

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
SENATE, No. 1525

STATE OF NEW JERSEY

DATED: MARCH 6, 1997

Senate Bill No. 1525 (1R) of 1996 would amend the "Spill Compensation and Control Act" (P.L. 1976, c.141) to change the way the tax imposed upon the owner or operator of a major facility is calculated. Currently, for most taxpayers, the aggregate tax due for any taxpayer who has paid the tax in the 1986 calendar year is capped at 125% of the tax due for the 1986 calendar year, plus \$0.0025 per barrel of hazardous substance transferred. This bill would change that calculation. For taxes due after January 1, 1996, in computing 125% of taxes due and payable by the taxpayer during the 1986 tax year, a taxpayer would include 1986 taxes arising out of the operations of major facilities which (1) caused the taxpayer to incur a tax liability in 1986, and (2) continue to cause the corporate taxpayer to incur a tax liability during the current tax year.

In addition, the bill would change the variable tax rate for any transfer of a hazardous substance that is or contains elemental phosphorus to a flat \$0.015 per barrel. In computing 125% of taxes due and payable by the taxpayer during the 1986 tax year, the 1986 taxes for any transfer that is or contains elemental phosphorous would then be recalculated at a rate of \$0.015 per barrel.

The Office of Legislative Services cannot calculate the fiscal impacts of this bill on corporate taxpayers or on the level of tax revenues collected by the Spill Fund due to the unavailability of tax, facility and hazardous substance records dating back to 1986. It can be assumed, however, that in lowering the 1986 base amount (thereby reducing the current cap amount), the bill's enactment would result in lower tax revenues collected by the Spill Fund which, in turn, would further limit its ability to support programmatic and claims activities.

The Spill Compensation Fund's balance at the end of FY 1996 was \$25.5 million. In FY 1996, the Spill Fund collected \$15.4 million in taxes and \$18.3 million in revenues from licenses and other fees. Its FY 1996 expenditures, which cover claims, cleanups, bad debt and the administrative costs of various programs in the Department of Environmental Protection that are related to Spill Fund activities, totaled \$37.5 million. The Spill Fund's estimated balance at the end of FY 1997 is \$26.6 million.

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This 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.