

**ASSEMBLY CONCURRENT  
RESOLUTION No. 191**

**STATE OF NEW JERSEY  
217th LEGISLATURE**

INTRODUCED JUNE 20, 2016

**Sponsored by:**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Assemblywoman JOANN DOWNEY**

**District 11 (Monmouth)**

**SYNOPSIS**

Establishes “New Jersey Tax Structure Study Commission.”

**CURRENT VERSION OF TEXT**

As introduced.



1   **A CONCURRENT RESOLUTION** establishing a temporary  
2   commission to study and make recommendations to reform the  
3   State's current tax structure.

4  
5   **BE IT RESOLVED** *by the General Assembly of the State of New*  
6   *Jersey (the Senate concurring):*

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8       1. There is established in the Legislative branch of State  
9   government a temporary commission to be known as the "New  
10   Jersey Tax Structure Study Commission."

11  
12       2. The purpose of the commission shall be to conduct a study of  
13   the tax structure of this State and to recommend revenue-neutral  
14   policy options to modernize the current system of imposing,  
15   assessing, and collecting State and local taxes, with the goal of  
16   providing revenues at a level sufficient to the needs of the State and  
17   its local units of government while increasing the system's  
18   simplicity, fairness, economic competitiveness, and affordability.

19       To effectuate that purpose, the commission shall examine the  
20   gross income tax, the corporation business tax, the sales and use  
21   tax, the transfer inheritance tax and the estate tax, the State's excise  
22   taxes, including the motor fuels tax, the petroleum products gross  
23   receipts tax, the cigarette tax, the tobacco products wholesale sales  
24   and use tax, and the alcoholic beverage tax, and the local property  
25   tax, and, in examining each of those taxes, consider if the tax  
26   encourages economic growth and is efficient, stable, simple and  
27   predictable, and fair and equitable.

28       In examining the gross income tax, the commission also shall  
29   evaluate: the rate structure as it relates to the tax's progressivity and  
30   equity among single and joint filers, the purposes and efficacy of  
31   existing deductions, exclusions, and exemptions, if existing tax  
32   credits are meeting public policy goals and if other tax credits  
33   should be allowed, the administration of the tax and if it is fair and  
34   efficient, including the manner in which tax refunds are made.

35       In examining the corporation business tax, the commission also  
36   shall evaluate: the effect of the tax on the operations of  
37   corporations, the impact of the tax on the competitiveness of State  
38   corporations and on prices paid for their goods and services, the  
39   applicability of a corporate-based business tax structure when  
40   alternative forms of business organizations are increasingly being  
41   used, the use of tax credits including consideration of their efficacy  
42   in achieving policy goals, their application to business entities other  
43   than corporations, the expansion of existing tax credits or the  
44   allowance of new tax credits, and if any benefit would be achieved  
45   by use of results-based analysis of tax credits, and the advantages  
46   and disadvantages of alternative forms of corporate taxation,  
47   including combined reporting.

1 In examining the sales and use tax, the commission also shall  
2 evaluate: the impact on the State's revenues and economy of the  
3 existing rate and exemptions, as compared to a lower rate and a  
4 broader base, the treatment of sales and use tax on business-to-  
5 business sales, the collection of tax on sales of enumerated services  
6 subject to tax, if there is equity in the existing tax structure, and the  
7 extent to which online sales by out-of-State sellers that do not have  
8 a physical presence in this State have diminished sales and use tax  
9 collections and caused harm to retail sellers that do have a physical  
10 presence in this State.

11 In examining the transfer inheritance tax and the estate tax, the  
12 commission also shall evaluate: the demographics of taxpayers  
13 typically affected by these taxes, the tax avoidance strategies  
14 employed by taxpayers to lessen the impact of these taxes, the  
15 extent to which State residents move out-of-State as a result of  
16 these taxes, and if changes to the tax rates or base or the elimination  
17 of either or both of the taxes is advisable.

18 In examining the State's excise taxes, including the motor fuels  
19 tax, the petroleum products gross receipts tax, the cigarette tax, the  
20 tobacco products wholesale sales and use tax, and the alcoholic  
21 beverage tax, the commission also shall evaluate: the effect of the  
22 taxes on price elasticity, the effect of the taxes on consumer  
23 purchasing patterns, and if these taxes fulfill a particular public  
24 purpose.

25 In examining the local property tax, the commission also shall  
26 evaluate: the impact of the tax on businesses, the impact of the tax  
27 on residents, especially low- and moderate-income residents, the  
28 purposes and efficacy of existing tax exemptions and tax  
29 abatements, and alternative sources of revenue that may provide a  
30 means to lessen the dependence of local governments on property  
31 taxes.

32

33 3. The commission shall be comprised of 10 members, five of  
34 whom shall be members of the Senate appointed by the President of  
35 the Senate and five of whom shall be members of the General  
36 Assembly appointed by the Speaker of the General Assembly. Not  
37 more than three members of the commission appointed by the  
38 President of the Senate shall be members of the same political party  
39 as the President. Not more than three members of the commission  
40 appointed by the Speaker of the General Assembly shall be  
41 members of the same political party as the Speaker. Vacancies in  
42 the membership of the commission shall be filled in the same  
43 manner as the original appointments are made.

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45 4. The commission shall organize as soon as practicable after  
46 the appointment of a majority of its members, and shall elect a  
47 chairperson from among its members. The commission may  
48 appoint a secretary, who need not be a member of the commission,

1 and shall be entitled to call to its assistance and avail itself of the  
2 services of the employees of the Office of Legislative Services as it  
3 may require and as may be available to it for its purposes. Members  
4 of the commission shall serve without compensation for their  
5 services in connection with the commission, but may be reimbursed  
6 for reasonable expenses incurred in the performance of their duties,  
7 within the limit of funds appropriated or otherwise made available  
8 to the commission for its purposes.

9  
10 5. The commission shall meet at the call of the chairperson and  
11 may hold hearings at the times and in the places the chairperson  
12 determines to be necessary to conduct its study and formulate its  
13 policy options. As part of its study, the commission may examine  
14 the functions, duties, operations, and programs of departments and  
15 agencies of the State and local units of governments that are  
16 relevant to the tax structure of this State, review statutes,  
17 regulations, ordinances, resolutions, opinions, orders, and  
18 agreements that govern the imposition, assessment, and collection  
19 of the current State and local tax system and provide exemptions,  
20 deductions, exclusions, and other benefits that reduce or offset a  
21 taxpayer's liability for tax, and receive reports and testimony from  
22 independent experts, other qualified individuals, and members of  
23 the general public. In formulating its policy options, the  
24 commission may consider pending and proposed bills and  
25 resolutions that provide a means to improve or revise the current tax  
26 structure, evaluate systems of State and local tax reform that have  
27 been proposed or implemented in other states and jurisdictions, and  
28 receive reports and testimony from independent experts, other  
29 qualified individuals, and members of the general public.

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31 6. The commission shall issue a final report to the Governor and  
32 the Legislature not later than 180 days following the date of its  
33 organizational meeting. The report shall provide a summary of the  
34 study conducted by the commission, detail each of the  
35 commission's recommended policy options, and demonstrate, in a  
36 form and manner as shall be determined by the commission, that all  
37 State and local revenues collected under the powers of the State, as  
38 accurately as can be estimated by the commission, will be the same  
39 after the recommended policy options are fully implemented as they  
40 were before the policy options were implemented. The report also  
41 shall identify any legislative bills or resolutions that the commission  
42 recommends for adoption by the Legislature and specify if any  
43 recommendation necessitating a change to the State Constitution  
44 should be recommended to the Legislature for submission directly  
45 to the voters or should be referred to a constitutional convention to  
46 be convened for purposes of modernizing the current system of  
47 imposing, assessing, and collecting State and local taxes. The  
48 commission shall transmit the report to the Legislature, in

1 accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), and  
2 shall make the report available to the public electronically through a  
3 link prominently displayed on the official Internet website of the  
4 Legislature.

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6 7. This concurrent resolution shall take effect immediately.

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STATEMENT

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10 This concurrent resolution establishes a temporary commission  
11 to be known as the “New Jersey Tax Structure Study Commission”  
12 in the Legislative branch of State government.

13 The purpose of the commission is to conduct a study of the tax  
14 structure of this State and to recommend revenue-neutral policy  
15 options to modernize the current system of imposing, assessing, and  
16 collecting State and local taxes, with the goal of providing revenues  
17 at a level sufficient to the needs of the State and its local units of  
18 government while increasing the system’s simplicity, fairness,  
19 economic competitiveness, and affordability. To effectuate that  
20 purpose, the resolution directs the commission to examine the gross  
21 income tax, the corporation business tax, the sales and use tax, the  
22 transfer inheritance tax and the estate tax, the State’s excise taxes,  
23 and the local property tax, and, in examining each of those taxes,  
24 consider if the tax encourages economic growth and is efficient,  
25 stable, simple and predictable, and fair and equitable.

26 The resolution provides for the commission to be comprised of  
27 10 members, five of whom shall be members of the Senate  
28 appointed by the President of the Senate and five of whom shall be  
29 members of the General Assembly appointed by the Speaker of the  
30 General Assembly. Under the resolution, not more than three  
31 members of the commission appointed by the President of the  
32 Senate shall be members of the same political party as the President  
33 and not more than three members of the commission appointed by  
34 the Speaker of the General Assembly shall be members of the same  
35 political party as the Speaker.

36 The resolution requires the commission to issue a final report to  
37 the Governor and the Legislature not later than 180 days following  
38 the date of its organizational meeting. The report is required to  
39 provide a summary of the study conducted by the commission,  
40 detail each of the commission’s recommended policy options, and  
41 demonstrate, in a form and manner as shall be determined by the  
42 commission, that all State and local revenues collected under the  
43 powers of the State, as accurately as can be estimated by the  
44 commission, will be the same after the recommended policy options  
45 are fully implemented as they were before the policy options were  
46 implemented.

47 The resolution takes effect immediately upon adoption by both  
48 Houses of the Legislature.