

CHAPTER 57

AN ACT adjusting certain State taxes to support strengthened investments in public and private assets in this State, amending and supplementing various parts of the statutory law pertaining to taxes of this State.

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

1. Section 3 of P.L.1966, c.30 (C.54:32B-3) is amended to read as follows:

C.54:32B-3 Taxes imposed.

3. There is imposed and there shall be paid a tax of 7% on or before December 31, 2016, 6.875% on and after January 1, 2017 but before January 1, 2018, and 6.625% on and after January 1, 2018 upon:

(a) The receipts from every retail sale of tangible personal property or a specified digital product for permanent use or less than permanent use, and regardless of whether continued payment is required, except as otherwise provided in this act.

(b) The receipts from every sale, except for resale, of the following services:

(1) Producing, fabricating, processing, printing or imprinting tangible personal property or a specified digital product, performed for a person who directly or indirectly furnishes the tangible personal property or specified digital product, not purchased by him for resale, upon which such services are performed.

(2) Installing tangible personal property or a specified digital product, or maintaining, servicing, repairing tangible personal property or a specified digital product not held for sale in the regular course of business, whether or not the services are performed directly or by means of coin-operated equipment or by any other means, and whether or not any tangible personal property or specified digital product is transferred in conjunction therewith, except (i) such services rendered by an individual who is engaged directly by a private homeowner or lessee in or about his residence and who is not in a regular trade or business offering his services to the public, (ii) such services rendered with respect to personal property exempt from taxation hereunder pursuant to section 13 of P.L.1980, c.105 (C.54:32B-8.1), (iii) (Deleted by amendment, P.L.1990, c.40), (iv) any receipts from laundering, dry cleaning, tailoring, weaving, or pressing clothing, and shoe repairing and shoeshining and (v) services rendered in installing property which, when installed, will constitute an addition or capital improvement to real property, property or land, other than landscaping services and other than installing carpeting and other flooring.

(3) Storing all tangible personal property not held for sale in the regular course of business; the rental of safe deposit boxes or similar space; and the furnishing of space for storage of tangible personal property by a person engaged in the business of furnishing space for such storage.

"Space for storage" means secure areas, such as rooms, units, compartments or containers, whether accessible from outside or from within a building, that are designated for the use of a customer and wherein the customer has free access within reasonable business hours, or upon reasonable notice to the furnisher of space for storage, to store and retrieve property. Space for storage shall not include the lease or rental of an entire building, such as a warehouse or airplane hangar.

(4) Maintaining, servicing or repairing real property, other than a residential heating system unit serving not more than three families living independently of each other and doing their cooking on the premises, whether the services are performed in or outside of a building, as distinguished from adding to or improving such real property by a capital

improvement, but excluding services rendered by an individual who is not in a regular trade or business offering his services to the public, and excluding garbage removal and sewer services performed on a regular contractual basis for a term not less than 30 days.

(5) Mail processing services for printed advertising material, except for mail processing services in connection with distribution of printed advertising material to out-of-State recipients.

(6) (Deleted by amendment, P.L.1995, c.184).

(7) Utility service provided to persons in this State, any right or power over which is exercised in this State.

(8) Tanning services, including the application of a temporary tan provided by any means.

(9) Massage, bodywork or somatic services, except such services provided pursuant to a doctor's prescription.

(10) Tattooing, including all permanent body art and permanent cosmetic make-up applications, except such services provided pursuant to a doctor's prescription in conjunction with reconstructive breast surgery.

(11) Investigation and security services.

(12) Information services.

(13) Transportation services originating in this State and provided by a limousine operator, as permitted by law, except such services provided in connection with funeral services.

(14) Telephone answering services.

(15) Radio subscription services.

Wages, salaries and other compensation paid by an employer to an employee for performing as an employee the services described in this subsection are not receipts subject to the taxes imposed under this subsection (b).

Services otherwise taxable under paragraph (1) or (2) of this subsection (b) are not subject to the taxes imposed under this subsection, where the tangible personal property or specified digital product upon which the services were performed is delivered to the purchaser outside this State for use outside this State.

(c) (1) Receipts from the sale of prepared food in or by restaurants, taverns, or other establishments in this State, or by caterers, including in the amount of such receipts any cover, minimum, entertainment or other charge made to patrons or customers, except for meals especially prepared for and delivered to homebound elderly, age 60 or older, and to disabled persons, or meals prepared and served at a group-sitting at a location outside of the home to otherwise homebound elderly persons, age 60 or older, and otherwise homebound disabled persons, as all or part of any food service project funded in whole or in part by government or as part of a private, nonprofit food service project available to all such elderly or disabled persons residing within an area of service designated by the private nonprofit organization; and

(2) Receipts from sales of food and beverages sold through vending machines, at the wholesale price of such sale, which shall be defined as 70% of the retail vending machine selling price, except sales of milk, which shall not be taxed. Nothing herein contained shall affect other sales through coin-operated vending machines taxable pursuant to subsection (a) above or the exemption thereto provided by section 21 of P.L.1980, c.105 (C.54:32B-8.9).

The tax imposed by this subsection (c) shall not apply to food or drink which is sold to an airline for consumption while in flight.

(3) For the purposes of this subsection:

"Food and beverages sold through vending machines" means food and beverages dispensed from a machine or other mechanical device that accepts payment; and

"Prepared food" means:

(i) A. food sold in a heated state or heated by the seller; or

B. two or more food ingredients mixed or combined by the seller for sale as a single item, but not including food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in Chapter 3, part 401.11 of its Food Code so as to prevent food borne illnesses; or

C. food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food;

provided however, that

(ii) "prepared food" does not include the following sold without eating utensils:

A. food sold by a seller whose proper primary NAICS classification is manufacturing in section 311, except subsector 3118 (bakeries);

B. food sold in an unheated state by weight or volume as a single item; or

C. bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, and tortillas.

(d) The rent for every occupancy of a room or rooms in a hotel in this State, except that the tax shall not be imposed upon a permanent resident.

(e) (1) Any admission charge to or for the use of any place of amusement in the State, including charges for admission to race tracks, baseball, football, basketball or exhibitions, dramatic or musical arts performances, motion picture theaters, except charges for admission to boxing, wrestling, kick boxing or combative sports exhibitions, events, performances or contests which charges are taxed under any other law of this State or under section 20 of P.L.1985, c.83 (C.5:2A-20), and, except charges to a patron for admission to, or use of, facilities for sporting activities in which such patron is to be a participant, such as bowling alleys and swimming pools. For any person having the permanent use or possession of a box or seat or lease or a license, other than a season ticket, for the use of a box or seat at a place of amusement, the tax shall be upon the amount for which a similar box or seat is sold for each performance or exhibition at which the box or seat is used or reserved by the holder, licensee or lessee, and shall be paid by the holder, licensee or lessee.

(2) The amount paid as charge of a roof garden, cabaret or other similar place in this State, to the extent that a tax upon such charges has not been paid pursuant to subsection (c) hereof.

(f) (1) The receipts from every sale, except for resale, of intrastate, interstate, or international telecommunications services and ancillary services sourced to this State in accordance with section 29 of P.L.2005, c.126 (C.54:32B-3.4).

(2) (Deleted by amendment, P.L.2008, c.123)

(g) (Deleted by amendment, P.L.2008, c.123)

(h) Charges in the nature of initiation fees, membership fees or dues for access to or use of the property or facilities of a health and fitness, athletic, sporting or shopping club or organization in this State, except for: (1) membership in a club or organization whose members are predominantly age 18 or under; and (2) charges in the nature of membership fees or dues for access to or use of the property or facilities of a health and fitness, athletic, sporting or shopping club or organization that is exempt from taxation pursuant to paragraph (1) of subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9), or that is exempt from

taxation pursuant to paragraph (1) or (2) of subsection (b) of section 9 of P.L.1966, c.30 and that has complied with subsection (d) of section 9 of P.L.1966, c.30.

(i) The receipts from parking, storing or garaging a motor vehicle, excluding charges for the following: residential parking; employee parking, when provided by an employer or at a facility owned or operated by the employer; municipal parking, storing or garaging; receipts from charges or fees imposed pursuant to section 3 of P.L.1993, c.159 (C.5:12-173.3) or pursuant to an agreement between the Casino Reinvestment Development Authority and a casino operator in effect on the date of enactment of P.L.2007, c.105; and receipts from parking, storing or garaging a motor vehicle subject to tax pursuant to any other law or ordinance.

For the purposes of this subsection, "municipal parking, storing or garaging" means any motor vehicle parking, storing or garaging provided by a municipality or county, or a parking authority thereof.

2. Section 4 of P.L.1966, c.30 (C.54:32B-4) is amended to read as follows:

C.54:32B-4 Tax bracket schedule.

4. a. For the purpose of adding and collecting the tax imposed by this act, or an amount equal as nearly as possible or practicable to the average equivalent thereof, to be reimbursed to the seller by the purchaser, on or before December 31, 2016 a seller shall use one of the two following options:

(1) a tax shall be calculated based on the following formula:

Amount of Sale	Amount of Tax
\$0.01 to \$0.10	No Tax
0.11 to 0.19	\$0.01
0.20 to 0.32	0.02
0.33 to 0.47	0.03
0.48 to 0.62	0.04
0.63 to 0.77	0.05
0.78 to 0.90	0.06
0.91 to \$1.10	0.07

and in addition to a tax of \$0.07 on each full dollar, a tax shall be collected on each part of a dollar in excess of a full dollar, in accordance with the above formula; or

(2) tax shall be calculated to the third decimal place. One-half cent (\$0.005) or higher shall be rounded up to the next cent; less than \$0.005 shall be dropped in order to round the result down.

Sellers may compute the tax due on a transaction on either an item or an invoice basis.

b. (Deleted by amendment, P.L.2008, c.123)

c. For the purpose of adding and collecting the tax imposed by this act, or an amount equal as nearly as possible or practicable to the average equivalent thereof, to be reimbursed to the seller by the purchaser, on or after January 1, 2017 a seller shall use one of the two following options:

(1) a tax shall be calculated based on any tax collection schedule as may be prescribed by the director; or

(2) a tax shall be calculated to the third decimal place. One-half cent (\$0.005) or higher shall be rounded up to the next cent; less than \$0.005 shall be dropped to round the result down.

Sellers may compute the tax due on a transaction on either an item or an invoice basis.

3. Section 5 of P.L.1966, c.30 (C.54:32B-5) is amended to read as follows:

C.54:32B-5 Receipts subject to taxes.

5. a. (1) Except as otherwise provided in this act, receipts received from all sales made and services rendered on and after January 3, 1983 but prior to July 1, 1990, are subject to the taxes imposed under subsections (a), (b), (c), and (f) of section 3 of this act at the rate, if any, in effect for such sales and services on June 30, 1990, except if the property so sold is delivered or the services so sold are rendered on or after July 1, 1990 but prior to July 1, 1992, in which case the tax shall be computed and paid at the rate of 7%; provided, however, that if a service or maintenance agreement taxable under this act covers any period commencing on or after January 3, 1983 and ending after June 30, 1990 but prior to July 1, 1992, the receipts from such agreement are subject to tax at the rate, if any, applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(2) Except as otherwise provided in this act, receipts received from all sales made and services rendered on and after July 1, 1990 but prior to July 1, 1992, are subject to the taxes imposed under subsections (a), (b), (c) and (f) of section 3 of this act at the rate of 7%, except if the property so sold is delivered or the services so sold are rendered on or after July 1, 1992 but prior to July 15, 2006, in which case the tax shall be computed and paid at the rate of 6%, provided, however, that if a service or maintenance agreement taxable under this act covers any period commencing on or after July 1, 1990, and ending after July 1, 1992, the receipts from such agreement are subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(3) Except as otherwise provided in this act, receipts received from all sales made and services rendered on and after July 1, 1992 but prior to July 15, 2006, are subject to the taxes imposed under subsections (a), (b), (c), (f) and (g) of section 3 of P.L.1966, c.30 (C.54:32B-3) at the rate of 6%, except if the property so sold is delivered or the services so sold are rendered on or after July 15, 2006 but prior to January 1, 2017, in which case the tax shall be computed and paid at the rate of 7%, provided, however, that if a service or maintenance agreement taxable under this act covers any period commencing on or after July 1, 1992, and ending after July 15, 2006 but prior to January 1, 2017, the receipts from such agreement are subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby; provided however, if a service or maintenance agreement in effect on July 14, 2006 covers billing periods ending after July 15, 2006 but prior to January 1, 2017, the seller shall charge and collect from the purchaser a tax on such sales at the rate of 6%, unless the billing period starts on or after July 15, 2006 but prior to January 1, 2017 in which case the seller shall charge and collect a tax at the rate of 7%.

(4) Except as otherwise provided in this act, receipts received from all sales made and services rendered on or after July 15, 2006 but prior to January 1, 2017, are subject to the taxes imposed under subsections (a), (b), (c), (f), and (i) of section 3 of P.L.1966, c.30 (C.54:32B-3) at the rate of 7%, except if the property so sold is delivered or the services so sold are rendered on or after January 1, 2017 but prior to January 1, 2018, in which case the tax shall be computed and paid at the rate of 6.875%; provided, however, that if a service or maintenance agreement taxable under this act covers any period commencing on or after July

15, 2006 and ending after January 1, 2017 but prior to January 1, 2018, the receipts from such agreement are subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby; provided, further, if a service or maintenance agreement in effect on December 31, 2016 covers billing periods ending after January 1, 2017 but prior to January 1, 2018, the seller shall charge and collect from the purchaser a tax on such sales at the rate of 7%, unless the bill for such service or maintenance agreement is rendered on or after January 1, 2017 but prior to January 1, 2018 in which case the seller shall charge and collect a tax at a rate of 6.875%.

(5) Except as otherwise provided in this act, receipts received from all sales made and services rendered on or after January 1, 2017 but prior to January 1, 2018, are subject to the taxes imposed under subsections (a), (b), (c), (f), and (i) of section 3 of P.L.1966, c.30 (C.54:32B-3) at the rate of 6.875%, except if the property so sold is delivered or the services so sold are rendered on or after January 1, 2018, in which case the tax shall be computed and paid at the rate of 6.625%; provided, however, that if a service or maintenance agreement taxable under this act covers any period commencing on or after January 1, 2017 and ending after January 1, 2018, the receipts from such agreement are subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby; provided, further, if a service or maintenance agreement in effect on December 31, 2017 covers billing periods ending after January 1, 2018, the seller shall charge and collect from the purchaser a tax on such sales at the rate of 6.875%, unless the bill for such service or maintenance agreement is rendered on or after January 1, 2018 in which case the seller shall charge and collect a tax at a rate of 6.625%.

b. (1) The tax imposed under subsection (d) of section 3 shall be paid at the rate of 7% upon any occupancy on and after July 1, 1990 but prior to July 1, 1992, although such occupancy is pursuant to a prior contract, lease or other arrangement. If an occupancy, taxable under this act, covers any period on or after January 3, 1983 but prior to July 1, 1990, the rent for the period of occupancy prior to July 1, 1990 shall be taxed at the rate of 6%. If rent is paid on a weekly, monthly or other term basis, the rent applicable to each period as set forth hereinabove shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(2) The tax imposed under subsection (d) of section 3 shall be paid at the rate of 6% upon any occupancy on and after July 1, 1992 but prior to July 15, 2006, although such occupancy is pursuant to a prior contract, lease or other arrangement. If an occupancy, taxable under this act, covers any period on or after July 1, 1990 but prior to July 1, 1992, the rent for the period of occupancy prior to July 1, 1992 shall be taxed at the rate of 7%. If rent is paid on a weekly, monthly or other term basis, the rent applicable to each period as set forth hereinabove shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(3) The tax imposed under subsection (d) of section 3 shall be paid at the rate of 7% upon any occupancy on and after July 15, 2006 but prior to January 1, 2017, although such occupancy is pursuant to a prior contract, lease or other arrangement. If an occupancy, taxable under this act, covers any period on or after July 1, 1992 but prior to July 15, 2006, the rent for the period of occupancy prior to July 15, 2006 shall be taxed at the rate of 6%. If rent is paid on a weekly, monthly or other term basis, the rent applicable to each period as set forth hereinabove shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(4) The tax imposed under subsection (d) of section 3 shall be paid at the rate of 6.875% upon any occupancy on or after January 1, 2017 but prior to January 1, 2018, although such occupancy is pursuant to a prior contract, lease, or other arrangement. If an occupancy, taxable under this act, covers any period on or after July 15, 2006 but prior to January 1, 2017, the rent for the period of occupancy prior to January 1, 2017 shall be taxed at the rate of 7%. If rent is paid on a weekly, monthly, or other term basis, the rent applicable to each period as set forth hereinabove shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(5) The tax imposed under subsection (d) of section 3 shall be paid at the rate of 6.625% upon any occupancy on or after January 1, 2018, although such occupancy is pursuant to a prior contract, lease, or other arrangement. If an occupancy, taxable under this act, covers any period on or after January 1, 2017 but prior to January 1, 2018, the rent for the period of occupancy prior to January 1, 2018 shall be taxed at the rate of 6.875%. If rent is paid on a weekly, monthly, or other term basis, the rent applicable to each period as set forth hereinabove shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

c. (1) Except as otherwise hereinafter provided, the tax imposed under subsection (e) of section 3 shall be applicable at the rate of 7% to any admission to or for the use of facilities of a place of amusement occurring on or after July 1, 1990 but prior to July 1, 1992, whether or not the admission charge has been paid prior to July 1, 1990, unless the tickets were actually sold and delivered, other than for resale, prior to July 1, 1990 and the tax imposed under this act during the period January 3, 1983 through June 30, 1990 shall have been paid.

(2) Except as otherwise hereinafter provided, the tax imposed under subsection (e) of section 3 shall be applicable at the rate of 6% to any admission to or for the use of facilities of a place of amusement occurring on or after July 1, 1992 but prior to July 15, 2006, whether or not the admission charge has been paid prior to July 1, 1992, unless the tickets were actually sold and delivered, other than for resale, prior to July 1, 1992 and the tax imposed under this act during the period July 1, 1990 through December 31, 1990 shall have been paid.

(3) Except as otherwise hereinafter provided, the tax imposed under subsection (e) of section 3 shall be applicable at the rate of 7% to any admission to or for the use of facilities of a place of amusement occurring on or after July 15, 2006 but prior to January 1, 2017, whether or not the admission charge has been paid prior to July 15, 2006, unless the tickets were actually sold and delivered, other than for resale, prior to July 15, 2006 and the tax imposed under this act during the period July 1, 1992 through July 14, 2006 shall have been paid.

(4) Except as otherwise hereinafter provided, the tax imposed under subsection (e) of section 3 shall be applicable at the rate of 6.875% to any admission to or for the use of facilities of a place of amusement occurring on or after January 1, 2017 but prior to January 1, 2018, whether or not the admission charge has been paid prior to January 1, 2017, unless the tickets were actually sold and delivered, other than for resale, prior to January 1, 2017 and the tax imposed under this act during the period July 15, 2006 through December 31, 2016 shall have been paid.

(5) Except as otherwise hereinafter provided, the tax imposed under subsection (e) of section 3 shall be applicable at the rate of 6.625% to any admission to or for the use of facilities of a place of amusement occurring on or after January 1, 2018, whether or not the admission charge has been paid prior to that date, unless the tickets were actually sold and

delivered, other than for resale, prior to January 1, 2018 and the tax imposed under this act during the period January 1, 2017 through December 31, 2017 shall have been paid.

d. (1) Sales made on and after July 1, 1990 but prior to July 1, 1992 to contractors, subcontractors or repairmen of materials, supplies, or services for use in erecting structures for others, or building on, or otherwise improving, altering or repairing real property of others shall be subject to the taxes imposed by subsections (a) and (b) of section 3 and section 6 hereof at the rate of 7%; provided, however, that if such sales are made for use in performance of a contract which is either of a fixed price not subject to change or modification, or entered into pursuant to the obligation of a formal written bid which cannot be altered or withdrawn, and, in either case, such contract was entered into or such bid was made on or after January 3, 1983 but prior to July 1, 1990, such sales shall be subject to tax at the rate of 6%, but the vendor shall charge and collect from the purchaser a tax on such sales at the rate of 7%.

(2) Sales made on or after July 1, 1992 but prior to July 15, 2006 to contractors, subcontractors or repairmen of materials, supplies, or services for use in erecting structures for others, or building on, or otherwise improving, altering or repairing real property of others shall be subject to the taxes imposed by subsections (a) and (b) of section 3 and section 6 hereof at the rate of 6%; provided, however, that if such sales are made for use in performance of a contract which is either of a fixed price not subject to change or modification, or entered into pursuant to the obligation of a formal written bid which cannot be altered or withdrawn, and, in either case, such contract was entered into or such bid was made on or after July 1, 1990, but prior to July 1, 1992, such sales shall be subject to tax at the rate of 7%.

(3) Sales made on or after July 15, 2006 but prior to January 1, 2017 to contractors, subcontractors or repairmen of materials, supplies, or services for use in erecting structures for others, or building on, or otherwise improving, altering or repairing real property of others shall be subject to the taxes imposed by subsections (a) and (b) of section 3 and section 6 hereof at the rate of 7%; provided, however, that if such sales are made for use in performance of a contract which is either of a fixed price not subject to change or modification, or entered into pursuant to the obligation of a formal written bid which cannot be altered or withdrawn, and, in either case, such contract was entered into or such bid was made on or after July 1, 1992, but prior to July 15, 2006, such sales shall be subject to tax at the rate of 6%, but the seller shall charge and collect from the purchaser a tax on such sales at the rate of 7%.

(4) Sales made on or after January 1, 2017 but prior to January 1, 2018 to contractors, subcontractors, or repairmen of materials, supplies, or services for use in erecting structures for others, or building on, or otherwise improving, altering or repairing real property of others shall be subject to the taxes imposed by subsections (a) and (b) of section 3 and section 6 hereof at the rate of 6.875%; provided, however, that if such sales are made for use in the performance of a contract which is either of a fixed price not subject to change or modification, or entered into pursuant to the obligation of a formal written bid which cannot be altered or withdrawn, and, in either case, such contract was entered into or such bid was made on or after July 15, 2006, but prior to January 1, 2017, such sales shall be subject to tax at the rate of 7%.

(5) Sales made on or after January 1, 2018 to contractors, subcontractors, or repairmen of materials, supplies, or services for use in erecting structures for others, or building on, or otherwise improving, altering or repairing real property of others shall be subject to the taxes imposed by subsections (a) and (b) of section 3 and section 6 hereof at the rate of 6.625%;

provided, however, that if such sales are made for use in the performance of a contract which is either of a fixed price not subject to change or modification, or entered into pursuant to the obligation of a formal written bid which cannot be altered or withdrawn, and, in either case, such contract was entered into or such bid was made prior to January 1, 2018, such sales shall be subject to tax at the rate in effect during the time period in which such contract was entered into or such bid was made.

e. (1) As to sales other than those referred to in d. above, the taxes imposed under subsections (a) and (b) of section 3 and section 6 hereof, and the taxes imposed under subsection (f) of section 3 and section 6 hereof, upon receipts received on or after July 1, 1990 and on or before December 31, 1990, shall be at the rate in effect on June 30, 1990, in case of sales made or services rendered pursuant to a written contract entered on or after January 3, 1983 but prior to July 1, 1990, and accompanied by a deposit or partial payment of the contract price, except in the case of a contract which, in the usage of trade, is not customarily accompanied by a deposit or partial payment of the contract price, but the vendor shall charge and collect from the purchaser on such sales at the rate of 7%, which tax shall be reduced to the rate, if any, in effect on June 30, 1990, only by a claim for refund filed by the purchaser with the director within 90 days after receipt of said receipts and otherwise pursuant to the provisions of section 20 of P.L.1966, c.30 (C.54:32B-20). A claim for refund shall not be allowed if there has been no deposit or partial payment of the contract price unless the claimant shall establish by clear and convincing evidence that, in the usage of trade, such contracts are not customarily accompanied by a deposit or partial payment of the contract price.

(2) As to sales other than those referred to in d. above, the taxes imposed under subsections (a) and (b) of section 3 and section 6 hereof, and the taxes imposed under subsections (f) and (g) of section 3 and section 6 hereof, upon receipts received on or after July 15, 2006 and on or before December 31, 2006, shall be at the rate in effect on July 14, 2006, in case of sales made or services rendered pursuant to a written contract entered on or after July 1, 1992 but prior to July 15, 2006, and accompanied by a deposit or partial payment of the contract price, except in the case of a contract which, in the usage of trade, is not customarily accompanied by a deposit or partial payment of the contract price, but the seller shall charge and collect from the purchaser on such sales at the rate of 7%, which tax shall be reduced to the rate, if any, in effect on July 14, 2006, only by a claim for refund filed by the purchaser with the director within 90 days after receipt of said receipts and otherwise pursuant to the provisions of section 20 of P.L.1966, c.30 (C.54:32B-20). A claim for refund shall not be allowed if there has been no deposit or partial payment of the contract price unless the claimant shall establish by clear and convincing evidence that, in the usage of trade, such contracts are not customarily accompanied by a deposit or partial payment of the contract price.

f. (1) The taxes imposed under subsections (a), (b), (c) and (f) of section 3 upon receipts received on or after July 1, 1990 but prior to July 1, 1992 shall be at the rate, if any, in effect on June 30, 1990 in the case of sales made or services rendered, if delivery of the property which was the subject matter of the sale has been completed or such services have been entirely rendered prior to July 1, 1990.

(2) The taxes imposed under subsections (a), (b), (c) and (f) of section 3 upon receipts received on or after July 1, 1992 but prior to July 15, 2006 shall be at the rate of 7% in the case of sales made or services rendered, where delivery of the property which was the subject matter of the sale has been completed or such services have been entirely rendered on or after July 1, 1990 but prior to July 1, 1992.

(3) The taxes imposed under subsections (a), (b), (c), (f) and (g) of section 3 upon receipts received on or after July 15, 2006 shall be at the rate of 6% in the case of sales made or services rendered, where delivery of the property which was the subject matter of the sale has been completed or such services have been entirely rendered on or after July 1, 1992 but prior to July 15, 2006.

(4) The taxes imposed under subsections (a), (b), (c), (f), and (i) of section 3 upon receipts received on or after January 1, 2017 shall be at the rate of 7% in the case of sales made or services rendered, where delivery of the property which was the subject matter of the sale has been completed or such services have been entirely rendered on or after July 15, 2006 but prior to January 1, 2017.

(5) The taxes imposed under subsections (a), (b), (c), (f), and (i) of section 3 upon receipts received on or after January 1, 2018 shall be at the rate of 6.875% in the case of sales made or services rendered, where delivery of the property which was the subject matter of the sale has been completed or such services have been entirely rendered on or after January 1, 2017 but prior to January 1, 2018.

g. (1) Except as otherwise hereinafter provided, the taxes imposed by subsection (h) of section 3 of P.L.1966, c.30 (C.54:32B-3) and clause (J) of section 6 of P.L.1966, c.30 (C.54:32B-6) shall be imposed and paid at the rate of 6.875% upon all charges in the nature of initiation fees, membership fees, or dues paid on or after January 1, 2017 but before January 1, 2018. All charges in the nature of initiation fees, membership fees, or dues paid on or after October 1, 2006 but before January 1, 2017 shall be imposed and paid at the rate of 7%; provided, however, that any charges in the nature of membership fees and dues paid on or after October 1, 2006 but before January 1, 2017 that allow a member access to or use of the property or facilities of a health and fitness, athletic, sporting, or shopping club or organization in this State for any period beginning on or after October 1, 2006 but before January 1, 2017 and ending on or after January 1, 2017 but before January 1, 2018 shall be subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

(2) Except as otherwise hereinafter provided, the taxes imposed by subsection (h) of section 3 of P.L.1966, c.30 (C.54:32B-3) and clause (J) of section 6 of P.L.1966, c.30 (C.54:32B-6) shall be imposed and paid at the rate of 6.625% upon all charges in the nature of initiation fees, membership fees, or dues paid on or after January 1, 2018. All charges in the nature of initiation fees, membership fees, or dues paid on or after January 1, 2017 but before January 1, 2018 shall be imposed and paid at the rate of 6.875%; provided, however, that any charges in the nature of membership fees and dues paid on or after January 1, 2017 but before January 1, 2018 that allow a member access to or use of the property or facilities of a health and fitness, athletic, sporting, or shopping club or organization in this State for any period beginning on or after January 1, 2017 but before January 1, 2018 and ending on or after January 1, 2018 shall be subject to tax at the rate applicable to each period as set forth hereinabove and shall be apportioned on the basis of the ratio of the number of days falling within each of the said periods to the total number of days covered thereby.

h. The director is empowered to promulgate rules and regulations to implement the provisions of this section.

4. Section 6 of P.L.1966, c.30 (C.54:32B-6) is amended to read as follows:

C.54:32B-6 Imposition of compensating use tax.

6. Unless property or services have already been or will be subject to the sales tax under this act, there is hereby imposed on and there shall be paid by every person a use tax for the use within this State of 7% on or before December 31, 2016, 6.875% on and after January 1, 2017 but before January 1, 2018, and 6.625% on and after January 1, 2018, except as otherwise exempted under this act, (A) of any tangible personal property or specified digital product purchased at retail, including energy, provided however, that electricity consumed by the generating facility that produced it shall not be subject to tax, (B) of any tangible personal property or specified digital product manufactured, processed or assembled by the user, if items of the same kind of tangible personal property or specified digital products are offered for sale by him in the regular course of business, or if items of the same kind of tangible personal property are not offered for sale by him in the regular course of business and are used as such or incorporated into a structure, building or real property, (C) of any tangible personal property or specified digital product, however acquired, where not acquired for purposes of resale, upon which any taxable services described in paragraphs (1) and (2) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-3) have been performed, (D) of intrastate, interstate, or international telecommunications services described in subsection (f) of section 3 of P.L.1966, c.30, (E) (Deleted by amendment, P.L.1995, c.184), (F) of utility service provided to persons in this State for use in this State, provided however, that utility service used by the facility that provides the service shall not be subject to tax, (G) of mail processing services described in paragraph (5) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-3), (H) (Deleted by amendment, P.L.2008, c.123), (I) of any services subject to tax pursuant to subsection (11), (12), (13), (14) or (15) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-3), and (J) of access to or use of the property or facilities of a health and fitness, athletic, sporting or shopping club or organization in this State. For purposes of clause (A) of this section, the tax shall be at the applicable rate, as set forth hereinabove, of the consideration given or contracted to be given for such property or for the use of such property including delivery charges made by the seller, but excluding any credit for property of the same kind accepted in part payment and intended for resale. For the purposes of clause (B) of this section, the tax shall be at the applicable rate, as set forth hereinabove, of the price at which items of the same kind of tangible personal property or specified digital products are offered for sale by the user, or if items of the same kind of tangible personal property are not offered for sale by the user in the regular course of business and are used as such or incorporated into a structure, building or real property the tax shall be at the applicable rate, as set forth hereinabove, of the consideration given or contracted to be given for the tangible personal property manufactured, processed or assembled by the user into the tangible personal property the use of which is subject to use tax pursuant to this section, and the mere storage, keeping, retention or withdrawal from storage of tangible personal property or specified digital products by the person who manufactured, processed or assembled such property shall not be deemed a taxable use by him. For purposes of clause (C) of this section, the tax shall be at the applicable rate, as set forth hereinabove, of the consideration given or contracted to be given for the service, including the consideration for any tangible personal property or specified digital product transferred in conjunction with the performance of the service, including delivery charges made by the seller. For the purposes of clause (D) of this section, the tax shall be at the applicable rate on the charge made by the telecommunications service provider; provided however, that for prepaid calling services and prepaid wireless calling services the tax shall be at the applicable rate on the consideration given or contracted to be given for the prepaid calling service or prepaid wireless calling service or the recharge of the prepaid calling

service or prepaid wireless calling service. For purposes of clause (F) of this section, the tax shall be at the applicable rate on the charge made by the utility service provider. For purposes of clause (G) of this section, the tax shall be at the applicable rate on that proportion of the amount of all processing costs charged by a mail processing service provider that is attributable to the service distributed in this State. For purposes of clause (I) of this section, the tax shall be at the applicable rate on the charge made by the service provider. For purposes of clause (J) of this section, the tax shall be at the applicable rate on the charges in the nature of initiation fees, membership fees or dues.

5. Section 31 of P.L.1980, c.105 (C.54:32B-8.19) is amended to read as follows:

C.54:32B-8.19 Property taxable under municipal ordinance.

31. Receipts from sales of tangible personal property and services taxable under any municipal ordinance which was adopted pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) and was in effect on April 27, 1966 are exempt from the tax imposed under the Sales and Use Tax Act, subject to the following conditions:

a. To the extent that the tax that is or would be imposed under section 3 of P.L.1966, c.30 (C.54:32B-3) is greater than the tax imposed by such ordinance, such sales shall not be exempt under this section; and

b. Irrespective of the rate of tax imposed by such ordinance, such sales shall be exempt only to the extent that the rate of taxation imposed by the ordinance exceeds 6%, except that the combined rate of taxation imposed under the ordinance and under this section shall not exceed 13% on or before December 31, 2016, 12.875% on and after January 1, 2017 but before January 1, 2018, and 12.625% on and after January 1, 2018.

6. Section 1 of P.L.2003, c.114 (C.54:32D-1) is amended to read as follows:

C.54:32D-1 State hotel and motel occupancy fee.

1. a. In addition to any other tax, assessment or use fee authorized by law, there is imposed and shall be paid a hotel and motel occupancy fee of 7% for occupancies on and after August 1, 2003 but before July 1, 2004, and of 5% for occupancies on and after July 1, 2004, upon the rent for every occupancy of a room or rooms in a hotel subject to taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30 (C.54:32B-3), which every person required to collect tax shall collect from the customer when collecting the rent to which it applies; provided however, that on and after the tenth day following a certification by the Director of the Division of Budget and Accounting in the Department of the Treasury pursuant to subsection d. of section 2 of P.L.2003, c.114 (C.54:32D-2), no such fee shall be paid or collected; and provided further that:

(1) the combined rates of the fee imposed under this section, plus the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947, c.71 (C.40:48-8.15 et seq.), shall not exceed a total rate of 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018, and to the extent that the total combined rate of taxation for the listed fees and taxes would exceed 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018, the fee imposed under this section shall be reduced so that the total combined rate equals 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018;

(2) the combined rates of the fee imposed under this section, plus the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30 (C.54:32B-1 et seq.), plus any tax and assessment imposed under section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a total rate of 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018, and to the extent that the total combined rate of taxation for the listed fees and taxes would exceed 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018, the fee imposed under this section shall be reduced so that the total combined rate equals 14% on or before December 31, 2016, 13.875% on and after January 1, 2017 but before January 1, 2018, and 13.625% on and after January 1, 2018; and

(3) the fee imposed under this section shall be at the rate of 1% in a city in which the tax authorized under P.L.1981, c.77 (C.40:48E-1 et seq.) is imposed.

b. The hotel and motel occupancy fee imposed by subsection a. of this section shall not be imposed on the rent for an occupancy if the purchaser, user or consumer is an entity exempt from the tax imposed on an occupancy under the "Sales and Use Tax Act" pursuant to subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9).

c. Terms used in this section shall have the meaning given those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

7. R.S.54:38-1 is amended to read as follows:

Imposition of tax; amount.

54:38-1. a. In addition to the inheritance, succession or legacy taxes imposed by this State under authority of chapters 33 to 36 of this title (R.S.54:33-1 et seq.), or hereafter imposed under authority of any subsequent enactment, there is hereby imposed an estate or transfer tax:

(1) Upon the transfer of the estate of every resident decedent dying before January 1, 2002 which is subject to an estate tax payable to the United States under the provisions of the federal revenue act of one thousand nine hundred and twenty-six and the amendments thereof and supplements thereto or any other federal revenue act in effect as of the date of death of the decedent, the amount of which tax shall be the sum by which the maximum credit allowable against any federal estate tax payable to the United States under any federal revenue act on account of taxes paid to any state or territory of the United States or the District of Columbia, shall exceed the aggregate amount of all estate, inheritance, succession or legacy taxes actually paid to any state or territory of the United States or the District of Columbia, including inheritance, succession or legacy taxes actually paid this State, in respect to any property owned by such decedent or subject to such taxes as a part of or in connection with the estate; and

(2) (a) Upon the transfer of the estate of every resident decedent dying after December 31, 2001, but before January 1, 2017, which would have been subject to an estate tax payable to the United States under the provisions of the federal Internal Revenue Code of 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001, the amount of which tax shall be, at the election of the person or corporation liable for the payment of the tax under this chapter, either

(i) the maximum credit that would have been allowable under the provisions of that federal Internal Revenue Code in effect on that date against the federal estate tax that would have been payable under the provisions of that federal Internal Revenue Code in effect on

that date on account of taxes paid to any state or territory of the United States or the District of Columbia, or

(ii) determined pursuant to the simplified tax system as may be prescribed by the Director of the Division of Taxation in the Department of the Treasury to produce a liability similar to the liability determined pursuant to clause (i) of this paragraph reduced pursuant to paragraph (b) of this subsection.

(b) The amount of tax liability determined pursuant to subparagraph (a) of this paragraph shall be reduced by the aggregate amount of all estate, inheritance, succession or legacy taxes actually paid to any state or territory of the United States or the District of Columbia, including inheritance, succession or legacy taxes actually paid this State, in respect to any property owned by such decedent or subject to such taxes as a part of or in connection with the estate; provided however, that the amount of the reduction shall not exceed the proportion of the tax otherwise due under this subsection that the amount of the estates' property subject to tax by other jurisdictions bears to the entire estate taxable under this chapter.

(3) (a) Upon the transfer of the estate of each resident decedent dying on or after January 1, 2017, whether or not subject to an estate tax payable to the United States under the provisions of the federal Internal Revenue Code (26 U.S.C. s.1 et seq.), the amount of the taxable estate, determined pursuant to section 2051 of the federal Internal Revenue Code (26 U.S.C. s.2051), shall be subject to tax pursuant to the following schedule:

On any amount up to \$100,000	0.0%
On any amount in excess of \$100,000, up to \$150,000	0.8% of the excess over \$100,000
On any amount in excess of \$150,000, up to \$200,000.	\$400 plus 1.6% of the excess over \$150,000
On any amount in excess of \$200,000, up to \$300,000.	\$1,200 plus 2.4% of the excess over \$200,000
On any amount in excess of \$300,000, up to \$500,000.	\$3,600 plus 3.2% of the excess over \$300,000
On any amount in excess of \$500,000, up to \$700,000.	\$10,000 plus 4.0% of the excess over \$500,000
On any amount in excess of \$700,000, up to \$900,000.	\$18,000 plus 4.8% of the excess over \$700,000
On any amount in excess of \$900,000, up to \$1,100,000.	\$27,600 plus 5.6% of the

excess over \$900,000

- On any amount in excess of \$1,100,000, up to \$1,600,000. . . . \$38,800 plus 6.4% of the excess over \$1,100,000
- On any amount in excess of \$1,600,000, up to \$2,100,000. . . . \$70,800 plus 7.2% of the excess over \$1,600,000
- On any amount in excess of \$2,100,000, up to \$2,600,000. . . . \$106,800 plus 8.0% of the excess over \$2,100,000
- On any amount in excess of \$2,600,000, up to \$3,100,000. . . . \$146,800 plus 8.8% of the excess over \$2,600,000
- On any amount in excess of \$3,100,000, up to \$3,600,000. . . . \$190,800 plus 9.6% of the excess over \$3,100,000
- On any amount in excess of \$3,600,000, up to \$4,100,000. . . . \$238,800 plus 10.4% of the excess over \$3,600,000
- On any amount in excess of \$4,100,000, up to \$5,100,000. . . . \$290,800 plus 11.2% of the excess over \$4,100,000
- On any amount in excess of \$5,100,000, up to \$6,100,000 \$402,800 plus 12.0% of the excess over \$5,100,000
- On any amount in excess of \$6,100,000, up to \$7,100,000 \$522,800 plus 12.8% of the excess over \$6,100,000
- On any amount in excess of \$7,100,000, up to \$8,100,000 \$650,800 plus 13.6% of the excess over \$7,100,000
- On any amount in excess of \$8,100,000, up to \$9,100,000 \$786,800 plus 14.4% of the excess over \$8,100,000
- On any amount in excess of \$9,100,000, up to \$10,100,000 \$930,800 plus 15.2% of the excess over \$9,100,000

On any amount in excess of
\$10,100,000. \$1,082,800 plus 16.0% of
the excess over \$10,100,000

(b) A credit shall be allowed against the tax imposed pursuant to subparagraph (a) of this paragraph equal to the amount of tax which would be determined by subparagraph (a) of this paragraph if the amount of the taxable estate were equal to the exclusion amount.

For the transfer of the estate of each resident decedent dying on or after January 1, 2017, but before January 1, 2018, the exclusion amount is \$2,000,000.

(c) The amount of tax liability of a resident decedent determined pursuant to subparagraphs (a) and (b) of this paragraph shall be reduced by the aggregate amount of all estate, inheritance, succession or legacy taxes actually paid to any state of the United States, including inheritance taxes actually paid this State, in respect to any property owned by that decedent or subject to those taxes as a part of or in connection with the estate; provided however, that the amount of the reduction shall not exceed the proportion of the tax otherwise due under this subsection that the amount of the estate's property subject to tax by other jurisdictions bears to the entire estate taxable under this chapter.

(4) For the transfer of the estate of each resident decedent dying on or after January 1, 2018, there shall be no tax imposed.

b. (1) In the case of the estate of a decedent dying before January 1, 2002 where no inheritance, succession or legacy tax is due this State under the provisions of chapters 33 to 36 of this title or under authority of any subsequent enactment imposing taxes of a similar nature, but an estate tax is due the United States under the provisions of any federal revenue act in effect as of the date of death, wherein provision is made for a credit on account of taxes paid the several states or territories of the United States, or the District of Columbia, the tax imposed by this chapter shall be the maximum amount of such credit less the aggregate amount of such estate, inheritance, succession or legacy taxes actually paid to any state or territory of the United States or the District of Columbia.

(2) In the case of the estate of a decedent dying after December 31, 2001, but before January 1, 2017, where no inheritance, succession or legacy tax is due this State under the provisions of chapters 33 to 36 of this title or under authority of any subsequent enactment imposing taxes of a similar nature, the tax imposed by this chapter shall be determined pursuant to paragraph (2) of subsection a. of this section.

(3) In the case of the estate of a decedent dying on or after January 1, 2017 the tax imposed by this chapter shall be determined pursuant to paragraphs (3) and (4) of subsection a. of this section.

c. For the purposes of this section, a "simplified tax system" to produce a liability similar to the liability determined pursuant to clause (i) of subparagraph (a) of paragraph (2) of subsection a. of this section is a tax system that is based upon the \$675,000 unified estate and gift tax applicable exclusion amount in effect under the provisions of the federal Internal Revenue Code of 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001, and results in general in the determination of a similar amount of tax but which will enable the person or corporation liable for the payment of the tax to calculate an amount of tax notwithstanding the lack or paucity of information for compliance due to such factors as the absence of an estate valuation made for federal estate tax purposes, the absence of a measure of the impact of gifts made during the lifetime of the decedent in the absence of federal gift tax information, and any other information compliance problems as the director determines are the result of the phased repeal of the federal estate tax.

8. N.J.S.54A:3-1 is amended to read as follows:

Personal exemptions and deductions.

54A:3-1. Personal exemptions and deductions. Each taxpayer shall be allowed personal exemptions and deductions against his gross income as follows:

(a) Taxpayer. Each taxpayer shall be allowed a personal exemption of \$1,000.00 which may be taken as a deduction from his New Jersey gross income.

(b) Additional exemptions. In addition to the personal exemptions allowed in (a), the following additional personal exemptions shall be allowed as a deduction from gross income:

1. For the taxpayer's spouse, or domestic partner as defined in section 3 of P.L.2003, c.246 (C.26:8A-3), who does not file separately - \$1,000.00.

2. For each dependent who qualifies as a dependent of the taxpayer during the taxable year for federal income tax purposes - \$1,500.00.

3. Taxpayer 65 years of age or over at the close of the taxable year - \$1,000.00.

4. Taxpayer's spouse 65 years of age or over at the close of the taxable year - \$1,000.00.

5. Blind or disabled taxpayer - \$1,000.00.

6. Blind or disabled spouse - \$1,000.00.

7. Taxpayer who is a veteran honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component thereof, or the National Guard of New Jersey in a federal active duty status, as those terms are used in N.J.S.38A:1-1 - \$3,000.

(c) Special Rule. The personal exemptions allowed under this section shall be limited to that percentage which the total number of months within a taxpayer's taxable year under this act bears to 12. For this purpose 15 days or more shall constitute a month.

(d) (Deleted by amendment, P.L.1993, c.178).

(e) Nonresidents. For taxable years to which a certification pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a nonresident taxpayer shall be allowed the same deduction for personal exemptions as a resident taxpayer. However, if (1) the nonresident taxpayer's gross income which is subject to tax under this act is exceeded by (2) the gross income which the nonresident taxpayer would be required to report under this act if the taxpayer were a resident by more than \$100.00, the taxpayer's deduction for personal exemptions shall be limited by the percentage which (1) is to (2).

9. N.J.S.54A:6-10 is amended to read as follows:

Pensions and annuities.

54A:6-10. Pensions and annuities.

a. Gross income shall not include that part of any amount received as an annuity under an annuity, endowment, or life insurance contract which bears the same ratio to such amount as the investment in the contract as of the annuity starting date bears to the expected return under the contract as of such date. Where (1) part of the consideration for an annuity, endowment, or life insurance contract is contributed by the employer, and (2) during the three-year period beginning on the date on which an amount is first received under the contract as an annuity, the aggregate amount receivable by the employee under the terms of the contract is equal to or greater than the consideration for the contract contributed by the employee, then all amounts received as an annuity under the contract shall be excluded from gross income until there has been so excluded an amount equal to the consideration for the contract contributed by the employee.

b. (1) In addition to that part of any amount received as an annuity which is excludable from gross income as herein provided, gross income shall not include payments:

for taxable years beginning before January 1, 2000, of up to \$10,000 for a married couple filing jointly, \$5,000 for a married person filing separately, or \$7,500 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2000, but before January 1, 2001, of up to \$12,500 for a married couple filing jointly, \$6,250 for a married person filing separately, or \$9,375 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2001, but before January 1, 2002, of up to \$15,000 for a married couple filing jointly, \$7,500 for a married person filing separately, or \$11,250 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2002, but before January 1, 2003, of up to \$17,500 for a married couple filing jointly, \$8,750 for a married person filing separately, or \$13,125 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2003, but before January 1, 2017 of up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2017, but before January 1, 2018, of up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2018, but before January 1, 2019, of up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2019, but before January 1, 2020, of up to \$80,000 for a married couple filing jointly, \$40,000 for a married person filing separately, or \$60,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2020, of up to \$100,000 for a married couple filing jointly, \$50,000 for a married person filing separately, or \$75,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1,

which are received as an annuity, endowment or life insurance contract, or payments of any such amounts which are received as pension, disability, or retirement benefits, under any public or private plan, whether the consideration therefor is contributed by the employee or employer or both, by any person who is 62 years of age or older or who, by virtue of disability, is or would be eligible to receive payments under the federal Social Security Act.

(2) For taxable years beginning on or after January 1, 2005, the exclusion provided by this subsection shall only be allowed if the taxpayer has gross income for the taxable year of not more than \$100,000.

c. Gross income shall not include any amount received under any public or private plan by reason of a permanent and total disability.

d. Gross income shall not include distributions from an employees' trust described in section 401(a) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as "the Code"), which is exempt from tax under section 501(a) of the Code if the distribution, except the portion representing the employees' contributions, is rolled over in accordance with section 402(a)(5) or section 403(a)(4) of the Code. The distribution shall be paid in one or more installments which constitute a lump-sum distribution within the meaning of section 402(e)(4)(A) (determined without reference to subsection (e)(4)(B)), or be on account of a termination of a plan of which the trust is a part or, in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan.

10. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read as follows:

C.54A:6-15 Other retirement income.

3. Other retirement income. a. (1) Gross income shall not include income:

for taxable years beginning before January 1, 2000, of up to \$10,000 for a married couple filing jointly, \$5,000 for a married person filing separately, or \$7,500 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2000, but before January 1, 2001, of up to \$12,500 for a married couple filing jointly, \$6,250 for a married person filing separately, or \$9,375 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2001, but before January 1, 2002, of up to \$15,000 for a married couple filing jointly, \$7,500 for a married person filing separately, or \$11,250 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for the taxable year beginning on or after January 1, 2002, but before January 1, 2003, of up to \$17,500 for a married couple filing jointly, \$8,750 for a married person filing separately, or \$13,125 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2003, but before January 1, 2017, gross income shall not include income of up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2017 but before January 1, 2018, gross income shall not include income of up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2018, but before January 1, 2019, gross income shall not include income of up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2019, but before January 1, 2020, gross income shall not include income of up to \$80,000 for a married couple filing jointly, \$40,000 for a married person filing separately, or \$60,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1;

for taxable years beginning on or after January 1, 2020, gross income shall not include income of up to \$100,000 for a married couple filing jointly, \$50,000 for a married person

filing separately, or \$75,000 for an individual filing as a single taxpayer or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1,

when received in any tax year by a person aged 62 years or older who received no income in excess of \$3,000 from one or more of the sources enumerated in subsections a., b., k. and p. of N.J.S.54A:5-1.

(2) For taxable years beginning on or after January 1, 2005, the exclusion provided by this subsection shall only be allowed if the taxpayer has gross income for the taxable year of not more than \$100,000.

(3) The total exclusion under this subsection and that allowable under N.J.S.54A:6-10 shall not exceed the amounts of the exclusions set forth in this subsection.

b. In addition to the exclusion provided under N.J.S.54A:6-10 and subsection a. of this section, gross income shall not include income of up to \$6,000 for a married couple filing jointly or an individual determining tax pursuant to subsection a. of N.J.S.54A:2-1, or \$3,000 for a single person or a married person filing separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-3, but who would be eligible in any year to receive payments under either section if he or she were covered thereby.

11. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read as follows:

C.54A:4-7 New Jersey Earned Income Tax Credit program.

2. There is established the New Jersey Earned Income Tax Credit program in the Division of Taxation in the Department of the Treasury.

a. (1) A resident individual who is eligible for a credit under section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal to a percentage, as provided in paragraph (2) of this subsection, of the federal earned income tax credit that would be allowed to the individual or the married individuals filing a joint return under section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.32) for the same taxable year for which a credit is claimed pursuant to this section, subject to the restrictions of this subsection and subsections b., c., d. and e. of this section.

(2) For the purposes of the calculation of the New Jersey earned income tax credit, the percentage of the federal earned income tax credit referred to in paragraph (1) of this subsection shall be:

(a) 10% for the taxable year beginning on or after January 1, 2000, but before January 1, 2001;

(b) 15% for the taxable year beginning on or after January 1, 2001, but before January 1, 2002;

(c) 17.5% for the taxable year beginning on or after January 1, 2002, but before January 1, 2003;

(d) 20% for taxable years beginning on or after January 1, 2003, but before January 1, 2008;

(e) 22.5% for taxable years beginning on or after January 1, 2008 but before January 1, 2009;

(f) 25% for taxable years beginning on or after January 1, 2009 but before January 1, 2010;

(g) 20% for taxable years beginning on or after January 1, 2010, but before January 1, 2015;

(h) 30% for taxable years beginning on or after January 1, 2015, but before January 1, 2016; and

(i) 35% for taxable years beginning on or after January 1, 2016.

(3) To qualify for the New Jersey earned income tax credit, if the claimant is married, except for a claimant who files as a head of household or surviving spouse for federal income tax purposes for the taxable year, the claimant shall file a joint return or claim for the credit.

b. In the case of a part-year resident claimant, the amount of the credit allowed pursuant to this section shall be pro-rated, based upon that proportion which the total number of months of the claimant's residency in the taxable year bears to 12 in that period. For this purpose, 15 days or more shall constitute a month.

c. The amount of the credit allowed pursuant to this section shall be applied against the tax otherwise due under N.J.S.54A:1-1 et seq., after all other credits and payments. If the credit exceeds the amount of tax otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S.54A:9-7; provided however, that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit provided under this section as a credit against the tax otherwise due and the amount of the credit treated as an overpayment shall be treated as a credit towards or overpayment of gross income tax, subject to all provisions of N.J.S.54A:1-1 et seq., except as may be otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

d. The Director of the Division of Taxation in the Department of the Treasury shall establish a program for the distribution of earned income tax credits pursuant to the provisions of this section.

e. Any earned income tax credit pursuant to this section shall not be taken into account as income or receipts for purposes of determining the eligibility of an individual for benefits or assistance or the amount or extent of benefits or assistance under any State program and, to the extent permitted by federal law, under any State program financed in whole or in part with federal funds.

12. Section 2 of P.L.1990, c. 42 (C.54:15B-2) is amended to read as follows:

C.54:15B-2 Definitions.

2. For the purposes of this act:

"Aviation fuel" means aviation gasoline or aviation grade kerosene or any other fuel that is used in aircraft.

"Aviation gasoline" means fuel specifically compounded for use in reciprocating aircraft engines.

"Aviation grade kerosene" means any kerosene type jet fuel covered by ASTM Specification D 1655 or meeting specification MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8).

"Blended fuel" means a mixture composed of gasoline, diesel fuel, kerosene or blended fuel and another liquid, including blend stock other than a de minimis amount of a product such as carburetor detergent or oxidation inhibitor, that can be used as a fuel in a highway vehicle. "Blended fuel" includes but is not limited to gasohol, biobased liquid fuel, biodiesel fuel, ethanol, methanol, fuel grade alcohol, diesel fuel enhancers and resulting blends.

"Company" includes a corporation, partnership, limited partnership, limited liability company, association, individual, or any fiduciary thereof.

"Diesel fuel" means a liquid that is commonly or commercially known or sold as a fuel that is suitable for use in a diesel-powered highway vehicle. A liquid meets this requirement if, without further processing or blending, the liquid has practical and commercial fitness for

use in the propulsion engine of a diesel-powered highway vehicle. "Diesel fuel" includes biobased liquid fuel, biodiesel fuel, and number 1 and number 2 diesel.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"First sale of petroleum products within this State" means the initial sale of a petroleum product delivered to a location in this State. A "first sale of petroleum products within this State" does not include a book or exchange transfer of petroleum products if such products are intended to be sold in the ordinary course of business.

"Gasoline" means all products commonly or commercially known or sold as gasoline that are suitable for use as a motor fuel. "Gasoline" does not include products that have an ASTM octane number of less than 75 as determined by the "motor method," ASTM D2700-92. The term does not include racing gasoline or aviation gasoline, but for administrative purposes does include fuel grade alcohol.

"Gross receipts" means all consideration derived from the first sale of petroleum products within this State except sales of:

- a. asphalt;
- b. petroleum products sold pursuant to a written contract extending one year or longer to nonprofit entities qualifying under subsection (b) of section 9 of P.L.1966, c.30 (C.54:32B-9) as evidenced by an invoice in form prescribed by subsection b. of section 3 of P.L.1991, c.19 (C.54:15B-10);
- c. petroleum products sold to governmental entities qualifying under subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9) as evidenced by an invoice in form prescribed by subsection b. of section 3 of P.L.1991, c.19 (C.54:15B-10); and
- d. polymer grade propylene used in the manufacture of polypropylene.

"Highway fuel" means gasoline, blended fuel that contains gasoline or is intended for use as gasoline, liquefied petroleum gas, and diesel fuel, blended fuel that contains diesel fuel or is intended for use as diesel fuel, and kerosene, other than aviation grade kerosene.

"Kerosene" means the petroleum fraction containing hydrocarbons that are slightly heavier than those found in gasoline and naphtha, with a boiling range of 149 to 300 degrees Celsius.

"Petroleum products" means refined products made from crude petroleum and its fractionation products, through straight distillation of crude oil or through redistillation of unfinished derivatives, but shall not mean the products commonly known as number 2 heating oil, number 4 heating oil, number 6 heating oil, kerosene and propane gas to be used exclusively for residential use.

"Quarterly period" means a period of three calendar months commencing on the first day of January, April, July or October and ending on the last day of March, June, September or December, respectively.

"Retail price per gallon" means the price charged by retailers in the State for a gallon of the petroleum product dispensed into the fuel tanks of motor vehicles without State or federal tax included.

"Unleaded regular gasoline" means gasoline of the octane rating equal to the lowest octane rated gasoline offered for sale at a majority of the gasoline retailers in the State.

"2016 implementation date" means the later of November 1, 2016 or the 15th day after the date of enactment of P.L.2016, c.57.

13. Section 7 of P.L.1991, c.181 (C.54:15B-2.1) is amended to read as follows:

C.54:15B-2.1 Receipts not included as gross receipts.

7. a. "Gross receipts," as otherwise defined by section 2 of P.L.1990, c.42 (C.54:15B-2), shall not include receipts from sales of petroleum products used by marine vessels engaged in interstate or foreign commerce and receipts from sales of aviation fuels used by common carriers in interstate or foreign commerce other than the "burnout" portion which shall be taxable pursuant to rules promulgated by the director.

b. Highway fuel used for the following purposes is exempt from the tax imposed by section 3 of P.L.1990, c.42 (C.54:15B-3), and a refund of the tax imposed by that section may be claimed by the consumer providing proof the tax has been paid and no refund has been previously issued:

(1) autobuses while being operated over the highways of this State in those municipalities to which the operator has paid a monthly franchise tax for the use of the streets therein under the provisions of R.S.48:16-25 and autobuses while being operated over the highways of this State in a regular route bus operation as defined in R.S.48:4-1 and under operating authority conferred pursuant to R.S.48:4-3, or while providing bus service under a contract with the New Jersey Transit Corporation or under a contract with a county for special or rural transportation bus service subject to the jurisdiction of the New Jersey Transit Corporation pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses providing commuter bus service which receive or discharge passengers in New Jersey. For the purpose of this paragraph "commuter bus service" means regularly scheduled passenger service provided by motor vehicles whether within or across the geographical boundaries of New Jersey and utilized by passengers using reduced fare, multiple ride, or commutation tickets and shall not include charter bus operations for the transportation of enrolled children and adults referred to in subsection c. of R.S.48:4-1 and "regular route service" does not mean a regular route in the nature of special bus operation or a casino bus operation;

(2) agricultural tractors not operated on a public highway;

(3) farm machinery;

(4) ambulances;

(5) rural free delivery carriers in the dispatch of their official business;

(6) vehicles that run only on rails or tracks, and such vehicles as run in substitution therefor;

(7) highway motor vehicles that are operated exclusively on private property;

(8) motor boats or motor vessels used exclusively for or in the propagation, planting, preservation and gathering of oysters and clams in the tidal waters of this State;

(9) motor boats or motor vessels used exclusively for commercial fishing;

(10) motor boats or motor vessels, while being used for hire for fishing parties or being used for sightseeing or excursion parties;

(11) fire engines and fire-fighting apparatus;

(12) stationary machinery and vehicles or implements not designed for the use of transporting persons or property on the public highways;

(13) heating and lighting devices;

(14) motor boats or motor vessels used exclusively for Sea Scout training by a duly chartered unit of the Boy Scouts of America; and

(15) emergency vehicles used exclusively by volunteer first-aid or rescue squads.

14. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read as follows:

C.54:15B-3 Petroleum products tax.

3. a. (1) (a) There is imposed on each company which is engaged in the refining or distribution, or both, of petroleum products other than highway fuel and aviation fuel and which distributes such products in this State a tax at the rate of seven percent of its gross receipts derived from the first sale of petroleum products within this State and there is imposed on each company which is engaged in the refining or distribution, or both, of highway fuel a tax at the rate of 12.85 percent, as adjusted pursuant to subsection c. of this section, of its gross receipts derived from the first sale of those products within this State.

(b) The applicable tax rate for gasoline, blended fuel that contains gasoline or is intended for use as gasoline, and liquefied petroleum gas, which are taxed as a highway fuel pursuant to subparagraph (a) of this paragraph, shall be converted to a cents-per-gallon rate, rounded to the nearest tenth of a cent, and adjusted quarterly by the director, effective on July 1, October 1, January 1, and April 1, based on the average retail price per gallon of unleaded regular gasoline in the State, as determined in the most recent survey of the retail price per gallon of gasoline that includes a Statewide representative random sample conducted by the Board of Public Utilities, Office of the Economist, or its successor.

(c) The cents-per-gallon rate determined pursuant to subparagraph (b) of this paragraph shall not be less than the rate determined for the average retail price per gallon of unleaded gasoline in the State on July 1, 2016.

(d) The applicable tax rate for diesel fuel, blended fuel that contains diesel fuel or is intended for use as diesel fuel, and kerosene, other than aviation grade kerosene, which are taxed as a highway fuel pursuant to subparagraph (a) of this paragraph, shall be converted to a cents-per-gallon rate, rounded to the nearest tenth of a cent, and adjusted quarterly by the director, effective on July 1, October 1, January 1, and April 1, based on the average retail price per gallon of number 2 diesel in the State, as determined in the most recent survey of retail diesel fuel prices that includes a Statewide representative random sample conducted by the Board of Public Utilities, Office of the Economist, or its successor.

Notwithstanding the provisions of subparagraph (a) of this paragraph to the contrary, for the period from the 2016 implementation date through December 31, 2016, no rate of tax shall be applied to diesel fuel, blended fuel that contains diesel fuel or is intended for use as diesel fuel, or kerosene, other than aviation grade kerosene; for the period from January 1, 2017 through June 30, 2017, the applicable rate for those fuels shall be 70 percent of the rate otherwise determined pursuant to subparagraph (a) of this paragraph, and for July 1, 2017 and thereafter the applicable rate for those fuels determined pursuant to subparagraph (a) of this paragraph.

(e) The cents-per-gallon rate determined pursuant to subparagraph (d) of this paragraph shall not be less than the rate determined for the average retail price per gallon of number 2 diesel in the State on July 1, 2016.

(f) The applicable tax rate for fuel oil determined pursuant to subparagraph (a) of this paragraph shall be converted to a cents-per-gallon rate, rounded to the nearest tenth of a cent, and adjusted quarterly by the director, effective on July 1, October 1, January 1, and April 1, to reflect the average price per gallon, without State or federal tax included, of retail sales of number 2 fuel oil in the State, as determined in the most recent survey of retail diesel fuel prices that included a Statewide representative random sample conducted by the Board of Public Utilities, Office of the Economist, or its successor.

(g) The cents-per-gallon rate determined pursuant to subparagraph (f) of this paragraph shall not be less than the rate determined for the average price per gallon, without State or federal tax included, of retail sales of number 2 fuel oil in the State on July 1, 2016.

(h) On and after the 10th day following a certification by the review council pursuant to subsection c. of section 19 of P.L.2016, c.57 (C.52:18A-257), no tax shall be imposed pursuant to this paragraph.

(2) (a) In addition to the tax, if any, imposed by paragraph (1) of this subsection, a cents-per-gallon tax is imposed on each company's gross receipts derived from the first sale of petroleum products within this State on gasoline, blended fuel that contains gasoline or that is intended for use as gasoline, liquefied petroleum gas, and aviation fuel at the rate of four cents per gallon; and

(b) In addition to the tax, if any, imposed by paragraph (1) of this subsection, a cents-per-gallon tax is imposed on each company's gross receipts derived from the first sale of petroleum products within this State on diesel fuel, blended fuel that contains diesel fuel or is intended for use as diesel fuel, and kerosene, other than aviation grade kerosene, at the rate of four cents per gallon before July 1, 2017 and at the rate of eight cents per gallon on and after July 1, 2017.

b. There is imposed on each company that imports or causes to be imported, other than by a company subject to and having paid the tax on those imported petroleum products that have generated gross receipts taxable under subsection a. of this section, petroleum products for use or consumption by it within this State a tax at the rate or rates, determined pursuant to subsection a. of this section, on the consideration given or contracted to be given and the gallonage for such petroleum products if the consideration given or contracted to be given for all such deliveries made during a quarterly period exceeds \$5,000.

c. (1) For State fiscal years 2018 through 2026, the rate of tax imposed on highway fuel pursuant to subsection a. of this section shall be adjusted annually so that the total revenue derived from highway fuel shall not exceed the highway fuel cap amount.

(2) The State Treasurer shall, on or before December 31, 2016, determine the highway fuel cap amount as the sum of:

(a) the taxes collected for State Fiscal Year 2016 pursuant to paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010, c.22 (C.54:39-103) on highway fuel,

(b) the amount derived from taxing the gallonage of highway fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of four cents per gallon, and

(c) the amount that would have been derived from taxing the gallonage of highway fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of 23 cents per gallon.

(3) On or before August 15 of each State Fiscal Year following State Fiscal Year 2017, the State Treasurer and the Legislative Budget and Finance Officer shall determine the total revenue derived from:

(a) the taxes collected for the prior State Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010, c.22 (C.54:39-103) on highway fuel,

(b) the revenue that would be derived from imposing the tax pursuant to paragraph (2) of subsection a. of this section on highway fuel at the rate of four cents per gallon, and

(c) the revenue derived from the taxation of highway fuel pursuant to paragraph (1) of subsection a. of this section.

(4) Upon consideration of the result of the determination pursuant to paragraph (3) of this subsection, and consultation with the Legislative Budget and Finance Officer, the State Treasurer shall determine the rate of tax to be imposed on highway fuel pursuant to subsection a. of this section that will result in revenue from:

(a) the taxes collected on highway fuel for the current State Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010, c.22 (C.54:39-103),

(b) the revenue derived from the tax imposed pursuant to paragraph (2) of subsection a. of this section on highway fuel at the rate of four cents per gallon for the current State Fiscal Year, and

(c) the revenue derived from the taxation of highway fuel pursuant to paragraph (1) of subsection a. of this section equaling the highway fuel cap amount determined pursuant to paragraph (2) of this subsection, as adjusted pursuant to paragraph (5) of this subsection; and that rate shall take effect on October 1 of that year.

(5) If the actual revenue determined pursuant to paragraph (3) of this subsection exceeds the highway fuel cap amount determined pursuant to paragraph (2) of this subsection, then the highway fuel cap amount for the succeeding year shall be decreased by the amount of the excess in setting the rate pursuant to paragraph (4) of this subsection. If the actual revenue determined pursuant to paragraph (3) of this subsection is less than the highway fuel cap amount determined pursuant to paragraph (2) of this subsection, then the highway fuel cap amount for the succeeding year shall be increased by the amount of the shortfall in setting the rate pursuant to paragraph (4) of this subsection.

15. Section 2 of P.L.1991, c.19 (C.54:15B-9) is amended to read as follows:

C.54:15B-9 Payment of petroleum products tax, nonpayment, fourth degree crime.

2. a. A person who shall purchase or otherwise acquire petroleum products, upon which the petroleum products gross receipts tax has not been paid and is not due pursuant to subsection b. of section 5 of P.L.1990, c.42 (C.54:15B-5) or upon which a reimbursement payment has been paid pursuant to section 3 of P.L.1991, c.19 (C.54:15B-10), from a federal government department, agency or instrumentality, or any agent or officer thereof, for use not specifically associated with any federal government function or operation, shall pay to the State a tax at the rate or rates of the consideration given or contracted to be given for the purchase or acquisition of the petroleum products and the gallonage, determined pursuant to subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in accordance with the procedures set forth in the "Petroleum Products Gross Receipts Tax Act," P.L.1990, c.42 (C.54:15B-1 et seq.).

b. A person who knowingly uses, or who conspires with an official, agent or employee of a federal government department, agency or instrumentality, for the use of, a requisition, purchase order, or a card or an authority to which the person is not specifically entitled by government regulations, with the intent to obtain petroleum products from a federal government department, agency or instrumentality for a use not specifically associated with a federal government function or operation, upon which the petroleum products gross receipts tax has not been paid, is guilty of a crime of the fourth degree.

16. Section 3 of P.L.1991, c.19 (C.54:15B-10) is amended to read as follows:

C.54:15B-10 Reimbursement of petroleum products tax to federal entity.

a. A federal government department, agency or instrumentality, that purchases petroleum products other than by the first sale of that product in this State for use in a federal government function or operation, upon which petroleum products the petroleum products gross receipts tax has been paid or is due and payable, shall be reimbursed and paid an amount at the rate or rates of the consideration given or contracted to be given, and the gallonage, determined pursuant to subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3).

b. The reimbursement shall be claimed by presenting to the Director of the Division of Taxation in the Department of the Treasury an application for the reimbursement, on a form prescribed by the director, which application shall be verified by a declaration of the applicant that the statements contained therein are true. Such application for reimbursement shall be supported by an invoice, or invoices, showing the name and address of the person from whom the petroleum products were purchased, the name of the purchaser, the date of purchase, the quantity of the product purchased, the price paid for the purchase of the product, and an acknowledgment by the seller that payment of the cost of the product to the seller, including the petroleum gross receipts tax due thereon, has been made. Such invoice, or invoices, shall be legibly written and shall be void if any corrections or erasures shall appear on the face thereof.

c. If petroleum products are sold to a federal government department, agency or instrumentality that shall be entitled to a reimbursement under this act, the seller of the petroleum products shall supply the purchaser with an invoice that conforms with the requirements of subsection b. of this section.

C.54:15B-13 Tax levied on persons holding certain fuels.

17. a. There is levied a tax on persons, other than licensed companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12), holding the fuels enumerated in subparagraph (a) of paragraph (2) of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in storage for sale as of the close of the last business day before the 2016 implementation date on which tax has previously been paid. The amount of tax shall be the difference between the tax per gallon specified by subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the type of fuel sold on or after the 2016 implementation date and the tax previously paid per gallon, multiplied by the gallons in storage of that type of fuel as of the close of the business day on that day.

b. Persons in possession of those fuels in storage as of the close of the last business day before the 2016 implementation date shall:

- (1) take an inventory at the close of the business day on that day;
- (2) report the gallons listed in paragraph (1) of this subsection on forms provided by the director, not later than 45 days following the 2016 implementation date; and
- (3) remit the tax levied under subsection a. of this section to the director no later than February 1, 2017.

c. Fuel not reflected in the inventory taken pursuant to subsection b. of this section is deemed to be previously untaxed, except to the extent that it is invoiced as delivered tax-paid on or after the 2016 implementation date.

d. There is levied a tax on persons, other than licensed companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12), holding the fuels enumerated in subparagraph (b) of paragraph (2) of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in storage for sale as of the close of the business day on December 31, 2016 on which tax has previously been paid. The amount of tax shall be the difference between the tax per gallon specified by subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the type of fuel sold on or after January 1, 2017 and the tax previously paid per gallon, multiplied by the gallons in storage of that type of fuel as of the close of the business day on December 31, 2016.

e. Persons in possession of those fuels in storage as of the close of the business day on December 31, 2016 shall:

- (1) take an inventory at the close of the business day on December 31, 2016;

(2) report the gallons listed in paragraph (1) of this subsection on forms provided by the director, not later than January 31, 2017; and

(3) remit the tax levied under subsection d. of this section to the director no later than June 1, 2017.

f. Fuel not reflected in the inventory taken pursuant to subsection e. of this section is deemed to be previously untaxed, except to the extent that it is invoiced as delivered tax-paid on or after January 1, 2017.

g. There is levied a tax on persons, other than licensed companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12), holding the fuels enumerated in subparagraph (b) of paragraph (2) of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in storage for sale as of the close of the business day on June 30, 2017 on which tax has previously been paid. The amount of tax shall be the difference between the tax per gallon specified by subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the type of fuel sold on or after July 1, 2017 and the tax previously paid per gallon, multiplied by the gallons in storage of that type of fuel as of the close of the business day on June 30, 2017.

h. Persons in possession of those fuels in storage as of the close of the business day on June 30, 2017 shall:

(1) take an inventory at the close of the business day on June 30, 2017;

(2) report the gallons listed in paragraph (1) of this subsection on forms provided by the director, not later than July 31, 2017; and

(3) remit the tax levied under subsection g. of this section to the director no later than December 1, 2017.

i. Fuel not reflected in the inventory taken pursuant to subsection e. of this section is deemed to be previously untaxed, except to the extent that it is invoiced as delivered tax-paid on or after July 1, 2017.

j. In determining the amount of tax due under this section, a person may exclude the amount of fuel in dead storage in each storage tank.

k. As used in this section:

"Close of the business day" means the time at which the last transaction has occurred for that day.

"Dead storage" means the amount of fuel that cannot be pumped out of a fuel storage tank because the motor fuel is below the mouth of the draw pipe. The amount of motor fuel in dead storage is 200 gallons for a tank with a capacity of less than 10,000 gallons and 400 gallons for a tank with a capacity of 10,000 gallons or more.

18. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the director may adopt immediately upon filing with the Office of Administrative Law such regulations as the director deems necessary to implement the provisions of sections 12 through 17 of P.L.2016, c.57, which regulations shall be effective for a period not to exceed 360 days following the date of enactment of P.L.2016, c.57 and may thereafter be amended, adopted, or readopted by the director in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

C.52:18A-257 Review council.

19. a. The State Treasurer, and the Legislative Budget and Finance Officer, together with a third public member who shall be jointly selected thereby, shall constitute the review council.

b. The review council shall, on or before January 15, 2020, provide the Governor and the Legislature with an advisory report of their consensus estimate of the increase or decrease in State revenues pursuant to each section of P.L.2016, c.57 (C.54:15B-13 et al.), and pursuant to this act as a whole, during the preceding three State fiscal years, including a comparison of those estimates to the legislative fiscal estimate or fiscal note published contemporaneous with the enactment of this act prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

c. The review council shall conduct an ongoing review of the application of each section of P.L.2016, c.57 (C.54:15B-13 et al.).

The review council shall, not later than five days after any Legislative action that halts, delays, or reverses the implementation of those sections as scheduled on the date of enactment of P.L.2016, c.57 (C.54:15B-13 et al.), certify for the purposes of subparagraph (h) of paragraph (1) of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) to the Director of the Division of Taxation that the scheduled implementation of P.L.2016, c.57 (C.54:15B-13 et al.) had been impeded.

20. This act shall take effect immediately, section 8 shall apply to taxable years beginning on or after January 1, 2017, and sections 12 through 16 shall apply to first sales of petroleum products within this State and to deliveries of petroleum products for use or consumption within this State made on or after the 2016 implementation date.

Approved October 14, 2016.