by billions of dollars, and our retirees, whose hard-earned pensions were dependent on a system that was woefully insolvent.

When I came into office, my Administration and the Legislature completely reoriented our budgetary priorities. Because of New Jersey's economic growth and increased recurring sources of revenue, including a millionaire's tax, we have been able to do what almost no one thought possible - fully fund our K-12 school system, make the full annual payment into our pension system for four years in a row, and achieve a surplus that peaked at \$10 billion and was over \$6 billion last year. And credit rating agencies took notice of our willingness to live up to our commitments. Prior to my Administration, New Jersey had one credit rating upgrade since 1977. During my tenure, New Jersey's credit rating has been upgraded not once, not twice - but seven times.

While I am very proud of the fiscal progress we have made, like many other states around the country, New Jersey faces a structural budget deficit that if unaddressed will wipe away the surplus that we have worked so hard to amass. I am signing this bill because I believe the streamlining of Senior Freeze and Anchor will be of benefit to our seniors, and I am hopeful that the State budget will be able to support the implementation of Stay NJ while maintaining a 12 percent surplus and fully funding our pensions

and K-12 school system. I am committed to maintaining these guardrails while working with my partners in the Legislature to achieve the goal of sustainable property tax relief for seniors.

Date: November 1, 2024

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor