

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2562**

with Assembly committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 16, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2562, with committee amendments.

Assembly Bill No. 2562, as amended, extends for five years certain recycling taxes and recycling credits that otherwise would expire December 31, 1996.

The bill extends the State recycling tax. The recycling tax is imposed at \$1.50 per ton of solid waste accepted for disposal at a registered solid waste facility or for transfer at a transfer station, with the revenues deposited in the Recycling Fund. Not less than 40% percent of the estimated annual fund balance is allocated for tonnage grants and bonus grants to municipalities and counties. The Department of Environmental Protection awards the grants based on the total number of tons of recyclable materials annually recycled from residential, commercial and institutional sources within a municipality, or group of municipalities in a publicly-financed county recycling program. Not less than 35% of the estimated annual fund balance is allocated for low interest loans or loan guarantees to recycling businesses and industries; not more than 7% of the fund balance may be used for State recycling program planning and program funding; not more than 8% may be used for county recycling program planning and program funding; and not less than 10% may be used for a public information and education program concerning recycling activities.

The bill extends for five years the corporation business tax credit for the purchase cost of recycling equipment tax credit. Currently, a taxpayer purchasing equipment that has been certified by the Commissioner of the Department of Environmental Protection to be for transporting, processing or remanufacturing post-consumer waste is allowed a credit against the corporation business tax equal to 50% of the cost of the recycling equipment less the amount of any loan received from the Recycling Fund.

In addition, the bill makes technical clarifications to current law.

#### FISCAL IMPACT:

According to the Governor's FY1997 State Budget Recommendation, the State Recycling Fund had for FY1997 a

projected opening balance of \$14,446,000, expected expenditures of \$8,643,000, and estimated revenue of \$8,475,000. Of that estimated revenue, \$7,500,000 was expected from tax collections. The year-end balance for FY1997 was estimated at \$14,278,000.

Termination of the recycling tax on December 31, 1996 is expected to decrease tax collection revenue by half, or \$3,725,000, for the fiscal year, leading to an expected year-end balance for FY1997 of \$10,553,000, sufficient to support program activities at current expenditure rates through FY1998.

There is no available data concerning the amount of corporation business tax recycling equipment costs certified by the Commissioner of the Department of Environmental Protection or allowed as credits by the Division of Taxation. Expiration of the corporation business tax recycling credit would be expected to increase corporation business tax revenues.

COMMITTEE AMENDMENTS:

The amendments clarify the application of the tax to solid waste transfer station facilities and make technical changes to legal references.