

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1668

STATE OF NEW JERSEY

DATED: MARCH 25, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1668.

Assembly Bill No. 1668 amends the "Spill Compensation and Control Act," to change the way the tax imposed upon the owner or operator of a major facility is calculated.

The act currently imposes a tax on facilities that produce, refine, store, handle transfer or transport hazardous substances, to ensure compensation for cleanup costs and damages due to the discharge of petroleum products and other hazardous substances. The tax is capped for a taxpayer that paid the tax in 1986 at 125% of the tax due for the 1986 calendar year plus \$0.0025 per barrel of hazardous substance transferred.

This bill would change that calculation. For taxes due after January 1, 1995, in computing 125% of taxes due and payable by the taxpayer during the 1986 tax year, a taxpayer would include in the 1986 base only taxes arising out of the operations of major facilities that caused the taxpayer to incur a tax liability in 1986 and continue to cause the taxpayer to incur a liability during the current year.

Also, the bill changes the tax rate for any transfer of a hazardous substance that is, or contains, elemental phosphorus from the greater of \$0.015 per barrel or 1% of fair market value plus \$0.0025 per barrel to a flat \$0.015 per barrel. In computing taxes due and payable by the taxpayer during the 1986 tax year for purposes of determining the 125% of 1986 liability cap amount, the 1986 taxes for any transfer that is, or contains, elemental phosphorus will be recalculated at a rate of \$0.015 per barrel.

FISCAL IMPACT:

The change in the calculation of the 1986 base amount will reduce the 1986 base amount, which will reduce the current cap amount. No current inventory of facilities taken out of service since 1986 is available for determining the reduction in revenue.

No information is currently available as to the quantity or fair market value of hazardous substance that is, or contains, elemental phosphorus; no estimate of the revenue impact of the rate change as to phosphorus hazardous waste can be made at this time.