

S2523

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY: No
	SENATE: No
FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No

A3920

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY: No
	SENATE: No
FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS:

HEARINGS:

NEWSPAPER ARTICLES: Yes

"Soaking in the budget - With shutdown avoided, here's what it will cost you," The Star-Ledger, July 2, 2018

"Budget compromise spreads the hurt around," The Times, July 2, 2018

"Soaking in the budget - With shutdown avoided, here's what it will cost you," South Jersey Times, July 2, 2018

§1 - C.54:53-20

§2 - Approp.

§3 - T&E

§4 - Note

P.L. 2018, CHAPTER 46, *approved July 1, 2018*
Assembly, No. 3438 (*Second Reprint*)

1 AN ACT providing for a State tax amnesty period, supplementing
2 Title 54 of the Revised Statutes and making an appropriation.

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

6
7 1. a. In addition to the powers of the Director of the Division
8 of Taxation prescribed under the State Uniform Tax Procedure Law,
9 R.S.54:48-1 et seq., and notwithstanding the provision of any other
10 law to the contrary, the director shall establish a period ¹[not to
11 exceed 45 days] ²[six months¹] not to exceed 90 days² in duration,
12 which period shall end no later than ¹[June 15] ²[December 31¹,
13 2018] January 15, 2019², during which a taxpayer who has failed to
14 pay any State tax on or before the day on which the tax is required
15 to be paid may pay to the director on or before the last day of the
16 period established by the director the amount of that tax and one-
17 half of the balance of interest that is due as of ²[May] November²
18 1, 2018, but without the remaining one-half of the balance of
19 interest that is due as of ²[May 1, 2018, without the] November 1,
20 2018 and without any late payment penalty, late filing penalty, cost
21 of collection, delinquency penalty or² recovery fee as set forth in
22 section 2 of P.L.1992, c.172 (C.54:49-12.3) that may otherwise be
23 due ²[, and without the imposition of any civil or criminal
24 penalties] . The taxpayer shall be required to pay any civil fraud or
25 criminal penalty² arising out of an obligation imposed under any
26 State tax law. This section shall apply only to State tax liabilities
27 for tax returns due on or after ¹[February 1, 2009] ²[January 1,
28 2012¹] February 1, 2009² and prior to ²[January 1, 2018]
29 September 1, 2017² and shall not extend to any taxpayer who at the
30 time of payment is under criminal investigation or charge for any
31 State tax matter, as certified by a county prosecutor or the Attorney
32 General to the director.

33 Notwithstanding the provisions of any other law to the contrary,
34 no taxpayer shall be entitled to a waiver of one-half of the balance
35 of interest due as of ²[May 1, 2018] November 1, 2018², penalty
36 and recovery fee pursuant to this subsection unless full payment of

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:

¹Assembly ABU committee amendments adopted June 18, 2018.

²Assembly amendments adopted in accordance with Governor's recommendations June 30, 2018.

1 the tax and one-half of the balance of interest due as of ²[May 1,
2 2018] November 1, 2018² is made in accordance with the rules and
3 procedures established by the director.

4 b. There shall be imposed a 5% penalty, which shall not be
5 subject to waiver or abatement, in addition to all other penalties,
6 interest, or costs of collection otherwise authorized by law, upon
7 any State tax liabilities eligible to be satisfied during the period
8 established pursuant to subsection a. of this section that are not
9 satisfied during the amnesty period.

10 c. Notwithstanding the provisions of any other law to the
11 contrary, if a taxpayer elects to participate in the program
12 established pursuant to this section, as that election shall be
13 evidenced by full payment pursuant to this section of a State tax
14 liability to which this section applies pursuant to subsection a. of
15 this section, then that election shall constitute an express and
16 absolute relinquishment of all administrative and judicial rights of
17 appeal that have not run or otherwise expired as of the date payment
18 is made. The relinquishment of rights of appeal pursuant to this
19 subsection shall apply with respect to all rights of appeal
20 established pursuant to the State Uniform Tax Procedure Law,
21 R.S.54:48-1 et seq., and the specific statutory provisions of any
22 State tax. No tax payment made pursuant to this section shall be
23 eligible for refund or credit, whether claimed by administrative
24 protest or judicial appeal.

25 d. Notwithstanding the provisions of any other law to the
26 contrary, no amnesty payment shall be accepted without the express
27 approval of the director with respect to any State tax assessment
28 which is the subject of any administrative or judicial appeal as of
29 the effective date of this act.

30 e. ²No person shall be eligible for amnesty under this program
31 if the person has been notified by the Office of Criminal
32 Investigation in the Division of Taxation that he or she is under
33 criminal investigation for a State tax matter, unless the Office of
34 Criminal Investigation certifies to the director that the State tax
35 matter involving that person was resolved.

36 f. Notwithstanding any provision of law to the contrary, no
37 taxpayer shall be eligible for amnesty under this program unless
38 that taxpayer pays the full amount of the tax, reduced interests, and
39 applicable penalty, if any, in accordance with rules and procedures
40 established by the director. If the taxpayer has not previously filed
41 a tax return to report the tax due for which the taxpayer is seeking
42 amnesty, the taxpayer must file the required return or returns on or
43 before the last day of the amnesty period.

44 g.² Notwithstanding any provision of the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
46 contrary, the director may adopt immediately upon filing with the
47 Office of Administrative Law such regulations as the director
48 deems necessary to implement the provisions of this section, which

1 regulations shall be effective for a period not to exceed 180 days
2 following the date of enactment of P.L. , c. (pending before the
3 Legislature as this bill) and may thereafter be amended, adopted, or
4 readopted by the director in accordance with the "Administrative
5 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).
6

7 2. There is appropriated to the Division of Taxation in the
8 Department of the Treasury an amount not to exceed
9 ~~2[\$10,000,000]~~ \$25,000,000² from the proceeds collected pursuant
10 to subsection a. of section 1 of this act to carry out and administer
11 the tax amnesty program established pursuant to the ~~2[provision]~~
12 provisions² of that section.
13

14 23. Notwithstanding the provisions of any other law to the
15 contrary, a contract for advertising services for the State tax
16 amnesty program shall be procured in an expedited manner. The
17 Division of Taxation may, to the extent necessary, waive or modify
18 any other law or regulation that may interfere with the expeditious
19 procurement of these services.²
20

21 ~~2[3.]~~ 4.² This act ~~2[shall take effect]~~² shall take effect
22 immediately. 2Section 3 shall expire after award of the advertising
23 services contract.²
24
25

26 _____
27
28 Requires Director of the Division of Taxation to establish 90-day
29 State tax amnesty period that ends no later than January 15, 2019.

ASSEMBLY, No. 3438

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 5, 2018

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Requires Director of the Division of Taxation to establish 45-day State tax amnesty period that ends no later than June 15, 2018.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/15/2018)

1 AN ACT providing for a State tax amnesty period, supplementing
2 Title 54 of the Revised Statutes and making an appropriation.

3

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

6

7 1. a. In addition to the powers of the Director of the Division
8 of Taxation prescribed under the State Uniform Tax Procedure Law,
9 R.S.54:48-1 et seq., and notwithstanding the provision of any other
10 law to the contrary, the director shall establish a period not to
11 exceed 45 days in duration, which period shall end no later than
12 June 15, 2018, during which a taxpayer who has failed to pay any
13 State tax on or before the day on which the tax is required to be
14 paid may pay to the director on or before the last day of the period
15 established by the director the amount of that tax and one-half of
16 the balance of interest that is due as of May 1, 2018, but without the
17 remaining one-half of the balance of interest that is due as of May
18 1, 2018, without the recovery fee as set forth in section 2 of
19 P.L.1992, c.172 (C.54:49-12.3) that may otherwise be due, and
20 without the imposition of any civil or criminal penalties arising out
21 of an obligation imposed under any State tax law. This section
22 shall apply only to State tax liabilities for tax returns due on or after
23 February 1, 2009 and prior to January 1, 2018 and shall not extend
24 to any taxpayer who at the time of payment is under criminal
25 investigation or charge for any State tax matter, as certified by a
26 county prosecutor or the Attorney General to the director.

27 Notwithstanding the provisions of any other law to the contrary,
28 no taxpayer shall be entitled to a waiver of one-half of the balance
29 of interest due as of May 1, 2018, penalty and recovery fee pursuant
30 to this subsection unless full payment of the tax and one-half of the
31 balance of interest due as of May 1, 2018 is made in accordance
32 with the rules and procedures established by the director.

33 b. There shall be imposed a 5% penalty, which shall not be
34 subject to waiver or abatement, in addition to all other penalties,
35 interest, or costs of collection otherwise authorized by law, upon
36 any State tax liabilities eligible to be satisfied during the period
37 established pursuant to subsection a. of this section that are not
38 satisfied during the amnesty period.

39 c. Notwithstanding the provisions of any other law to the
40 contrary, if a taxpayer elects to participate in the program
41 established pursuant to this section, as that election shall be
42 evidenced by full payment pursuant to this section of a State tax
43 liability to which this section applies pursuant to subsection a. of
44 this section, then that election shall constitute an express and
45 absolute relinquishment of all administrative and judicial rights of
46 appeal that have not run or otherwise expired as of the date payment
47 is made. The relinquishment of rights of appeal pursuant to this
48 subsection shall apply with respect to all rights of appeal

1 established pursuant to the State Uniform Tax Procedure Law,
2 R.S.54:48-1 et seq., and the specific statutory provisions of any
3 State tax. No tax payment made pursuant to this section shall be
4 eligible for refund or credit, whether claimed by administrative
5 protest or judicial appeal.

6 d. Notwithstanding the provisions of any other law to the
7 contrary, no amnesty payment shall be accepted without the express
8 approval of the director with respect to any State tax assessment
9 which is the subject of any administrative or judicial appeal as of
10 the effective date of this act.

11 e. Notwithstanding any provision of the "Administrative
12 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
13 contrary, the director may adopt immediately upon filing with the
14 Office of Administrative Law such regulations as the director
15 deems necessary to implement the provisions of this section, which
16 regulations shall be effective for a period not to exceed 180 days
17 following the date of enactment of P.L. , c. (pending before the
18 Legislature as this bill) and may thereafter be amended, adopted, or
19 readopted by the director in accordance with the "Administrative
20 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

21

22 2. There is appropriated to the Division of Taxation in the
23 Department of the Treasury an amount not to exceed \$10,000,000
24 from the proceeds collected pursuant to subsection a. of section 1 of
25 this act to carry out and administer the tax amnesty program
26 established pursuant to the provision of that section.

27

28 3. This act shall take effect shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill requires the Director of the Division of Taxation to
34 establish a 45-day State tax amnesty period, to end no later than
35 June 15, 2018. The amnesty shall apply only to State tax liabilities
36 for tax returns due on and after February 1, 2009 (the day following
37 termination of the most recent amnesty period) and before January
38 1, 2018. During the amnesty period, a taxpayer who has failed to
39 pay a State tax can pay the tax and one-half of the balance of
40 interest that is due as of May 1, 2018, without the imposition of the
41 remaining one-half of the balance of interest that is due as of May
42 1, 2018, recovery fees, civil penalties and criminal penalties arising
43 out of the late payment. The amnesty is not available to a taxpayer
44 who, at the time of payment, is under criminal investigation or
45 charge for any State tax matter.

46 If a taxpayer eligible for the amnesty fails during the amnesty
47 period to pay taxes owed, that taxpayer shall be subject to a five
48 percent penalty which may not be waived or abated. The five

A3438 KARABINCHAK, COUGHLIN

4

1 percent penalty shall be in addition to all other penalties, interest, or
2 collection costs otherwise authorized by law.

3 The bill also appropriates a sum not to exceed \$10.0 million of
4 the proceeds collected through the amnesty period for the costs
5 incurred to carry out and administer the program.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3438

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Assembly Budget Committee reports favorable Assembly Bill No. 3438, with committee amendments.

As amended, this bill requires the Director of the Division of Taxation to establish a six-month State tax amnesty period, to end no later than December 31, 2018. The amnesty shall apply only to State tax liabilities for tax returns due on and after January 1, 2012 (the day following termination of the most recent amnesty period) and before January 1, 2018. During the amnesty period, a taxpayer who has failed to pay a State tax can pay the tax and one-half of the balance of interest that is due as of May 1, 2018, without the imposition of the remaining one-half of the balance of interest that is due as of May 1, 2018, recovery fees, civil penalties, and criminal penalties arising out of the late payment. The amnesty is not available to a taxpayer who, at the time of payment, is under criminal investigation or charge for any State tax matter.

If a taxpayer eligible for the amnesty fails during the amnesty period to pay taxes owed, the bill subjects that taxpayer to a five percent penalty, which the director may not waive or abate. The five percent penalty is in addition to all other penalties, interest, or collection costs otherwise authorized by law.

The bill also appropriates a sum not to exceed \$10 million of the proceeds collected through the amnesty period for the costs incurred to carry out and administer the program.

COMMITTEE AMENDMENTS:

The amendments change the duration of the State tax amnesty period from 45 days to six months to end no later than December 31, 2018. The amendments also provide that the tax amnesty period will apply to State tax liabilities for tax returns due on or after January 1, 2012, but before January 1, 2018. Previously, the tax amnesty period applied to State tax liabilities for tax returns due on or after February 1, 2009, but before January 1, 2018.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to estimate a precise amount of revenue that a new tax amnesty program may

collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period. As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

The OLS notes that the most recent tax amnesty program was administered at the end of calendar year 2014. Thus, given the short time span between the most recent tax amnesty program and now, the amount of revenue that will be generated from a new tax amnesty program could be noticeably lower than past programs. The OLS further notes that the Executive has implemented certain tax enforcement initiatives and efficiencies throughout the current fiscal year, which have netted additional revenues in excess of \$200 million across the State's major revenues thereby possibly further reducing the outstanding tax liability which might otherwise be captured by a new tax amnesty program.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3438

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 28, 2018

SUMMARY

- Synopsis:** Requires Director of the Division of Taxation to establish six-month State tax amnesty period that ends no later than December 31, 2018.
- Type of Impact:** Net increase in State revenues to General Fund and Property Tax Relief Fund.
- Agencies Affected:** Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2019</u>
Net State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period.
- As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

BILL DESCRIPTION

This bill requires the Director of the Division of Taxation to establish a six-month State tax amnesty period, to end no later than December 31, 2018. The amnesty shall apply only to State tax liabilities for tax returns due on and after January 1, 2012 (the day following termination of the most recent amnesty period) and before January 1, 2018. During the amnesty period, a taxpayer who has failed to pay a State tax can pay the tax and one-half of the balance of interest

that is due as of May 1, 2018, without the imposition of the remaining one-half of the balance of interest that is due as of May 1, 2018, recovery fees, civil penalties, and criminal penalties arising out of the late payment. The amnesty is not available to a taxpayer who, at the time of payment, is under criminal investigation or charge for any State tax matter.

If a taxpayer eligible for the amnesty fails during the amnesty period to pay taxes owed, the bill subjects that taxpayer to a five percent penalty, which the director may not waive or abate. The five percent penalty is in addition to all other penalties, interest, or collection costs otherwise authorized by law.

The bill also appropriates a sum not to exceed \$10 million of the proceeds collected through the amnesty period for the costs incurred to carry out and administer the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period. As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

The State Auditor published a report in February 2018 covering the Division of Taxation in the Department of the Treasury and its tax debt collection activities associated with the State's General Fund and Property Tax Relief Fund. According to the State Auditor's report, the collection agency utilized by the Division of Taxation in the Department of the Treasury was assigned 452,000 total cases as of June 22, 2017. Of these, 214,942 cases were considered to be "uncollectible" where the division "has made all reasonable efforts to collect money owed to it and generally if the debt is older than 10 years." This is the most recent data available publicly accessible by the OLS.

During the 1996 tax amnesty program the State mailed notices to approximately 659,000 delinquent or deficient taxpayers who had an outstanding balance of \$817.9 million. Of that amount, roughly \$415.5 million was the balance of taxes owed and \$402.4 million was penalties and interest. The Division of Taxation processed over 150,000 pieces of mail under the program netting \$244.0 million (\$359.0 million in gross revenue) after adjusting downward for \$115.0 million in compliance enforcement collections which would have otherwise been collected had the amnesty program not been offered. In 2002, the State mailed approximately 545,000 notices, and in 2009 the State mailed approximately 600,000 notices.

Past amnesty programs generated the following net amounts of revenue (based on availability): \$68.0 million in 1987; \$244.0 million in 1996; and \$647.1 million in 2009. The

OLS is unable to determine if the amounts collected in 2002 (\$276.9 million in collections) and 2014 (approximately \$75.0 million in collections) are net or gross collections.

In 2009, the significantly higher amnesty collections and the higher percentage of that amount attributable to the corporation business tax resulted from two primary factors: 1) the Director of the Division of Taxation implemented a policy to allow audited taxpayers, and those candidates in the appeal process to participate and resolve assessments in total or by issue; and 2) substantial numbers of amended returns and new taxpayers came forward related to court decisions (at the time) in New Jersey's favor related to financial institutions and economic nexus issues. These collections were a recovery of contested assessments, known deficiencies and an acceleration of revenues that would have been collected in an orderly manner absent attrition problems. Due to relevant factors at the time, which are not present during the current tax amnesty period under consideration, the OLS cautions that a repeat of 2009 is highly unlikely.

The OLS notes that the most recent tax amnesty program was administered at the end of calendar year 2014. Thus, given the short time span between the most recent tax amnesty program and now, the amount of revenue that will be generated from a new tax amnesty program could be noticeably lower than past programs. The OLS further notes that the Executive has implemented certain tax enforcement initiatives and efficiencies throughout the current fiscal year, which have netted additional revenues in excess of \$200 million across the State's major revenues thereby possibly further reducing the outstanding tax liability which might otherwise be captured by a new tax amnesty program.

Section: Revenue, Finance and Appropriations

*Analyst: Jordan M. DiGiovanni
Associate Fiscal 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.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 3438

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: AUGUST 22, 2018

SUMMARY

- Synopsis:** Requires Director of the Division of Taxation to establish 90-day State tax amnesty period that ends no later than January 15, 2019.
- Type of Impact:** Net increase in State revenues to General Fund and Property Tax Relief Fund.
- Agencies Affected:** Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2019</u>
Net State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period.
- The Executive did not provide a formal fiscal note for this legislation. However, according to information provided during the FY 2019 budget process, tax amnesty is projected to generate \$200 million in revenue during FY 2019. Of this revenue, \$75 million is attributable to the sales tax, \$75 million is attributable to the corporation business tax, and \$50 million is attributable to the gross income tax.
- As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

BILL DESCRIPTION

This bill requires the Director of the Division of Taxation to establish a 90-day State tax amnesty period, to end no later than January 15, 2019. The amnesty shall apply only to State tax liabilities for tax returns due on and after February 1, 2009 and before September 1, 2017. During the amnesty period, a taxpayer who has failed to pay a State tax can pay the tax and one-half of the balance of interest that is due as of November 1, 2018, without the imposition of the remaining one-half of the balance of interest that is due as of November 1, 2018, recovery fees, civil penalties, and criminal penalties arising out of the late payment. The amnesty is not available to a taxpayer who, at the time of payment, is under criminal investigation or charge for any State tax matter.

If a taxpayer eligible for the amnesty fails during the amnesty period to pay taxes owed, the bill subjects that taxpayer to a five percent penalty, which the director may not waive or abate. The five percent penalty is in addition to all other penalties, interest, or collection costs otherwise authorized by law. If a person has been notified by the Office of the Criminal Investigation in the Division of Taxation that he or she is under criminal investigation for a State tax matter, unless the Office of Criminal Investigation certifies to the director that the State tax matter involving that person was resolved, is not eligible for amnesty under the program. Further, a taxpayer is not eligible for amnesty under the program unless that taxpayer pays the full amount of the tax, reduced interests, and applicable penalty, if any, in accordance with the rules and procedures established by the director.

The bill also appropriates a sum not to exceed \$25 million of the proceeds collected through the amnesty period for the costs incurred to carry out and administer the program. The bill requires a contract for advertising services for the State tax amnesty program to be procured in an expedited manner.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive did not provide a formal fiscal note for this legislation. However, according to information provided during the FY 2019 budget process, tax amnesty is projected to generate \$200 million in revenue during FY 2019. Of this revenue, \$75 million is attributable to the sales tax, \$75 million is attributable to the corporation business tax, and \$50 million is attributable to the gross income tax.

OFFICE OF LEGISLATIVE SERVICES

The OLS is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period. As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

The State Auditor published a report in February 2018 covering the Division of Taxation in the Department of the Treasury and its tax debt collection activities associated with the State's General Fund and Property Tax Relief Fund. According to the State Auditor's report, the collection agency utilized by the Division of Taxation in the Department of the Treasury was assigned 452,000 total cases as of June 22, 2017. Of these, 214,942 cases were considered to be "uncollectible" where the division "has made all reasonable efforts to collect money owed to it and generally if the debt is older than 10 years." This is the most recent data available publicly accessible by the OLS.

During the 1996 tax amnesty program the State mailed notices to approximately 659,000 delinquent or deficient taxpayers who had an outstanding balance of \$817.9 million. Of that amount, roughly \$415.5 million was the balance of taxes owed and \$402.4 million was penalties and interest. The Division of Taxation processed over 150,000 pieces of mail under the program netting \$244.0 million (\$359.0 million in gross revenue) after adjusting downward for \$115.0 million in compliance enforcement collections which would have otherwise been collected had the amnesty program not been offered. In 2002, the State mailed approximately 545,000 notices, and in 2009 the State mailed approximately 600,000 notices.

Past amnesty programs generated the following net amounts of revenue (based on availability): \$68.0 million in 1987; \$244.0 million in 1996; and \$647.1 million in 2009. The OLS is unable to determine if the amounts collected in 2002 (\$276.9 million in collections) and 2014 (approximately \$75.0 million in collections) are net or gross collections.

In 2009, the significantly higher amnesty collections and the higher percentage of that amount attributable to the corporation business tax resulted from two primary factors: 1) the Director of the Division of Taxation implemented a policy to allow audited taxpayers, and those candidates in the appeal process to participate and resolve assessments in total or by issue; and 2) substantial numbers of amended returns and new taxpayers came forward related to court decisions (at the time) in New Jersey's favor related to financial institutions and economic nexus issues. These collections were a recovery of contested assessments, known deficiencies and an acceleration of revenues that would have been collected in an orderly manner absent attrition problems. Due to relevant factors at the time, which are not present during the current tax amnesty period under consideration, the OLS cautions that a repeat of 2009 is highly unlikely.

The OLS notes that the most recent tax amnesty program was administered at the end of calendar year 2014. Thus, given the short time span between the most recent tax amnesty program and now, the amount of revenue that will be generated from a new tax amnesty program could be noticeably lower than past programs. The OLS further notes that the Executive has implemented certain tax enforcement initiatives and efficiencies throughout the current fiscal year, which have netted additional revenues in excess of \$200 million across the State's major revenues thereby possibly further reducing the outstanding tax liability which might otherwise be captured by a new tax amnesty program.

Section: Revenue, Finance and Appropriations

*Analyst: Jordan M. DiGiovanni
Associate Fiscal 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. 1841

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED FEBRUARY 8, 2018

Sponsored by:

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Requires Director of the Division of Taxation to establish 45-day State tax amnesty period that ends no later than June 15, 2018.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing for a State tax amnesty period, supplementing
2 Title 54 of the Revised Statutes and making an appropriation.

3

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

6

7 1. a. In addition to the powers of the Director of the Division of
8 Taxation prescribed under the State Uniform Tax Procedure Law,
9 R.S.54:48-1 et seq., and notwithstanding the provision of any other
10 law to the contrary, the director shall establish a period not to
11 exceed 45 days in duration, which period shall end no later than
12 June 15, 2018, during which a taxpayer who has failed to pay any
13 State tax on or before the day on which the tax is required to be
14 paid may pay to the director on or before the last day of the period
15 established by the director the amount of that tax and one-half of
16 the balance of interest that is due as of May 1, 2018, but without the
17 remaining one-half of the balance of interest that is due as of May
18 1, 2018, without the recovery fee as set forth in section 2 of
19 P.L.1992, c.172 (C.54:49-12.3) that may otherwise be due, and
20 without the imposition of any civil or criminal penalties arising out
21 of an obligation imposed under any State tax law. This section
22 shall apply only to State tax liabilities for tax returns due on or after
23 February 1, 2009 and prior to January 1, 2018 and shall not extend
24 to any taxpayer who at the time of payment is under criminal
25 investigation or charge for any State tax matter, as certified by a
26 county prosecutor or the Attorney General to the director.

27 Notwithstanding the provisions of any other law to the contrary,
28 no taxpayer shall be entitled to a waiver of one-half of the balance
29 of interest due as of May 1, 2018, penalty and recovery fee pursuant
30 to this subsection unless full payment of the tax and one-half of the
31 balance of interest due as of May 1, 2018 is made in accordance
32 with the rules and procedures established by the director.

33 b. There shall be imposed a 5% penalty, which shall not be
34 subject to waiver or abatement, in addition to all other penalties,
35 interest, or costs of collection otherwise authorized by law, upon
36 any State tax liabilities eligible to be satisfied during the period
37 established pursuant to subsection a. of this section that are not
38 satisfied during the amnesty period.

39 c. Notwithstanding the provisions of any other law to the
40 contrary, if a taxpayer elects to participate in the program
41 established pursuant to this section, as that election shall be
42 evidenced by full payment pursuant to this section of a State tax
43 liability to which this section applies pursuant to subsection a. of
44 this section, then that election shall constitute an express and
45 absolute relinquishment of all administrative and judicial rights of
46 appeal that have not run or otherwise expired as of the date payment
47 is made. The relinquishment of rights of appeal pursuant to this
48 subsection shall apply with respect to all rights of appeal

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1 established pursuant to the State Uniform Tax Procedure Law,
2 R.S.54:48-1 et seq., and the specific statutory provisions of any
3 State tax. No tax payment made pursuant to this section shall be
4 eligible for refund or credit, whether claimed by administrative
5 protest or judicial appeal.

6 d. Notwithstanding the provisions of any other law to the
7 contrary, no amnesty payment shall be accepted without the express
8 approval of the director with respect to any State tax assessment
9 which is the subject of any administrative or judicial appeal as of
10 the effective date of this act.

11 e. Notwithstanding any provision of the "Administrative
12 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
13 contrary, the director may adopt immediately upon filing with the
14 Office of Administrative Law such regulations as the director
15 deems necessary to implement the provisions of this section, which
16 regulations shall be effective for a period not to exceed 180 days
17 following the date of enactment of P.L. , c. (pending before the
18 Legislature as this bill) and may thereafter be amended, adopted, or
19 readopted by the director in accordance with the "Administrative
20 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

21

22 2. There is appropriated to the Division of Taxation in the
23 Department of the Treasury an amount not to exceed \$10,000,000
24 from the proceeds collected pursuant to subsection a. of section 1 of
25 this act to carry out and administer the tax amnesty program
26 established pursuant to the provision of that section.

27

28 3. This act shall take effect shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill requires the Director of the Division of Taxation to
34 establish a 45-day State tax amnesty period, to end no later than
35 June 15, 2018. The amnesty shall apply only to State tax liabilities
36 for tax returns due on and after February 1, 2009 (the day following
37 termination of the most recent amnesty period) and before January
38 1, 2018. During the amnesty period, a taxpayer who has failed to
39 pay a State tax can pay the tax and one-half of the balance of
40 interest that is due as of May 1, 2018, without the imposition of the
41 remaining one-half of the balance of interest that is due as of May
42 1, 2018, recovery fees, civil penalties and criminal penalties arising
43 out of the late payment. The amnesty is not available to a taxpayer
44 who, at the time of payment, is under criminal investigation or
45 charge for any State tax matter.

46 If a taxpayer eligible for the amnesty fails during the amnesty
47 period to pay taxes owed, that taxpayer shall be subject to a five
48 percent penalty which may not be waived or abated. The five

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4

1 percent penalty shall be in addition to all other penalties, interest, or
2 collection costs otherwise authorized by law.

3 The bill also appropriates a sum not to exceed \$10.0 million of
4 the proceeds collected through the amnesty period for the costs
5 incurred to carry out and administer the program.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 1841 and 2523**

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 1841 and 2523.

This substitute requires the Director of the Division of Taxation to establish a six-month State tax amnesty period, to end no later than December 31, 2018. The amnesty shall apply only to State tax liabilities for tax returns due on and after January 1, 2012 (the day following termination of the most recent amnesty period) and before January 1, 2018. During the amnesty period, a taxpayer who has failed to pay a State tax can pay the tax and one-half of the balance of interest that is due as of May 1, 2018, without the imposition of the remaining one-half of the balance of interest that is due as of May 1, 2018, recovery fees, civil penalties, and criminal penalties arising out of the late payment. The amnesty is not available to a taxpayer who, at the time of payment, is under criminal investigation or charge for any State tax matter.

If a taxpayer eligible for the amnesty fails during the amnesty period to pay taxes owed, the substitute subjects that taxpayer to a five percent penalty, which the director may not waive or abate. The five percent penalty is in addition to all other penalties, interest, or collection costs otherwise authorized by law.

The substitute also appropriates a sum not to exceed \$10 million of the proceeds collected through the amnesty period for the costs incurred to carry out and administer the program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period. As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the

State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

The OLS notes that the most recent tax amnesty program was administered at the end of calendar year 2014. Thus, given the short time span between the most recent tax amnesty program and now, the amount of revenue that will be generated from a new tax amnesty program could be noticeably lower than past programs. The OLS further notes that the Executive has implemented certain tax enforcement initiatives and efficiencies throughout the current fiscal year, which have netted additional revenues in excess of \$200 million across the State's major revenues thereby possibly further reducing the outstanding tax liability which might otherwise be captured by a new tax amnesty program.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 1841 and 2523
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 28, 2018

SUMMARY

Synopsis: Requires Director of the Division of Taxation to establish six-month State tax amnesty period that ends no later than December 31, 2018.

Type of Impact: Net increase in State revenues to General Fund and Property Tax Relief Fund.

Agencies Affected: Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2019</u>
Net State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period.
- As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

BILL DESCRIPTION

This bill requires the Director of the Division of Taxation to establish a six-month State tax amnesty period, to end no later than December 31, 2018. The amnesty shall apply only to State tax liabilities for tax returns due on and after January 1, 2012 (the day following termination of the most recent amnesty period) and before January 1, 2018. During the amnesty period, a taxpayer who has failed to pay a State tax can pay the tax and one-half of the balance of interest

that is due as of May 1, 2018, without the imposition of the remaining one-half of the balance of interest that is due as of May 1, 2018, recovery fees, civil penalties, and criminal penalties arising out of the late payment. The amnesty is not available to a taxpayer who, at the time of payment, is under criminal investigation or charge for any State tax matter.

If a taxpayer eligible for the amnesty fails during the amnesty period to pay taxes owed, the bill subjects that taxpayer to a five percent penalty, which the director may not waive or abate. The five percent penalty is in addition to all other penalties, interest, or collection costs otherwise authorized by law.

The bill also appropriates a sum not to exceed \$10 million of the proceeds collected through the amnesty period for the costs incurred to carry out and administer the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS is unable to estimate a precise amount of revenue that a new tax amnesty program may collect. The OLS does not have independent data on how much outstanding individual or corporate taxpayer liabilities remain delinquent, or how much taxpayers would pay to the State during an amnesty period. As with any tax amnesty program, the net revenue impact will be determined by the balance between new tax revenues that are attracted through the amnesty offer and the revenue losses resulting from the forgiveness of interest and penalties owed by taxpayers who would otherwise have made full payment through the State's current tax compliance efforts, either during the amnesty payment period or at a later date. In addition, an amnesty may generate new recurring revenues to the extent that the State adds certain taxpayers to the taxpayer rolls.

The State Auditor published a report in February 2018 covering the Division of Taxation in the Department of the Treasury and its tax debt collection activities associated with the State's General Fund and Property Tax Relief Fund. According to the State Auditor's report, the collection agency utilized by the Division of Taxation in the Department of the Treasury was assigned 452,000 total cases as of June 22, 2017. Of these, 214,942 cases were considered to be "uncollectible" where the division "has made all reasonable efforts to collect money owed to it and generally if the debt is older than 10 years." This is the most recent data available publicly accessible by the OLS.

During the 1996 tax amnesty program the State mailed notices to approximately 659,000 delinquent or deficient taxpayers who had an outstanding balance of \$817.9 million. Of that amount, roughly \$415.5 million was the balance of taxes owed and \$402.4 million was penalties and interest. The Division of Taxation processed over 150,000 pieces of mail under the program netting \$244.0 million (\$359.0 million in gross revenue) after adjusting downward for \$115.0 million in compliance enforcement collections which would have otherwise been collected had the amnesty program not been offered. In 2002, the State mailed approximately 545,000 notices, and in 2009 the State mailed approximately 600,000 notices.

Past amnesty programs generated the following net amounts of revenue (based on availability): \$68.0 million in 1987; \$244.0 million in 1996; and \$647.1 million in 2009. The

OLS is unable to determine if the amounts collected in 2002 (\$276.9 million in collections) and 2014 (approximately \$75.0 million in collections) are net or gross collections.

In 2009, the significantly higher amnesty collections and the higher percentage of that amount attributable to the corporation business tax resulted from two primary factors: 1) the Director of the Division of Taxation implemented a policy to allow audited taxpayers, and those candidates in the appeal process to participate and resolve assessments in total or by issue; and 2) substantial numbers of amended returns and new taxpayers came forward related to court decisions (at the time) in New Jersey's favor related to financial institutions and economic nexus issues. These collections were a recovery of contested assessments, known deficiencies and an acceleration of revenues that would have been collected in an orderly manner absent attrition problems. Due to relevant factors at the time, which are not present during the current tax amnesty period under consideration, the OLS cautions that a repeat of 2009 is highly unlikely.

The OLS notes that the most recent tax amnesty program was administered at the end of calendar year 2014. Thus, given the short time span between the most recent tax amnesty program and now, the amount of revenue that will be generated from a new tax amnesty program could be noticeably lower than past programs. The OLS further notes that the Executive has implemented certain tax enforcement initiatives and efficiencies throughout the current fiscal year, which have netted additional revenues in excess of \$200 million across the State's major revenues thereby possibly further reducing the outstanding tax liability which might otherwise be captured by a new tax amnesty program.

Section: Revenue, Finance and Appropriations

*Analyst: Jordan M. DiGiovanni
Associate Fiscal 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. 2523

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED MAY 10, 2018

Sponsored by:
Senator JOSEPH P. CRYAN
District 20 (Union)

SYNOPSIS

Requires Director of Division of Taxation to establish State tax amnesty period that begins June 1, 2018 and ends August 1, 2018.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing for a State tax amnesty period, supplementing
2 Title 54 of the Revised Statutes, and making an appropriation.

3

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

6

7 1. a. In addition to the powers of the Director of the Division
8 of Taxation prescribed under the “State Uniform Tax Procedure
9 Law,” R.S.54:48-1 et seq., and notwithstanding the provisions of
10 any other law to the contrary, the director shall establish a period,
11 beginning on June 1, 2018 and ending on August 1, 2018, during
12 which a taxpayer who has failed to pay any State tax on or before
13 the day on which the tax is required to be paid may pay to the
14 director on or before the last day of the period established by the
15 director the amount of the tax that is due. During the period
16 established by the director, a taxpayer may pay the amount of the
17 tax that is due to the director without the recovery fee set forth in
18 section 2 of P.L.1992, c.172 (C.54:49-12.3) that may otherwise be
19 due, and without the imposition of any civil or criminal penalties
20 arising out of an obligation imposed under any State tax law. This
21 section shall apply only to State tax liabilities for tax returns due on
22 or after January 1, 2014 and prior to December 31, 2016 and shall
23 not extend to any taxpayer who at the time of payment is under
24 criminal investigation or charge for any State tax matter, as certified
25 by a county prosecutor or the Attorney General to the director.

26 b. The director shall impose a five percent penalty, which shall
27 not be subject to waiver or abatement, in addition to all other
28 penalties, interest, or costs of collection otherwise authorized by
29 law, upon any State tax liabilities eligible to be satisfied during the
30 period established pursuant to subsection a. of this section that are
31 not satisfied during the amnesty period.

32 c. Notwithstanding the provisions of any other law to the
33 contrary, if a taxpayer elects to participate in the program
34 established pursuant to this section, as that election shall be
35 evidenced by full payment pursuant to this section of a State tax
36 liability to which this section applies pursuant to subsection a. of
37 this section, then that election shall constitute an express and
38 absolute relinquishment of all administrative and judicial rights of
39 appeal that have not run or otherwise expired as of the date payment
40 is made. The relinquishment of rights of appeal pursuant to this
41 subsection shall apply with respect to all rights of appeal
42 established pursuant to the “State Uniform Tax Procedure Law,”
43 R.S.54:48-1 et seq., and the specific statutory provisions of any
44 State tax. No tax payment made pursuant to this section shall be
45 eligible for refund or credit, whether claimed by administrative
46 protest or judicial appeal.

47 d. Notwithstanding the provisions of any other law to the
48 contrary, no amnesty payment shall be accepted without the express

1 approval of the director with respect to any State tax assessment
2 which is the subject of any administrative or judicial appeal as of
3 the effective date of P.L. , c. (pending before the Legislature as
4 this bill).

5 e. Notwithstanding any provision of the "Administrative
6 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
7 contrary, the director may adopt immediately upon filing with the
8 Office of Administrative Law such regulations as the director
9 deems necessary to implement the provisions of this section, which
10 regulations shall be effective for a period not to exceed 180 days
11 following the date of enactment of P.L. , c. (C.) (pending
12 before the Legislature as this bill) and may thereafter be amended,
13 adopted, or readopted by the director in accordance with the
14 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
15 seq.).

16
17 2. There is appropriated to the Division of Taxation in the
18 Department of the Treasury a sum not to exceed \$10,000,000 from
19 the proceeds collected pursuant to subsection a. of section 1 of this
20 act to carry out and administer the tax amnesty program established
21 pursuant to the provisions of that section.

22
23 3. This act shall take effect immediately.

24

25

26

STATEMENT

27

28 The bill requires the Director of the Division of Taxation to
29 establish a two-month State tax amnesty period, that would start on
30 June 1, 2018 and end on August 1, 2018. The amnesty will apply
31 only to State tax liabilities for tax returns due between January 1,
32 2014 and December 31, 2016. During the amnesty period, a
33 taxpayer who has failed to pay any State tax can pay the tax,
34 interest due, and costs of collection without the imposition of
35 recovery fees, civil penalties, and criminal penalties arising out of
36 the late payment. The amnesty is not available to a taxpayer who,
37 at the time of payment, is under criminal investigation or charge for
38 any State tax matter.

39 If a taxpayer eligible for the amnesty fails during the amnesty
40 period to pay taxes owed, the bill subjects that taxpayer to a five
41 percent penalty. The five percent penalty will be in addition to all
42 other penalties, interest, or collection costs otherwise authorized by
43 law.

44 The bill also appropriates a sum not to exceed \$10 million of the
45 proceeds collected through the amnesty period for the costs incurred
46 to carry out and administer the program.

ASSEMBLY, No. 3920

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 7, 2018

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Requires Director of Division of Taxation to establish State tax amnesty period that begins June 1, 2018 and ends August 1, 2018.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing for a State tax amnesty period, supplementing
2 Title 54 of the Revised Statutes, and making a appropriation.

3

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

6

7 1. a. In addition to the powers of the Director of the Division
8 of Taxation prescribed under the “State Uniform Tax Procedure
9 Law,” R.S.54:48-1 et seq., and notwithstanding the provisions of
10 any other law to the contrary, the director shall establish a period,
11 beginning on June 1, 2018 and ending on August 1, 2018, during
12 which a taxpayer who has failed to pay any State tax on or before
13 the day on which the tax is required to be paid may pay to the
14 director on or before the last day of the period established by the
15 director the amount of the tax that is due. During the period
16 established by the director, a taxpayer may pay the amount of the
17 tax that is due to the director without the recovery fee set forth in
18 section 2 of P.L.1992, c.172 (C.54:49-12.3) that may otherwise be
19 due, and without the imposition of any civil or criminal penalties
20 arising out of an obligation imposed under any State tax law. This
21 section shall apply only to State tax liabilities for tax returns due on
22 or after January 1, 2014 and prior to December 31, 2016 and shall
23 not extend to any taxpayer who at the time of payment is under
24 criminal investigation or charge for any State tax matter, as certified
25 by a county prosecutor or the Attorney General to the director.

26 b. The director shall impose a five percent penalty, which shall
27 not be subject to waiver or abatement, in addition to all other
28 penalties, interest, or costs of collection otherwise authorized by
29 law, upon any State tax liabilities eligible to be satisfied during the
30 period established pursuant to subsection a. of this section that are
31 not satisfied during the amnesty period.

32 c. Notwithstanding the provisions of any other law to the
33 contrary, if a taxpayer elects to participate in the program
34 established pursuant to this section, as that election shall be
35 evidenced by full payment pursuant to this section of a State tax
36 liability to which this section applies pursuant to subsection a. of
37 this section, then that election shall constitute an express and
38 absolute relinquishment of all administrative and judicial rights of
39 appeal that have not run or otherwise expired as of the date payment
40 is made. The relinquishment of rights of appeal pursuant to this
41 subsection shall apply with respect to all rights of appeal
42 established pursuant to the “State Uniform Tax Procedure Law,”
43 R.S.54:48-1 et seq., and the specific statutory provisions of any
44 State tax. No tax payment made pursuant to this section shall be
45 eligible for refund or credit, whether claimed by administrative
46 protest or judicial appeal.

47 d. Notwithstanding the provisions of any other law to the
48 contrary, no amnesty payment shall be accepted without the express

1 approval of the director with respect to any State tax assessment
2 which is the subject of any administrative or judicial appeal as of
3 the effective date of P.L. , c. (pending before the Legislature as
4 this bill).

5 e. Notwithstanding any provision of the "Administrative
6 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
7 contrary, the director may adopt immediately upon filing with the
8 Office of Administrative Law such regulations as the director
9 deems necessary to implement the provisions of this section, which
10 regulations shall be effective for a period not to exceed 180 days
11 following the date of enactment of P.L. , c. (C.) (pending
12 before the Legislature as this bill) and may thereafter be amended,
13 adopted, or readopted by the director in accordance with the
14 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
15 seq.).

16
17 2. There is appropriated to the Division of Taxation in the
18 Department of the Treasury a sum not to exceed \$10,000,000 from
19 the proceeds collected pursuant to subsection a. of section 1 of this
20 act to carry out and administer the tax amnesty program established
21 pursuant to the provisions of that section.

22
23 3. This act shall take effect immediately.

24 25 26 STATEMENT

27
28 The bill requires the Director of the Division of Taxation to
29 establish a two-month State tax amnesty period, that would start on
30 June 1, 2018 and end on August 1, 2018. The amnesty will apply
31 only to State tax liabilities for tax returns due between January 1,
32 2014 and December 31, 2016. During the amnesty period, a
33 taxpayer who has failed to pay any State tax can pay the tax,
34 interest due, and costs of collection without the imposition of
35 recovery fees, civil penalties, and criminal penalties arising out of
36 the late payment. The amnesty is not available to a taxpayer who,
37 at the time of payment, is under criminal investigation or charge for
38 any State tax matter.

39 If a taxpayer eligible for the amnesty fails during the amnesty
40 period to pay taxes owed, the bill subjects that taxpayer to a five
41 percent penalty. The five percent penalty will be in addition to all
42 other penalties, interest, or collection costs otherwise authorized by
43 law.

44 The bill also appropriates a sum not to exceed \$10 million of the
45 proceeds collected through the amnesty period for the costs incurred
46 to carry out and administer the program.

ASSEMBLY BILL NO. 3438
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3438 (First Reprint) with my recommendations for reconsideration.

This bill would require the Director of the Division of Taxation to establish a tax amnesty period for unpaid taxes due and owing between 2009 and the present, and would appropriate \$25 million to carry out and administer the program. While the notion of a one-time tax amnesty program was not included among the long-term revenue solutions described in my budget recommendations presented to the Legislature in March, in the spirit of compromise and mutual cooperation I have agreed to accept this legislative priority.

I do, however, recommend some changes proposed by the Division of Taxation so that it is able to administer the program in a manner consistent with similar past programs. These recommendations are intended to ensure that the program operates efficiently, promotes maximum eligible taxpayer participation, and provides the Division of Taxation with adequate resources to effectuate the goals of the bill, consistent with the terms of the Fiscal Year 2019 budget deal struck with legislative leadership.

Therefore, I herewith return Assembly Bill No. 3438 (First Reprint) and recommend that it be amended as follows:

- | | |
|------------------------------------|--|
| <u>Page 2, Section 1, Line 11:</u> | Delete "six months" and insert "not to exceed 90 days" |
| <u>Page 2, Section 1, Line 12:</u> | Delete "December 31, 2018" and insert "January 15, 2019" |
| <u>Page 2, Section 1, Line 16:</u> | Delete "May" and insert "November" |

- Page 2, Section 1, Line 18: Delete "May 1, 2018, without the" and insert "November 1, 2018, and without any late payment penalty, late filing penalty, cost of collection, delinquency penalty or"
- Page 2, Section 1, Lines 20-21: Delete ", and without the imposition of any civil or criminal penalties" and insert ". The taxpayer shall be required to pay any civil fraud or criminal penalty"
- Page 2, Section 1, Line 23: Delete "January 1, 2012" and insert "February 1, 2009"
- Page 2, Section 1, Line 24: Delete "January 1, 2018" and insert "September 1, 2017"
- Page 2, Section 1, Line 30: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 2, Section 1, Line 32: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 3, Section 1, Line 16: After "e." insert:
 "No person shall be eligible for amnesty under this program if the person has been notified by the Office of Criminal Investigation in the Division of Taxation that he or she is under criminal investigation for a State tax matter, unless the Office of Criminal Investigation certifies to the director that the State tax matter involving that person was resolved.
 f. Notwithstanding any provision of law to the contrary, no taxpayer shall be eligible for amnesty under this program unless that taxpayer pays the full amount of the tax, reduced interests, and applicable penalty, if any, in accordance with rules and procedures established by the Director. If the taxpayer has not previously filed a tax return to report the tax due for which the taxpayer is seeking amnesty, the taxpayer must file the required return or returns on or before the last day of the amnesty period. g."
- Page 3, Section 2, Line 28: Delete "\$10,000,000" and insert "\$25,000,000"
- Page 3, Section 2, Line 31: Delete "provision" and insert "provisions"
- Page 3, Line 32: Insert new section:

"3. Notwithstanding the provisions of any other law to the contrary, a contract for advertising services for the State tax amnesty program shall be procured in an expedited manner. The Division of Taxation may, to the extent necessary, waive or modify any other law or regulation that may interfere with the expeditious procurement of these services."

Page 3, Line 33:

Delete "3." and insert "4."

Page 3, Section 3, Line 33:

After "act" delete "shall take effect"

Page 3, Section 3, Line 33:

After "immediately." insert "Section 3 shall expire after award of the advertising services contract."

Respectfully,

[seal]

/s/Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Deputy Chief Counsel to the Governor

July 1, 2018

**ASSEMBLY BILL NO. 3438
(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3438 (First Reprint) with my recommendations for reconsideration.

This bill would require the Director of the Division of Taxation to establish a tax amnesty period for unpaid taxes due and owing between 2009 and the present, and would appropriate \$25 million to carry out and administer the program. While the notion of a one-time tax amnesty program was not included among the long-term revenue solutions described in my budget recommendations presented to the Legislature in March, in the spirit of compromise and mutual cooperation I have agreed to accept this legislative priority.

I do, however, recommend some changes proposed by the Division of Taxation so that it is able to administer the program in a manner consistent with similar past programs. These recommendations are intended to ensure that the program operates efficiently, promotes maximum eligible taxpayer participation, and provides the Division of Taxation with adequate resources to effectuate the goals of the bill, consistent with the terms of the Fiscal Year 2019 budget deal struck with legislative leadership.

Therefore, I herewith return Assembly Bill No. 3438 (First Reprint) and recommend that it be amended as follows:

- | | |
|------------------------------------|---|
| <u>Page 2, Section 1, Line 11:</u> | Delete "six months" and insert "not to exceed 90 days" |
| <u>Page 2, Section 1, Line 12:</u> | Delete "December 31, 2018" and insert "January 15, 2019" |
| <u>Page 2, Section 1, Line 16:</u> | Delete "May" and insert "November" |
| <u>Page 2, Section 1, Line 18:</u> | Delete "May 1, 2018, without the" and insert "November 1, 2018, and without any late payment penalty, late filing |

penalty, cost of collection, delinquency penalty or"

- Page 2, Section 1, Lines 20-21: Delete ", and without the imposition of any civil or criminal penalties" and insert ". The taxpayer shall be required to pay any civil fraud or criminal penalty"
- Page 2, Section 1, Line 23: Delete "January 1, 2012" and insert "February 1, 2009"
- Page 2, Section 1, Line 24: Delete "January 1, 2018" and insert "September 1, 2017"
- Page 2, Section 1, Line 30: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 2, Section 1, Line 32: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 3, Section 1, Line 16: After "e." insert:
 "No person shall be eligible for amnesty under this program if the person has been notified by the Office of Criminal Investigation in the Division of Taxation that he or she is under criminal investigation for a State tax matter, unless the Office of Criminal Investigation certifies to the director that the State tax matter involving that person was resolved.
 f. Notwithstanding any provision of law to the contrary, no taxpayer shall be eligible for amnesty under this program unless that taxpayer pays the full amount of the tax, reduced interests, and applicable penalty, if any, in accordance with rules and procedures established by the Director. If the taxpayer has not previously filed a tax return to report the tax due for which the taxpayer is seeking amnesty, the taxpayer must file the required return or returns on or before the last day of the amnesty period.
 g."
- Page 3, Section 2, Line 28: Delete "\$10,000,000" and insert "\$25,000,000"
- Page 3, Section 2, Line 31: Delete "provision" and insert "provisions"
- Page 3, Line 32: Insert new section:
 "3. Notwithstanding the provisions of any other law to the contrary, a contract for advertising services for the State tax amnesty program shall be procured in an

expedited manner. The Division of Taxation may, to the extent necessary, waive or modify any other law or regulation that may interfere with the expeditious procurement of these services."

Page 3, Line 33:

Delete "3." and insert "4."

Page 3, Section 3, Line 33:

After "act" delete "shall take effect"

Page 3, Section 3, Line 33:

After "immediately." insert "Section 3 shall expire after award of the advertising services contract."

Respectfully,

[seal]

/s/Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Deputy Chief Counsel to the Governor



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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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Bill A3438 Aca w/GR (2R)

Session 2018 - 2019



Requires Director of the Division of Taxation to establish 90-day State tax amnesty period that ends no later than January 15, 2019.**

Bills and Joint Resolutions Signed by the Governor

Identical Bill Number: [S1841](#) [S2523](#)

This bill has been certified by OLS for a fiscal note.

Primary Sponsor:

[Karabinchak, Robert J.](#)
[Coughlin, Craig J.](#)
[DeAngelo, Wayne P.](#)
[Diegnan, Patrick J., Jr.](#)
[Cryan, Joseph P.](#)

Co-Sponsor:

[Lagana, Joseph A.](#)
[Greenstein, Linda R.](#)

3/5/2018	Introduced, Referred to Assembly Budget Committee
6/18/2018	Reported out of Assembly Comm. with Amendments, 2nd Reading
6/21/2018	Passed by the Assembly (56-19-0)
6/21/2018	Received in the Senate without Reference, 2nd Reading
6/21/2018	Substituted for S1841/2523 (SCS)

6/21/2018	Passed Senate (Passed Both Houses) (36-1)
6/30/2018	Conditional Veto, Received in the Assembly
6/30/2018	First Reading/Governor Recommendations Only
6/30/2018	2nd Reading in the Assembly on Concur. w/Gov.'s Recommend.
6/30/2018	Motion Waive 22:4a (Karabinchak) (56-15-0)
6/30/2018	Passed by the Assembly (56-15-0)
7/1/2018	Received in the Senate, 2nd Reading - Concur. w/Gov's Recom.
7/1/2018	Passed Senate (Passed Both Houses) (26-12)
7/1/2018	Approved P.L.2018, c.46.

Introduced

(4 pages) [PDF Format](#) [HTML Format](#)

Statement - ABU 6/18/18

(2 pages) [PDF Format](#) [HTML Format](#)

Reprint

(3 pages) [PDF Format](#) [HTML Format](#)

Fiscal Estimate - 6/28/18; 1R

(3 pages) [PDF Format](#) [HTML Format](#)

Reprint - Conditional Veto

(4 pages) [PDF Format](#) [HTML Format](#)

Veto - Conditional Veto

(3 pages) [PDF Format](#) [HTML Format](#)

Advance Law

(3 pages) [PDF Format](#) [HTML Format](#)

Pamphlet Law

(2 pages) [PDF Format](#) [HTML Format](#)

Committee Voting:

ABU - 6/18/2018 - r/Aca

Yes: 9 No: 4 Not Voting: 0 Abstain: 0

Roll Call

Session Voting:

Asm. 06/21/2018 - 3RDG FINAL PASSAGE

Yes: 56 No: 19 Not Voting: 4 Abstain: 0

Roll Call

Asm. 07/01/2018 - WAIVE RULE 22:4a

Yes: 56 No: 15 Not Voting: 9 Abstain: 0

Roll Call

Asm. 07/01/2018 - CONCUR GOV REC

Yes: 56 No: 15 Not Voting: 9 Abstain: 0

Roll Call

Sen. 06/21/2018 - SUB FOR S-1841

Yes:	No:	Not Voting:	- Voice Vote
0	0	40	Passed

Sen. 06/21/2018 - 3RDG FINAL PASSAGE

Yes: 36 No: 1 Not Voting: 3

Roll Call

Sen. 07/01/2018 - CONCUR GOV REC

Yes: 26 No: 12 Not Voting: 2

Roll Call

**indicates synopsis was amended*



Bill S1841/2523 Scs (SCS)

Session 2018 - 2019



Requires Director of the Division of Taxation to establish six-month State tax amnesty period that ends no later than December 31, 2018.*

Substituted by another Bill

Identical Bill Number: [A3438](#)

This bill has been certified by OLS for a fiscal note.

Primary Sponsor:

[Diegnan, Patrick J., Jr.](#)

[Cryan, Joseph P.](#)

Co-Sponsor:

[Lagana, Joseph A.](#)

2/8/2018	Introduced in the Senate, Referred to Senate Budget and Appropriations Committee
6/18/2018	Reported from Senate Committee as a Substitute, 2nd Reading
6/21/2018	Substituted by A3438 (1R)

Introduced

(4 pages) [PDF Format](#) [HTML Format](#)

Statement - SBA 6/18/18 SCS S2523

(2 pages) [PDF Format](#) [HTML Format](#)

Senate Committee Substitute

(3 pages) [PDF Format](#) [HTML Format](#)

Fiscal Estimate - 6/28/18; SCS

(3 pages) [PDF Format](#) [HTML Format](#)

Committee Voting:

SBA - 6/18/2018 - r/SCS

Yes: 13 No: 0 Not Voting: 0 Abstain: 0

Roll Call

**indicates synopsis was amended*

Bill S2523

Session 2018 - 2019



Requires Director of Division of Taxation to establish State tax amnesty period that begins June 1, 2018 and ends August 1, 2018.

Combined with another Bill

Identical Bill Number: [A3920](#)

This bill has been certified by OLS for a fiscal note.

Primary Sponsor:

[Cryan, Joseph P.](#)

5/10/2018 Introduced in the Senate, Referred to Senate Budget and Appropriations Committee

6/18/2018 Combined with S1841 (SCS)

Introduced

(3 pages) [PDF Format](#) [HTML Format](#)

Committee Voting:

SBA - 6/18/2018 - r/SCS

Yes: 13 No: 0 Not Voting: 0 Abstain: 0

[Roll Call](#)

**indicates synopsis was amended*

Bill A3920

Session 2018 - 2019



Requires Director of Division of Taxation to establish State tax amnesty period that begins June 1, 2018 and ends August 1, 2018.

State and Local Government

Identical Bill Number: S2523

This bill has been certified by OLS for a fiscal note.

Primary Sponsor:

Coughlin, Craig J.

5/7/2018	Introduced, Referred to Assembly State and Local Government Committee
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Introduced

(3 pages) [PDF Format](#) [HTML Format](#)

**indicates synopsis was amended*