

ASSEMBLY, No. 2139

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED FEBRUARY 25, 2008

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District 14 (Mercer and Middlesex)

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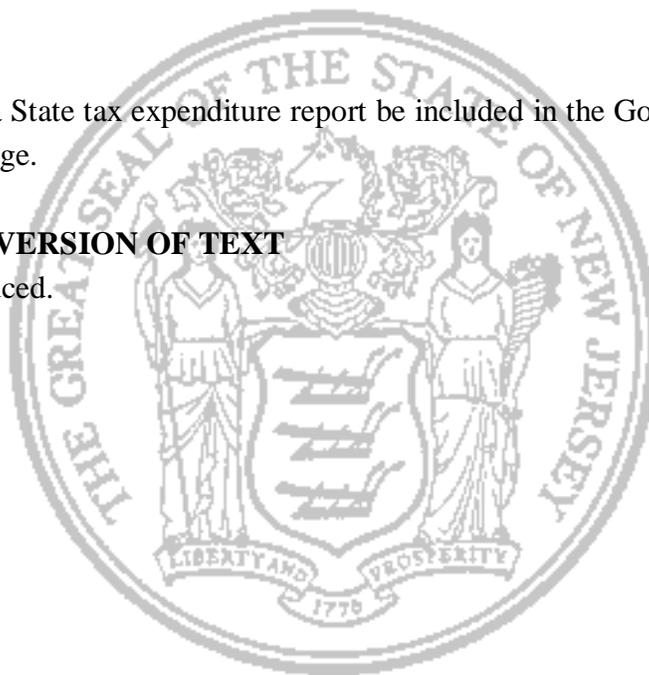
Assemblymen Milam, Albano, Senators Buono and Gordon

SYNOPSIS

Requires a State tax expenditure report be included in the Governor's annual budget message.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/8/2010)

1 AN ACT requiring a State tax expenditure report be included in the
2 Governor's annual budget message and supplementing Title 52 of
3 the Revised Statutes.

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5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

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8 1. a. In addition to the requirements of section 11 of article 3 of
9 P.L.1944, c.112 (C.52:27B-20), and any other provisions of law, the
10 Governor's budget message transmitted annually to the Legislature
11 shall include a State tax expenditure report setting forth estimates of
12 the tax expenditures under existing State law for the last completed
13 fiscal year, the current fiscal year and the fiscal year to which the
14 budget message applies. The tax expenditures report shall take into
15 account projected economic factors, and any changes in State tax
16 expenditures as may be enacted or reasonably expected to be
17 enacted for any fiscal year.

18 b. The State tax expenditures report shall:

19 (1) list each State tax expenditure,

20 (2) identify the statutory authority for each State tax expenditure,
21 and the year in which it was enacted or the tax year or tax period in
22 which it became effective,

23 (3) describe the objective of each State tax expenditure,

24 (4) detail in columnar enumeration for each State tax expenditure
25 an estimate of the amount of State revenue loss for the last
26 completed fiscal year, the current fiscal year and the fiscal year to
27 which the budget message applies,

28 (5) determine whether each State tax expenditure has been
29 effective in achieving the purpose for which the tax expenditure
30 was enacted and currently serves, including an analysis of the
31 persons, including corporations, individuals or other entities,
32 benefited by the expenditure,

33 (6) the effect of each State tax expenditure on the fairness and
34 equity of the distribution of the tax burden, and

35 (7) the public and private costs of administering the State tax
36 expenditures.

37 c. As used in this section:

38 "State tax expenditure" means those revenue losses attributable
39 to provisions of State tax law which establish special tax treatment,
40 including but not limited to tax law definition, deduction, exclusion,
41 exemption, deferral, credit, preferential tax rate or other special tax
42 provision resulting in a reduced tax liability for certain persons,
43 individuals, types of income, transactions or property from the
44 liability which would be presumed to exist without the State tax
45 expenditure.

46 d. The Division of Taxation in the Department of the Treasury
47 shall advise and assist the Governor in the preparation of the State
48 tax expenditure report.

1 2. This act shall take effect immediately and apply to budget
2 messages transmitted on and after enactment.

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STATEMENT

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7 This bill requires that the Governor's annual budget message
8 include a State tax expenditure report. State governmental policy
9 objectives are sought to be achieved by both the granting of direct
10 expenditures of governmental funds and by the granting of special
11 and selective tax relief or tax expenditures. Both direct
12 expenditures of governmental funds and tax expenditures affect the
13 ability of the State government to set tax rates and collect State tax
14 revenue and implement the functions of government through the
15 expenditure of governmental funds. The Legislature's review of the
16 Governor's annual budget messages examines the fiscal soundness
17 and effectiveness of proposed State spending decisions. However,
18 there is no regular and comprehensive review by the Legislature of
19 the granting of special and selective State tax relief.

20 While all tax expenditures are initially designed to promote the
21 public good through the encouragement of certain economic
22 activities or the reduction of tax liabilities in special circumstances,
23 the passing of time may change the effect of tax expenditures to
24 something other than their original purposes. The Legislature
25 cannot begin to adequately assess the public policy impacts of tax
26 expenditures, and the accomplishment of the Legislative intent of
27 tax expenditures, until sufficient empirical data exists as to the
28 financial effects of the tax expenditures. The best way to ensure
29 that adequate data is regularly available on the financial effects of
30 State tax expenditures is to require that the Governor include such
31 data in the annual budget message to the Legislature.