

NJSBA Property Tax Reform Comparison Chart

This chart illustrates key points of various property tax reform plans currently before the state Legislature or proposed by the Gubernatorial candidates and education organizations.

NJSBA Issue/Policy	A-4041 Manzo (SMART 50%) ^(1,2)	Corzine's Plan ^(1,2)	Forrester's Plan ^(1,2)	The Plan 4 NJ ^(1,2)
Issue: State contribution to education. Policy: State pays 50% of education costs statewide.	50% State funding of property taxes paid for Schools.	Not addressed, but recognizes the state's over-reliance upon property taxes.	Not addressed.	Not addressed, but the amount of property tax to be funded by State would be determined annually. ⁽³⁾ Based on principle residence only.
Issue: Method of property tax relief. Policy: Reduction of property taxes statewide to minimum of 50% of education costs. Replace with progressive income tax.	Income tax surcharge for income over \$30,000. Reduces "half-millionaires" income tax rate from 8.97% to 6.37%. Surcharge determined annually by 11/1. ⁽³⁾	10% increase in rebates each year for 4 years. Funding from economic growth, cutting waste and promoting efficiencies.	30% reduction in property tax bills in 3 years. Funding from eliminating waste and corruption.	Replace differing amounts of property taxes with 1.6% increase in income tax over \$70,000. Designed to be revenue neutral.
Issue: Distribution of tax burden. Policy: Property tax should be limited to a percentage of personal income. NJSBA supports a property tax circuit breaker.	No income tax surcharge for incomes under \$30,000. Still permits property tax freeze for qualified taxpayers.	Income vs. Rebate Seniors \$0-70K: \$1,000-1,200 Seniors \$70-125K: \$600-800 Others \$0-125K: \$600-800 Others \$125-200K: \$500 Others \$200K: \$0	Relief to be provided to all property tax payers.	Limit of 5% of income \$0-\$100,000 for seniors; 5% of income up to \$50,000 for non-seniors; 6% of income \$50,000 - \$100,000; 6% of income \$100,000-\$200,000.
Issue: Managing the tax shift. Policy: Directly attributed to eligible individuals.	Electronic Funds Transfer (EFT) to municipality. Amount shown on individual tax bills. Allows reduction of escrowed mortgage payments.	Rebate payments directly to taxpayer.	Property tax bills will be reduced by 30% in 3 years.	Direct reduction of tax bills. Allows reduction of escrowed mortgage payments.
Issue: Tenants as property tax payers. Policy: None.	Tenants receive 50% of 9% of rent as direct refund of taxes either electronically or by direct payment, two times a year.	Tenants will receive a rebate, no amount specified.	Not addressed.	Property tax limit for tenants: 5% for income \$0 - \$50,000, 6% of income \$50,000 - \$100,000.
Issue: NJ Saver Rebate (FAIR Act of 2004) vs. new proposal. Policy: None.	Taxpayer receives the greater of Homestead Rebate Amount or SMART.	10% increase in rebate amount each year for 4 years.	No rebates. Tax bills are reduced.	Taxpayer receives a property tax reduction in place of a rebate.
Issue: Tax policy development process. Policy: NJSBA opposes a Constitutional Convention and supports a Special Session of the Legislature to address property tax reform.	Plan will be enacted by the Legislature. 100% transition in one year. No convention necessary.	Supports a Citizen's Convention, but he also will call a Special Session of the Legislature as one of his first acts as governor.	Supports a Special Session of the Legislature.	Implemented legislatively by enacting a Homestead Property Tax Reform Plan bill. Eliminates Rebate, 100% transition in one year. No convention necessary.

NOTES:

(1) None of the proposals would change the State Aid Formula or affect the current Property Tax Exemptions or Tax Freeze for Qualified taxpayers

(2) None of the proposals address Special Education funding or the inclusion of income in the CEIFA formula.

(3) The annual establishment of a tax surcharge is not a dependable method of collecting taxes.

Property Tax Plan Comparison Chart

NEW JERSEY SCHOOL BOARDS ASSOCIATION

POLICY

NJSBA supports a Special Session of the legislature as the appropriate means of implementing tax reform. NJSBA also believes that a Constitutional Convention would abdicate the Legislature's constitutional obligation to impose taxes.

CONSTITUTIONAL CONVENTION LEGISLATION:

A-5269 which calls for a question on the November 8, 2005 ballot asking whether or not to hold a Constitutional Convention at Rutgers in May 10, 2006 and report by August 29, 2006, passed the Assembly. The legislation did not pass the Senate, as required, and will not appear on the November 2005 General Election ballot.

LEGISLATIVE CHARGE:

Make a recommendation to reform NJ's system of property taxation that is revenue neutral, eliminates inequity, reduces local government's dependence on property tax and is sustainable. Also, maintain the Thorough and Efficient provisions of the Constitution, maintain the affordable housing elements and include reductions in property taxes for tenants. If A-5269 had passed in the Legislature and the convention's recommendations were approved by the voters, changes in the property tax system would have been implemented in the FY' 09 budget (2008). The bill carried an appropriation of \$3,845,000. It can be reintroduced in the next session.

SPECIAL SESSION LEGISLATION:

ACR99 and SCR20 have not moved in either house. The bills were pre-filed for introduction in the 2004 session but have been held by the leadership. Assembly Concurrent Resolution 99 is sponsored by Asm. McKeon and Eagler, Asw. Cruz-Perez, Asm. Wisniewski, Asm. Van Drew, Asm. Gusciora and Asm. Burzichelli. The legislation has 47 co-sponsors. Senate Concurrent Resolution 20 is sponsored by Senators Gill and Adler. It has 17 co-sponsors.

The legislation would require the presiding officer of each House of the Legislature to convene a special session dedicated solely to addressing property tax reform in New Jersey and devising ways to implement the recommendations. The recommendations would be implemented by legislation and ultimately signed by the Governor.



New Jersey School Boards Association

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