

I. Executive Summary

Pursuant to Assembly Concurrent Resolution No. 3, the Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention was charged with reviewing and formulating proposals to address property tax reform through amendments to the State Constitution, as well as other proposals deemed appropriate. The Joint Committee was to determine whether any such amendments should be submitted directly to the voters or referred to a citizens property tax convention.

The Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention finds:

- Property taxes in this State are the largest single source of State and local revenues, raising approximately \$20 billion annually.
- While, on average, the property tax burden represents slightly more than five percent of personal income, there is a wide degree of variance in this regard among jurisdictions and individual taxpayers.
- Enhanced, direct property tax relief correlated to property tax liabilities on primary residences and taxpayer income is the best method of providing targeted, immediate relief to New Jerseyans who suffer a disproportionately high property tax burden.
- The existing property tax deductions and exemptions for senior citizens, disabled persons, and veterans provide important benefits to populations that are strongly impacted by property taxes, and must be preserved.
- While the existing farmland assessment program has helped preserve invaluable farmland and improved the quality of life for all New Jerseyans, the “two-year look back” provision appears to favor land speculation and should be modified.
- Efforts to understand and reform New Jersey’s system of State and local taxes are impeded by the lack of generally available comprehensive data on the incidence of taxation and the revenues foregone by various exemptions, deductions, and credits.
- Long term property tax relief will only be achieved through implementation of stricter controls on spending at all levels of government, institutional reforms which allow for

the on-going examination of State tax and fiscal policy, and the comprehensive reform proposals of the four Joint Committees.

The Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention recommends:

- *Recommendation 1:* The current homestead rebate should be replaced by a system of credits and the benefit should be increased to 20% for as many taxpayers as resources allow.
- *Recommendation 2:* Maintain the senior citizens' and disabled persons' property tax deduction, the veterans' property tax deduction and the veterans' property tax exemption in their current form.
- *Recommendation 3:* The Legislature and Governor should cooperatively develop a property tax levy cap that does not lead to unintended, adverse consequences.
- *Recommendation 4:* Preserve the Uniformity Clause.
- *Recommendation 5:* Extend the roll-back period and impose conveyance tax on certain farmland sales.
- *Recommendation 6:* Make no Constitutional amendments to the exemptions for real property, and refer exemption statutes to Tax Policy Study Commission for future clarification.
- *Recommendation 7:* The Legislature should consider the establishment of the Office of State Comptroller subject to a finding that the creation of the office would not duplicate or undermine existing oversight agencies and functions.
- *Recommendation 8:* The Legislature should establish a tax policy study commission to engage in ongoing study of the tax structure and fiscal policies of the State.
- *Recommendation 9:* The Legislature should not authorize additional general local option taxes at this time.
- *Recommendation 10:* The Debt Limitation Clause should not be amended at this time.
- *Recommendation 11:* The Legislature should review and adopt the recommendations of the Joint Committees to avoid the need for a Citizens Constitutional convention.