

ASSEMBLY, No. 541

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Assemblywoman HOLLY SCHEPISI

District 39 (Bergen and Passaic)

SYNOPSIS

Establishes “Business Tax and Incentive Task Force.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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1 AN ACT establishing a task force to conduct a comparative study of
2 state tax policy impacts upon business expansion, investment and
3 development and state tax incentives offered by states to
4 encourage business expansion, capital investment and economic
5 development, and the impacts thereof upon state economic
6 growth, supplementing Title 52 of the Revised Statutes.

7
8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

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11 1 a. There is established a task force, in but not of the
12 Department of the Treasury, to be known as the “Business Tax and
13 Incentive Task Force.” The purpose of the task force shall be to
14 study, compare, and evaluate state tax policy impacts upon business
15 expansion, investment and development and economic development
16 tax incentives offered by state governments throughout the nation,
17 to clarify the type, scale, and effectiveness of state tax policy and
18 tax incentives, and their related tax rate structures, in comparison to
19 this State, and to develop recommendations relating to, the
20 effectiveness of economic development tax incentives and tax
21 policy in creating new employment opportunities, fostering capital
22 investment, and growing the economy in this State.

23 b. The task force shall be comprised of nine members, five of
24 whom shall be appointed by the Governor, one of whom shall be
25 appointed by the President of the Senate, one of whom shall be
26 appointed by the Speaker of the General Assembly, one of whom
27 shall be appointed by the Minority Leader of the Senate, and one of
28 whom shall be appointment by the Minority Leader of the General
29 Assembly. Of the five members to be appointed by the Governor,
30 one shall be an individual from among a list of nominees provided
31 by the Executive Director of the New Jersey Economic
32 Development Authority who are familiar with the programs
33 administered by the authority, one shall be an individual from
34 among a list of nominees provided by the State Treasurer who have
35 expertise and experience in public policy analysis of state business
36 tax incentives and business tax rates, one shall be an individual
37 among a list of nominees provided by the New Jersey Business and
38 Industry Association who are selected from among individuals who
39 are senior staff members or board members of the association
40 familiar with government legislative and regulatory affairs or
41 individuals recognized by the association as having experience with
42 state taxes and business retention and relocation issues, and one
43 shall be an individual from a list of nominees provided by the New
44 Jersey State Chamber of Commerce who are selected from among
45 individuals who are senior staff members of the chamber or are
46 members of the Executive Committee of the Board of Directors of
47 the New Jersey Chamber of Commerce or individuals recognized by
48 the board as having experience with state taxes and business

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1 retention and relocation issues. Vacancies in the membership of the
2 task force shall be filled in the same manner provided for the
3 original appointments.

4 c. The task force shall organize as soon as practicable, but no
5 later than the 60th day after the appointment of a majority of its
6 members. The task force shall elect a chairperson from among its
7 members and appoint a secretary who need not be a member of the
8 task force.

9 d. The task force may meet at the call of its chairperson and
10 hold hearings at the times and in the places it deems necessary and
11 appropriate to fulfill its charge. The task force shall be entitled to
12 call to its assistance, and avail itself of the services of, the
13 employees of any State, county, or municipal department, board,
14 bureau, commission, or agency as it may require and as may be
15 available for its purposes.

16 e. The members of the task force shall serve without
17 compensation, but may be reimbursed for traveling and other
18 miscellaneous expenses necessary to perform their duties, within
19 the limits of the funds appropriated or otherwise made available to
20 the task force for its purposes.

21

22 2. It shall be the duty of the task force to:

23 a. study, compare, and evaluate New Jersey and other states' tax
24 policies, tax rate structures and other features of states' tax systems
25 impacting business expansion, investment and development, chiefly
26 in comparison to this State as a competitive advantage or
27 disadvantage for in-state business growth and of changes that will
28 improve New Jersey's business climate;

29 b. study and assess the effectiveness of New Jersey state tax
30 policy in comparison to other states in the use of tax incentives
31 offered by state governments in creating new employment
32 opportunities, fostering capital investment, and growing the
33 economy in each state;

34 c. study and assess the type, scale, and effectiveness of these
35 state tax incentives, and their related tax rate structures, in creating
36 new employment opportunities, fostering capital investment, and
37 growing the economy in each state;

38 d. evaluate the impact on business investment and the general
39 business climate in this State and other states of reducing these state
40 tax incentives in comparison to reducing tax rates imposed on
41 classes of taxpayers that are eligible to participate in state tax
42 incentive programs;

43 e. study and assess whether State tax incentives have achieved
44 their purposes and comparing the achievement results with other
45 economic development strategies, including but not limited to State
46 tax rate reductions in growing the economy in each state; and

47 f. receive reports and testimony from independent experts,
48 other qualified individuals, and members of the public that have

1 experience in this State or other states in evaluating the
2 effectiveness of state economic development tax incentives.

3
4 3. The task force shall issue a final report to the Governor and
5 the Legislature not later than 180 days following the date of its
6 organizational meeting. The report shall provide a summary of the
7 study conducted by the task force, and shall enumerate any
8 recommended changes to the current State tax system, including
9 any changes to the system that require legislation, formulated by the
10 task force. The task force shall transmit the report to the
11 Legislature, in accordance with section 2 of P.L.1991,
12 c.164 (C.52:14-19.1), and shall make a copy of the report available
13 to the public electronically through a link prominently displayed on
14 the Governor's and the Legislature's official Internet websites.

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16 4. This act shall take effect immediately and sections 1 though
17 3 of this act shall expire upon the issuance of the task force final
18 report.

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21 STATEMENT

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23 This bill establishes the "Business Tax and Incentive Task
24 Force" as a nine-member task force responsible for studying and
25 making certain recommendations regarding State business tax
26 competitiveness among the states and economic development tax
27 incentives offered by state governments throughout the nation.

28 The bill requires the task force to study the features of states' tax
29 systems impacting business expansion, investment and
30 development, chiefly in comparison to this State as a competitive
31 advantage or disadvantage for in-state business growth and of
32 changes that will improve New Jersey's business climate and review
33 the type, scale, and effectiveness of state tax incentives, and their
34 related tax rate structures, in comparison to this State and develop
35 recommendations relating to, the effectiveness of economic
36 development tax incentives and tax rate structures in creating new
37 employment opportunities, fostering capital investment, and
38 growing the economy in this State. As part of its study, the
39 resolution requires the task force to:

40 - evaluate the impact on business investment and the general
41 business climate in this State and other states of reducing these state
42 tax incentives in comparison to reducing tax rates imposed on
43 classes of taxpayers that are eligible to participate in state tax
44 incentive programs; and

45 - study and assess whether State tax incentives have achieved
46 their purposes and comparing the achievement results with other
47 economic development strategies, including but not limited to State
48 tax rate reductions in growing the economy in each state.

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1 The task force shall comprise nine members: five of whom shall
2 be appointments respectively made by the Governor, President of
3 the Senate, Speaker of the General Assembly, the Minority Leader
4 of the Senate and the Minority Leader of the General Assembly;
5 and four of whom shall be appointments made by the Governor, one
6 of each of whom shall represent the New Jersey Economic
7 Development Authority, the State Treasurer, the New Jersey
8 Business and Industry Association, and the New Jersey State
9 Chamber of Commerce.

10 The bill directs the task force to organize as soon as possible
11 after the appointment of a majority of its members, and to elect a
12 chairperson and appoint a secretary. The bill requires the task force
13 to meet and to hold hearings at the times and in the places the
14 chairman determines to be necessary to conduct its study. The bill
15 requires the task force to issue a final report not later than 180 days
16 following the date of its organizational meeting. The bill requires
17 the report to provide findings of the task force and any legislation
18 recommended making changes to State tax laws.