

ASSEMBLY CONCURRENT RESOLUTION No. 127

STATE OF NEW JERSEY

INTRODUCED JUNE 9, 1997

By Assemblyman WISNIEWSKI

1 A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II  
2 of the Constitution of the State of New Jersey.

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4 BE IT RESOLVED by the General Assembly of the State of New Jersey  
5 (the Senate concurring):

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7 1. The following proposed amendment to the Constitution of the State of  
8 New Jersey is agreed to:

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10 PROPOSED AMENDMENT

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12 Amend Article VIII, Section II of the Constitution by the addition of the  
13 following paragraph:

14 7. The entire net receipts from State taxes upon the receipts from sales and  
15 use of electricity, natural gas and energy transportation services, from  
16 corporate income tax from gas, electric, and gas and electric public utilities  
17 that were subject to tax pursuant to the provisions of P.L.1940, c.5  
18 (C.54:30A-49 et seq.) prior to January 1, 1998, and from corporate income  
19 tax from telecommunications public utilities that were subject to tax pursuant  
20 to the provisions of P.L.1940, c.4 (C.54:30A-16 et seq.) as of April 1, 1997,  
21 and from any other successor or replacement State taxes, whether as a  
22 permanent tax or a temporary transitional tax, imposed upon those sales and  
23 uses or upon those taxpayers that were previously subject to P.L.1940, c.4  
24 and P.L.1940, c.5, shall when received into the State treasury, be placed in  
25 a perpetual dedicated fund and shall be annually appropriated, pursuant to  
26 formulas as shall be established from time to time by the Legislature, to the  
27 municipalities of this State exclusively for the purpose of reducing or offsetting  
28 property taxes. Provided however, the dedication and use of revenues from  
29 those taxes as provided in this paragraph shall be subject and subordinate to  
30 (a) all appropriations of revenues from those taxes made by laws enacted on  
31 or before December 4, 1997 in accordance with Article VIII, Section II,  
32 paragraph 3 of the State Constitution in order to provide the ways and means  
33 to pay the principal and interest on bonds of the State presently outstanding  
34 or authorized to be issued under such laws, (b) all appropriations of revenues  
35 from those taxes made by laws enacted in accordance with Article VIII,

1 Section II, paragraph 6 of the State Constitution or (c) any other use of those  
2 revenues enacted into law on or before December 4, 1997.

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4 2. When this proposed amendment to the Constitution is finally agreed to  
5 pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted  
6 to the people at the next general election occurring more than three months  
7 after the final agreement and shall be published at least once in at least one  
8 newspaper of each county designated by the President of the Senate, the  
9 Speaker of the General Assembly and the Secretary of State, not less than  
10 three months prior to the general election.

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12 3. This proposed amendment to the Constitution shall be submitted to the  
13 people at that election in the following manner and form:

14 There shall be printed on each official ballot to be used at the general  
15 election, the following:

16 a. In every municipality in which voting machines are not used, a legend  
17 which shall immediately precede the question, as follows:

18 If you favor the proposition printed below make a cross (X), plus (+) or  
19 check (T) in the square opposite the word "Yes" If you are opposed thereto  
20 make a cross (X), plus (+) or check (T) in the square opposite the word"  
21 No."

22 b. In every municipality the following question:

<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29</p>	<p>YES</p>	<p style="text-align: center;"> <b>CONSTITUTIONAL AMENDMENT          DEDICATING CERTAIN STATE TAXES          ON ELECTRICITY, NATURAL GAS,          ENERGY TRANSPORTATION SERVICES          AND TELECOMMUNICATIONS FOR          MUNICIPAL PROPERTY TAX RELIEF</b> </p> <p>             Shall the amendment of Article VIII, Section II of the State Constitution, agreed to by the Legislature, which requires that the entire net proceeds from State taxation upon the receipts from sales and use of electricity, natural gas and energy transportation services, from corporate income tax from gas, electric, and gas and electric public utilities and from corporate income tax from telecommunications public utilities, and from any other successor or replacement State taxes, whether as a permanent tax or a temporary transitional tax, imposed upon those sales and uses or upon those taxpayers that were previously subject to tax as public utilities, be placed in a perpetual dedicated fund for annual appropriation, pursuant to formulas as shall be established from time to time by the Legislature, to the municipalities of this State exclusively for the purpose of reducing or offsetting property taxes, be approved?         </p>
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1		<b>INTERPRETIVE STATEMENT</b>
2		<p>This constitutional amendment guarantees to municipalities the net receipts from State taxes proposed to replace the current State taxes on public utilities. Currently, public utilities pay franchise and gross receipts taxes and unit based energy taxes. These taxes are collected by the State and partially distributed to municipalities. It has been proposed that the current State tax system be replaced with a tax on receipts from sales and uses of electricity, natural gas and energy charges, a corporate income tax on energy and telecommunications utilities, and a transition tax. This constitutional amendment dedicates the net receipts from those proposed taxes, or any replacement for those taxes, to municipal property tax relief.</p>
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**STATEMENT**

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This concurrent resolution proposes a constitutional amendment dedicating for municipal property tax relief all net receipts from State taxes imposed on the receipts from sales and use of electricity, natural gas and energy transportation charges, and from corporation income taxes imposed on energy and telecommunications public utilities, and any taxes imposed in replacement of those taxes or under transitions in the types of taxes imposed on those receipts or on those corporate taxpayers. The State's current taxation of energy and certain telecommunications providers is anticipated to be revised under a transition to competitive markets in energy and telecommunications that is to be implemented in this State. This constitutional amendment guarantees to municipalities the annual State aid distribution of the State taxes that may replace the current public utilities franchise and gross receipts taxes and unit-based energy taxes that the State currently collects and partially distributes to municipalities.

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Proposes constitutional amendment dedicating for municipal property tax relief State taxes on sales and use of electricity, natural gas and energy transportation charges, and other State taxes imposed on energy and

1 telecommunications utilities.