

54:39-19

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:39-19 (Gasoline -- jobbers and distributors -- increase bonding requirements)

LAWS 1981 CHAPTER 352

Bill No. A1004

Sponsor(s) Fortunato

Date Introduced Feb. 21, 1980

Committee: Assembly Commerce, Industry and Professions

Senate Revenue, Finance and Appropriations

Amended during passage Yes ~~XXX~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Dec. 7, 1981

Senate Dec. 17, 1981

Date of approval Dec. 24, 1981

Following statements are attached if available:

Sponsor statement Yes ~~XXX~~

Committee Statement: Assembly Yes ~~XXX~~

Senate Yes ~~XXX~~

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing Yes ~~XXX~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

12-24-81

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 1004

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Assemblyman FORTUNATO

Referred to Committee on Commerce, Industry and Professions

AN ACT concerning the taxation of motor fuels and amending  
R. S. 54:39-19.

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

1 1. R. S. 54:39-19 of the Revised Statutes is amended to read as  
2 follows:

3 54:39-19. The total amount of the bond or bonds required to be  
4 filed shall be fixed by the **[commissioner]** *director* and may be  
5 increased or reduced by the **[commissioner]** *director* at any time  
6 subject to the limitations herein provided. In fixing the total  
7 amount of the bond or bonds required to be filed by any distributor  
8 or gasoline jobber, the **[commissioner must]** *director* **\*[shall]\***  
9 **\*may\*** require a bond or bonds equivalent **\*[in total amount to]\***  
10 **\*to an amount no greater than\*** 3 times the *tax on the greatest*  
11 *amount of motor fuels handled during a monthly period of the*  
12 *previous 12 month period* **[monthly tax]** in such manner as the  
13 **[commissioner]** *director* may deem proper. *\*The director shall take*  
14 *into account the applicant's prior record as a New Jersey taxpayer*  
15 *and all such other information as may be available to him which*  
16 *would establish the applicant's financial responsibility.\** Where  
17 application is made by any person who has theretofore never en-  
18 gaged in business in this State as a distributor or gasoline jobber,  
19 prior to the filing of such application, the **[commissioner]** *director*,  
20 after investigation, shall fix the total amount of such bond or bonds  
21 from such information as he may obtain after such investigation.  
22 The total amount of the bond or bonds required to be filed by any  
23 distributor or gasoline jobber shall never be less than **[\$5,000.00]**  
24 **\*[\$25,000.00]\*** **\*\$5,000.00\*** nor more than **[\$25,000.00]**  
25 **\*[\$200,000.00]\*** **\*\$500,000.00\***. No recoveries on any bond or any  
26 execution of any new bond shall invalidate any bond and no revoca-  
27 tion of any license shall affect the validity of any bond.

1 2. This act shall take effect 60 days after enactment.

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

## STATEMENT

Present bond requirements were established when the tax rate and sales volumes of motor fuels were very low. At that time, the suppliers of fuels were very large corporations with large assets and possibly larger bonds were not necessary. Conditions have changed since the present bond requirements were established. The tax rate and the gasoline volume consumed in this State have increased to the extent that our bond requirements do not protect the State. Since the supply of gasoline has become a serious problem and the fact that this State can receive fuel by trucks, barge, boats and pipeline, the Division of Taxation has received many requests for a distributor license from persons based in many sections of this country with no New Jersey office. Many are located in Texas or with a New York City office. Some appear to be fuel brokers with plans to buy and exchange gasoline in-place in this State on a tax-free basis to satisfy fuels, borrowed and owed in other states, or for a quick profit on volume. Since they are dealing as distributors, buying and selling on a tax free basis, they could operate with only a \$5,000.00 bond at present as no tax is due. The audit trail is difficult to trace and possibly some taxes are lost. Since the data listed on their applications showing planned operations indicates they will qualify for the distributor's license, a license cannot be refused under present law. This bill increases the minimum and maximum bond requirements of gasoline jobbers or distributors to accommodate these changed conditions.

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ASSEMBLY COMMERCE, INDUSTRY AND PROFESSIONS  
COMMITTEE

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STATEMENT TO  
**ASSEMBLY, No. 1004**  
with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: NOVEMBER 30, 1981

As amended by the Assembly Commerce, Industry and Professions Committee, this bill gives the Director of the Division of Taxation some discretion in setting the amount of the bond required of each motor fuel distributor or jobber who collects motor fuel taxes. However, the director may not require that the amount of the bond be more than three times the tax on the greatest amount of motor fuel handled by the distributor or jobber during a monthly period of the previous 12-month period. In addition, the amount of the bond may not be less than \$5,000.00, nor more than \$500,000.00. In setting the amount of the bond the director must take into consideration the distributor's or jobber's past record as a New Jersey taxpayer and any other available information concerning his financial responsibility.

SENATE REVENUE, FINANCE AND APPROPRIATION  
COMMITTEE

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STATEMENT TO  
**ASSEMBLY, No. 1004**  
with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 10, 1981

Assembly Bill No. 1004 with Assembly committee amendments, amends existing law regarding bonds required to be filed with the Director of the Division of Taxation by gasoline jobbers or distributors. The bill authorizes the director to require a bond equivalent to an amount no greater than three times the tax on the greatest amount of motor fuels handled during a monthly period of the previous 12-month period. The existing requirement is a bond equivalent to three times the greatest monthly tax. The bill also increases the maximum amount of the bonds to be filed from \$25,000.00 to \$500,000.00.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

DECEMBER 28, 1981

KATHRYN FORSYTH

Governor Brendan Byrne signed the following bills late on the afternoon of December 24, 1981:

A-1004, sponsored by Assemblyman Joseph Fortunato (D-Essex) which removes rigid statutory requirements and gives the Director of the Division of Taxation some discretion in setting the amount of the bond required of each motor fuel distributor or jobber who collects motor fuel taxes.

A bond is required of these businessmen each year to ensure that the state receives the gasoline tax they collect in the course of a tax year. Under current law, the bond must be for an amount three times the monthly tax collected, but may not be for less than \$5,000 nor more than \$25,000.

Under A-1004, the Director has more discretion in setting the amount. However, he may not require that the amount of the bond be more than three times the tax on the greatest amount of motor fuel handled by the distributor or jobber during any one month of the previous twelve month period. In addition, the amount of the bond may not be less than \$5,000 nor more than \$500,000.

In setting the amount of the bond, the Director must consider the distributor's or jobber's past record as a New Jersey taxpayer and any other available information concerning his financial responsibility.

S-1446 and S-1450, sponsored by Senator Walter Foran (D-Hunterdon) which gives the Department of Education additional resources to aid hearing impaired students in local schools.

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