

SENATE, No. 1321

STATE OF NEW JERSEY

INTRODUCED JUNE 13, 1996

By Senator INVERSO

1 AN ACT appropriating certain public utility taxes for a supplemental
2 distribution to municipalities during fiscal year 1996, amending
3 P.L.1995, 164.

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

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8 1. The following provision in section 1 of P.L.1995, c.164, the
9 Fiscal Year 1996 annual appropriations act, is amended to read as
10 follows:

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12 **STATE AID**
13 **82 DEPARTMENT OF TREASURY**
14 *70 Government Direction, Management and Control*
15 *75 State Subsidies and Financial Aid -- State Aid*
16

17 Notwithstanding the provisions of section 2 of P.L.1980, c.10 (C.54:30A-24.1), section 4 of
18 P.L.1980, c.11 (C.54:30A-61.1), section 27 of P.L.1991, c.184 (C.54:30A-24.4), and
19 section 28 of P.L.1991, c.184 (C.54:30A-61.4), the payments to municipalities from the
20 proceeds of the public utilities franchise and gross receipts taxes during fiscal year 1996
21 shall be \$685,000,000 and shall be distributed in the same amounts to the same
22 municipalities as received such payments in calendar year 1994 pursuant to the 1995 annual
23 appropriations law, P.L.1994, c.67; provided however, that amounts collected in excess of
24 amounts distributed shall be anticipated as revenue for general State purposes.

25 Notwithstanding any provision of law to the contrary, the payments to municipalities from the
26 proceeds of the public utilities franchise and gross receipts taxes shall be distributed on the
27 following schedule: July 15, 35% of the total amount due; August 1, 10% of the total
28 amount due; September 1, 30% of the total amount due; October 1, 15% of the total amount
29 due; November 1, 5% of the total amount due; and December 1, 5% of the total amount due.

30 [Based upon the State's fiscal circumstances in May, 1996, amounts] Amounts collected in
31 excess of \$960,000,000 from Public Utility Gross Receipts and Franchise Taxes (combined)
32 for fiscal year 1996 [may be distributed to municipalities; provided that such amounts
33 collected in excess of \$960,000,000 shall not be anticipated as municipal revenue for the
34 purposes of the "Local Budget Law", P.L.1960, c.169 (C.40A:4-1 et seq.)] are appropriated
35 as supplementary payments to municipalities. These amounts shall be distributed on or

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 before June 30, 1996, first in amounts equal to decreases, if any, resulting from corrections
2 to apportionment valuations made by the Director of the Division of Taxation pursuant to
3 R.S.54:30-2 and thereafter in proportion to the amount of the payment each municipality
4 received during Fiscal Year 1996 from the \$685,000,000 distribution; provided however,
5 that amounts collected in excess of \$1,005,000,000 from Public Utility Gross Receipts and
6 Franchise Taxes (combined) for fiscal year 1996, not to exceed \$500,000, shall first be
7 distributed to Wall Township. A supplementary payment shall be used solely and
8 exclusively by each municipality for the purpose of reducing the amount the municipality is
9 required to raise by local property tax levy for municipal purposes. If the amount of the
10 supplementary payment exceeds the amount required to be raised by local property tax levy
11 for municipal purposes, the balance of the supplementary payment shall be used to reduce
12 the amount the municipality is required to raise for county purposes, notwithstanding the
13 provisions of law to the contrary. Notwithstanding any provisions of the "Local Budget
14 Law," N.J.S.40A:4-1 et seq., each municipality may anticipate the receipt of the amount of
15 supplementary payment as shall be certified to it by the Director of the Division of Taxation
16 in the Department of the Treasury and shall file any amendment or correction in its local
17 budget as may be required to properly reflect that payment. The Director of the Division of
18 Taxation shall provide the Director of the Division of Local Government Services in the
19 Department of Community Affairs with a list of the certified supplementary payments for
20 all affected municipalities. The Director of the Division of Local Government Services in
21 the Department of Community Affairs shall certify that each municipality has complied with
22 the requirements set forth herein concerning the use of the supplementary payments.

23 (cf: P.L.1995, c.164, s.1)

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25 2. This act shall take effect immediately.

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STATEMENT

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30 This bill requires the State to make an additional distribution of
31 public utilities gross receipts and franchise taxes revenue during Fiscal
32 Year 1996. The amount of the distribution is equal to the amount by
33 which collections of these taxes have exceeded the State anticipated
34 retention of \$275 million plus the \$685 million previously apportioned
35 for distribution to municipalities during Fiscal Year 1996. In
36 statements to the Senate Budget and Appropriations Committee and
37 the Assembly Appropriations Committee on April 2, and May 22,
38 1996, the State Treasurer indicated that the State estimates this
39 amount to be \$45 million.

40 The distribution of the additional collections is first to be made in
41 amounts equal to decreases, if any, resulting from corrections to
42 apportionment valuations made by the Director of the Division of
43 Taxation pursuant to R.S.54:30-2 (which allows the director to
44 correct for clerical errors or omissions in the apportionment of taxes),
45 and then in proportion to the municipal distributions made from the
46 \$685,000,000 apportioned and paid earlier in the fiscal year.
47 However, amounts collected in excess of \$1,005,000,000 (the State

1 retention of \$275 million, plus the \$685 million previously apportioned
2 for distribution, plus the estimated \$45 million), not to exceed
3 \$500,000, shall first be distributed to Wall Township. The
4 supplementary distribution must be used by the recipient municipalities
5 to reduce the local municipal property tax levy, which shall be
6 reflected as a change in the municipal budget.

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12 Appropriates FY1996 public utilities gross receipts and franchise taxes
in excess of \$960,000,000.