

[First Reprint]
SENATE, No. 1683

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 7, 1996

By Senators CAFIERO, GORMLEY, DiFrancesco, O'Connor,
Lynch and Adler

1 AN ACT concerning the imposition of certain taxes on retail receipts
2 for the funding of the projects of certain tourism improvement and
3 development authorities, amending P.L.1992, c.165 and
4 supplementing P.L.1966, c.30.

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

8
9 1. Section 4 of P.L.1992, c.165 (C.40:54D-4) is amended to read
10 as follows:

11 4. a. Two or more contiguous municipalities located in a county
12 of the sixth class may, by ordinances of a substantially similar nature,
13 create a tourism improvement and development district for the purpose
14 of increasing public revenue and to levy taxes upon predominantly
15 tourism related retail receipts at a rate not to exceed [2 percent] five
16 percent, until certification by the director pursuant to subsection e. of
17 section 9 of P.L.1992, c.165 (C.40:54D-9), and thereafter at a rate not
18 to exceed 4 percent, and to devote the proceeds therefrom for the
19 purposes herein described. For the same purposes, the ordinances
20 establishing the district shall also provide for the imposition of tourism
21 development fees authorized pursuant to section 15 of this act,
22 P.L.1992, c.165 (C.40:54D-15). The taxes on predominantly tourism
23 related retail receipts and tourism development fees so imposed shall
24 be uniform throughout the district.

25 b. Notwithstanding any other law to the contrary, ordinances so
26 adopted shall not be subject to referenda, and shall not be altered or
27 repealed, except by mutual action of all such municipalities. Each
28 municipality which enters into the creation of the district shall
29 covenant that the ordinance shall not be altered or repealed in such
30 manner as to affect any bonds or other obligations pertaining to

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted November 18, 1996.

1 projects within the district which are outstanding.

2 c. The district shall comprise all territory within the boundaries of
3 the municipalities which create or enter into the district.

4 d. A contiguous municipality located in a county of the sixth class
5 may, by such an ordinance, and with the mutual consent of the
6 governing bodies of the municipalities which created the district, enter
7 into the district so created after the date of the district's creation.

8 e. A copy of an ordinance adopted pursuant to this section shall be
9 transmitted upon adoption or amendment to the State Treasurer. An
10 ordinance so adopted or any amendment thereto shall provide that the
11 retail receipts tax provisions of the ordinance or any amendment to the
12 retail receipts tax provisions shall take effect on the first day of the
13 first full month occurring 90 days after the date of transmittal to the
14 State Treasurer.

15 (cf: P.L.1992, c.165, s.4)

16

17 2. Section 9 of P.L.1992, c.165 (C.40:54D-9) is amended to read
18 as follows:

19 9. a. A vendor required to collect the tax upon predominantly
20 tourism related retail receipts imposed pursuant to this act shall on or
21 before the dates required pursuant to section 17 of P.L.1966, c.30
22 (C.54:32B-17), forward to the director the tax collected in the
23 preceding month and make and file a return for the preceding month
24 with the director on any form and containing any information as the
25 Director of the Division of Taxation in the Department of the Treasury
26 shall prescribe by rule or regulation as necessary to determine liability
27 for the tax in the preceding month during which the person was
28 required to collect the tax.

29 b. The director may permit or require returns to be made covering
30 other periods and upon any dates as the director may specify. In
31 addition, the director may require payments of tax liability at any
32 intervals and based upon any classifications as the director may
33 designate. In prescribing any other periods to be covered by the return
34 or intervals or classifications for payment of tax liability, the director
35 may take into account the dollar volume of tax involved as well as the
36 need for ensuring the prompt and orderly collection of the tax
37 imposed.

38 c. The director may require amended returns to be filed within
39 20 days after notice and to contain the information specified in the
40 notice.

41 d. The director shall inform the authority for each month in which
42 this tax is collected and returns made of the amount so collected in
43 each month.

44 e. From the date that substantially similar amendments to
45 municipal ordinances to increase the tax rate pursuant to P.L. , c.
46 (C.) (now pending before the Legislature as this bill), take effect

1 in all municipalities in the district, the director shall maintain a running
2 total of the amounts collected under the tax until such month as 20
3 percent of the amount collected under the increased tax rate equals the
4 total amount collected under the tax during the time the tax was levied
5 at a 2 percent rate pursuant to P.L.1992, c.165 (C.40:54D-1 et seq.).
6 The director shall, within 10 days of the receipt of that amount of tax
7 collected, certify to the governing body of each municipality in the
8 district that such amount has been collected.
9 (cf: P.L.1992, c.165, s.9)

10

11 ¹3. Section 14 of P.L.1992, c.165 (C. 40:54D-14) is amended to
12 read as follows:

13 14. a. Until such time as the conditions set forth in subsection b.
14 of this section are met, the revenues deposited by the State Treasurer
15 in the fund shall be applied for the purposes of financing the provision,
16 advertising, promotion, improvement and operation of the tourism
17 project within the district, and the acquisition, maintenance, operation
18 and support of the tourism project designated by the authority
19 authorized to undertake those activities pursuant to section 18 of this
20 act, P.L.1992, c.165 (C.40:54D-18); provided however, that all funds
21 derived from taxes upon predominantly tourism related retail receipts,
22 to the extent that the revenues are derived from taxes imposed at rates
23 in excess of 2 percent, shall be used solely for the costs of capital
24 construction or for the issuance of bonds for the acquisition,
25 construction, maintenance and operation of a capital construction
26 project and the payment of interest and principal on such bonds.

27 b. Commencing on that date which is the later of (1) July 1, 1993,
28 or (2) six months prior to the first date on which any payment of
29 principal or interest on any bonds or notes issued for, or any payment
30 of rent under any lease entered into by the authority in connection with
31 the acquisition, construction, reconstruction, maintenance, operation
32 or support of a convention center facility or other tourism project to
33 accomplish the purposes of the authority as set forth in section 21 of
34 this act, P.L.1992, c.165 (C.40:54D-21), are required to be made from
35 the revenues collected pursuant to section 4 of this act, P.L.1992,
36 c.165 (C.40:54D-4), the revenues thereafter retained by the State
37 Treasurer pursuant to section 12 of this act, P.L.1992, c.165
38 (C.40:54D-12), shall be applied exclusively in accordance with the
39 provisions of the resolution or resolutions authorizing the issuance of
40 bonds by the authority for that tourism project, to the payment of
41 principal of and interest on bonds so issued, the maintenance of
42 necessary reserves and the allocation of monies for future debt service
43 payments. On that date which is the later date determined pursuant to
44 paragraph 1 or 2 of this subsection, all monies then accumulated in the
45 fund shall be removed by the State Treasurer and the proceeds, with
46 the interest thereon, shall be used for any of the purposes set forth in

1 subsection a. of this section.

2 c. At the end of any full calendar year occurring after the date
3 which is the later date determined pursuant to paragraph 1 or 2 of
4 subsection b. of this section and after all payments coming due during
5 that calendar year of principal and interest on authority bonds or notes
6 issued for a tourism project have been made, and all obligations to the
7 holders of those bonds have been met, including the maintenance of
8 necessary reserves and the allocation of monies for future debt service
9 payments, any balance remaining in the fund in that calendar year shall
10 be applied to any deficiency between the operating expense budget and
11 the anticipated operating revenues available for the following fiscal
12 year to the entity operating the tourism project.

13 d. At the end of each full calendar year occurring after the date
14 which is the later date determined pursuant to paragraph 1 or 2 of
15 subsection b. of this section and after all payments for that year have
16 been made from the fund pursuant to subsections b. and c. of this
17 section, any monies remaining in the fund in that calendar year shall be
18 used for the purposes set forth in subsection a. of this section.

19 e. Pending application to the purposes for which monies deposited
20 in the fund may be used, the monies in the fund shall be invested by the
21 State Treasurer pursuant to applicable regulations prescribed for the
22 investment of State monies. Any income received from these
23 investments shall be added to the fund from which earned, and used
24 only for the purposes of the fund.¹

25 (cf: P.L.1992, c.165, s.14)

26

27 ¹[3.] 4.¹ (New section) Receipts from sales of tangible personal
28 property and services subject to a tax on predominantly tourism
29 related retail receipts authorized by municipal ordinances which were
30 adopted pursuant to P.L.1992, c.165 (C.40:54D-1 et seq.) are exempt
31 from the tax rate imposed under the "Sales and Use Tax Act" to the
32 extent that the tax rate imposed by the ordinances exceeds 2%.

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34 ¹[4.] 5.¹ This act shall take effect immediately.

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40 Increases local share of State and local taxes on tourism related retail
receipts in certain tourism improvement and development districts.