ASSEMBLY, No. 201

STATE OF NEW JERSEY
217th LEGISLATURE

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SYNOPSIS
Increases State appropriations to Energy Tax Receipts Property Tax Relief Fund by $387 million to restore municipal aid reductions from Fiscal Years 2009, 2010, and 2011.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel.
AN ACT concerning Energy Tax Receipts Property Tax Relief Aid

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

1. Section 2 of P.L.1997, c.167 (C.52:27D-439) is amended to
read as follows:

2. a. Commencing July 1, 1997 there is established the
"Energy Tax Receipts Property Tax Relief Fund" as a special
dedicated fund in the State Treasury into which there shall be
credited annually, commencing in State fiscal year 1998, the sum of
$740,000,000 or the amount determined pursuant to subsection e. of
this section from the following: net payments under the "Sales and
Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from sales and
use of energy or utility services, net payments under the
Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1
et seq.) from gas, electric, and gas and electric public utilities,
whether municipal or otherwise, that were subject to tax pursuant to
the provisions of P.L.1940, c.5 (C.54:30A-49 et seq.) prior to
January 1, 1998, net payments under the Corporation Business Tax
Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.) from
telecommunications public utilities that were subject to tax pursuant
to the provisions of P.L.1940, c.4 (C.54:30A-16 et seq.) as of April
1, 1997, net payments under P.L.1940, c.5 (C.54:30A-49 et seq.)
from sewerage and water corporations, net payments under the
c.162 (C.54:30A-100 through C.54:30A-113), and such sums from
the General Fund as may be necessary to provide that the annual
amount credited to the fund shall equal $740,000,000 or the amount
determined pursuant to subsection e. of this section.

b. Notwithstanding the provisions of P.L.1940, c.4 (C.54:30A-
16 et seq.), P.L.1940, c.5 (C.54:30A-49 et seq.) and any other
provision of law concerning the apportionment and distribution by
the State of taxes paid by public utilities,

(1) There shall be paid during the State fiscal year 1998 and
during each fiscal year thereafter from the "Energy Tax Receipts
Property Tax Relief Fund" to the municipalities of the State the sum
of $740,000,000 or the amount determined pursuant to subsection e.
of this section.

(2) A portion of the $740,000,000 or the amount determined
pursuant to subsection e. of this section shall be allocated in a
manner that provides that each municipality shall receive an amount
not less than the largest annual amount received or to be received
by the municipality from:

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.
(a) the distribution of $685,000,000 from the proceeds of the public utilities franchise and gross receipts taxes under P.L.1940, c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.) in calendar year 1994, 1995 or 1996; or

(b) the distribution of $685,000,000 from the proceeds of the public utilities franchise and gross receipts taxes under P.L.1940, c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.) or from taxes and assessments collected in replacement of such taxes as released by the Division of Local Government Services in the Department of Community Affairs as fiscal year 1998 estimated franchise and gross receipts taxes State aid distributions by municipality prior to the certification of apportionment of such funds by the Director of the Division of Taxation and the amounts required pursuant to subsection d. of this section.

(3) A portion of the $740,000,000 or the amount determined pursuant to subsection e. of this section shall be allocated in a manner that provides that each municipality shall receive an amount equal to the difference, if any, between the amount it received pursuant to paragraph (2) of this subsection and the sum of the amounts that the municipality received pursuant to the certification made in the 1997 calendar year released by the Division of Local Government Services in the Department of Community Affairs as the fiscal year 1998 estimated franchise and gross receipts taxes State aid distribution of $685,000,000 and the certification of the 1997 fiscal year distribution of $45,000,000.

(4) The portion of the $740,000,000 or the amount, not more than $755,000,000, determined pursuant to subsection e. of this section remaining after the allocations pursuant to paragraphs (2) and (3) of this subsection shall be distributed in proportion to the amounts distributed pursuant to paragraph (2) of this subsection.

c. (1) The funds distributed pursuant to paragraphs (2) and (4) of subsection b. of this section shall be distributed annually to municipalities on the following schedule: July 15, 35% of the total amount due; August 1, 10% of the total amount due; September 1, 30% of the total amount due; October 1, 15% of the total amount due; November 1, 5% of the total amount due; and December 1, 5% of the total amount due.

(2) The funds distributed pursuant to paragraph (3) of subsection b. of this section, prior to January 1, 2002 for all municipalities, and distributed after January 1, 2002 for municipalities operating on a State fiscal year basis, shall be distributed annually to those municipalities on or before June 30. The funds distributed after January 1, 2002 pursuant to paragraph (3) of subsection b. of this section to calendar year municipalities shall be distributed annually on or before July 15.

d. The allocation set forth in paragraph (2) of subsection b. of this section shall be adjusted to increase each appropriate municipal distribution by the amount necessary to:
(1) make corrections to apportionment valuations or distribution values made by the Director of the Division of Taxation in the Department of the Treasury pursuant to R.S.54:30-2; and
(2) correct equitable distortions, as determined by the State Treasurer, resulting from the application of section 2 of P.L.1980, c.10 (C.54:30A-24.1) and section 4 of P.L.1980, c.11 (C.54:30A-61.1).

The director shall report to the Legislature, on or before July 15, 1997, the amount and distribution of the corrections pursuant to paragraphs (1) and (2) of this subsection.

e. (1) The amount credited to the "Energy Tax Receipts Property Tax Relief Fund" shall be $745,000,000 for State fiscal year 1999, $750,000,000 for each of State fiscal years 2000 and 2001, $755,000,000 for State fiscal year 2002, and for each fiscal year thereafter the amount equal to the amount credited in the prior fiscal year multiplied by the sum of 1.0 and the index rate or zero, whichever is greater. As used in this section, "index rate" means the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce, Bureau of Economic Analysis, calculating the annual increase therein at the second calendar quarter which occurred in the next preceding State fiscal year. The Director of the Division of Local Government Services shall promulgate annually the index rate to apply in the next following State fiscal year which shall be the same as the index rate determined pursuant to section 4 of P.L.1983, c.49 (C.40A:4-45.1a). Any amount of aid distributed to a municipality in excess of the amount distributed to the municipality from the "Energy Tax Receipts Property Tax Relief Fund" during the State fiscal year 2002 shall be used solely and exclusively by each municipality for the purpose of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes.

(2) In addition to the amount credited in paragraph (1) of this section, there shall be paid annually to the municipalities of the State from the General Fund, in the same manner as under subsection b. of this section, the sum of $387,000,000; provided, however, that 50% of the annual amount due shall be paid in Fiscal Year 2013, 75% shall be paid in Fiscal Year 2014, and 100% shall be paid in Fiscal Year 2015 in each fiscal year thereafter. No municipality shall be paid an additional amount pursuant to this paragraph that is greater than its combined Fiscal Year 2008 payment of Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts Property Tax Relief Aid.

f. Notwithstanding any other provision of this section or any other provision of law to the contrary, if any municipality paid a county for an amount for county purposes from the amount it
received from its apportionment of taxes according to the limitations on the municipalities apportionment under section 4 of P.L.1980, c.11 (C.54:30A-61.1), the highest amount of that payment during calendar years 1994, 1995, and 1996 shall be paid annually directly to that county by the State Treasurer and be deducted from that municipality’s distribution otherwise determined pursuant to paragraph (2) of subsection b. of this section.

(cf: P.L.2002, c.3, s.1)

2. This act shall take effect immediately.

STATEMENT

This bill amends P.L.1997, c.167, the “Energy Tax Receipts Property Tax Relief Act,” (C.52:27D-438 et seq.) to require the distribution of an additional $387 million in State aid that would be paid to municipalities as Energy Tax Receipts Property Tax Relief Aid (ETR Aid). This supplemental funding would restore $331 million in State aid reductions to Consolidated Municipal Property Tax Relief Aid (CMPTRA) in Fiscal Years 2009, 2010, and 2011 and provide the inflation-based increase in CMPTRA required by current law. Although current law provides for annual inflation-based increases in both CMPTRA and ETR Aid, budget constraints required reductions in the amount of CMPTRA distributed to all municipalities in Fiscal Years 2009, 2010, and 2011.

Half of the State aid appropriated by this bill, $193.5 million, would be distributed to municipalities in Fiscal Year 2013 and additional 25%, $96.75 million, would be distributed in Fiscal Years 2014 and 2015 respectively. The full amount would be distributed beginning in Fiscal Year 2016 and in each fiscal year thereafter. Municipalities are required to use ETR Aid to reduce the property tax levy for municipal purposes. No municipality is permitted to receive an additional amount of aid that is greater than its combined Fiscal Year 2008 payment of CMPTRA and ETR Aid.

CMPTRA was established in Fiscal Year 1996 Appropriations Act. The State froze aid payments to municipalities provided through 15 separate programs and combined them into one amount distributed to each municipality. The State created the “Energy Tax Receipts Property Tax Receipts Property Tax Relief Fund” as a dedicated fund to replace the Gross Receipts and Franchise Tax on electric, natural gas, and telecommunications utilities in 1997. Certain revenues generated by the Corporation Business Tax, Sales and Use Tax, and the Transitional Energy Facilities Assessment are deposited into the fund. Amounts distributed through both programs are used by municipalities means of reducing the municipal property tax levy.