

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3131

STATE OF NEW JERSEY

DATED: JUNE 22, 2004

The Assembly Budget Committee reports favorably Assembly Bill No. 3131.

Assembly Bill No. 3131 establishes a State tax clearance process for certain businesses that are holders of licenses from State agencies and other holders of licenses from State agencies. These licensees may have State tax indebtedness. This bill extends this process to State agency licensees that an agency has identified as using a licensee as a business entity to conduct or operate a trade, business, occupation or profession in the State, other than as an employee, and that may be subject to State taxes on business-related income. This process is also extended to other State agency licensees for which the director has received any other identifying information in the possession of a State agency that may be used currently by the Director of the Division of Taxation in the enforcement of State tax laws.

Under the bill, the Director of the Division of Taxation will provide a preliminary notice to a business that has information that will be requested from the licensing agency that identifies it as a business entity using the license. The identifying information, including social security numbers or federal taxpayer identification numbers, will be obtained for purposes of reviewing the business' compliance with appropriate State tax laws, as a condition to the continued licensing of the business by the State agency, and to update or correct, as necessary, the tax records and files of the director.

Further, notice will be provided to those businesses, and the other licensees subject to this bill, that do not appear to be in compliance with State tax laws including the business registration requirements of those laws. This notice will afford the business and those licensees with an opportunity to exercise any remedies that may remain under the State tax laws. If a State tax indebtedness of the business or other licensee is discovered after all State taxpayer remedies have been exhausted the director will provide further notice of the director's intention to request that the State license be suspended.

This bill will ensure that the privilege of holding a State license, including registrations and certificates that are necessary to conduct or operate a trade, business, occupation or profession in the State, will not be extended to State tax debtors.

FISCAL IMPACT:

At this time, the Executive branch has not provided any information concerning the fiscal impact of the provisions of this bill.