SENATE, No. 1368

STATE OF NEW JERSEY

INTRODUCED JUNE 20, 1996

By Senator EWING

AN ACT increasing the cigarette tax rate to provide increased funding for public school districts facilities aid, amending and supplementing P.L.1948, c.65.

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

1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to read as follows:

301. Tax imposed; rate. A tax is hereby imposed on the sale, use or possession for sale or use within this State of all cigarettes at the rate of**[**$0.02**]** $0.0325 for each cigarette.

(cf: P.L.1990, c.39, s.15)

2. (New section) Each retail licensee under P.L.1948, c.65 (C.54:40A-1 et seq.), shall, on or before the 1st day of the 2nd month after the effective date of P.L. , c. (now pending before the Legislature as this bill), file a return under oath or certified under the penalties of perjury with the director on forms furnished by the director, showing the amount of cigarettes in the retail licensee's possession in the State at 12:01 a.m. on the effective date of P.L. , c. (now pending before the Legislature as this bill), and shall at the time of filing that return pay the tax to the director. Failure to obtain such forms shall not be an excuse for the failure to make a return containing the information required by the director.

3. This act shall take effect on January 1, 1997, provided that a constitutional amendment dedicating the revenue derived pursuant to this act for increased public school districts facilities is approved by the voters.

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

Matter underlined thus is new matter.

STATEMENT

This bill is a companion to an Assembly Concurrent Resolution which seeks to amend the State Constitution to dedicate the revenue from an increase in the cigarette tax for increased public school districts facilities aid. This bill enacts the tax increase of $0.25 per pack of 20 cigarettes which would be effective January 1, 1997, only if the constitutional dedication is previously approved by the voters.

Currently, the State tax on cigarettes is $0.02 per cigarette, or $0.40 per pack. This bill increases the tax to $0.0325 per cigarette, or $0.65 per pack.

This tax rate increase will raise an additional $130 million in cigarette tax revenues. If the companion constitutional amendment is approved by the voters, this additional $130 million, or 38.46% of the total anticipated revenue from the cigarette tax, will be dedicated to additional State aid for school district facilities. This aid is intended to supplement above the current level of $70 million appropriated for such aid.

Increases cigarette tax by $0.25 per pack for constitutionally dedicated purpose of providing increased public school districts facilities aid to provide a thorough and efficient system of free public schools.