

ASSEMBLY, No. 750

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen **SULIGA** and **ROBERTS**

1 AN ACT requiring that certain decreases in revenues for municipal
2 distribution under the public utility gross receipts and franchise
3 taxes be restored from State revenues, supplementing P.L.1940,
4 c.4, and P.L.1940, c.5.

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

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9 1. The Legislature finds and declares that recent federal legislation
10 to deregulate gas sales in the United States requires that gas
11 consumers be allowed to buy natural gas from sources other than the
12 public utility franchise holder in their area and that whereas increased
13 competition in the gas markets is intended to increase the efficiency of
14 gas supplies and lower costs, that nonetheless the current system of
15 public utility taxation is based on the old system of exclusive
16 franchises for the sale of gas and the gas sold under the new
17 deregulated system often escapes taxation.

18 The Legislature further finds and declares that public utility taxes
19 are a significant and essential component of the revenue stream that is
20 collected by the State for municipalities, and this municipal revenue is
21 eroding as more gas is sold through the deregulated market. The State
22 collection of public utility taxes, and the distribution of the utility taxes
23 in lieu of real property taxation of utility assets, is an the outcome of
24 an agreement between the State and the municipalities to substitute a
25 Statewide uniform system of tax assessment in place of a piecemeal
26 system of municipal assessments. That agreement is a contract
27 between the State and the municipalities. The State must meet the
28 terms of its contract with municipalities, and it is necessary that, as in
29 times of increasing revenue the State has diverted what would
30 otherwise be municipal revenue, in times of declining revenue the State
31 support the levels of municipal revenue.

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33 2. Notwithstanding the provisions of any other law to the contrary,
34 any decline in the revenues available for apportionment and payment
35 to municipalities from taxes collected pursuant to P.L.1940, c.4

1 (C.54:30A-16 et seq.), P.L.1940, c.5 (54:30A-49 et seq.), and
2 P.L.1991, c.184 (C.54:30A-18.6 et al.) due to the federal deregulation
3 of public utilities shall be made up from what would otherwise be
4 revenues for State use thereunder.

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6 3. Notwithstanding the provisions of any other law to the contrary,
7 any decline in the revenues available for apportionment and payment
8 to municipalities from taxes collected pursuant to P.L.1940, c.4
9 (C.54:30A-16 et seq.), P.L.1940, c.5 (54:30A-49 et seq.), and
10 P.L.1991, c.184 (C.54:30A-18.6 et al.) due to the federal deregulation
11 of public utilities shall be made up from what would otherwise be
12 revenues for State use thereunder.

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14 4. This act shall take effect immediately.

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17 STATEMENT

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19 Recent federal legislation to deregulate gas sales in the United
20 States requires that gas consumers be allowed to buy natural gas from
21 sources other than the public utility franchise holder in their area. The
22 current system of public utility taxation is based on the old system of
23 exclusive franchises for the sale of gas and the gas sold under the new
24 deregulated system often escapes taxation.

25 This bill requires that any decreases in revenues for municipal
26 distribution under the public utility gross receipts and franchise taxes
27 that are due to the federal deregulation of public utilities be restored
28 from State public utility revenues.

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33 Requires that any decreases in municipal distributions under the public
34 utility gross receipts and franchise taxes due to the federal
35 deregulation be restored from State revenues.