

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 688

STATE OF NEW JERSEY

DATED: DECEMBER 10, 1988

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 688.

This bill increases from \$15 million to \$25 million the amount that is annually credited to the Shore Protection Fund from the collection of realty transfer fees.

The realty transfer fee is imposed on the recording of deeds transferring real property, calculated on the basis of the amount paid in the deed. The basic rate is \$1.75 for each \$500 of consideration, of which \$.50 is retained by the county and \$1.25 is the State share. Currently, the first \$15 million of the State share collected annually is credited to the Shore Protection Fund. An additional fee of \$.75 is imposed for each \$500 of consideration in excess of \$150,000 per transfer; those amounts are credited to the Neighborhood Preservation Nonlapsing Revolving Fund for certain housing programs. Statutory provisions require that, unless the appropriate amounts are credited to the Shore Protection Fund and the Neighborhood Preservation Nonlapsing Revolving Fund and appropriated for the purposes of the funds, the imposition of the non-county portions of the fee ceases.

Under the 1992 law that established the Shore Protection Fund (N.J.S.A.13:19-16.1), moneys deposited in the fund are to be used for shore protection projects associated with the protection, stabilization, restoration or maintenance of the shore, including monitoring studies and land acquisition, consistent with the current New Jersey Shore Protection Master Plan, and may include the nonfederal share of any State-federal project. (Beginning July 1, 1999, the use of fund moneys must be in accordance with a priority list, developed by the Commissioner of Environmental Protection and approved by the Legislature, that ranks shore protection projects under appropriate criteria established by the Commissioner.) The law also authorizes the Commissioner, subject to legislative appropriation, to allocate fund moneys for emergency shore protection projects in the event of storm or similar act of God. In addition, the law directs that 2% of the moneys annually deposited in the fund shall be appropriated to fund the Coastal Protection Technical Assistance Service, of which amount up to \$100,000 annually may be used to fund coastal engineering research and development, to be conducted by Stevens Institute of Technology, at the request of State or local governmental entities.

This bill is identical to Assembly Bill 1676 (2R).

FISCAL IMPACT:

For State Fiscal Year 1998, a year of comparatively high realty transfer fee collections, final collections are expected to result in approximately \$28 million being deposited to the Neighborhood Preservation Nonlapsing Revolving Fund and approximately \$62 million being collected as the State share, of which \$15 million has been credited to the Shore Protection Fund and \$47 million is to be deposited to the General Fund.

This bill will not affect amounts collected, but will result in up to \$10 million more being credited to the Shore Protection Fund and that much less being deposited to the General Fund for fiscal years beginning after the enactment of the bill.