

P.L.1999, CHAPTER 247, *approved October 15, 1999*
Assembly, No. 2023 (*First Reprint*)

1 **AN ACT** concerning certain public employee annuity programs,
2 amending various parts of the statutory law and supplementing Title
3 40A of the New Jersey Statutes.

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

7
8 1. N.J.S.18A:66-127 is amended to read as follows:

9 18A:66-127. Any board of education may enter into an agreement
10 with any of its employees whereby the employee agrees to take a
11 reduction in salary with respect to amounts earned after the effective
12 date of such agreement in return for the board's agreement to use a
13 corresponding amount to purchase for the employee an annuity, as
14 defined by N.J.S.17B:17-5, from any company authorized to sell such
15 annuities under the provisions of Title 17B of the New Jersey Statutes,
16 or to invest in a custodial account for the employee through a
17 broker-dealer or agent registered pursuant to the provisions of
18 sections 9 and 10 of the "Uniform Securities Law (1967)," P.L.1967,
19 c.93 (C.49:3-56 and C.49:3-57).

20 Any such annuity shall be purchased by means of an individual or
21 group annuity contract which may provide for continuance of purchase
22 payments during total disability, and under which the rights of such
23 employee to such contract shall be nonforfeitable. Any such custodial
24 account shall be established in accordance with and maintained to meet
25 the requirements of section 403(b)(7) of the Federal Internal Revenue
26 Code of 1954 as amended. Every such agreement shall specify the
27 amount of such reduction, the effective date thereof, and shall be
28 legally binding and irrevocable with respect to the amounts earned
29 while the agreement is in effect. The total amount of the reductions
30 in an employee's salary pursuant hereto, for any calendar year, shall
31 not, when added to the contributions made in such year on behalf of
32 such employee in accordance with section 7 of P.L.1963, c.123
33 (C.52:18A-113), exceed the limitations set forth in P.L.93-406
34 (Employment Retirement Income Security Act of 1974) and section
35 415(c) of the Internal Revenue Code of 1954 as amended for such
36 year. Any such agreement may be terminated upon notice in writing
37 by either party.

38 Amounts payable pursuant to this section by a board of education
39 on behalf of an employee for a pay period shall be transmitted ¹**[on.]**¹

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ **Assembly ASG committee amendments adopted November 16, 1998.**

1 and credited ¹**【as of,】** not later than the fifth business day after ¹ the
2 date on which the employee is paid for that pay period.

3 (cf: P.L.1981, c.550, s.1)

4

5 2. Section 24 of P.L.1969, c.242 (C.18A:66-190) is amended to
6 read as follows:

7 24. The Board of Trustees of the University of Medicine and
8 Dentistry of New Jersey **【College of Medicine and Dentistry】**, the
9 Board of Governors of Rutgers, The State University, the Board of
10 Trustees of the New Jersey Institute of Technology and the boards of
11 trustees of State and county colleges, are hereby authorized to enter
12 into agreement with each employee participating in the alternate
13 benefit program whereby the employee agrees to take a reduction in
14 salary with respect to amounts earned after the effective date of such
15 agreement in return for the agreement of the respective institution to
16 use a corresponding amount to purchase an annuity for such employee
17 so as to obtain the benefits afforded under section 403(b) of the
18 federal Internal Revenue Code, as amended. Any such agreement shall
19 specify the amount of such reduction, the effective date thereof, and
20 shall be legally binding and irrevocable with respect to amounts earned
21 while the agreement is in effect; provided, however, that such
22 agreement may be terminated after it has been in effect for a period of
23 not less than one year upon notice in writing by either party, and
24 provided further that not more than one such agreement shall be
25 entered into during any taxable year of the employee. For the
26 purposes of this section, any annuity or other contract which meets the
27 requirements of section 403(b) of the federal Internal Revenue Code,
28 as amended, may be utilized. The amount of the reduction in salary
29 under any agreement entered into between the institutions and any
30 employee pursuant to this section shall not exceed the limitations set
31 forth in P.L.93-406 (Employment Retirement Income Security Act of
32 1974) and Section 415(c) of the Internal Revenue Code of 1954 as
33 amended for such year.

34 Amounts payable pursuant to this section by an institution on behalf
35 of an employee for a pay period shall be transmitted ¹**【on,】** ¹ and
36 credited ¹**【as of,】** not later than the fifth business day after ¹ the date
37 on which the employee is paid for that pay period.

38 (cf: P.L.1994, c.48, s.191)

39

40 3. Section 4 of P.L.1965, c.90 (C.52:18A-113.1) is amended to
41 read as follows:

42 4. Any employee who is a member of a State administered
43 retirement system may enter into an agreement with his employer
44 whereby the employee agrees to a reduction in salary in return for his
45 employer's agreement to use the amount of such reduction in salary
46 to purchase on behalf of such employee from the Supplemental

1 Annuity Collective Trust of New Jersey an annuity, provided that any
2 such annuity qualifies under section 403(b) of the Internal Revenue
3 Code of 1954, as amended. The amount of the reduction in salary
4 under any agreement entered into between an employee and his
5 employer pursuant to this section shall not exceed 10% of the
6 employee's salary prior to such reduction. Any such agreement shall
7 remain in effect for at least 1 year. If an agreement is entered into
8 between an employee and his employer pursuant to this section, the
9 employer shall pay the premiums for the annuity purchased directly to
10 the Supplemental Annuity Collective Trust in accordance with rules
11 and regulations promulgated by the council.

12 Amounts payable pursuant to this section by an employer on behalf
13 of an employee for a pay period shall be transmitted ¹【on.】¹ and
14 credited ¹【as of.】 not later than the fifth business day after¹ the date
15 on which the employee is paid for that pay period.

16 (cf: P.L.1965, c.90, s.4)

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18 4. Section 1 of P.L.1995, c.92 (C.52:18A-113.2) is amended to
19 read as follows:

20 1. a. The Department of Education, the Commission on Higher
21 Education, and the governing body of any public institution of higher
22 education may enter into a written agreement with any of its
23 employees to reduce the employee's annual salary for the purpose of
24 investing in a tax-deferred annuity for the employee pursuant to
25 section 403(b) of the federal Internal Revenue Code of 1954, as
26 amended. Investments shall be (1) with an insurer or mutual fund
27 company authorized to provide investment contracts under the
28 alternate benefit program; (2) in investment contracts authorized under
29 the program for supplemental retirement benefits which meet the
30 requirements of section 403(b) of the federal Internal Revenue Code,
31 as amended; and (3) on the same terms and conditions provided for
32 participants in the alternate benefit program.

33 b. An agreement (1) shall specify the amount and the effective date
34 of the reduction; (2) shall be subject to filing with and approval by the
35 State Treasurer or filing with and approval by the governing body of
36 the institution of public higher education, as appropriate; and (3) shall
37 be legally binding and irrevocable with respect to the amounts earned
38 while the agreement is in effect. The total amount of the reduction in
39 an employee's salary pursuant hereto, for any calendar year, shall not,
40 when added to the contributions made in the year on behalf of the
41 employee in accordance with section 7 of P.L.1963, c.123
42 (C.52:18A-113), exceed the limitations set forth in Pub.L.93-406
43 (Employment Retirement Income Security Act of 1974) and section
44 415 (c) of the Internal Revenue Code (26 U.S.C.s.415 (c)).

45 c. An agreement may be terminated at any time upon written notice
46 by either the employee or the employer. Termination shall take effect

1 at the beginning of the payroll period whose first day is nearest to the
2 30th day following the day on which notification of termination was
3 (1) received by the employer, in the event termination is initiated by
4 the employee, or (2) sent to the employee, in the event termination is
5 initiated by the employer.

6 d. Amounts payable pursuant to this section by an employer on
7 behalf of an employee for a payroll period shall be transmitted ¹[on,]¹
8 and credited ¹[as of,] not later than the fifth business day after¹ the
9 date on which the employee is paid for that pay period.

10 (cf: P.L.1995, c.92, s.1)

11

12 5. (New section) Amounts payable by a unit of local government
13 which has entered into an agreement with any of its employees under
14 which the employee agrees to take a reduction in salary in return for
15 the public entity's agreement to use a corresponding amount to
16 purchase for the employee an annuity meeting the requirements of
17 section 403(b) of the federal Internal Revenue Code for a pay period
18 shall be transmitted ¹[on,]¹ and credited ¹[as of] not later than the
19 fifth business day after¹ the date on which the employee is paid for that
20 pay period.

21

22 6. This act shall take effect on the 30th day after enactment.

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26

27 Requires public employers to promptly pay amounts due certain
28 employee annuity programs.

ASSEMBLY, No. 2023

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED MAY 7, 1998

Sponsored by:

Assemblywoman ARLINE M. FRISCIA

District 19 (Middlesex)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Co-Sponsored by:

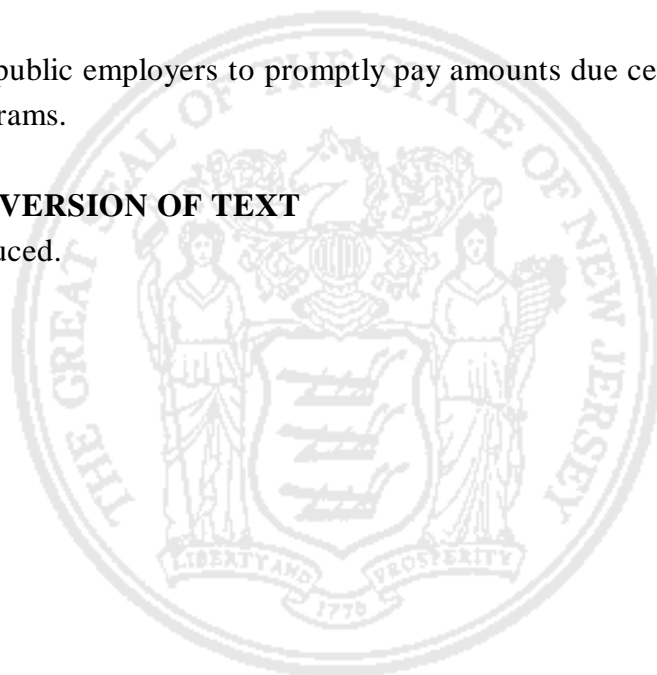
Assemblyman Barnes, Assemblywoman Buono, Assemblymen Blee, Charles, Cohen, Conaway, Doria, Payne, Tucker, Assemblywomen Watson Coleman, Weinberg, Assemblymen Felice, Luongo, Roberts, R.Smith, T.Smith, Wisniewski, Caraballo, Geist, Green, Greenwald, Assemblywomen Previte, Quigley, Assemblymen Holzapfel and Wolfe

SYNOPSIS

Requires public employers to promptly pay amounts due certain employee annuity programs.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/16/1998)

A2023 FRISCIA, GUSCIORA

2

1 AN ACT concerning certain public employee annuity programs,
2 amending various parts of the statutory law and supplementing Title
3 40A of the New Jersey Statutes.

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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. N.J.S.18A:66-127 is amended to read as follows:

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10 with any of its employees whereby the employee agrees to take a
11 reduction in salary with respect to amounts earned after the effective
12 date of such agreement in return for the board's agreement to use a
13 corresponding amount to purchase for the employee an annuity, as
14 defined by N.J.S.17B:17-5, from any company authorized to sell such
15 annuities under the provisions of Title 17B of the New Jersey Statutes,
16 or to invest in a custodial account for the employee through a
17 broker-dealer or agent registered pursuant to the provisions of
18 sections 9 and 10 of the "Uniform Securities Law (1967)," P.L.1967,
19 c.93 (C.49:3-56 and C.49:3-57).

20 Any such annuity shall be purchased by means of an individual or
21 group annuity contract which may provide for continuance of purchase
22 payments during total disability, and under which the rights of such
23 employee to such contract shall be nonforfeitable. Any such custodial
24 account shall be established in accordance with and maintained to meet
25 the requirements of section 403(b)(7) of the Federal Internal Revenue
26 Code of 1954 as amended. Every such agreement shall specify the
27 amount of such reduction, the effective date thereof, and shall be
28 legally binding and irrevocable with respect to the amounts earned
29 while the agreement is in effect. The total amount of the reductions
30 in an employee's salary pursuant hereto, for any calendar year, shall
31 not, when added to the contributions made in such year on behalf of
32 such employee in accordance with section 7 of P.L.1963, c.123
33 (C.52:18A-113), exceed the limitations set forth in P.L.93-406
34 (Employment Retirement Income Security Act of 1974) and section
35 415(c) of the Internal Revenue Code of 1954 as amended for such
36 year. Any such agreement may be terminated upon notice in writing
37 by either party.

38 Amounts payable pursuant to this section by a board of education
39 on behalf of an employee for a pay period shall be transmitted on, and
40 credited as of, the date on which the employee is paid for that pay
41 period.

42 (cf: P.L.1981, c.550, s.1)

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Matter underlined thus is new matter.

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2 read as follows:

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4 Dentistry of New Jersey **【College of Medicine and Dentistry】**, the
5 Board of Governors of Rutgers, The State University, the Board of
6 Trustees of the New Jersey Institute of Technology and the boards of
7 trustees of State and county colleges, are hereby authorized to enter
8 into agreement with each employee participating in the alternate
9 benefit program whereby the employee agrees to take a reduction in
10 salary with respect to amounts earned after the effective date of such
11 agreement in return for the agreement of the respective institution to
12 use a corresponding amount to purchase an annuity for such employee
13 so as to obtain the benefits afforded under section 403(b) of the
14 federal Internal Revenue Code, as amended. Any such agreement shall
15 specify the amount of such reduction, the effective date thereof, and
16 shall be legally binding and irrevocable with respect to amounts earned
17 while the agreement is in effect; provided, however, that such
18 agreement may be terminated after it has been in effect for a period of
19 not less than one year upon notice in writing by either party, and
20 provided further that not more than one such agreement shall be
21 entered into during any taxable year of the employee. For the
22 purposes of this section, any annuity or other contract which meets the
23 requirements of section 403(b) of the federal Internal Revenue Code,
24 as amended, may be utilized. The amount of the reduction in salary
25 under any agreement entered into between the institutions and any
26 employee pursuant to this section shall not exceed the limitations set
27 forth in P.L.93-406 (Employment Retirement Income Security Act of
28 1974) and Section 415(c) of the Internal Revenue Code of 1954 as
29 amended for such year.

30 Amounts payable pursuant to this section by an institution on behalf
31 of an employee for a pay period shall be transmitted on, and credited
32 as of, the date on which the employee is paid for that pay period.

33 (cf: P.L.1994, c.48, s.191)

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35 3. Section 4 of P.L.1965, c.90 (C.52:18A-113.1) is amended to
36 read as follows:

37 4. Any employee who is a member of a State administered
38 retirement system may enter into an agreement with his employer
39 whereby the employee agrees to a reduction in salary in return for his
40 employer's agreement to use the amount of such reduction in salary
41 to purchase on behalf of such employee from the Supplemental
42 Annuity Collective Trust of New Jersey an annuity, provided that any
43 such annuity qualifies under section 403(b) of the Internal Revenue
44 Code of 1954, as amended. The amount of the reduction in salary
45 under any agreement entered into between an employee and his
46 employer pursuant to this section shall not exceed 10% of the

1 employee's salary prior to such reduction. Any such agreement shall
2 remain in effect for at least 1 year. If an agreement is entered into
3 between an employee and his employer pursuant to this section, the
4 employer shall pay the premiums for the annuity purchased directly to
5 the Supplemental Annuity Collective Trust in accordance with rules
6 and regulations promulgated by the council.

7 Amounts payable pursuant to this section by an employer on behalf
8 of an employee for a pay period shall be transmitted on, and credited
9 as of, the date on which the employee is paid for that pay period.

10 (cf: P.L.1965, c.90, s.4)

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14 1. a. The Department of Education, the Commission on Higher
15 Education, and the governing body of any public institution of higher
16 education may enter into a written agreement with any of its
17 employees to reduce the employee's annual salary for the purpose of
18 investing in a tax-deferred annuity for the employee pursuant to
19 section 403(b) of the federal Internal Revenue Code of 1954, as
20 amended. Investments shall be (1) with an insurer or mutual fund
21 company authorized to provide investment contracts under the
22 alternate benefit program; (2) in investment contracts authorized under
23 the program for supplemental retirement benefits which meet the
24 requirements of section 403(b) of the federal Internal Revenue Code,
25 as amended; and (3) on the same terms and conditions provided for
26 participants in the alternate benefit program.

27 b. An agreement (1) shall specify the amount and the effective date
28 of the reduction; (2) shall be subject to filing with and approval by the
29 State Treasurer or filing with and approval by the governing body of
30 the institution of public higher education, as appropriate; and (3) shall
31 be legally binding and irrevocable with respect to the amounts earned
32 while the agreement is in effect. The total amount of the reduction in
33 an employee's salary pursuant hereto, for any calendar year, shall not,
34 when added to the contributions made in the year on behalf of the
35 employee in accordance with section 7 of P.L.1963, c.123
36 (C.52:18A-113), exceed the limitations set forth in Pub.L.93-406
37 (Employment Retirement Income Security Act of 1974) and section
38 415 (c) of the Internal Revenue Code (26 U.S.C. s.415 (c)).

39 c. An agreement may be terminated at any time upon written notice
40 by either the employee or the employer. Termination shall take effect
41 at the beginning of the payroll period whose first day is nearest to the
42 30th day following the day on which notification of termination was
43 (1) received by the employer, in the event termination is initiated by
44 the employee, or (2) sent to the employee, in the event termination is
45 initiated by the employer.

46 d. Amounts payable pursuant to this section by an employer on

1 behalf of an employee for a payroll period shall be transmitted on, and
2 credited as of, the date on which the employee is paid for that pay
3 period.

4 (cf: P.L.1995, c.92, s.1)

5

6 5. (New section) Amounts payable by a unit of local government
7 which has entered into an agreement with any of its employees under
8 which the employee agrees to take a reduction in salary in return for
9 the public entity's agreement to use a corresponding amount to
10 purchase for the employee an annuity meeting the requirements of
11 section 403(b) of the federal Internal Revenue Code for a pay period
12 shall be transmitted on, and credited as of, the date on which the
13 employee is paid for that pay period.

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15 6. This act shall take effect on the 30th day after enactment.

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STATEMENT

19

20 At present, public employers may allow an employee to agree to a
21 reduction in salary for the purpose of investing in an annuity for the
22 employee pursuant to section 403(b) of the federal Internal Revenue
23 Code. This bill would amend existing law to require that amounts
24 payable by an employer on behalf of an employee for any pay period
25 will be transmitted on, and credited as of, the date on which the
26 employee is paid for that pay period. Its purpose is to avoid monetary
27 loss to employees by ensuring prompt payments by employers.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2023

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 16, 1998

The Assembly State Government Committee reports favorably and with committee amendments Assembly, No. 2023.

At present, public employers may allow an employee to agree to a reduction in salary for the purpose of investing in an annuity for the employee pursuant to section 403(b) of the federal Internal Revenue Code. Under this arrangement, the employee's contributions are considered before-tax contributions because federal income tax is paid only on the employee's reduced salary.

This bill amends existing law to require that amounts payable by an employer on behalf of an employee for a 403(b) annuity for any pay period will be transmitted and credited not later than the fifth business day after the date on which the employee is paid for that pay period. The stated purpose of the bill is avoidance of monetary loss to employees by ensuring prompt payments by employers.

The committee amended the bill to provide that the amount payable by an employer on behalf of the employee will be transmitted and credited not later than the fifth business day after the date on which the employee is paid for that pay period, instead of requiring the amount to be transmitted and credited as of the date that the employee is so compensated, as provided in the original bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2023

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1998

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2023 (1R).

Assembly Bill No. 2023 (1R) provides for the prompt payment over to employee trust accounts of certain amounts withheld from employee salaries for retirement savings by certain public employers.

The purpose of the bill is avoidance of the loss of investment value to employees by ensuring prompt payments to investment accounts by their employers.

Currently, section 403(b) of the federal Internal Revenue Code allows the employees of charitable organizations and public schools to make agreements with their employers to reduce their salaries (within limits set by federal law) and invest in annuities or mutual funds for the employees' retirement. Under these salary reduction agreements the employees' contributions are excluded from current federal taxation. Federal income tax is paid only on the employee's reduced salaries; the employees are taxed on payments from the annuity or mutual fund after they retire.

This bill amends existing law to require that amounts payable by New Jersey public entities with employees who may make 403(b) salary reduction agreements, such as Boards of Education, the trustees for the State universities and State and County colleges, and the State for certain departmental employees will be transmitted and credited not later than the fifth business day after the date on which the employee is paid for that pay period.

FISCAL IMPACT:

This bill was not certified for a fiscal note. The prompt payment over to trustees of employee deferred compensation represents good fiscal procedure and, from anecdotal evidence, is the current practice among the great majority of public employers. Currently, Department of Treasury regulations under the Alternative Benefits Program, N.J.A.C.17:1-2.37, require that contributions be made in no later "than 45 days after the month in which the employee contributions are withheld." For employers that routinely allow, for example, 75 days to elapse before withholdings are deposited, this bill may result in some loss of deposit interest.

SENATE STATE GOVERNMENT, BANKING AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2023

STATE OF NEW JERSEY

DATED: MAY 20, 1999

The Senate State Government, Banking and Financial Institutions Committee reports favorably Assembly, No. 2023 (1R).

Section 403(b) of the federal Internal Revenue Code allows certain public employers, such as local boards of education, state universities, state and county colleges and state departments of education, to enter into agreements with their employees to reduce an employee's salary (within limits set by federal law) and invest that money in an annuity for the employee's retirement. Under this arrangement, an employee's contribution is considered a before-tax contribution and federal income tax is only paid on the employee's reduced salary. An employee is taxed on annuity payments after retirement.

The purpose of this bill is to ensure the prompt payment of monies withheld by New Jersey public employers to their employees 403(b) accounts. It provides that the specified public employers must transmit and credit such deductions not later than the fifth business day after the date on which the employee is paid for that pay period.

This bill will take effect 30 days after it is enacted into law.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2023

STATE OF NEW JERSEY

DATED: JUNE 14, 1999

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2023 (1R).

This bill provides that moneys withheld from a New Jersey public employee's salary under a federal tax code section 403(b) deferred compensation plan shall be promptly deposited into the employee's plan account.

Section 403(b) of the federal Internal Revenue Code allows certain employers engaged in the provision of educational services to enter into agreements with their employees to reduce an employee's salary (within limits set by federal law) and invest the amount by which the salary was reduced in an annuity for the employee's retirement. Under this arrangement, an employee's contribution is considered a before-tax contribution, and federal income tax is only paid on the employee's reduced salary. The contributions (with earnings thereon) are taxable to the employee only when returned as annuity payments after the employee's retirement. New Jersey has enacted legislation extending the authority to establish plans qualifying for sec. 403(b) tax deferral to various public employers, including local boards of education, State and county institutions of higher education, and the State Department of Education and Commission on Higher Education.

This bill provides that a public employer that has established a sec. 403(b) plan must transmit and credit plan deductions for a particular pay period not later than the fifth business day after the date on which the employee is paid for that pay period.

The bill will take effect 30 days after it is enacted into law.

FISCAL IMPACT

This bill was not certified for a fiscal note. The prompt payment over to trustees of employee deferred compensation represents good fiscal procedure and, from anecdotal evidence, is the current practice among the great majority of public employers. Currently, Department of Treasury regulations under the Alternative Benefits Program, N.J.A.C.17:1-2.37, require that contributions be made in no later "than 45 days after the month in which the employee contributions are withheld." For employers that routinely allow, for example, 75 days

to elapse before withholdings are deposited, the enactment of this bill may result in additional interest accruing to employee trust accounts that previously would accrue to employer accounts.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2023

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 6, 1999

Assembly Bill No. 2023 (1R) of 1998 provides for the prompt payment over to employee trust accounts of certain amounts withheld from employee salaries for retirement savings by certain public employers. The purpose of the bill is avoidance of the loss of investment value to employees by ensuring prompt payments to investment accounts by their employers.

Currently, section 403(b) of the federal Internal Revenue Code allows the employees of charitable organizations and public schools to make agreements with their employers to reduce their salaries (within limits set by federal law) and invest in annuities or mutual funds for the employees' retirement. Under these salary reduction agreements the employees' contributions are excluded from current federal taxation. Federal income tax is paid only on the employee's reduced salaries; the employees are taxed on payments from the annuity or mutual fund after they retire.

This bill amends existing law to require that amounts payable by New Jersey public entities with employees who may make 403(b) salary reduction agreements, such as Boards of Education, the trustees for the State universities and State and County colleges, and the State for certain departmental employees will be transmitted and credited not later than the fifth business day after the date on which the employee is paid for that pay period.

FISCAL IMPACT

The prompt payment over to the financial management trustees of withheld employee deferred compensation represents good fiscal procedure and, from anecdotal evidence, is the current practice among the great majority of New Jersey public employers. Currently, Department of Treasury regulations under the Alternative Benefits Program, N.J.A.C.17:1-2.37, require that contributions be made no later "than 45 days after the month in which the employee contributions are withheld." In cases, for example, where employers routinely allow 75 days to elapse before deposited employee contributions are paid over to trustees, enactment of this bill may

result in additional interest accruing to employee trust accounts that previously would accrue to employer accounts.

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.

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Stephanie Bell
609-777-2600

RELEASE: October 15, 1999

Governor Christie Whitman today signed the following legislation:

A-1447, sponsored by Assembly Speaker Jack Collins, requires legislative counsel to provide prime sponsors of legislation with advice of legal defects at the same time the counsel provides a written response to a request for a confidential written opinion on a bill.

A-170, sponsored by Assembly Members John Kelly (R-Bergen/Essex/Passaic) and Louis Romano (D-Hudson), eliminates the dual-licensing requirement for rooming and boarding houses and it increases the fee that may be charged by the Department of Community Affairs to license rooming and boarding houses.

A-1670, sponsored by Assemblywomen Marion Crecco (R-Essex/Passaic) and Charlotte Vandervalk (R-Bergen) and Senator Diane Allen (R- Burlington/Camden), establishes the neighborhood-Based Child Care Incentive Demonstration Program. This program expands the availability of safe, affordable child care to low and middle income families by encouraging the use of volunteer networks in the delivery of neighborhood-based child care services. The demonstration program, administered by the Department of Human Services, will operate in five counties, two of which will be in municipalities targeted by the Governor's Urban Coordinating Council.

A-2023, sponsored by Assembly Members Arline Friscia (D-Middlesex) and Reed Gusciora (D-Mercer), requires public employers to promptly pay amounts due certain employee annuity programs to ensure there is no loss of interest earnings . This bill would ensure that amounts payable by an employer on behalf of an employee be transmitted on, and credited as of, the fifth day after the employee is paid for that pay period.

A-3025, sponsored by Assemblymen Jerry Green (D- Middlesex/Somerset/Union) and John Kelly (R-Bergen/Essex/Passaic) and Senators Andrew Ciesla (R-Monmouth/Ocean) and John Matheussen (R-Camden/Gloucester), makes various changes to the "Map Filing Law." The bill eliminates the requirement that outside tract line monuments be installed by the developer prior to filing a map and it requires the developer to post a guarantee, to ensure that that developer eventually installs the outbound monuments.

A-307, sponsored by Assemblywoman Nia Gill (D-Essex) and LeRoy J. Jones, Jr. (D-Essex), allows senior citizens with personal lines of insurance to designate third parties to receive insurance cancellation and nonrenewal notices. Envelopes including such information must be labeled clearly "Important Insurance Policy Information; Open Immediately."

A-2636, sponsored by Assembly Members Anthony Impreveduto (D- Bergen/Hudson) and Joseph R. Malone III (R- Burlington/Monmouth/Ocean), eliminates prohibition against a school official action on certain matters. The bill specifically defines "personal involvement" and provides that no school official can act in his official capacity in any matter where he or a member of his immediate family has a personal involvement that is or creates some benefit to the official or his family member.

A-2050, sponsored by Assembly Members Nicholas Felice (R-Bergen/Passaic) and Carol Murphy (R- Essex/Morris/Passaic) and Senator Peter Inverso (R-Mercer/Middlesex), clarifies sales and use tax imposition upon prepaid telephone calling cards. The bill requires that sellers collect sales tax for the value of the card and remit it to the state.

A-2255, sponsored by Assemblymen Christopher "Kip" Bateman (R- Morris/Somerset) and Neil Cohen (D-Union) and Senator Peter Inverso (R-Mercer/Middlesex), makes certain changes in the "New Jersey Licensed Lenders Act." The bill changes the definition of "principal amount" as applied to secondary mortgage loans. The bill prohibits including the amount of discount points in the amount to be financed. In addition, the bill increases the cap on the application fee for sales finance companies from \$300 to \$500.

A-2302, sponsored by Assemblymen Nicholas Asselta (R-Cape May/Atlantic/Cumberland) and Jack Gibson (R-Cape May/Atlantic/Cumberland) and Senators James Cafiero (R-Cape May/ Atlantic/Cumberland) and John Matheussen (R-Camden/Gloucester), provides immunities and other benefits to personnel who participate in search and rescue teams. The bill also ensures that members of search and rescue teams accrue their employment benefits while working with the teams.

A-2393, sponsored by Assemblymen Christopher "Kip" Bateman (R- Morris/Somerset) and Neil Cohen (D-Union) and Senator Walter Kavanaugh (R-Morris/Somerset), simplifies certain banking procedures to conform the state's laws to federal ones.

A-2469, sponsored by Assembly Speaker Jack Collins (R-Salem/Cumberland/Gloucester) and Assemblyman Neil Cohen (D-Union), makes permanent the \$5 instant rebate program for purchases of trigger locks that the Governor introduced as part of her anti- school violence initiatives.

A-2806, sponsored by Assemblymen Alan Augustine (R-Middlesex/Morris/Somerset/Union) and Christopher "Kip" Bateman (R- Morris/Somerset) and Senator Walter Kavanaugh (R-Morris/ Somerset), provides standards for retention of records of certain financial institutions. The bill will assist regulators in their supervisory role as well as prevent fraud against financial institutions.

A-3040, sponsored by Assemblymen Paul DiGaetano (R-Bergen/Essex/Passaic) and Neil Cohen (D- Union), clarifies the tenant rebate provisions of the NJ SAVER and Homestead Rebate Act. The clarification ensures that benefits provided to tenants who are 65 years of age or older, or who are eligible to claim a deduction as a blind or disabled taxpayer, are equal to the benefits provided to other eligible tenants.

A-722, sponsored by Assembly Members Paul Kramer (R-Mercer/Middlesex) and Barbara Wright (R-Mercer/Middlesex), establishes a regulatory scheme for certain private facilities under contract with

the Department of Corrections. The bill enhances communications between halfway houses and municipal officials and residents and supplements the criteria used to determine whether an inmate is eligible for a halfway house. Primarily, the bill establishes: community relations advisory boards, a procedure for notifying local law enforcement officials of an inmates transfer to their community, supplements the department's regulations regarding the procedure for reporting an escape and codifies and supplements the department's regulations that set forth criteria used to determine whether an inmate is eligible for a halfway house.