

January 14, 1997

SENATE BILL NO. 253
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 253 (First Reprint) with my recommendations for reconsideration.

A. Summary of the Bill

This bill revises statutes governing the collection and distribution of monies paid by out-of-State insurance companies to the New Jersey State Firemen's Association and the local firemen's relief associations.

Current law provides for the establishment of a local firemen's relief organization in any municipality that has one or more fire companies. The purpose of the relief association is to establish and maintain a fund for the relief, support or burial of indigent firemen and their families. These local associations are funded by monies received from a 2 percent tax on premiums of foreign (*i.e.*, non-New Jersey) and alien (*i.e.*, non-United States) insurers writing fire insurance in this State.

Currently, some insurers are paying the fees owed directly to various local firemen's relief funds, some insurers are paying the fees owed to the New Jersey Firemen's Association and some insurers are paying the fees owed to the Department of Treasury. Under the provisions of this bill, foreign and alien insurers (either directly or through their brokers and agents) would pay the tax to the New Jersey State Firemen's Association (the Association). The Association's Treasurer would then distribute the tax monies to:

(1) each local firemen's relief association depending upon the amount of revenue derived from insurance policies written in that

municipality; and (2) the managers of the New Jersey Firemen's Home pursuant to the Home's annual budget.

The bill also increases criminal and administrative penalties for noncompliance with accounting and payment requirements.

B. Recommended Action

I support the bill's objective to simplify the collection and clarify the distribution of the funds collected from out-of-State insurers who sell fire insurance in this State. In its present form, however, the bill provides that all of the funds owed by the out-of-State insurers be paid to the New Jersey Firemen's Association immediately upon the bill's enactment into law. The Department of Treasury has advised that it has already appropriated approximately \$4.8 million to the New Jersey Firemen's Home and the New Jersey Firemen's Association for Fiscal Year 1997 in anticipation of its receipt of those monies from the certain out-of-State insurers. The Department of Treasury will not collect all of these funds until the end of Fiscal Year 1997. Were this bill to become effective immediately, a shortfall would occur.

Therefore, I recommend that the effective date of the bill be changed to July 1, 1997.

Therefore, I herewith return Senate Bill No. 253 (First Reprint)
and recommend that it be amended as follows:

Page 6, Section 9, Line 23: Delete "immediately" and insert
"July 1, 1997."

Respectfully,

/s/ Christine Todd Whitman

Governor

[seal]

Attest:

/s/ Michael P. Torpey

Chief Counsel to the Governor