

ASSEMBLY, No. 2504

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 14, 1996

By Assemblymen GIBSON and ASSELTA

1 AN ACT concerning the imposition of certain taxes on retail receipts
2 for the funding of the projects of certain tourism improvement and
3 development authorities, amending P.L.1992, c.65 and
4 supplementing P.L.1966, c.30.

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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. Section 4 of P.L.1992, c.165 (C.40:54D-4) is amended to read
10 as follows:

11 4. a. Two or more contiguous municipalities located in a county
12 of the sixth class may, by ordinances of a substantially similar nature,
13 create a tourism improvement and development district for the purpose
14 of increasing public revenue and to levy taxes upon predominantly
15 tourism related retail receipts at a rate not to exceed [2 percent] five
16 percent, until certification by the director pursuant to subsection e. of
17 section 9 of P.L.1992, c.165 (C.40:54D-1), and thereafter at a rate not
18 to exceed 4 percent, and to devote the proceeds therefrom for the
19 purposes herein described. For the same purposes, the ordinances
20 establishing the district shall also provide for the imposition of tourism
21 development fees authorized pursuant to section 15 of this act,
22 P.L.1992, c.165 (C.40:54D-15). The taxes on predominantly tourism
23 related retail receipts and tourism development fees so imposed shall
24 be uniform throughout the district.

25 b. Notwithstanding any other law to the contrary, ordinances so
26 adopted shall not be subject to referenda, and shall not be altered or
27 repealed, except by mutual action of all such municipalities. Each
28 municipality which enters into the creation of the district shall
29 covenant that the ordinance shall not be altered or repealed in such
30 manner as to affect any bonds or other obligations pertaining to
31 projects within the district which are outstanding.

32 c. The district shall comprise all territory within the boundaries of
33 the municipalities which create or enter into the district.

34 d. A contiguous municipality located in a county of the sixth class

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 may, by such an ordinance, and with the mutual consent of the
2 governing bodies of the municipalities which created the district, enter
3 into the district so created after the date of the district's creation.

4 e. A copy of an ordinance adopted pursuant to this section shall
5 be transmitted upon adoption or amendment to the State Treasurer.
6 An ordinance so adopted or any amendment thereto shall provide that
7 the retail receipts tax provisions of the ordinance or any amendment
8 to the retail receipts tax provisions shall take effect on the first day of
9 the first full month occurring 90 days after the date of transmittal to
10 the State Treasurer.

11 (cf: P.L.1992, c.165, s.4)

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13 2. Section 9 of P.L.1992, c.165 (C. 40:54D-9) is amended to read
14 as follows:

15 9. a. A vendor required to collect the tax upon predominantly
16 tourism related retail receipts imposed pursuant to this act shall on or
17 before the dates required pursuant to section 17 of P.L.1966, c.30
18 (C.54:32B-17), forward to the director the tax collected in the
19 preceding month and make and file a return for the preceding month
20 with the director on any form and containing any information as the
21 Director of the Division of Taxation in the Department of the Treasury
22 shall prescribe by rule or regulation as necessary to determine liability
23 for the tax in the preceding month during which the person was
24 required to collect the tax.

25 b. The director may permit or require returns to be made covering
26 other periods and upon any dates as the director may specify. In
27 addition, the director may require payments of tax liability at any
28 intervals and based upon any classifications as the director may
29 designate. In prescribing any other periods to be covered by the return
30 or intervals or classifications for payment of tax liability, the director
31 may take into account the dollar volume of tax involved as well as the
32 need for ensuring the prompt and orderly collection of the tax
33 imposed.

34 c. The director may require amended returns to be filed within
35 20 days after notice and to contain the information specified in the
36 notice.

37 d. The director shall inform the authority for each month in which
38 this tax is collected and returns made of the amount so collected in
39 each month.

40 e. From the date that substantially similar amendments to
41 municipal ordinances to increase the tax rate pursuant to P.L. , c.
42 (C.) (now pending before the Legislature as this bill), take effect
43 in all municipalities in the district, the director shall maintain a running
44 total of the amounts collected under the tax until such month as 20
45 percent of the amount collected under the increased tax rate equals the
46 total amount collected under the tax during the time the tax was levied

1 at a 2 percent rate pursuant to P.L.1992, c.165 (C.40:54D-1 et seq.).
2 The director shall, within 10 days of the receipt of that amount of tax
3 collected, certify to the governing body of each municipality in the
4 district that such amount has been collected.

5 (cf: P.L.1992, c.165, s.9)

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7 3. (New section) Receipts from sales of tangible personal property
8 and services subject to a tax on predominantly tourism related retail
9 receipts authorized by municipal ordinances which were adopted
10 pursuant to P.L.1992, c.165 (C.40:54D-1 et seq.) are exempt from the
11 tax rate imposed under the "Sales and Use Tax Act" to the extent that
12 the tax rate imposed by the ordinances exceeds 2%.

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14 4. This act shall take effect immediately.

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16 STATEMENT

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18 This bill increases the local share of the State and local taxes on
19 tourism related receipts levied in municipalities that have formed a
20 tourism improvement and development district. The local share of the
21 taxes is a funding source for the advertising, promotion, improvement
22 and support of tourism projects and for the issuance of bonds for the
23 acquisition, construction, maintenance and operation of a convention
24 center or tourism project and the payment of interest and principal on
25 those bonds.

26 Currently, certain contiguous municipalities may form a tourism
27 improvement and development authority. In these municipalities an
28 8% tax is levied on certain tourism related retail receipts collected in
29 a tourism improvement and development district. The tax is levied on
30 hotel rentals, restaurant food and drink sales, and admissions charges
31 in the district. The tax is shared by the State and the tourism
32 authority, 6% going to the State and 2% going to the tourism
33 authority. Currently, this tax is only levied in support of the projects
34 of the Greater Wildwood Tourism Development Authority.

35 This bill makes the 8% tax a more cooperative revenue sharing
36 effort between the State and the tourism improvement and
37 development district by sharing the tax revenues more equally. While
38 the total rate of tax will remain at 8%, the local share of the levy
39 supporting tourism projects will increase, going from 6% State and 2%
40 authority to 4% State and 4% authority.

41 This bill also provides an interim division of the 8% tax. For a
42 period, the funds will be divided 3% to the State and 5% to the
43 authority. This period will last until the 1% "extra" share to the
44 authority yields funds to the authority equal to the additional amount
45 that the authority would have received if the authority had received
46 4% of the funds for the entire period it was receiving 2% of the funds.

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3 Increases local share of State and local taxes on tourism related retail
4 receipts in certain tourism improvement and development districts.