

**LFN 2011-31**

**November 3, 2011**

# Local Finance Notice

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Municipal Tax Collectors

## 2010 Homestead Credit Benefit Program: Implementing the Credit on Property Tax Bills

This Local Finance Notice provides an overview and details about the implementation of the State's Homestead Benefit program (for property tax year 2010) that will be provided to eligible residential property owners as a tax credit on their February, 2012 property tax bill. This Notice has specific direction about the program for Tax Collectors and vendors that provide tax collection software and services to municipalities.

The Division of Local Government Services (DLGS) has been working closely with the Division of Taxation, Department of Treasury, and the Office of Information Technology (OIT) to provide the homestead benefit as credits on property tax bills.

The overall process is as follows:

1. Earlier this year, the Division of Taxation notified eligible residential (homestead) property owners of the eligibility requirements and provided them an application.
2. Applications were filed and reviewed by the Division, eligible owners were approved, and credit amounts were calculated.
3. Tax collectors, through their collection system vendors, will receive, in early December 2011, a data file of the parcels and credit amounts calculated by the Division of Taxation.
4. A document listing each parcel and amount will be provided to each collector through the Tax Collector Document Library in My NewJersey (specific instructions on accessing these documents will be forthcoming later). This allows collectors to prove the data file to their records.
5. By January 1, 2012 the tax collector will issue an "adjusted" first quarter (February) tax bill to qualified properties.
6. On February 1, the municipality will receive a payment from the State equal to the total amount of credits and will be reimbursed for the cost of the printing and mailing of the adjusted tax bill.

## Homestead Benefit Program Details

The following is an overview of how the credits will be applied and how they affect the municipal tax office.

### A. Credits Applied as Adjustments

The credits will be released to tax collection vendors in December 2011. The credits will be applied to the properties in a way similar to the way bulk payments are applied. The credit/adjustments are to be applied to the February 2012 quarter regardless of any outstanding prior balances. If the credit/adjustment creates an overpayment to the first quarter, the overage may be applied forward to the next open quarter or may be refunded – at the discretion of the tax collector. The changes made last year to tax collection software will work for this year's program.

### B. Impact on Municipal Tax Offices

Once the credits are applied, adjusted February 2012 tax bills must be issued on or before January 1, 2012. Tax collection vendors have already applied to the Division of Local Government Services (DLGS) and have received the required approval of adjusted bill formats. The format for the adjusted bills includes the municipality's name and address and a phone number for the Division of Taxation.

**All questions regarding the homestead credit should be directed to the Division of Taxation at 1-888-238-1233.** Send the required verification of billing adjustments and distribution of adjusted tax bills to DLGS on or before January 15, 2012, using the form included with this Notice.

### C. Costs to Municipalities

Municipalities will be reimbursed for the direct expenditures involved in issuing the adjusted February 2012 tax bill. The reimbursement will be at a fixed rate of \$.60 per line item receiving a credit (labor costs will not be reimbursed). This represents a per line item calculation of \$.45 for postage, \$.11 for forms and printing, and \$.05 for preprinted envelopes. The forms and printing cost includes a \$.01 allowance to cover the aggregate costs of sending advice bills to third parties.

The reimbursement is calculated by multiplying the \$.60/line item rate times number of line items receiving a credit. The payment will be a separate ACH transaction and confirming email following the February 1 credit reimbursement (see below).

### D. Payment for the Credit Sent to Municipalities

Payment for the homestead credit and the formula-based reimbursement for the costs associated with sending the adjusted bills will be electronically sent to the municipality on or before February 1, 2012. An email confirming the payment will also be sent. The amount of the credit varies by parcel. Individual credits are also subject to adjustments by the Division of Taxation due to any SOIL-based obligations the owner may owe the state (set-off program).

**E. Access to Information**

Tax Collectors can access to information necessary to ensure that all the eligible properties are correctly credited. Once calculations are completed, a verification form (PDF) will be posted in a GovConnect (My NewJersey) Tax Collection Document library. The design of the system allows information for each municipality will be available to every tax collector. The details of this will be sent to collectors through a GovConnect email once the files are posted.

It has been determined that the Homestead Credit Benefit information can be treated as public information, once adjusted tax bills are produced. This means that normal business rules and public records policies apply. With regard to this activity:

- 1) The amount of the credit should be treated as a disclosable piece of information, including through data transfers, in the same manner that senior citizen or veteran deductions are treated.
- 2) The security features of the My NewJersey portal are used to facilitate delivery of data and documents to collectors and vendors as part of their routine business activities. Registered users are expected to only download and access that information related to the municipalities they serve professionally or contractually.
- 3) Accessing information for purposes other than that for which the individual or organization is responsible could be treated as a violation of contract or professional responsibility. Access to the document library is logged and may be used to determine if there was inappropriate use of the data.

**Other Information**

Tax Collectors should also be aware of the following:

- Tax Collectors do not have to wait until the adjusted bills are sent before they can issue billing files to the mortgage companies. Collectors should notify the mortgage companies as soon as the credits have been applied and verified.
- Tax Collectors do not need to send February 2012 first quarter bills for **all** properties within the municipality. Only properties whose bills have been adjusted due to the homestead credit receive adjusted bills.
- The credit is applied to the February 2012 quarter due to the State's FY 2012 fiscal year (July 1 through June 30) budgeted payment for one quarter and the timing involved in determining applicant eligibility.

Questions concerning the credit transaction process or this Local Finance Notice can be emailed to the Division at [dlgs@dca.state.nj.us](mailto:dlgs@dca.state.nj.us). and [Frequently Asked Questions](#) about the Homestead Benefit Program for property owners is on the Division of Taxation website.

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Thomas H. Neff, Director

**Table of Web Links**

Page	Shortcut text	Internet Address
3	<a href="#">Frequently Asked Questions</a>	<a href="http://www.nj.gov/treasury/taxation/hremail.shtml">http://www.nj.gov/treasury/taxation/hremail.shtml</a>

New Jersey Department of Community Affairs  
Division of Local Government Services

Certification of Mailing Adjusted Bills Due to Homestead  
Benefit Credit

I, \_\_\_\_\_, Tax Collector of \_\_\_\_\_ in the County  
of \_\_\_\_\_, hereby certify that on \_\_\_\_\_ the February 2012 tax bills  
adjusted due the Homestead Benefit Credit were mailed in accordance with Local Finance  
Notice 2011-31.

Certified by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
License #

Date: \_\_\_\_\_

Mailed signed certification to:  
Patricia Turin, Tax Collection Specialist  
Department of Community Affairs  
Division of Local Government Services  
PO Box 803  
Trenton, NJ 08625-0803

Or Fax to:  
609-984-7388  
Attn: Patricia Turin, Tax Collection Specialist

Or email to:  
pturin@dca.state.nj.us