

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY CONCURRENT RESOLUTION No. 56
STATE OF NEW JERSEY

DATED: JUNE 24, 1996

Assembly Concurrent Resolution No.56 of 1996 amends the State Constitution to dedicate an amount equal to six percent of the annual revenues from the Corporation Business Tax (CBT) for certain costs involved with hazardous discharge remediations, underground storage tank improvements, and surface water quality projects. Of this amount, 80 percent would be dedicated for the State costs involved in hazardous discharge remediation and for financing and providing loans and grants for the cleanup and improvement of hazardous substance underground storage tanks. Fifteen percent of the money would be dedicated to financing the costs of surface water quality modeling, monitoring, and assessment as well as the establishment and enhancement of environmentally related geographical information systems. Five percent of the money would be dedicated to several programs designed to enhance the protection of human health and the environment.

FISCAL IMPACT:

The Department of the Treasury and the Office of Management and Budget have not provided a fiscal estimate of the cost of this concurrent resolution. The Office of Legislative Services (OLS) estimates that, upon approval by the voters of the State of New Jersey, Assembly Concurrent Resolution No.56 will dedicate approximately \$72 million of previously unrestricted General Fund revenue in Fiscal Year 1997. The dedication could range from \$58 million to \$80 million annually depending on actual CBT collections.

It is possible that a portion of the dedicated amounts for surface water quality projects and hazardous discharge remediation could replace General Fund money that is currently appropriated for these purposes. However, the dedication for underground storage tank improvements would largely result in additional costs to the State above current expenditure levels.

ASSUMPTIONS:

It appears the dedication would apply to both the regular CBT and the smaller CBT Banks and Financials tax. According to public testimony by the Treasurer before the Senate Budget and Appropriations Committee and the Assembly Appropriations Committee on May 22, 1996, the CBT and the CBT Banks and Financials tax will collect \$1,200 million combined in FY 1997. Based on this estimate, the six percent dedication would yield

approximately \$72 million in Fiscal Year 1997. This revenue source tends to be relatively volatile from year to year, changing with corporate profits. In the last 10 fiscal years, CBT collections have ranged between \$911 million to \$1,230 million and CBT Banks and Financials tax collections between \$44 million to \$94 million. Based on this range, the six percent dedication could yield between \$58 million and \$80 million in future years.

The legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.