

[First Reprint]

**SENATE, No. 2167**

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**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

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INTRODUCED JUNE 9, 2014

**Sponsored by:**

**Senator RONALD L. RICE**

**District 28 (Essex)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

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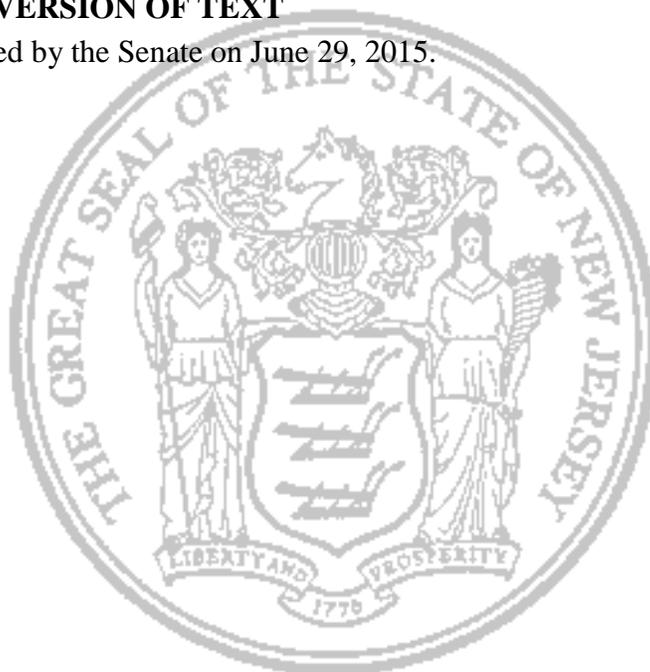
**Senator Stack**

**SYNOPSIS**

Permits Newark to use rental car tax proceeds over three-year period to help reduce its "cash deficit for preceding year" appropriation and operational deficit.

**CURRENT VERSION OF TEXT**

As amended by the Senate on June 29, 2015.



**(Sponsorship Updated As Of: 12/2/2014)**

1 AN ACT concerning certain local tax proceeds and amending  
2 P.L.2009, c.90.

3

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

6

7 1. Section 20 of P.L.2009, c.90 (C.40:48H-2) is amended to  
8 read as follows:

9 20. a. A municipality having a population in excess of 100,000  
10 and within which is located a commercial airport which provides for  
11 a minimum of 10 regularly scheduled commercial airplane flights  
12 per day, or a municipality in which any portion of such an airport is  
13 located, by ordinance, may impose a tax on the rental of motor  
14 vehicles on such rental transactions that occur within a designated  
15 industrial zone of the municipality. Such tax shall be imposed on  
16 the person, corporation, or other legal entity that is permitted the  
17 use of a motor vehicle that it does not own for a period of time that  
18 is less than one year, in exchange for the payment of a fee, and shall  
19 be collected on behalf of the municipality by the person collecting  
20 such rental fee, in accordance with such procedures as shall be  
21 established in the ordinance imposing the tax.

22 The local motor vehicle rental tax rate imposed under an  
23 ordinance adopted pursuant to this section shall not exceed five  
24 percent of the total amount of the fee charged for the rental of the  
25 motor vehicle, excluding any taxes and surcharges. After the  
26 adoption of an ordinance, a municipality may subsequently amend  
27 the ordinance from time to time to adjust the boundaries of the  
28 industrial zone or, subject to the provisions of section 26 of  
29 P.L.2009, c.90 (C.40:48H-8), to modify the tax rate; however, the  
30 modified rate shall not exceed five percent of the total amount of  
31 the fee charged for the rental of the motor vehicle, excluding any  
32 taxes and surcharges.

33 An ordinance establishing a local motor vehicle rental tax, or  
34 modifying the rate of that tax, shall take effect on the first day of  
35 the month immediately following the date on which the ordinance  
36 becomes legally in force and effect.

37 b. As used in this section:

38 "Eligible purposes" means (1) the payment or reimbursement of  
39 costs of any "redevelopment project" or other undertaking in  
40 furtherance of a "redevelopment plan" in any "area in need of  
41 redevelopment" or "area in need of rehabilitation" within the  
42 municipality (including, but not limited to, redevelopment projects  
43 and undertakings located within the industrial zone), as such terms  
44 are defined in the "Local Redevelopment and Housing Law",  
45 P.L.1992, c.79 (C.40A:12A-1 et al.), (2) the making of municipal

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup>Senate floor amendments adopted June 29, 2015.**

1 subsidies or contributions as authorized by P.L.1992, c.79, (3) the  
2 payment or reimbursement, within or relating to any urban  
3 enterprise zone located within the municipality, of such costs as are  
4 enumerated in the definition of "project" as contained in subsection  
5 c. of section 29 of P.L.1983, c.303 (C.52:27H-88), without  
6 reference to the zone assistance fund or the zone development  
7 corporation, (4) the payment of bonds issued for any of the  
8 foregoing purposes, (5) planning, evaluation, negotiation, and other  
9 preliminary expenses relating to any of the foregoing purposes, and  
10 (6) costs of administration and enforcement, including costs and  
11 expenses of the municipality incurred in collecting the tax.

12 "Industrial zone" means such portion or portions of the  
13 municipality, which may be identified by reference to zoning  
14 districts, census tracks, or both, not exceeding in the aggregate 50  
15 percent of the territory of the municipality, as is determined by the  
16 municipality to be an area having, or intended to have,  
17 predominantly industrial, port, airport, and related uses.

18 "Motor vehicle" means any automobile, truck, van, bus, or  
19 similar conveyance that is intended primarily for passenger (as  
20 distinct from cargo) use, and meeting the requirements of the State  
21 for operation on public roads.

22 "Rental of motor vehicle" means any contract or agreement by  
23 which a person, corporation, or other legal entity is permitted the  
24 use of a motor vehicle that it does not own for a period of time that  
25 is less than one year in exchange for the payment of a fee. A rental  
26 transaction is deemed to occur at the location at which such person,  
27 corporation, or other legal entity takes possession of the motor  
28 vehicle.

29 "Rental tax account" means the dedicated trust account  
30 established by a municipality pursuant to subsection c. of this  
31 section.

32 "Tax proceeds" means amounts collected pursuant to any tax  
33 imposed pursuant to sections 19 through 27 of P.L.2009, c.90  
34 (C.40:48H-1 et seq.).

35 c. The Director of the Division of Taxation in the Department  
36 of the Treasury may require, by regulation, that all taxes collected  
37 pursuant to sections 19 through 27 of P.L.2009, c.90 (C.40:48H-1 et  
38 seq.) be collected in the same manner as surcharges are collected  
39 under section 28 of P.L.2009, c.90 (C.40:48G-2). **【Revenues】**  
40 Except as provided hereafter, revenues that are collected and  
41 distributed back to the municipality shall be deposited into a trust  
42 account established by the municipality and dedicated exclusively  
43 to the purpose of funding one or more eligible purposes. Revenues  
44 that are collected during tax years <sup>1</sup>【2014 through 2016】 2015  
45 through 2017<sup>1</sup> for distribution back to a municipality having a  
46 population in excess of 270,000, according to the 2010 federal  
47 decennial census, shall be deposited into the current fund of that  
48 municipality and shall be used to reduce the appropriation for "cash

1 deficit <sup>1</sup>**for** of<sup>1</sup> preceding year" pursuant to N.J.S.40A:4-42, or to  
2 address its operational deficit identified at the beginning of the local  
3 budget year or through the annual financial statement. In tax year  
4 <sup>1</sup>**2017** 2018<sup>1</sup> and thereafter, 50 percent of the revenues annually  
5 collected shall be deposited into the municipality's trust account for  
6 eligible purposes, and the remaining 50 percent shall be deposited  
7 into the current fund and used to reduce the appropriation for "cash  
8 deficit for preceding year" or to address its operational deficit. In  
9 the case of any assignment pursuant to section 23 of P.L.2009, c.90  
10 (C.40:48H-5), the terms of such assignment shall include the  
11 agreement of the municipality to enforce collection of the taxes in  
12 such manner as provided therein, and may provide for direct  
13 payment of all or a portion of the tax proceeds to a bond trustee. In  
14 addition to tax proceeds, there shall be deposited into the rental tax  
15 account such other moneys as may, from time to time, be directed  
16 by law to be deposited therein.  
17 (cf: P.L.2009, c.90, s.20)

18  
19 2. This act shall take effect immediately and shall be  
20 retroactive to January 1, <sup>1</sup>**2014** 2015<sup>1</sup>.