

ASSEMBLY AGRICULTURE AND WASTE MANAGEMENT
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2573

STATE OF NEW JERSEY

DATED: MARCH 25, 1997

The Assembly Agriculture and Waste Management Committee favorably reports an Assembly Committee Substitute for Assembly Bill No. 2573.

P.L.1985, c.533 imposed a tax on the sale of litter-generating products to provide funds to finance a Statewide anti-litter program. The manufacturers, wholesalers, and distributors of litter-generating products are taxed at the rate of \$300 per \$1,000,000 in sales per year; retailers, including restaurants, are taxed at the rate of \$225 per \$1,000,000 in annual sales. The fifteen categories of litter-generating products include alcoholic beverages, soft drinks, cigarettes, paper products, food and groceries, among others. Monies collected from the tax are deposited in the Clean Communities Account. The law provides that 90 percent of the estimated annual balance of the account must be used for grants to counties and municipalities for local litter control programs and activities. The tax will expire on December 31, 2000.

The FY1997 budget reallocated the portion of the fund previously used for program oversight functions. This Assembly Committee Substitute for Assembly Bill No. 2573 would reinstate a mechanism for oversight of the expenditure of monies in the Clean Communities Account, and encourage greater participation by the private sector in the program.

This substitute bill would direct the Department of the Treasury to negotiate and enter into a contract with an organization to administer the Clean Communities Account. The Department of the Treasury shall be appropriated 2% of the estimated annual balance of the account to be made available to the organization under contract for administration, oversight and education, except that not more than \$200,000 may annually be appropriated for this purpose and any amount in excess thereof shall be distributed as otherwise provided by law. An organization may be awarded a contract with the Department of the Treasury if it meets the following criteria:

- (1) the organization is exempt from federal income tax under

section 501(c)(3) of the Internal Revenue Code;

(2) the organization qualifies for tax deductible contributions under section 170(b)(1)(A)(vi) or (viii) of the Internal Revenue Code;

(3) the organization is incorporated under and subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes and the "Charitable Registration and Investigation Act," P.L.1994, c.16 (C.45:17A-18 et seq.);

(4) the sole purpose of the organization is the administration of the Clean Communities Account;

(5) the organization demonstrates that it has raised funds or has the capability to raise funds from the private sector for the same purposes monies in the Clean Communities Account are appropriated; and

(6) the membership of the governing board of the organization consists of representatives of private sector companies or organizations that are subject to the tax on the sale of litter-generating products, and representatives of the public sector who are local clean community coordinators.

The contract shall provide:

(1) the terms and conditions of the contract;

(2) conditions under which the contract may be terminated and grant funds recaptured by the Department of the Treasury; and

(3) that the Commissioner of the Department of Environmental Protection and the State Treasurer, or their designee, are included as members on the Board of Trustees of the organization.

The contract shall be for a period of two years and a contract recipient shall be eligible for a subsequent contract.

Finally, the bill would expand the permitted uses of funds from the account by eligible municipalities and counties to include the abatement of graffiti.

It is the committee's intent that the organization under contract be one that, in addition to meeting the conditions listed above, is very knowledgeable about the history and current operation of the clean communities program, and is clearly capable of advancing and promoting the program in the future.