

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 1314**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: APRIL 1, 2022

**SUMMARY**

**Synopsis:** Requires municipality to return to taxpayer property taxes paid in error due to assessor's or owner's mistake.

**Type of Impact:** Periodic decrease in municipal revenues.

**Agencies Affected:** Municipalities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	
<b>Periodic Local Revenue Loss</b>	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would result in a periodic reduction in municipal revenues because the bill requires a municipality to issue a property tax refund when property owners pay taxes on property they mistakenly believe to be their own. Under current law it is at the discretion of the municipal governing body to return taxes collected when such an error is made. The OLS does not have information on the frequency or amounts of property taxes that are paid in this manner on which to assess the fiscal impact.
- The impact on municipal revenues of the bill's provision imposing a statute of limitations on refunds for certain tax overpayments due to a taxpayer or assessor error is indeterminate. Data on the total amount refunded annually due to property tax overpayments are not compiled on a Statewide basis, hindering a full accounting of the potential impact of the bill on municipal revenue.

**BILL DESCRIPTION**

The bill requires a municipality to issue a property tax refund to property owners who overpay their property taxes because they paid taxes on a property they believed to be their own. Current law permits, but does not require, a municipality to provide a refund to a taxpayer under these circumstances. The bill also limits the amount refunded to excess taxes paid in the tax year in which the municipal governing body is notified of the error and the three tax years immediately prior.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill would result in a periodic reduction in municipal revenues because the bill requires a municipality to issue a property tax refund when property owners pay taxes on property they mistakenly believe to be their own. Under current law, it is at the discretion of the municipal governing body to return taxes collected when such an error is made. The OLS does not have information on the frequency or amounts of property taxes that are overpaid in this manner on which to assess the fiscal impact.

The impact on municipal revenues of the bill's provision imposing a statute of limitations on refunds for certain tax overpayments due to a taxpayer or assessor error is indeterminate. Data on the total amount refunded annually due to property tax overpayments are not compiled on a Statewide basis, hindering a full accounting of the potential impact of the bill on municipal revenue. Moreover, the bill's impact on any particular municipality will depend on its current refund policy regarding tax overpayments due to taxpayer or assessor error.

*Section: Revenue, Finance and Appropriations*

*Analyst: Scott A. Brodsky  
Principal Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).