

[First Reprint]

ASSEMBLY, No. 4163

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JUNE 11, 2018

Sponsored by:

Assemblyman NICHOLAS CHIARAVALLOTI

District 31 (Hudson)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Assemblywoman Chaparro

SYNOPSIS

Allows municipality with population over 200,000 to impose employer payroll tax; requires employer payroll tax revenues to be paid to school district in certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on June 18, 2018, with amendments.

(Sponsorship Updated As Of: 6/26/2018)

1 AN ACT concerning the local employer payroll tax, amending
2 P.L.1970, c.326 ¹and P.L.1995, c.426¹, and repealing section 19
3 of P.L.1970, c.326.

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

7
8 1. Section 15 of P.L.1970, c.326 (C.40:48C-15) is amended to
9 read as follows:

10 15. a. Any municipality may by ordinance impose and collect
11 an employer payroll tax for general municipal purposes of the
12 municipality, or for the purposes set forth in subsection d. of this
13 section, at a rate of up to **[1%]** one percent of the employer's
14 payroll.

15 b. A municipality may by ordinance adjust the rate of an
16 employer payroll tax imposed and collected pursuant to subsection
17 a. of this section, provided that the rate does not exceed one
18 percent. Any reduction in **[the]** an employer payroll tax while the
19 municipality is in receipt of **[transitional]** aid provided through the
20 Transitional Aid to Localities program, or any other discretionary
21 aid program for municipalities in fiscal distress, shall be subject to
22 approval by the Department of Community Affairs.

23 c. An ordinance adopted pursuant to subsection a. of this
24 section may provide that the employer payroll tax shall not apply to
25 the remuneration paid by employers to employees who are residents
26 of the municipality.

27 d. (1) If a municipality adopts an ordinance pursuant to
28 subsection a. of this section and the municipality has a median
29 household income of \$55,000 or greater according to the most
30 recent American Community Survey five-year estimate by the
31 United States Census Bureau, all employer payroll tax revenues
32 collected by the municipality pursuant to the ordinance shall be
33 deposited into a trust fund to be used exclusively for school
34 purposes ¹, inclusive of charter schools¹.

35 (2) The governing body of the municipality shall monthly pay
36 employer payroll tax revenues deposited in the trust fund over to
37 the board secretary or treasurer of school moneys, as appropriate, of
38 the school district coextensive with the municipality or of which the
39 municipality comprises a part, in an amount equal to one-twelfth of
40 the difference in State school aid provided to that school district,
41 pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) and P.L. _____, c.
42 (C. _____) (pending before the Legislature as Senate Bill No. 2 ¹or
43 Assembly Bill No. 2¹ of 2018-2019), between the current State

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June 18, 2018.

1 fiscal year and State fiscal year 2018, for use in lieu of adjustment
2 aid and all other categories of State school aid.

3 (3) Any balance remaining in the trust fund shall be reserved for
4 use toward making payments pursuant to paragraph (2) of this
5 subsection in the event the employer payroll tax revenues collected
6 in a year are insufficient to pay the full amount provided for under
7 that paragraph.

8 (cf: P.L.2017, c.35, s.1)

9
10 ¹2. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended
11 to read as follows:

12 12. a. (Deleted by amendment, P.L.2007, c.260).

13 b. The school district of residence shall pay directly to the
14 charter school for each student enrolled in the charter school who
15 resides in

16 the district an amount equal to 90% of the sum of the budget year
17 equalization aid per pupil **and** , the prebudget year general fund
18 tax levy per pupil inflated by the CPI rate most recent to the
19 calculation, and the employer payroll tax per pupil that is
20 transferred to the school district pursuant to subsection d. of section
21 1 of P.L. , c. (C.) (pending before the Legislature as this bill).

22 In addition, the school district of residence shall pay directly to the
23 charter school the security categorical aid attributable to the student
24 and a percentage of the district's special education categorical aid
25 equal to the percentage of the district's special education students
26 enrolled in the charter school and, if applicable, 100% of preschool
27 education aid. The district of residence shall also pay directly to the
28 charter school any federal funds attributable to the student.

29 c. (Deleted by amendment, P.L.2007, c.260).

30 d. Notwithstanding the provisions of subsection b. of this
31 section, in the case of a student who was not included in the
32 district's projected resident enrollment for the school year, the State
33 shall pay 100% of the amount required pursuant to subsection b. of
34 this section for the first year of the student's enrollment in the
35 charter school.

36 e. The State shall make payments required pursuant to
37 subsection d. of this section directly to the charter school.¹

38 (cf: P.L.2007, c.260, s.58)

39
40 ¹**[2.] 3.**¹ Section 19 of P.L.1970, c.326 (C.40:48C-19) is
41 repealed.

42
43 ¹**[3.] 4.**¹ This act shall take effect upon the enactment into law
44 of P.L. , c. (C.) (pending before the Legislature as Senate
45 Bill No. 2 ¹or Assembly Bill No. 2¹ of 2018-2019).