

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 1566**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MAY 13, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1566, with committee amendments.

Assembly Bill No. 1566, as amended, extends the expiration date of the local payroll tax authorized by the "Local Tax Authorization Act," P.L.1970, c.326 (C.40:48C-1 et seq.) to December 31, 1999. The bill limits the ability to impose the tax to those municipalities that have collected payroll taxes or enacted an ordinance imposing a payroll tax less than two years before July 1, 1995, the beginning of the current State fiscal year.

The "Local Tax Authorization Act" permits a municipality with a population in excess of 200,000 to adopt an ordinance imposing a liquor tax, a payroll tax, or a parking tax. The original law authorizing these taxes in 1970 set forth separate expiration dates for each tax. The parking tax has been extended to December 31, 1999, under P.L.1991, c.288, and the payroll tax and liquor tax were extended to January 1, 1996, under P.L.1994, c.28.

Jersey City and Newark are the only municipalities in the State with populations which exceed 200,000. Jersey City has a parking tax in effect, but not a liquor tax. Newark has imposed a parking and payroll tax. Jersey City did adopt an ordinance on December 7, 1995 imposing a payroll tax. However, because the bill allows only municipalities that collected or adopted a payroll tax before July 1, 1995 to continue to impose a tax, the bill preserves Newark's, but removes Jersey City's, power to impose a payroll tax.

#### FISCAL IMPACT:

This bill was not certified as requiring a fiscal note. The bill would not affect State revenues or expenditures.

#### COMMITTEE AMENDMENTS:

The amendment at the request of the sponsor, makes the bill retroactive to January 1, 1996.