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P.L. 2018, CHAPTER 52, *approved July 1, 2018*
Assembly, No. 4229

1 AN ACT concerning the Meadowlands regional hotel use
2 assessment, and amending P.L.2015, c.19.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 84 of P.L.2015, c.19 (C.5:10A-84) is amended to
8 read as follows:

9 84. As used in sections 82 through 85 of P.L.2015, c.19
10 (C.5:10A-82 et seq.):

11 "Commission" means the New Jersey Sports and Exposition
12 Authority, which may be referred to as the "Meadowlands Regional
13 Commission," as established by section 6 of P.L.2015, c.19
14 (C.5:10A-6).

15 "Constituent municipality" means any of the following
16 municipalities: Carlstadt, East Rutherford, Little Ferry, Lyndhurst,
17 Moonachie, North Arlington, Ridgefield, Rutherford, South
18 Hackensack, and Teterboro in Bergen county; and Jersey City,
19 Kearny, North Bergen, and Secaucus in Hudson county.

20 "Meadowlands district" means the Hackensack Meadowlands
21 District, the area delineated within section 5 of P.L.2015, c.19
22 (C.5:10A-5).

23 "Public venue" means any place located within the Meadowlands
24 district, whether publicly or privately owned, where any facilities
25 for entertainment, amusement, or sports are provided, but shall not
26 include a movie theater.

27 "Public event" means any spectator sporting event, trade show,
28 exposition, concert, amusement, or other event open to the public
29 that takes place at a public venue, but shall not include a major
30 league football game.
31 (cf: P.L.2015, c.72, s.27)

32
33 2. Section 85 of P.L.2015, c.19 (C.5:10A-85) is amended to
34 read as follows:

35 85. a. (1) Beginning on the first day of the first month next
36 following the enactment of P.L.2015 c.19 (C.5:10A-1 et al.), there
37 is imposed a Meadowlands regional hotel use assessment on the
38 rent for the occupancy of every room in every hotel located in the
39 Meadowlands district, including any hotels located on land owned
40 by the State.

41 (2) Beginning on the first day of the first month next following
42 the enactment of P.L. c. (pending before the Legislature as this

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 bill), the Meadowlands regional hotel use assessment shall be
2 applied on the rent for the occupancy of every room in every hotel
3 located outside of the Meadowlands district, but within a
4 constituent municipality, including any hotels located on land
5 owned by the State.

6 (3) The assessment imposed under this subsection shall be 3%
7 of the rent charged for every occupancy of a room or rooms in a
8 hotel subject to taxation pursuant to subsection (d) of section 3 of
9 P.L.1966, c.30 (C.54:32B-3), and shall be paid to the Director of
10 the Division of Taxation by each person required to collect the tax
11 not later than the 10th day of each month based on the occupancy of
12 rooms in that hotel during the previous calendar month.

13 b. In carrying out the provisions of subsection a. of this
14 section, the director shall have all of the powers and authority
15 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The tax shall be
16 filed and paid in a manner prescribed by the Director of the
17 Division of Taxation. The director shall promulgate such rules and
18 regulations as the director determines are necessary to effectuate the
19 provisions of this section.

20 Each person required to collect the assessment shall be
21 personally liable for the assessment imposed, collected, or required
22 to be paid, collected, or remitted under this section. Any such
23 person shall have the same right in respect to collecting the fee from
24 that person's customer or in respect to non-payment of the fee by
25 the customer as if the fee were a part of the purchase price of the
26 occupancy or rent, as the case may be, and payable at the same
27 time; provided, however, that the director shall be joined as a party
28 in any action or proceeding brought to collect the fee.

29 For purposes of this section, "person" includes: an individual,
30 partnership, corporation, or an officer, director, stockholder, or
31 employee of a corporation, or a member or employee of a
32 partnership, who as such officer, director, stockholder, employee, or
33 member is under the duty to perform the act in respect of which the
34 violation occurs.

35 An assessment imposed under this section shall be in addition to
36 any other tax or fee imposed pursuant to statute or local ordinance
37 or resolution by any governmental entity.

38 c. Assessment revenue shall be collected by the Director of the
39 Division of Taxation and shall be deposited by the Director of the
40 Division of Taxation into the intermunicipal account established
41 pursuant to section 53 of P.L.2015, c.19 (C.5:10A-53), and shall be
42 used to pay meadowlands adjustment payments to municipalities in
43 the Meadowlands district pursuant to the provisions of sections 1
44 through 68 of P.L.2015, c.19 (C.5:10A-1 et seq.). If in any year,
45 assessment revenue in the intermunicipal account exceeds the
46 amount necessary to pay meadowlands adjustment payments to
47 municipalities in the Meadowlands district, that remaining

1 assessment revenue may be used for the purposes set forth in
2 subsection e. of this section.

3 d. In the event sufficient assessment revenue is unavailable in
4 any year to pay all of the required meadowlands adjustment
5 payments to municipalities in the Meadowlands district, the State
6 Treasurer shall provide the commission with such funds as may be
7 necessary to make all of the required payments to those
8 municipalities.

9 e. In the event that in any year, after the required meadowlands
10 adjustment payments have been made to municipalities in the
11 Meadowlands district, assessment revenue remains in the
12 intermunicipal account, that remaining assessment revenue may be
13 used in that year for the following purposes:

14 (1) the commission may perform projects in the areas of flood
15 control, traffic, renewable energy, or other infrastructure
16 improvement projects and utilize monies from the project fund for
17 property acquisition, demolition, clearance, removal, relocation,
18 renovation, alteration, construction, reconstruction, installation, or
19 repair of a structure or improvement, and the costs associated
20 therewith including the costs of appraisal, economic and
21 environmental analyses or engineering, planning, design,
22 architectural, surveying, or other professional services;

23 (2) the commission may expend funds towards the promotion of
24 the Meadowlands district as a tourism destination;

25 (3) the commission may fund the acquisition of property for the
26 purpose of open space preservation and the costs associated
27 therewith including the costs of appraisal, economic and
28 environmental analyses or engineering, surveying, or other
29 professional services; or

30 (4) the commission may fund the creation of parks and other
31 recreational facilities and the costs associated therewith, including
32 the costs of appraisal, economic and environmental analyses or
33 engineering planning, design, architectural, surveying, or other
34 professional services.

35 Not later than the first day of the third month next following the
36 enactment of P.L.2015, c.19 (C.5:10A-1 et al.) and pursuant to the
37 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
38 seq.), the commission shall adopt, by resolution, standards for the
39 disbursement in any year of any remaining assessment revenue for
40 projects and uses set forth in subsection e. of this section.

41 f. Terms used in this section shall have the meaning given
42 those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).
43 (cf: P.L.2015, c.72, s.28)

44

45 3. This act shall take effect immediately.

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STATEMENT

This bill would expand the application of the Meadowlands regional hotel use assessment to every hotel located in one of the 14 municipalities that participate in the Meadowlands revenue sharing program. Under existing law, this assessment only applies to hotels within the Meadowlands District, a more limited area consisting only of portions of the constituent municipalities.

Applies Meadowlands regional hotel use assessment to all municipalities that participate in Meadowlands tax sharing program.

ASSEMBLY, No. 4229

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 18, 2018

Sponsored by:

Assemblyman CLINTON CALABRESE

District 36 (Bergen and Passaic)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman ANGELICA M. JIMENEZ

District 32 (Bergen and Hudson)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Co-Sponsored by:

Assemblyman Johnson

SYNOPSIS

Applies Meadowlands regional hotel use assessment to all municipalities that participate in Meadowlands tax sharing program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/26/2018)

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20 the Meadowlands district as a tourism destination;

21 (3) the commission may fund the acquisition of property for the
22 purpose of open space preservation and the costs associated
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24 environmental analyses or engineering, surveying, or other
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39 (cf: P.L.2015, c.72, s.28)

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41 3. This act shall take effect immediately.

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STATEMENT

45

46 This bill would expand the application of the Meadowlands
47 regional hotel use assessment to every hotel located in one of the 14
48 municipalities that participate in the Meadowlands revenue sharing

A4229 CALABRESE, SCHAER

5

- 1 program. Under existing law, this assessment only applies to hotels
- 2 within the Meadowlands District, a more limited area consisting
- 3 only of portions of the constituent municipalities.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4229

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Assembly Budget Committee reports favorably Assembly Bill No. 4229.

This bill would expand the application of the Meadowlands regional hotel use assessment to every hotel located in one of the 14 municipalities that participate in the Meadowlands revenue sharing program. Under existing law, this assessment only applies to hotels within the Meadowlands District, a more limited area consisting only of portions of the constituent municipalities.

FISCAL IMPACT:

The bill will result in an indeterminate annual increase in revenue paid to the State for distribution to certain municipalities entitled to receive intermunicipal tax sharing payments, or for expenditure by the Meadowlands Regional Commission. Insufficient information is available on the number of additional hotel room occupancies that will become subject to the assessment upon which to base an estimate. The assessment resulted in about \$4million annually in FY 2016 and FY 2017, the two complete fiscal years in which the assessment has been in effect.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4229
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 27, 2018

SUMMARY

Synopsis: Applies Meadowlands regional hotel use assessment to all municipalities that participate in Meadowlands tax sharing program.

Type of Impact: Indeterminate increase in State revenue; indeterminate impact on State expenditures.

Agencies Affected: Department of Treasury, New Jersey Sports and Exposition Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate Impact	
State Revenue		Indeterminate Increase	

- The Office of Legislative Services (OLS) estimates that the enactment of the bill would result in an indeterminate increase in State revenues and an indeterminate impact on State expenditures.
- The enactment of the bill would increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. Currently, the assessment is only applied to hotels located within the district. Lacking sufficient information, the OLS is unable to quantify the anticipated increase in revenue.
- The proceeds of the Meadowlands hotel use assessment are deposited into an intermunicipal account and distributed to municipalities located within the Meadowlands district as Meadowlands adjustment payments. The distribution of Meadowlands adjustment payment is determined by a statutory formula, which is unaffected by the bill.
- The enactment of the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces or eliminates the State’s responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments.

- If the proceeds of the expanded Meadowlands hotel use assessment were to exceed the amount of Meadowlands adjustment payments distributed in a given year, the enactment of the bill could result in increased expenditures by the New Jersey Sports and Exposition Authority during that year.
- The OLS also notes that the enactment of the bill is not expected to directly impact the annual revenues of the municipalities that receive Meadowlands adjustment payments because the bill does not affect the statutory funding formula of these payments.

BILL DESCRIPTION

The bill would expand the application of the Meadowlands regional hotel use assessment to every hotel located in one of the 14 municipalities that participate in the Meadowlands revenue sharing program. Under existing law, this assessment only applies to hotels within the Meadowlands District, a more limited area consisting only of portions of the constituent municipalities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the enactment of the bill would result in an indeterminate increase in State revenues and an indeterminate impact on State expenditures. Most notably, the bill is expected to increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. In addition, the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces the State's responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments. Lacking sufficient information, the OLS is unable to quantify the expected increase in State revenues or determine its actual effect on State expenditures.

The Meadowlands Regional Hotel Use Assessment

Under current law, a three percent tax, referred to as the Meadowlands regional hotel use assessment, is imposed on the rent of every room in every hotel located within the Meadowlands district. The proceeds of this tax are collected by the Director of the Division of Taxation in the Department of Treasury and deposited into an intermunicipal account. Monies held in the intermunicipal account are distributed as Meadowlands adjustment payments to municipalities located in the Meadowlands district. The amount that each municipality receives in Meadowlands adjustment payments is determined by a statutory formula pursuant to the

provisions of the "Hackensack Meadowlands Agency Consolidation Act," sections 1 through 68 of P.L.2015, c.19, (C.5:10A-1 et seq.). The State collected \$3.996 million and \$4.007 million from the Meadowlands regional hotel use assessment in FY2016 and FY2017, respectively.

If, in any year, the proceeds of the Meadowlands hotel use assessment are insufficient to support the Meadowlands adjustment payments, the State is required to provide additional funding to the New Jersey Sports and Exposition Authority to ensure that each municipality receives its full adjustment payment. The State transferred \$4.5 million to support these payments in FY2016. The State also appropriated a \$3 million from the Property Tax Relief Fund in FY2018 to support calendar year 2016 adjustment payment arrears.

In contrast, if the proceeds of the Meadowlands hotel use assessment were to exceed the amount owed in adjustment payments in any year, the remaining revenue may be used by the New Jersey Sports and Exposition Authority to: (1) perform projects in the areas of flood control, traffic, renewable energy, or other infrastructure improvement projects; (2) promote the Meadowlands district as a tourism destination; (3) acquire property for the purpose of open space preservation; and (4) create parks and other recreational facilities.

State Revenues

The enactment of the bill is expected to increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. The following 14 municipalities are considered "constituent municipalities," as defined in the bill: Carlstadt, East Rutherford, Little Ferry, Lyndhurst, Moonachie, North Arlington, Ridgefield, Rutherford, South Hackensack, Teterboro, Jersey City, Kearny, North Bergen, and Secaucus. The increase in State revenue resulting from the bill would be equal to the amount of Meadowlands regional hotel use assessments collections from hotels located outside of the Meadowlands district, but inside of any of the 14 constituent municipalities. The OLS is unable to quantify this anticipated increase in revenue.

State Expenditures

The enactment of the bill is expected to have an indeterminate impact on State expenditures. Depending on the amount that is collected from the expanded Meadowlands hotel use assessment, the bill could either result in an increase or decrease in certain State expenditures. The OLS also notes that the enactment of the bill would not increase the amount of Meadowlands adjustment payments that the State is required to distribute.

Most notably, the enactment of the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces or eliminates the State's responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments. Assuming that the Meadowlands adjustment payments are fully distributed every year, the enactment of the bill would reduce the extent to which the State is required to appropriate or transfer budgeted revenues to support those payments.

In addition, if the proceeds of the expanded Meadowlands hotel use assessment were to exceed the amount owed to municipalities in Meadowlands adjustment payments in any year, the New Jersey Sports and Exposition Authority would be authorized to expend those monies for certain purposes. In this situation, the enactment of the bill would result in an increase in non-budgeted State expenditures.

Local Revenue

The OLS also notes that the enactment of the bill is not expected to directly impact the annual revenues of the municipalities that receive Meadowlands adjustment payments. Under current law, the distribution of Meadowlands adjustment payments is determined by a statutory formula, which is unaffected by the provisions of the bill. Assuming that these payments were fully funded in every year, municipalities therefore would not receive an adjustment payment increase as a result of the bill. However, to the extent that the State did not provide the supplemental funding necessary to fully fund these payments in any year, the enactment of the bill would ensure that these municipalities receive a larger adjustment payment that would have otherwise been provided.

Section: Local Government

Analyst: Joseph A. Pezzulo
Assistant Research Analyst

Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 2772

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED JUNE 18, 2018

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Assemblyman CLINTON CALABRESE

District 36 (Bergen and Passaic)

SYNOPSIS

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(Sponsorship Updated As Of: 6/22/2018)

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21 that person's customer or in respect to non-payment of the fee by
22 the customer as if the fee were a part of the purchase price of the
23 occupancy or rent, as the case may be, and payable at the same
24 time; provided, however, that the director shall be joined as a party
25 in any action or proceeding brought to collect the fee.

26 For purposes of this section, "person" includes: an individual,
27 partnership, corporation, or an officer, director, stockholder, or
28 employee of a corporation, or a member or employee of a
29 partnership, who as such officer, director, stockholder, employee, or
30 member is under the duty to perform the act in respect of which the
31 violation occurs.

32 An assessment imposed under this section shall be in addition to
33 any other tax or fee imposed pursuant to statute or local ordinance
34 or resolution by any governmental entity.

35 c. Assessment revenue shall be collected by the Director of the
36 Division of Taxation and shall be deposited by the Director of the
37 Division of Taxation into the intermunicipal account established
38 pursuant to section 53 of P.L.2015, c.19 (C.5:10A-53), and shall be
39 used to pay meadowlands adjustment payments to municipalities in
40 the Meadowlands district pursuant to the provisions of sections 1
41 through 68 of P.L.2015, c.19 (C.5:10A-1 et seq.). If in any year,
42 assessment revenue in the intermunicipal account exceeds the
43 amount necessary to pay meadowlands adjustment payments to
44 municipalities in the Meadowlands district, that remaining
45 assessment revenue may be used for the purposes set forth in
46 subsection e. of this section.

47 d. In the event sufficient assessment revenue is unavailable in
48 any year to pay all of the required meadowlands adjustment

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1 payments to municipalities in the Meadowlands district, the State
2 Treasurer shall provide the commission with such funds as may be
3 necessary to make all of the required payments to those
4 municipalities.

5 e. In the event that in any year, after the required meadowlands
6 adjustment payments have been made to municipalities in the
7 Meadowlands district, assessment revenue remains in the
8 intermunicipal account, that remaining assessment revenue may be
9 used in that year for the following purposes:

10 (1) the commission may perform projects in the areas of flood
11 control, traffic, renewable energy, or other infrastructure
12 improvement projects and utilize monies from the project fund for
13 property acquisition, demolition, clearance, removal, relocation,
14 renovation, alteration, construction, reconstruction, installation, or
15 repair of a structure or improvement, and the costs associated
16 therewith including the costs of appraisal, economic and
17 environmental analyses or engineering, planning, design,
18 architectural, surveying, or other professional services;

19 (2) the commission may expend funds towards the promotion of
20 the Meadowlands district as a tourism destination;

21 (3) the commission may fund the acquisition of property for the
22 purpose of open space preservation and the costs associated
23 therewith including the costs of appraisal, economic and
24 environmental analyses or engineering, surveying, or other
25 professional services; or

26 (4) the commission may fund the creation of parks and other
27 recreational facilities and the costs associated therewith, including
28 the costs of appraisal, economic and environmental analyses or
29 engineering planning, design, architectural, surveying, or other
30 professional services.

31 Not later than the first day of the third month next following the
32 enactment of P.L.2015, c.19 (C.5:10A-1 et al.) and pursuant to the
33 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
34 seq.), the commission shall adopt, by resolution, standards for the
35 disbursement in any year of any remaining assessment revenue for
36 projects and uses set forth in subsection e. of this section.

37 f. Terms used in this section shall have the meaning given
38 those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).
39 (cf: P.L.2015, c.72, s.28)

40

41 3. This act shall take effect immediately.

42

43

44

STATEMENT

45

46 This bill would expand the application of the Meadowlands
47 regional hotel use assessment to every hotel located in one of the 14
48 municipalities that participate in the Meadowlands revenue sharing

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5

- 1 program. Under existing law, this assessment only applies to hotels
- 2 within the Meadowlands District, a more limited area consisting
- 3 only of portions of the constituent municipalities.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2772

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2772.

This bill expands the application of the Meadowlands regional hotel use assessment to every hotel located in one of the 14 municipalities that participate in the Meadowlands revenue sharing program. Under existing law, this assessment only applies to hotels within the Meadowlands District, a more limited area consisting only of portions of the constituent municipalities.

FISCAL IMPACT:

The bill will result in an indeterminate annual increase in revenue paid to the State for distribution to certain municipalities entitled to receive intermunicipal tax sharing payments, or for expenditure by the Meadowlands Regional Commission. Insufficient information is available on the number of additional hotel room occupancies that will become subject to the assessment upon which to base an estimate. The assessment resulted in about \$4 million annually in FY 2016 and FY 2017, the two complete fiscal years in which the assessment has been in effect.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2772
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 27, 2018

SUMMARY

Synopsis: Applies Meadowlands regional hotel use assessment to all municipalities that participate in Meadowlands tax sharing program.

Type of Impact: Indeterminate increase in State revenue; indeterminate impact on State expenditures.

Agencies Affected: Department of Treasury, New Jersey Sports and Exposition Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate Impact	
State Revenue		Indeterminate Increase	

- The Office of Legislative Services (OLS) estimates that the enactment of the bill would result in an indeterminate increase in State revenues and an indeterminate impact on State expenditures.
- The enactment of the bill would increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. Currently, the assessment is only applied to hotels located within the district. Lacking sufficient information, the OLS is unable to quantify the anticipated increase in revenue.
- The proceeds of the Meadowlands hotel use assessment are deposited into an intermunicipal account and distributed to municipalities located within the Meadowlands district as Meadowlands adjustment payments. The distribution of Meadowlands adjustment payment is determined by a statutory formula, which is unaffected by the bill.
- The enactment of the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces or eliminates the State's responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments.

- If the proceeds of the expanded Meadowlands hotel use assessment were to exceed the amount of Meadowlands adjustment payments distributed in a given year, the enactment of the bill could result in increased expenditures by the New Jersey Sports and Exposition Authority during that year.
- The OLS also notes that the enactment of the bill is not expected to directly impact the annual revenues of the municipalities that receive Meadowlands adjustment payments because the bill does not affect the statutory funding formula of these payments.

BILL DESCRIPTION

The bill would expand the application of the Meadowlands regional hotel use assessment to every hotel located in one of the 14 municipalities that participate in the Meadowlands revenue sharing program. Under existing law, this assessment only applies to hotels within the Meadowlands District, a more limited area consisting only of portions of the constituent municipalities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the enactment of the bill would result in an indeterminate increase in State revenues and an indeterminate impact on State expenditures. Most notably, the bill is expected to increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. In addition, the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces the State's responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments. Lacking sufficient information, the OLS is unable to quantify the expected increase in State revenues or determine its actual effect on State expenditures.

The Meadowlands Regional Hotel Use Assessment

Under current law, a three percent tax, referred to as the Meadowlands regional hotel use assessment, is imposed on the rent of every room in every hotel located within the Meadowlands district. The proceeds of this tax are collected by the Director of the Division of Taxation in the Department of Treasury and deposited into an intermunicipal account. Monies held in the intermunicipal account are distributed as Meadowlands adjustment payments to municipalities located in the Meadowlands district. The amount that each municipality receives in Meadowlands adjustment payments is determined by a statutory formula pursuant to the provisions of the "Hackensack Meadowlands Agency Consolidation Act," sections 1 through 68

of P.L.2015, c.19, (C.5:10A-1 et seq.). The State collected \$3.996 million and \$4.007 million from the Meadowlands regional hotel use assessment in FY2016 and FY2017, respectively.

If, in any year, the proceeds of the Meadowlands hotel use assessment are insufficient to support the Meadowlands adjustment payments, the State is required to provide additional funding to the New Jersey Sports and Exposition Authority to ensure that each municipality receives its full adjustment payment. The State transferred \$4.5 million to support these payments in FY2016. The State also appropriated a \$3 million from the Property Tax Relief Fund in FY2018 to support calendar year 2016 adjustment payment arrears.

In contrast, if the proceeds of the Meadowlands hotel use assessment were to exceed the amount owed in adjustment payments in any year, the remaining revenue may be used by the New Jersey Sports and Exposition Authority to: (1) perform projects in the areas of flood control, traffic, renewable energy, or other infrastructure improvement projects; (2) promote the Meadowlands district as a tourism destination; (3) acquire property for the purpose of open space preservation; and (4) create parks and other recreational facilities.

State Revenues

The enactment of the bill is expected to increase State revenues by expanding the applicability of the Meadowlands regional hotel use assessment to include every hotel that is located within a constituent municipality of the Meadowlands district. The following 14 municipalities are considered “constituent municipalities,” as defined in the bill: Carlstadt, East Rutherford, Little Ferry, Lyndhurst, Moonachie, North Arlington, Ridgefield, Rutherford, South Hackensack, Teterboro, Jersey City, Kearny, North Bergen, and Secaucus. The increase in State revenue resulting from the bill would be equal to the amount of Meadowlands regional hotel use assessments collections from hotels located outside of the Meadowlands district, but inside of any of the 14 constituent municipalities. The OLS is unable to quantify this anticipated increase in revenue.

State Expenditures

The enactment of the bill is expected to have an indeterminate impact on State expenditures. Depending on the amount that is collected from the expanded Meadowlands hotel use assessment, the bill could either result in an increase or decrease in certain State expenditures. The OLS also notes that the enactment of the bill would not increase the amount of Meadowlands adjustment payments that the State is required to distribute.

Most notably, the enactment of the bill could result in a decrease in budgeted State expenditures to the extent that the increase in Meadowlands hotel use assessment collections reduces or eliminates the State’s responsibility to provide supplemental funding to support the distribution of Meadowlands adjustment payments. Assuming that the Meadowlands adjustment payments are fully distributed every year, the enactment of the bill would reduce the extent to which the State is required to appropriate or transfer budgeted revenues to support those payments.

In addition, if the proceeds of the expanded Meadowlands hotel use assessment were to exceed the amount owed to municipalities in Meadowlands adjustment payments in any year, the New Jersey Sports and Exposition Authority would be authorized to expend those monies for certain purposes. In this situation, the enactment of the bill would result in an increase in non-budgeted State expenditures.

Local Revenue

The OLS also notes that the enactment of the bill is not expected to directly impact the annual revenues of the municipalities that receive Meadowlands adjustment payments. Under current law, the distribution of Meadowlands adjustment payments is determined by a statutory formula, which is unaffected by the provisions of the bill. Assuming that these payments were fully funded in every year, municipalities therefore would not receive an adjustment payment increase as a result of the bill. However, to the extent that the State did not provide the supplemental funding necessary to fully fund these payments in any year, the enactment of the bill would ensure that these municipalities receive a larger adjustment payment that would have otherwise been provided.

Section: Local Government

Analyst: Joseph A. Pezzulo
Assistant Research Analyst

Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).



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Newark, N.J.

Governor Murphy Signs Fiscal Year 2019 Budget into Law

07/1/2018

TRENTON - Governor Phil Murphy today conditionally vetoed the following bills and signed them into law after the Legislature concurred with the Governor's recommendations:

ACS for A-3088wGR/SCS for S-64, 1515, 2407 (Jimenez, Dancer, Mukherji/Turner, Singleton, Ruiz, Pennacchio) - Increases earned income tax credit; provides credit for child or dependent care expenses; taxes "investment management services
[Copy of Message on A-3088](#)

A-3438wGR/SCS for S-1841, 2523 (Karabinchak, Coughlin, DeAngelo/Diegnan, Cryan) - Requires Director of the Division of Taxation to establish 90-day State tax amnesty period that ends no later than January 15, 2019
[Copy of Message on A-3438](#)

ACS for A-4061wGR/S-2767 (Chiaravalloti, Mukherji/Cruz-Perez) - Imposes surcharge on prearranged rides and increases certain fee associated with motor vehicle violations
[Copy of Message on A-4061](#)

A-4202wGR/S-2746 (Pintor Marin/Sweeney) - Imposes surtax on corporation business tax liability; decouples certain provisions from Internal Revenue Code; imposes tax on certain dividends
[Copy of Message on A-4202](#)

Governor Murphy signed the following bills into law:

A-1753/S-749 (Quijano, Vainieri Huttel, Mukherji, Giblin/Diegnan, Sarlo) - Imposes State sales and use tax and hotel and motel occupancy fee on transient accommodations; authorizes various municipal taxes and fees on transient accommodations

A-4132/S-2731 (Pintor Marin, Timberlake, Mukherji/Sarlo) - Imposes \$0.10 per fluid milliliter tax related to sales of liquid nicotine

A-4207/S-2657 (Greenwald/Sarlo) - Establishes Medicaid emergency room triage reimbursement fee for low acuity emergency room encounters

A-4229/S-2772 (Calabrese, Schaer, Jimenez/Sarlo) - Applies Meadowlands regional hotel use assessment to all municipalities that participate in Meadowlands tax sharing program

Governor Murphy signed the following bills into law while exercising his line item veto authority:

S-2019/A-4200 (Sarlo/Pintor Marin, Burzichelli) - LINE ITEM - Appropriates \$36,517,421,000 in State funds and \$16,551,418,698 in federal funds for the State budget for fiscal year 2018-2019

[Line Item Veto of S-2019](#)

[Line Item Veto Message on S-2019](#)

S-2824/A-4326 (Sarlo/Coughlin) - LINE ITEM - Amends and supplements various appropriations and language provisions in Fiscal year 2019 annual State appropriations ac

[Line Item Veto of S-2824](#)

[Line Item Veto Message on S-2824](#)

Revenue Certification for Fiscal Year 2019 Budget - <https://nj.gov/governor/news/statements/docs/RevenueCert-S2019.pdf>

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Governor Phil Murphy

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