

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1420

STATE OF NEW JERSEY

ADOPTED FEBRUARY 5, 1996

Sponsored by Assemblymen KAVANAUGH, LANCE, Augustine, Blee,
Gregg, Malone, Assemblywomen Murphy and J. Smith

1 AN ACT authorizing the Director of the Division of Taxation to
2 establish a State tax payment system by credit card, debit card or
3 electronic funds transfer, providing for a State tax amnesty period,
4 supplementing Title 54 of the Revised Statutes, and making an
5 appropriation.

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

9
10 1. As used in this act:

11 "Cardholder" means the person or organization named on the face
12 of a credit card or debit card to whom or for whose benefit the credit
13 card or debit card is issued by an issuer.

14 "Card payment system" means a technical procedure by which tax
15 obligations owed the State may be paid by credit card or debit card.

16 "Credit card" means any instrument or device linked to an
17 established line of credit, whether known as a credit card, charge card,
18 credit plate, or by any other name, issued with or without fee by an
19 issuer for the use of the cardholder in satisfying outstanding financial
20 obligations, obtaining money, goods, services or anything else of value
21 on credit.

22 "Debit card" means any instrument or device, whether known as a
23 debit card, automated teller machine card, or by any other name,
24 issued with or without fee by an issuer for the use of the cardholder in
25 obtaining money, goods, services or anything else of value through the
26 electronic authorization of a financial institution to debit the
27 cardholder's account.

28 "Electronic funds transfer" means any transfer of funds, other than
29 a transaction originated by check, draft, or similar paper instrument,
30 that is initiated through an electronic terminal, telephone, or computer
31 or magnetic tape for the purpose of ordering, instructing or
32 authorizing a financial institution to debit or credit an account.

33 "Electronic funds transfer system" means a technical procedure by
34 which tax obligations owed the State may be paid by an electronic

1 transaction between the financial institution of the person or
2 organization owing the obligation and the financial institution of the
3 State.

4 "Issuer" means the business organization or financial institution
5 that issues a credit card or debit card, or its duly authorized agent.

6 "Service charge" means a mandatory fee to be charged by the
7 Division of Taxation in excess of the total obligation under this act
8 owed by a person or organization to offset processing charges or
9 discount fees for the use of a card payment system or an electronic
10 funds transfer system.

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12 2. Subject to the provisions of section 3 of P.L. , c.

13 (C.) (now pending before the Legislature as this bill), the director
14 may establish a card payment system or electronic funds transfer
15 system for payments of State taxes.

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17 3. Notwithstanding the provisions of any other law to the contrary
18 and if not legally prohibited by an issuer or by an organization whose
19 members are issuers, the director shall assess and collect service
20 charges related to the payment of obligations owed to or collected by
21 the Division of Taxation when credit cards, debit cards or electronic
22 funds transfer systems are utilized.

23

24 4. a. In addition to the powers of the director prescribed under
25 the State Tax Uniform Procedure Law, R.S.54:48-1 et seq., and
26 notwithstanding the provisions of any other laws to the contrary, the
27 director shall establish a period not to exceed three months in
28 duration, which period shall end no later than one year after the date
29 of enactment of this act, during which a taxpayer who has failed to pay
30 any State tax on or before the day on which the tax is required to be
31 paid may pay to the director on or before the last day of the period
32 established by the director the amount of that tax, without any interest
33 that may otherwise be due, without any costs of collection that may
34 otherwise be due, and without the imposition of any civil or criminal
35 penalties arising out of an obligation imposed under any State tax law.
36 This section shall apply only to State tax liabilities for tax returns due
37 on and after January 1, 1987 and prior to January 1, 1996 and shall not
38 extend to any taxpayer under criminal investigation for any State tax
39 matter, as certified by a county prosecutor or the Attorney General to
40 the director.

41 b. There shall be imposed a 5% penalty, which shall not be subject
42 to waiver or abatement, in addition to all other penalties, interest, or
43 costs of collection otherwise authorized by law, upon any State tax
44 liabilities eligible to be satisfied during the period established pursuant
45 to subsection a. of this section that are not satisfied during the amnesty
46 period.

47 c. Notwithstanding the provisions of any other law to the

1 contrary, if a taxpayer elects to participate in the program established
2 pursuant to this section, as that election shall be evidenced by full
3 payment pursuant to this section of a State tax liability to which this
4 section applies pursuant to subsection a. of this section, then that
5 election shall constitute an express and absolute relinquishment of all
6 administrative and judicial rights of appeal that have not run or
7 otherwise expired as of the date payment is made. The relinquishment
8 of rights of appeal pursuant to this subsection shall apply with respect
9 to all rights of appeal established pursuant to the State Tax Uniform
10 Procedure Law, R.S.54:48-1 et seq., and the specific statutory
11 provisions of any State tax. No tax payment made pursuant to this
12 section shall be eligible for refund or credit, whether claimed by
13 administrative protest or judicial appeal, except as may be permitted
14 pursuant to R.S.54:49-16.

15 d. Notwithstanding the provisions of any other law to the
16 contrary, no amnesty payment shall be accepted without the express
17 approval of the director with respect to any State tax assessment
18 which is the subject of any administrative or judicial appeal as of the
19 effective date of this act.

20 e. Notwithstanding the provisions of any other law to the
21 contrary, no taxpayer shall be entitled to the waiver of penalty, interest
22 and cost of collection set forth in subsection a. of this section unless
23 full payment of the tax due is made in accordance with the rules and
24 procedures established by the director.

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26 5. There is appropriated to the Division of Taxation in the
27 Department of the Treasury a sum not to exceed \$10,000,000 from
28 the proceeds collected pursuant to subsection a. of section 4 of this act
29 to carry out and administer the tax amnesty program established by
30 that section.

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32 6. This act shall take effect immediately.

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37 Provides for State tax amnesty period; authorizes establishment of
38 credit card, debit card or electronic funds transfer State tax payments;
39 appropriates an amount not to exceed \$10,000,000.