

[Second Reprint]

SENATE, No. 2581

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED MAY 14, 2018

Sponsored by:

Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

Senator BRIAN P. STACK

District 33 (Hudson)

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 amended by the Senate on June 7, 2018.



(Sponsorship Updated As Of: 5/22/2018)

1 AN ACT concerning the local employer payroll tax ¹**[and]**,¹ amending
 2 P.L.1970, c.326 ²**[and P.L.1995, c.426]**^{2,1} and repealing section
 3 19 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 ¹, or for the purposes set forth in subsection d. of this
 13 section,¹ at a rate of up to **[1%]** one percent of the employer's payroll.

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

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

26 ¹d. ²(1)² If a municipality adopts an ordinance pursuant to
 27 subsection a. of this section and the municipality has a median
 28 household income of \$55,000 or greater according to the most recent
 29 American Community Survey five-year estimate by the United States
 30 Census Bureau, all employer payroll tax revenues collected by the
 31 municipality pursuant to the ordinance shall be deposited into a trust
 32 fund to be used exclusively for school purposes ²**[, inclusive of charter**
 33 **schools]**².

34 ²(2)² The governing body of the municipality shall ²monthly² pay
 35 ²**[all]**² employer payroll tax revenues deposited in the trust fund over
 36 to the board secretary or treasurer of school moneys, as appropriate, of
 37 the school district coextensive with the municipality or of which the
 38 municipality comprises a part ², in an amount equal to one-twelfth of
 39 the difference in State school aid provided to that school district,
 40 pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) and P.L. , c. (C.)
 41 (pending before the Legislature as Senate Bill No. 2 of 2018-2019),
 42 between the current State fiscal year and State fiscal year 2018, for use
 43 in lieu of adjustment aid and all other categories of State school aid² .¹

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:

¹Senate SBA committee amendments adopted June 4, 2018.

²Senate floor amendments adopted June 7, 2018.

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

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

7

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

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

11 b. The school district of residence shall pay directly to the charter
12 school for each student enrolled in the charter school who resides in
13 the district an amount equal to 90% of the sum of the budget year
14 equalization aid per pupil **[and]** , the prebudget year general fund tax
15 levy per pupil inflated by the CPI rate most recent to the calculation ,
16 and the employer payroll tax per pupil that is transferred to the school
17 district pursuant to subsection d. of section 1 of P.L. , c. (C.) (
18 pending before the Legislature as this bill) . In addition, the school
19 district of residence shall pay directly to the charter school the security
20 categorical aid attributable to the student and a percentage of the
21 district's special education categorical aid equal to the percentage of
22 the district's special education students enrolled in the charter school
23 and, if applicable, 100% of preschool education aid. The district of
24 residence shall also pay directly to the charter school any federal funds
25 attributable to the student.

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

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

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

34 (cf: P.L.2007, c.260, s.58)]²

35

36 ¹[².] ²[³.¹] ².² Section 19 of P.L.1970, c.326 (C.40:48C-19)
37 is repealed.

38

39 ¹[³.] ²[⁴.¹] ³.² This act shall take effect ²[immediately] upon
40 the enactment into law of P.L. , c. (C.) (pending before the
41 Legislature as Senate Bill No. 2 of 2018-2019)².