

54:43-1

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(Alcoholic  
beverages--tax--increase)

LAWS OF: 1990

CHAPTER: 41

Bill No: A3611

Sponsor(s): Doria

Date Introduced: May 24, 1990

Committee: Assembly: Appropriations

Senate: -----

Amended during passage: No

Date of Passage: Assembly: June 19, 1990

Senate: June 20, 1990

Date of Approval: June 27, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: No

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
ASSEMBLY, No. 3611

STATE OF NEW JERSEY

ADOPTED JUNE 14, 1990

Sponsored by Assemblymen DORIA and ADUBATO

1 AN ACT increasing the excise tax on alcoholic beverages,  
2 reducing and thereafter repealing the tax on wholesale sales of  
3 alcoholic beverages, providing for the allocation of the receipts  
4 from such taxes, and amending R.S.54:43-1, P.L.1980, c.62,  
5 P.L.1983, c.531, supplementing Title 54 of the Revised Statutes  
6 and repealing section 2 of P.L.1983, c.531 and P.L.1980, c.62.

7

8 BE IT ENACTED *by the Senate and General Assembly of the*  
9 *State of New Jersey:*

10 1. R.S.54:43-1 is amended to read as follows:

11 54:43-1. Tax rates. There are hereby levied and imposed upon  
12 any sale of alcoholic beverages made within this State or upon  
13 any delivery of alcoholic beverages made within or into this State  
14 the following excise taxes:

15 a. Beer--~~[\$0.03 1/3]~~ From July 1, 1990 through June 30, 1992,  
16 at the rate of \$0.10 a gallon or fraction thereof and on or after  
17 July 1, 1992, at the rate of \$0.12 a gallon or fraction thereof.

18 b. Liquors--From July 1, 1990 through June 30, 1992, at the  
19 rate of ~~[\$2.80]~~ \$4.20 a gallon and on or after July 1, 1992, at the  
20 rate of \$4.40 a gallon.

21 c. (Deleted by amendment, P.L.1972, c.53.)

22 d. (Deleted by amendment, P.L.1972, c.53.)

23 e. Wines, vermouth and sparkling wines--From July 1, 1990  
24 through June 30, 1992, at the rate of ~~[\$0.30]~~ \$0.50 a gallon and on  
25 or after July 1, 1992, at the rate of \$0.70 a gallon.

26 (cf: P.L.1985, c.233, s.1)

27 2. (New Section) Beginning on July 1, 1992, there shall  
28 annually be deposited in the Alcohol Education, Rehabilitation  
29 and Enforcement Fund established pursuant to section 3 of  
30 P.L.1983, c.531 (C.26:2B-32), the sum of \$11,000,000 of the tax  
31 collected annually pursuant to the "Alcoholic beverage tax law,"  
32 R.S.54:41-1 et seq.

33 3. Section 3 of P.L.1980, c.62 (C.54:32C-3) is amended to read  
34 as follows:

35 3. ~~[There]~~ From July 1, 1990 through June 30, 1991, there is  
36 imposed a tax of ~~[7.3%]~~ 2.9%; and from July 1, 1991 through  
37 June 30, 1992, there is imposed a tax of 1.5% upon the receipts  
38 from every sale of alcoholic beverages, except draught beer sold  
39 by the barrel, by any wholesaler to any retail licensee.

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

Matter underlined thus is new matter.

1 (cf: P.L.1983, c.531, s.1)

2 4. Section 3 of P.L.1983, c.531 (C.26:2B-32) is amended to  
3 read as follows:

4 3. An Alcohol Education, Rehabilitation and Enforcement Fund  
5 is established as a nonlapsing, revolving fund in a separate  
6 account in the Department of Health. The fund shall be credited  
7 from July 1, 1990 through June 30, 1991, with [10.75%] 27.6% of  
8 the tax revenues, and from July 1,1991 through June 30, 1992,  
9 with 53.3% of the tax revenues, collected pursuant to section 3  
10 of P.L.1980, c.62 (C.54:32C-3), the amount thereof to be  
11 dedicated 75% to rehabilitation, 15% to enforcement and 10% to  
12 education, and the fund thereafter shall be annually credited with  
13 the amount of tax revenues collected from the alcoholic beverage  
14 tax as is provided in section 2 of P.L. , c. (C. ) (now  
15 pending before the Legislature as this bill), which amount shall be  
16 dedicated 75% to rehabilitation, 15% to enforcement and 10% to  
17 education. Interest received on moneys in the fund shall be  
18 credited to the fund. Pursuant to the formula set forth in section  
19 5 of this act, moneys appropriated pursuant to law shall only be  
20 distributed to the counties by the Department of Health, without  
21 the assessment of administrative costs, to develop and implement  
22 an annual comprehensive plan for the treatment of alcoholics and  
23 drug abusers and for [the] expenditures [established in section 2  
24 of this act] according to the dedications provided herein.

25 (cf: P.L.1989, c.51, s.13)

26 5. Section 4 of P.L.1983, c.531 (C.26:2B-33) is amended to  
27 read as follows:

28 4. a. The governing body of each county, in conjunction with  
29 the county agency, or individual, designated by the county with  
30 the responsibility for planning services and programs for the care  
31 or rehabilitation of alcoholics and drug abusers, shall submit to  
32 the Deputy Commissioner for the Division of Alcoholism and  
33 Drug Abuse and the Governor's Council on Alcoholism and Drug  
34 Abuse an annual comprehensive plan for the provision of  
35 community services to meet the needs of alcoholics and drug  
36 abusers.

37 b. The annual comprehensive plan shall address the needs of  
38 urban areas with a population of 100,000 or over and shall  
39 demonstrate linkage with existing resources which serve  
40 alcoholics and drug abusers and their families. Special attention  
41 in the plan shall be given to alcoholism and drug abuse and youth;  
42 drinking and drug abusing drivers; women and alcoholism and drug  
43 abuse; the disabled and alcoholism and drug abuse; alcoholism and  
44 drug abuse on the job; alcoholism and drug abuse and crime;  
45 public information; and educational programs as defined in  
46 subsection c. of this section. Each county shall identify, within its  
47 annual comprehensive plan, the Intoxicated Driver Resource  
48 Center which shall service its population, as is required under  
49 subsection (f) of R.S.39:4-50. The plan may involve the provision

1 of programs and services by the county, by an agreement with a  
2 State agency, by private organizations, including volunteer  
3 groups, or by some specified combination of the above.

4 If the State in any year fails to deposit [a minimum of 10.75%]  
5 the amount of [the] tax receipts [derived from the tax] as is  
6 required under section 3 of [P.L.1980, c.62 (C.54:32C-3)]  
7 P.L.1983, c.531 (C.26:2B-32), a county may reduce or eliminate,  
8 or both, the operation of existing programs currently being  
9 funded from the proceeds deposited in the Alcohol Education,  
10 Rehabilitation and Enforcement Fund.

11 c. Programs established with the funding for education [as  
12 provided in section 2 of this act] from the fund shall include all  
13 courses in the public schools required pursuant to P.L.1987, c.389  
14 (C.18A:40A-1 et seq.), programs for students included in the  
15 annual comprehensive plan for each county, and in-service  
16 training programs for teachers and administrative support staff  
17 including nurses, guidance counselors, child study team members,  
18 and librarians. All moneys dedicated [in section 2 of this act for]  
19 to education from the fund shall be allocated through the  
20 designated county alcoholism and drug abuse agency and all  
21 programs shall be consistent with the annual comprehensive  
22 county plan submitted to the Deputy Commissioner for the  
23 Division of Alcoholism and Drug Abuse and the Governor's  
24 Council on Alcoholism and Drug Abuse pursuant to this section.  
25 Moneys dedicated to education from the fund shall be first  
26 allocated in an amount not to exceed 20% of the annual education  
27 allotment for the in-service training programs, which shall be  
28 conducted in each county through the office of the county  
29 alcoholism and drug abuse coordinator in consultation with the  
30 county superintendent of schools, local boards of education, local  
31 councils on alcoholism and drug abuse and institutions of higher  
32 learning, including the Rutgers University Center of Alcohol  
33 Studies. The remaining money in the education allotment shall be  
34 assigned to offset the costs of programs such as those which  
35 assist employees, provide intervention for staff members, assist  
36 and provide intervention for students and focus on research and  
37 educate about youth and drinking and using drugs. These funds  
38 shall not replace any funds being currently spent on education and  
39 training by the county.

40 d. The governing body of each county, in conjunction with the  
41 county agency, or individual, designated by the county with  
42 responsibility for services and programs for the care or  
43 rehabilitation of alcoholics and drug abusers, shall establish a  
44 Local Advisory Committee on Alcoholism and Drug Abuse to  
45 assist the governing body in development of the annual  
46 comprehensive plan. The advisory committee shall consist of no  
47 less than 10 nor more than 16 members and shall be appointed by  
48 the governing body. At least two of the members shall be  
49 recovering alcoholics and at least two of the members shall be

1 recovering drug abusers. The committee shall include the county  
 2 prosecutor or his designee, a wide range of public and private  
 3 organizations involved in the treatment of alcohol and  
 4 drug-related problems and other individuals with interest or  
 5 experience in issues concerning alcohol and drug abuse. Each  
 6 committee shall, to the maximum extent feasible, represent the  
 7 various socioeconomic, racial and ethnic groups of the county in  
 8 which it serves.

9 Within 60 days of the effective date of P.L.1989, c.51  
 10 (C.26:2BB-1 et al.), the Local Advisory Committee on Alcoholism  
 11 and Drug Abuse shall organize and elect a chairman from among  
 12 its members.

13 e. The Deputy Commissioner for the Division of Alcoholism  
 14 and Drug Abuse shall review the county plan pursuant to a  
 15 procedure developed by the deputy commissioner. In determining  
 16 whether to approve an annual comprehensive plan under this act,  
 17 the deputy commissioner shall consider whether the plan is  
 18 designed to meet the goals and objectives of the "Alcoholism  
 19 Treatment and Rehabilitation Act," P.L.1975, c.305 (C.26:2B-7  
 20 et seq.) and the "Narcotic and Drug Abuse Control Act of 1969,"  
 21 P.L.1969, c.152 (C.26:2G-1 et seq.) and whether implementation  
 22 of the plan is feasible. Each county plan submitted to the deputy  
 23 commissioner shall be presumed valid; provided it is in substantial  
 24 compliance with the provisions of this act. Where the department  
 25 fails to approve a county plan, the county may request a court  
 26 hearing on that determination.

27 (cf: P.L.1989, c.51, s.14)

28 6. Section 5 of P.L.1983, c.531 (C.26:2B-34) is amended to  
 29 read as follows:

30 5. a. Allotments to each county whose annual comprehensive  
 31 plan is approved pursuant to the provisions of section 4 of this act  
 32 shall be made on the basis of the following formula:

$$\begin{aligned}
 & \text{County Allotment} = \text{Population of County} \times \frac{\text{Total Funds Appropriated}}{\text{Population of State}} \\
 & \qquad \qquad \qquad \times .5 \times \frac{\text{Per Capita Income of State (3 yr. average)}}{\text{Per Capita Income of County (3 yr. average)}} \\
 & \qquad \qquad \qquad + .5 \times \frac{\text{Need in County}}{\text{Need in State}}
 \end{aligned}$$

43 in which Need in County and Need in State are estimates of the  
 44 prevalence of alcoholism according to the current New Jersey  
 45 Behavioral Health Services Plan. The funds dedicated for the  
 46 provision of educational programs [pursuant to section 2 of this  
 47 act] from the Alcohol Education, Rehabilitation and Enforcement  
 48 Fund shall be allocated to the counties on the basis of this  
 49 formula.

1       b. As a condition for receiving the allotment calculated in  
2 subsection a. of this section, a county shall contribute a sum not  
3 less than 25% of that county's allotment to fund community  
4 services for alcoholics pursuant to the county's annual  
5 comprehensive plan. Those alcoholism education, prevention and  
6 treatment programs already existing in a county may be  
7 combined under the county plan which establishes the annual  
8 comprehensive plan to be approved by the Deputy Commissioner  
9 for the Division of Alcoholism and Drug Abuse in the Department  
10 of Health. In determining the sum of money to be contributed by  
11 each county, the required 25% minimum county contribution may  
12 include any moneys currently appropriated by the county to meet  
13 the needs of the alcoholism programs.

14 (cf: P.L.1989, c.51, s.15)

15       7. Section 6 of P.L.1983, c.531 (C.26:2B-35) is amended to  
16 read as follows:

17       6. a. Moneys dedicated for enforcement [pursuant to section 2  
18 of this act] from the Alcohol Education, Rehabilitation and  
19 Enforcement Fund shall be distributed as follows:

20       (1) One-third shall be distributed to the "Municipal Court  
21 Administration Reimbursement Fund" pursuant to subsection b.  
22 of this section.

23       (2) Two-thirds shall be distributed in the "Drunk Driving  
24 Enforcement Fund" established pursuant to section 1 of P.L.1984,  
25 c.4 (C.39:4-50.8).

26       b. (1) Each municipality in this State shall present to the  
27 Administrative Office of the Courts, before December 31, 1983,  
28 the number of drunk driving arrests in the municipality during  
29 calendar year 1980. This number shall be the base year number  
30 of arrests. In any municipality in which the number of drunk  
31 driving arrests for calendar year 1980 exceeds the average of the  
32 number of drunk driving arrests for calendar years 1979 and 1981,  
33 that municipality may substitute the lower average figure as the  
34 base figure for the calculation in this subsection. The  
35 municipality shall certify this substitution in writing to the  
36 Administrative Office of the Courts within 90 days of the  
37 effective date of this 1986 amendatory act. Once a substituted  
38 base year figure is used, it may not thereafter be changed.  
39 Beginning January 15, 1984, and each year thereafter the  
40 municipality shall report to the Administrative Office of the  
41 Courts the number of drunk driving arrests made in its  
42 municipality during the preceding calendar year.

43       (2) The Administrative Office of the Courts shall certify the  
44 amounts submitted by each municipality and shall calculate for  
45 each municipality any increase in the number of arrests between  
46 the base year and the number of arrests reported for the  
47 preceding calendar year. The Administrative Office of the  
48 Courts shall then calculate the sum of all increases for all  
49 municipalities reporting.

1 (3) Beginning for calendar year 1983, the following fraction  
2 shall be calculated for each municipality:

3 The increase in drunk driving arrests in the municipality  
4 between the base year and the preceding year over the total of  
5 increases in drunk driving arrests between the base year and the  
6 preceding year in all reporting municipalities in the State.

7 This fraction shall be multiplied by the total amount of the  
8 money available in the "Municipal Court Administration  
9 Reimbursement Fund" in the preceding calendar year. This  
10 amount shall be allocated to the municipality for the purpose of  
11 maintaining its municipal court, which may include payments to  
12 municipal court judges, municipal prosecutors and other  
13 municipal court personnel for work performed in addition to  
14 regular employment hours.

15 (P.L.1986, c.146, s.1)

16 8. a. Section 2 of P.L.1983 c.531 (C.54:32C-3.1) is repealed.

17 b. Sections 1 through 14 of P.L.1980 c.62 (C.54:32C-1 through  
18 54:32C-14) are repealed effective July 1, 1992 and shall be  
19 inoperative with respect to receipts from sales made on and after  
20 that date. Such repeal shall not affect the obligation, lien or  
21 duty to pay any taxes, interest or penalties which have accrued or  
22 may accrue by virtue of any assessment made or which may be  
23 made with respect to taxes due on sales made prior to that date,  
24 nor shall this act affect the legal authority to assess and collect  
25 the taxes which may be or have been due and payable under  
26 P.L.1980, c.62, together with such interest and penalties as would  
27 have accrued thereon under any provision of law; nor shall this  
28 act invalidate any assessments or affect any proceeding for the  
29 enforcement thereof.

30 9. (New section) The Director of the Division of Alcoholic  
31 Beverage Control in the Department of Law and Public Safety in  
32 conjunction with the Director of the Division of Taxation, is  
33 authorized to make, enforce, repeal or amend any administrative  
34 rule or regulation necessary to effectuate the purposes of this  
35 act, including any temporary transition provisions.

36 10. This act shall take effect July 1, 1990, except that section  
37 9 shall take effect immediately and the repeal of the "Alcoholic  
38 Beverage Wholesale Tax Act," P.L.1980, c.62 (C.54:32C-1  
39 et seq.) as provided for in subsection b. of section 8 of this act  
40 shall take effect July 1, 1992.

41  
42  
43 STATE TAXATION

44  
45 Increases excise tax on alcoholic beverages, reduces and  
46 thereafter repeals tax on wholesale sales of alcoholic beverages,  
47 and provides for allocation of revenues for the Alcohol Education,  
48 Rehabilitation and Enforcement Fund.

ASSEMBLY, No. 3611  
STATE OF NEW JERSEY

INTRODUCED MAY 24, 1990

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By Assemblymen DORIA and ADUBATO

1 AN ACT increasing the tax on wholesale sales of alcoholic  
2 beverages and amending P.L.1980, c.62 and P.L.1983, c.531.

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

6 1. Section 3 of P.L.1980, c.62 (C.54:32C-3) is amended to read  
7 as follows:

8 3. There is imposed a tax of [7.3%] 11.2% upon the receipts  
9 from every sale of alcoholic beverages, except draught beer sold  
10 by the barrel, by any wholesaler to any retail licensee.  
11 (cf: P.L.1983, c.531, s.1)

12 2. Section 2 of P.L.1983, c.531 (C.54:32C-3.1) is amended to  
13 read as follows:

14 2. The State Treasurer shall annually allocate moneys received  
15 under section 3 of P.L.1980, c.62 (C.54:32C-3) in the following  
16 manner:

17 a. [89.25% of] all moneys shall be deposited in the General  
18 Fund except as provided in subsection b. of this section.

19 b. 10.75% of [all] moneys received that are equivalent to the  
20 amount that would be derived from a tax imposed at the rate of  
21 7.3% upon the receipts from every sale of alcoholic beverages  
22 shall be deposited in a special account to be known as the Alcohol  
23 Education, Rehabilitation and Enforcement Fund established  
24 pursuant to section 3 of [this act] P.L.1983, c.531 (C.26:2B-32).

25 c. Of the moneys deposited in the first year into the [fund]  
26 Alcohol Education, Rehabilitation and Enforcement Fund, the  
27 following dedication shall be made:

28 (1) [\$2,000,000.00 for the establishment of Intoxicated Driver  
29 Resource Centers, as provided in subsection (f) of R.S.39:4-50.]  
30 (Deleted by amendment, P.L. . . , c. . . )

31 (2) [\$20,000.00 for the establishment of a pilot project of  
32 portable roadside breath analyzers as provided in P.L. . . , c. (C. )  
33 (now pending before the Legislature as Assembly Bill No. 3467 of  
34 1983).] (Deleted by amendment, P.L. . . , c. . . )

35 (3) [The moneys remaining in the fund in the first year shall be  
36 dedicated as follows:]

37 70% for rehabilitation;  
38 20% for enforcement; and  
39 10% for education.

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

Matter underlined thus is new matter.



1       d. The moneys [collected] deposited in each subsequent year in  
2 the Alcohol Education, Rehabilitation and Enforcement Fund  
3 shall be annually dedicated as follows:

4       75% to rehabilitation;  
5       15% to enforcement; and  
6       10% to education.

7 (cf: P.L.1983, c.531, s.2)

8       3. This act shall take effect immediately but shall apply to  
9 alcoholic beverages delivered to retail licensees on and after July  
10 1, 1990, even if rendered under a contract entered into prior to  
11 that date.

12

13

14

#### STATEMENT

15

16       This bill increases the alcoholic beverage wholesale sales tax  
17 rate from 7.3% to 11.2% effective July 1, 1990 and directs that  
18 the tax revenue attributable to the rate increase be deposited in  
19 the General Fund.

20

21

22

#### STATE TAXATION

23

24       Increases the alcoholic beverage wholesale sales tax rate from  
25 7.3% to 11.2% and directs revenue attributable to rate change be  
26 deposited in the General Fund.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 3611

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Assembly Appropriations Committee reports favorably the Assembly Committee Substitute for Assembly Bill No. 3611.

The Assembly Committee Substitute for Assembly Bill No. 3611 increases the alcoholic beverage excise tax and reduces the alcoholic beverage wholesale sales tax. The excise tax increases would be phased in beginning on July 1, 1990. The wholesale tax would be decreased beginning on July 1, 1990 and phased out entirely on July 1, 1992.

The alcoholic beverage excise tax is a unit tax on gallonage of alcoholic beverages and is due and payable on the first sale or delivery in the State, other than sales or deliveries for resale or consumption outside the State. The tax is paid by licensed manufacturers, wholesalers or distributors. Under the provisions of this committee substitute, the following increases would be made in the alcoholic beverage excise tax: on July 1, 1990-- liquor, from \$2.80 to \$4.20 per gallon; wine, vermouth and sparkling wines, from \$0.30 to \$0.50 per gallon; and beer, from \$0.03 1/3 to \$0.10 per gallon. On July 1, 1992-- liquor, from \$4.20 to \$4.40 per gallon; wine, vermouth and sparkling wines, from \$0.50 to \$0.70 per gallon; and beer, from \$0.10 to \$0.12 per gallon.

The alcoholic beverage wholesale sales tax applies to receipts from every sale of alcoholic beverages, except draught beer sold by the barrel, by any wholesaler to any retail licensee. Under the provisions of this committee substitute, the rate would drop from 7.3% to 2.9% on July 1, 1990 and to 1.5% on July 1, 1991. The tax would be eliminated entirely on July 1, 1992.

The bill further provides that the present amount of the tax rate dedication for the Alcohol Education, Rehabilitation and Enforcement (AERE) Fund created under section 3 of P.L.1983, c.531 (C.26:2B-32) would continue through FY 1992. This will become an \$11 million annual dedication of the alcoholic beverage excise tax beginning July 1, 1992.

COMMITTEE SUBSTITUTE

Assembly Bill No. 3611, as referred to the committee, increased the alcoholic beverage wholesale sales tax rate from 7.3% to 11.2% and provided for the deposit of the increased tax revenue in the General Fund. The AERE Fund would continue to receive the equivalent of its current allocation of tax revenue. The committee substitute phases out the wholesale tax, increases the excise tax on

gallonage, and provides for the continued funding of alcohol education and treatment programs from the increased excise tax revenue after June 30, 1992.

#### FISCAL IMPACT

A fiscal note has not been completed on this bill. However, the Committee has estimated that the alcoholic beverage excise tax increase will raise approximately \$35 million in fiscal year 1991, while the alcoholic beverage wholesale sales tax reduction would cost approximately \$60 million in fiscal year 1991. Currently, \$52 million is collected from the alcoholic beverage excise tax and \$100.8 million is collected from the alcoholic beverage wholesale sales tax.