

SENATE, No. 849

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 26, 1996

By Senator CARDINALE

1 AN ACT concerning deductions or additions to the apportionment to
2 certain municipalities of public utility gross receipts and franchise
3 taxes due to errors or omissions in prior years, amending P.L.1940,
4 c.5.

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6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

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9 1. Section 17 of P.L.1940, c.5 (C.54:30A-65) is amended to read
10 as follows:

11 a. The [State Tax Commissioner] director in making the
12 apportionment of any taxes imposed by [this act] subsections (a) and
13 (b) of section 6 of P.L.1940, c.5 (C.54:30A-54) and subsection a. of
14 section 10 of P.L.1991, c.184 (C.54:30A-54.6) on any taxpayer for
15 any year shall deduct from or add to such apportionment for such year
16 the municipality's proper share of any deduction or addition to the
17 extent and in the manner which may heretofore have been or may
18 hereafter be ordered or decreed by any judgment of the State Board of
19 Tax Appeals or any court by reason of any error or omission in
20 connection with information provided pursuant to section 7 of
21 P.L.1940, c.5 (C.54:30A-55), the apportionment valuation or the
22 apportionment of the excise taxes imposed upon such taxpayer in any
23 prior year.

24 b. The director in making the apportionment of any taxes imposed
25 by subsections (a) and (b) of section 6 of P.L.1940, c.5 (C.54:30A-54)
26 and subsection a. section 10 of P.L.1991, c.184 (C.54:30A-54.6) on
27 any taxpayer for any year shall deduct from or add to such
28 apportionment for such year the municipality's proper share of any
29 deduction or addition to the extent and in the manner which may be
30 required, as determined by the director, by reason of any error or
31 omission in connection with information provided pursuant to section
32 7 of P.L.1940, c.5 (C.54:30A-55), the apportionment valuation or the
33 apportionment of the excise taxes imposed upon such taxpayer in any
34 prior year, provided that the deduction or addition made pursuant to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 this subsection shall be taken in ten equal annual installments over a
2 period of ten consecutive years if the amount of the addition or
3 deduction is equal to or in excess of 50% of the total apportioned
4 taxes received by the municipality in the year immediately prior to the
5 year in which the addition or deduction is taken or begun.

6 (cf: P.L. 1940, c. 5, s. 17).

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8 2. This act shall take effect immediately and shall apply to
9 deductions or additions made on or after January 1, 1996.

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12 STATEMENT

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14 This bill provides that if Director of the Division of Taxation
15 makes a deduction from or addition to an apportionment to certain
16 municipalities of the public utility gross receipts and franchise taxes
17 due to an error or omission concerning information provided to the
18 director, the adjustment must be made in ten equal installments over
19 ten consecutive years if the amount of the addition or deduction is
20 equal to or in excess of 50% of the apportioned taxes received by the
21 municipality in the year immediately prior to the year in which the
22 addition or deduction is taken.

23 The primary purpose of this bill is to avoid the imposition of a
24 significant financial hardship upon any municipality that will suffer a
25 loss in public utility gross receipts and franchise taxes due to
26 erroneous overpayments in prior years. Such municipalities may have
27 no option but to resort to drastic increases in property taxes to make
28 up the unexpected loss in revenues. This bill provides a fair procedure
29 for the correction of errors or omissions in the apportionment of
30 public utility taxes.

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35 Requires ten-year phase-in of deductions or additions to
36 apportionment to certain municipalities of public utility gross receipts
37 and franchise taxes due to errors or omissions in prior years.