

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"More Tax Data to go Online in NJ – Christie signs measure into law after vetoing an earlier version", Record, the (Hackensack, NJ), March 23, 2017

P.L.2017, CHAPTER 35, *approved March 22, 2017*
Senate, No. 2347 (*First Reprint*)

1 AN ACT concerning the payroll tax levied by certain municipalities
2 and amending P.L.1970, c.326.

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

6
7 1. Section 15 of P.L.1970, c.326 (C.40:48C-15) is amended to
8 read as follows:

9 15. Any municipality may by ordinance impose and collect an
10 employer payroll tax for general municipal purposes of the
11 municipality at a rate of up to 1% of the employer's payroll. ¹Any
12 reduction in the employer payroll tax while the municipality is in
13 receipt of transitional aid shall be subject to approval by the
14 Department of Community Affairs.¹
15 (cf: P.L.1970, c.326, s.15)

16
17 2. This act shall take effect immediately.

18

19

20

21

22 Permits certain municipalities to impose and collect payroll tax
23 of up to 1% of employer's payroll.

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:

¹Senate amendments adopted in accordance with Governor's recommendations February 13, 2017.

SENATE, No. 2347

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JUNE 9, 2016

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

Senator M. TERESA RUIZ

District 29 (Essex)

Assemblywoman L. GRACE SPENCER

District 29 (Essex)

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Co-Sponsored by:

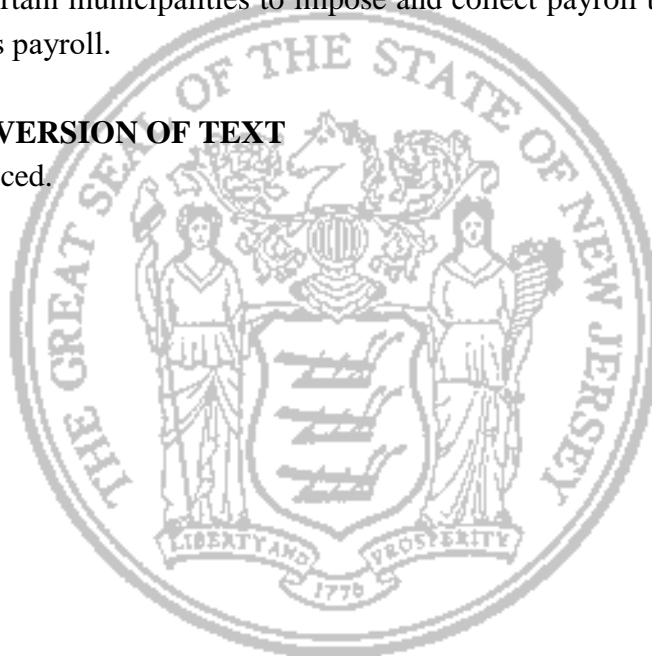
Assemblywoman Tucker

SYNOPSIS

Permits certain municipalities to impose and collect payroll tax of up to 1% of employer's payroll.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/20/2016)

1 AN ACT concerning the payroll tax levied by certain municipalities
2 and amending P.L.1970, c.326.

3

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

6

7 1. Section 15 of P.L.1970, c.326 (C.40:48C-15) is amended to
8 read as follows:

9 15. Any municipality may by ordinance impose and collect an
10 employer payroll tax for general municipal purposes of the
11 municipality at a rate of up to 1% of the employer's payroll.

12 (cf: P.L.1970, c.326, s.15)

13

14 2. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill would amend the "Local Tax Authorization Act,"
20 P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark
21 to impose, by ordinance, an employer payroll tax at a rate of up to
22 1% of an employer's payroll. Currently, statutory law requires that
23 the rate of the employer payroll tax be 1% of the employer's
24 payroll.

25 The "Local Tax Authorization Act" permits the imposition of a
26 parking tax and surcharge and an employer payroll tax by certain of
27 the State's larger cities. However, section 2 of P.L.2004, c.181,
28 which was retroactive to September 21, 1999, limited the
29 imposition of an employer payroll tax only to municipalities having
30 imposed that tax within the two years prior to July 1, 1995. At that
31 time, Newark was the only municipality imposing an employer
32 payroll tax under the "Local Tax Authorization Act, and is therefore
33 the only municipality currently able to impose an employer payroll
34 tax by law.

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.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2347

STATE OF NEW JERSEY

DATED: DECEMBER 15, 2016

The Assembly Appropriations Committee reports favorably Senate Bill No. 2347.

This bill amends the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1% of an employer’s payroll. Currently, statutory law requires that the rate of the employer payroll tax be equal to 1% of the employer’s payroll.

The “Local Tax Authorization Act” permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State’s larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within the two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the “Local Tax Authorization Act, and is therefore is by law the only municipality currently able to impose an employer payroll tax.

As reported, this bill is identical to Assembly Bill No. 3723, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill may result in an indeterminate decrease in employer payroll tax revenues collected by the City of Newark. Newark imposes an employer payroll tax of 1%. Changes to the rate may result in a decrease in municipal revenues.

Newark has reported employer payroll tax collections totaling \$48.768 million for calendar year 2015. Employer payroll tax receipts accounted for 7.2% of the city’s revenues in 2015. According to the Division of Local Government Services, Newark was awarded \$9.8 million in Transitional Aid to Localities for Calendar Year 2016. The city is also under State financial supervision. Changes to Newark’s revenue structure would likely require State approval.

To increase local revenues, Newark has recently intensified its efforts to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2347

STATE OF NEW JERSEY

DATED: OCTOBER 13, 2016

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2347.

This bill would amend the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1% of an employer’s payroll. Currently, statutory law requires that the rate of the employer payroll tax be 1% of the employer’s payroll.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2347
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: OCTOBER 26, 2016

SUMMARY

Synopsis: Permits certain municipalities to impose and collect payroll tax of up to 1% of employer’s payroll.

Type of Impact: Indeterminate potential revenue decrease.

Agencies Affected: City of Newark

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate Potential Decrease – See comments below		

- The Office of Legislative Services concludes that the enactment of Senate Bill No. 2347 may result in an indeterminate decrease in employer payroll tax revenues collected by the City of Newark. Newark imposes an employer payroll tax of 1%. Changes to the rate may result in a decrease in municipal revenues.
- Newark has reported employer payroll tax collections totaling \$48.768 million for calendar year 2015. Employer payroll tax receipts accounted for 7.2% of the city’s revenues in 2015.
- According to the Division of Local Government Services, Newark was awarded \$9.8 million in Transitional Aid to Localities for Calendar Year 2016. The city is also under State financial supervision. Changes to Newark’s revenue structure would likely require State approval.
- In order to increase local revenues, Newark has recently intensified its efforts to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

BILL DESCRIPTION

Senate Bill No. 2347 amends the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48C-1 et seq.) to permit the City of Newark to impose, by ordinance, an employer payroll

tax at a rate of up to 1% of an employer's payroll. Current law requires that the rate of the employer payroll tax be 1% of the employer's payroll.

The "Local Tax Authorization Act" permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State's larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within the two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the "Local Tax Authorization Act," and is therefore the only municipality currently able to impose an employer payroll tax by law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concludes that the enactment of Senate Bill No. 2347 may result in an indeterminate potential decrease in payroll tax revenues collected by the City of Newark. The City of Newark currently imposes a payroll tax of 1%, the maximum rate permitted under the bill. Any change to the payroll tax rate may result in a decrease in municipal revenues. In an Official Statement for the issuance of \$25 million in "Qualified General Obligation Open Space Bonds," dated August 31, 2016, the City of Newark reported unaudited payroll tax collections totaling \$48.768 million for Calendar Year 2015. This represents a 43% increase over Calendar Year 2014 payroll tax collections of \$34.034 million. The City of Newark is currently subject to State financial supervision pursuant to the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.). Changes to Newark's revenue structure would likely require State approval prior to their implementation.

In testimony before the Local Finance Board on September 22, 2015, Newark's Business Administrator noted the city's difficulties in collecting its employer payroll tax and indicated that State assistance may be required to assist Newark in maximizing these revenues. In response to a Fiscal Year 2017 Discussion Point, the Department of Community Affairs noted that Newark's aggressive management of parking and employer payroll tax collections was a part of the city's strategy to close its Calendar Year 2015 budget deficit. The department also stated that the Division of Local Government Services was working with Newark and the Division of Taxation to secure a Memorandum of Understanding that would allow the city to have access to certain State data in order to assist in the recovery of additional employer payroll tax revenues from businesses located in Newark and registered to do business in New Jersey. According to financial and operating data released by the City of Newark through the Municipal Securities Rulemaking Board, Newark is in the process of cross-referencing its employer database with State information to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

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

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 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2347 STATE OF NEW JERSEY 217th LEGISLATURE

DATED: MARCH 23, 2017

SUMMARY

Synopsis: Permits certain municipalities to impose and collect payroll tax of up to 1 percent of employer's payroll.

Type of Impact: Indeterminate potential revenue decrease

Agencies Affected: City of Newark

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate Potential Decrease – See comments below		

- The Office of Legislative Services concludes that the enactment of Senate Bill No. 2347 (1R) may result in an indeterminate decrease in employer payroll tax revenues collected by the City of Newark. Newark currently imposes an employer payroll tax of 1 percent. Changes to the rate may result in a decrease in municipal revenue.
- Newark has reported employer payroll tax collections totaling \$48.768 million for calendar year 2015. Employer payroll tax receipts accounted for 7.2 percent of the city's revenues in 2015.
- According to the Division of Local Government Services (DLGS), Newark was awarded \$9.8 million in Transitional Aid to Localities for Calendar Year 2016. The city is also under State financial supervision. Legislative concurrence with the Governor's conditional veto would require Newark to receive State approval prior to reducing the payroll tax rate while the city is a recipient of Transitional Aid to Localities.
- In order to increase local revenues, Newark has recently intensified its efforts to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

BILL DESCRIPTION

Senate Bill No. 2347 (1R) of 2016 amends the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48-1 et seq.) to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1 percent of an employer’s payroll. Current law requires that the rate of the employer payroll tax be 1 percent of the employer’s payroll. The Governor’s conditional veto recommends that any ordinance reducing the employer payroll tax rate be subject to the approval of the Department of Community Affairs (DCA) during such periods Newark receives State financial assistance through the Transitional Aid to Localities program.

The “Local Tax Authorization Act” permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State’s larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the “Local Tax Authorization Act,” and is therefore the only municipality currently able to impose an employer payroll tax by law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concludes that the enactment of Senate Bill No. 2347 (1R) may result in an indeterminate potential decrease in payroll tax revenues collected by the City of Newark. The City of Newark currently imposes a payroll tax of 1 percent, the maximum rate permitted under the bill. In an Official Statement for the issuance of \$11.741 million in “General Obligation Notes,” dated November 22, 2016, Newark reported audited payroll tax collections totaling \$48.768 million for Calendar Year 2015. This represents a 43 percent increase over Calendar Year 2014 payroll tax collections of \$34.034 million. Newark is currently subject to State financial supervision pursuant to the “Local Government Supervision Act (1947),” P.L.1947, c.151 (C.52:27BB-1 et seq.) and through the Transitional Aid to Localities program. Newark was awarded \$9.8 million in State aid through the Calendar Year 2016 round of Transitional Aid to Localities funding.

In testimony before the Local Finance Board on September 22, 2015, Newark’s Business Administrator noted the city’s difficulties in collecting its employer payroll tax and indicated that State assistance may be required to assist in Newark in maximizing these revenues. In response to a Fiscal Year 2017 Discussion Point, the DCA noted that Newark’s aggressive management and employer payroll tax collections was a part of the city’s strategy to close its Calendar Year 2015 budget deficit. The DCA also stated that the DLGS was working with Newark and the Division of Taxation to secure a Memorandum of Understanding that would allow the city to have access to certain State data in order to assist in the recovery of additional employer payroll tax revenues from businesses located in Newark and registered to do business in New Jersey. According to the November 2016, Official Statement, the city is in the process of cross-referencing its employer database with State information to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required. Increased

enforcement may generate additional tax collections and mitigate any revenue loss resulting from a decrease in the payroll tax rate.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

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

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 (C.52:13B-6 et seq.).

SENATE BILL NO. 2347

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2347 with my recommendations for reconsideration.

This bill would allow the City of Newark to reduce, by ordinance, the rate of the employer payroll tax. Currently, the law requires that the rate of the tax be 1% of the employer's payroll. Newark is the only municipality authorized to impose an employer payroll tax and has done so for more than two decades. Newark reported employer payroll tax collections totaling \$48.768 million for calendar year 2015, accounting for 7.2% of the City's revenues.

Newark is under State supervision and has requested transitional aid from the State for the past three years to assist with its budget crisis. Accordingly, Newark received \$10.0 million in transitional aid in both 2014 and 2015, and \$9.8 million in transitional aid in 2016. It is anticipated that Newark will continue to apply for transitional aid in the coming years to assist with its ongoing budget problems.

The recovery of additional payroll tax revenues is part of Newark's overall strategy to address its budget deficit. In fact, the State has assisted Newark to increase its payroll tax collections by 43% from 2014 to 2015.

I support the intention of the bill to attract new businesses to the City through the issuance of financial incentives. However, I cannot support a bill that would allow the City to act irresponsibly while receiving significant taxpayer-funded aid. Therefore, I offer amendments to ensure any action by Newark to reduce the employer's payroll tax will not be done thoughtlessly. I recommend amending this bill to

require approval by the Department of Community Affairs prior to any reduction in the payroll tax while the City is in receipt of transitional aid.

Accordingly, I herewith return Senate Bill No. 2347 and recommend that it be amended as follows:

Page 2, Section 1, Line 11:

After "payroll." insert "Any reduction in the employer payroll tax while the municipality is in receipt of transitional aid shall be subject to approval by the Department of Community Affairs."

Respectfully,

[seal]

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivo

Chief Counsel to the Governor

ASSEMBLY, No. 3723

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED MAY 19, 2016

Sponsored by:

Assemblywoman L. GRACE SPENCER

District 29 (Essex)

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Co-Sponsored by:

Assemblywoman Tucker

SYNOPSIS

Permits certain municipalities to impose and collect payroll tax of up to 1% of employer's payroll.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/20/2016)

1 AN ACT concerning the payroll tax levied by certain municipalities
2 and amending P.L.1970, c.326.

3

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

6

7 1. Section 15 of P.L.1970, c.326 (C.40:48C-15) is amended to
8 read as follows:

9 15. Any municipality may by ordinance impose and collect an
10 employer payroll tax for general municipal purposes of the
11 municipality at a rate of up to 1% of the employer's payroll.

12 (cf: P.L.1970, c.326, s.15)

13

14 2. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill would amend the "Local Tax Authorization Act,"
20 P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark
21 to impose, by ordinance, an employer payroll tax at a rate of up to
22 1% of an employer's payroll. Currently, statutory law requires that
23 the rate of the employer payroll tax be 1% of the employer's
24 payroll.

25 The "Local Tax Authorization Act" permits the imposition of a
26 parking tax and surcharge and an employer payroll tax by certain of
27 the State's larger cities. However, section 2 of P.L.2004, c.181,
28 which was retroactive to September 21, 1999, limited the
29 imposition of an employer payroll tax only to municipalities having
30 imposed that tax within the two years prior to July 1, 1995. At that
31 time, Newark was the only municipality imposing an employer
32 payroll tax under the "Local Tax Authorization Act, and is therefore
33 the only municipality currently able to impose an employer payroll
34 tax by law.

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.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3723
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: OCTOBER 26, 2016

SUMMARY

Synopsis: Permits certain municipalities to impose and collect payroll tax of up to 1% of employer’s payroll.

Type of Impact: Indeterminate potential revenue decrease.

Agencies Affected: City of Newark

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate Potential Decrease – See comments below		

- The Office of Legislative Services concludes that the enactment of Assembly Bill No. 3723 may result in an indeterminate decrease in employer payroll tax revenues collected by the City of Newark. Newark imposes an employer payroll tax of 1%. Changes to the rate may result in a decrease in municipal revenues.
- Newark has reported employer payroll tax collections totaling \$48.768 million for calendar year 2015. Employer payroll tax receipts accounted for 7.2% of the city’s revenues in 2015.
- According to the Division of Local Government Services Newark, was awarded \$9.8 million in Transitional Aid to Localities for Calendar Year 2016. The city is also under State financial supervision. Changes to Newark’s revenue structure would likely require State approval.
- In order to increase local revenues, Newark has recently intensified its efforts to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

BILL DESCRIPTION

Assembly Bill No. 3723 of 2016 amends the “Local Tax Authorization Act,” P.L.1970, c.326



(C.40:48C-1 et seq.) to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1% of an employer's payroll. Current law requires that the rate of the employer payroll tax be 1% of the employer's payroll.

The "Local Tax Authorization Act" permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State's larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within the two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the "Local Tax Authorization Act," and is therefore the only municipality currently able to impose an employer payroll tax by law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concludes that the enactment of Assembly Bill No. 3723 may result in an indeterminate potential decrease in payroll tax revenues collected by the City of Newark. The City of Newark currently imposes a payroll tax of 1%, the maximum rate permitted under the bill. Any change to the payroll tax rate may result in a decrease in municipal revenues. In an Official Statement for the issuance of \$25 million in "Qualified General Obligation Open Space Bonds," dated August 31, 2016, the City of Newark reported unaudited payroll tax collections totaling \$48.768 million for Calendar Year 2015. This represents a 43% increase over Calendar Year 2014 payroll tax collections of \$34.034 million. The City of Newark is currently subject to State financial supervision pursuant to the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.). Changes to Newark's revenue structure would likely require State approval prior to their implementation.

In testimony before the Local Finance Board on September 22, 2015, Newark's Business Administrator noted the city's difficulties in collecting its employer payroll tax and indicated that State assistance may be required to assist Newark in maximizing these revenues. In response to a Fiscal Year 2017 Discussion Point, the Department of Community Affairs noted that Newark's aggressive management of parking and employer payroll tax collections was a part of the city's strategy to close its Calendar Year 2015 budget deficit. The department also stated that the Division of Local Government Services was working with Newark and the Division of Taxation to secure a Memorandum of Understanding that would allow the city to have access to certain State data in order to assist in the recovery of additional employer payroll tax revenues from businesses located in Newark and registered to do business in New Jersey. According to financial and operating data released by the City of Newark through the Municipal Securities Rulemaking Board, Newark is in the process of cross-referencing its employer database with State information to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

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

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 (C.52:13B-6 et seq.).

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3723

STATE OF NEW JERSEY

DATED: OCTOBER 13, 2016

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 3723.

This bill would amend the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1% of an employer’s payroll. Currently, statutory law requires that the rate of the employer payroll tax be 1% of the employer’s payroll.

The “Local Tax Authorization Act” permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State’s larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within the two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the “Local Tax Authorization Act, and is therefore the only municipality currently able to impose an employer payroll tax by law.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3723

STATE OF NEW JERSEY

DATED: DECEMBER 15, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3723.

This bill amends the “Local Tax Authorization Act,” P.L.1970, c.326 (C.40:48C-1 et seq.), to permit the City of Newark to impose, by ordinance, an employer payroll tax at a rate of up to 1% of an employer’s payroll. Currently, statutory law requires that the rate of the employer payroll tax be equal to 1% of the employer’s payroll.

The “Local Tax Authorization Act” permits the imposition of a parking tax and surcharge and an employer payroll tax by certain of the State’s larger cities. However, section 2 of P.L.2004, c.181, which was retroactive to September 21, 1999, limited the imposition of an employer payroll tax only to municipalities having imposed that tax within the two years prior to July 1, 1995. At that time, Newark was the only municipality imposing an employer payroll tax under the “Local Tax Authorization Act, and is therefore is by law the only municipality currently able to impose an employer payroll tax.

As reported, this bill is identical to Senate Bill No. 2347, as also reported by the committee.

FISCAL IMPACT:

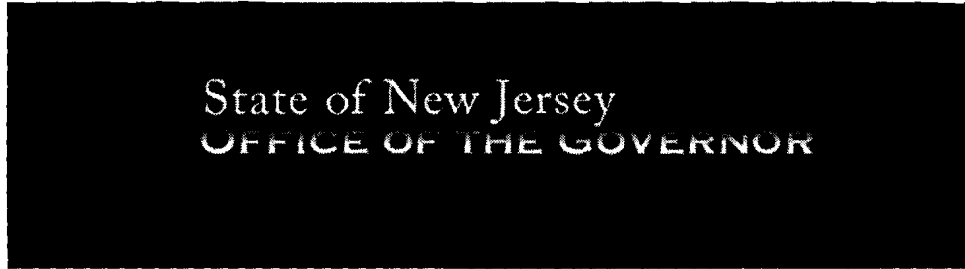
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To increase local revenues, Newark has recently intensified its efforts to ensure that businesses located in the city that are subject to the employer payroll tax are paying the amount required.

Governor Chris Christie Takes Action On Pending Legislation

Wednesday, March 22, 2017 Tags: [Bill Action](#)



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Trenton, NJ – Governor Chris Christie announced that he has taken action on the following legislation:

BILL SIGNINGS:

S-2347wGR/A-3723 (Rice, Ruiz/Pintor Marin, Giblin) - Permits certain municipalities to impose and collect payroll tax of up to 1% of employer's payroll

A-312wGR/S-2557 (Singleton, Lamplitt, Quijano, Pintor Marin, Wimberly, Downey/Cruz-Perez, Stack) - Requires Division of Local Government Services to include certain property tax information on division's web page

A-756wGR/S-2046 (Moriarty, Coughlin, Mukherji, Benson/Cruz-Perez) - Regulates use of motor vehicle payment assurance devices

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Press Contact:
Brian Murray
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