

54:15B-3

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2000 **CHAPTER:** 48
NJSA: 54:15B-3 (Petroleum products—eliminates increase in gross receipts tax)
BILL NO: A2522 (Substituted for S1192)

SPONSOR(S): Gibson and Bagger

DATE INTRODUCED: May 25, 2000

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: -----

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 29, 2000

SENATE: June 29, 2000

DATE OF APPROVAL: June 30, 2000

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Original version of bill enacted
(Amendments during passage denoted by superscript numbers)

A2522

SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S1192

SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes

Bill and Sponsors Statement identical to A2522

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Whitman repeals state gas-tax increase law," 7-1-00. The Press, p.C7

ASSEMBLY, No. 2522

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MAY 25, 2000

Sponsored by:

Assemblyman JOHN C. GIBSON

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Co-Sponsored by:

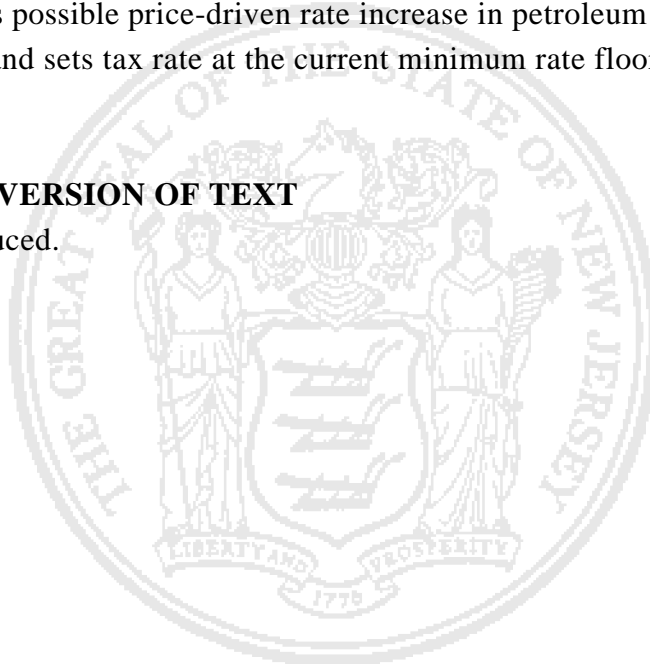
Assemblymen Blee, Asselta, Charles, Suliga, Assemblywomen Watson Coleman, Farragher, Assemblymen Kelly, Lance, Merkt, Assemblywoman Myers, Assemblymen Geist, Gusciora, LeFevre, Thompson, Senators O'Connor, Zane and Girgenti

SYNOPSIS

Eliminates possible price-driven rate increase in petroleum products gross receipts tax and sets tax rate at the current minimum rate floor.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/30/2000)

A2522 GIBSON, BAGGER

2

1 AN ACT concerning the rate of tax under the petroleum products
2 gross receipts tax, amending P.L.1990, c.42.

3

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

6

7 1. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read as
8 follows:

9 3. a. There is imposed on each company which is engaged in the
10 refining or distribution, or both, of petroleum products and which
11 distributes such products in this State a tax at the rate of two and
12 three-quarters percent (2 3/4%) of its gross receipts derived from the
13 first sale of petroleum products within this State; provided however,
14 that the applicable tax rate for fuel oils, aviation fuels and motor fuels
15 subject to tax under R.S.54:39-1 et seq. shall be converted to a cents
16 per gallon rate [and adjusted semiannually by the director, on January
17 1 and July 1, to reflect the average retail price per gallon of unleaded
18 regular gasoline in the State, as determined in the most recent retail
19 gasoline price survey by the Board of Public Utilities, Office of the
20 Economist, or its successor. Any change in the cents per gallon rate
21 so determined by the director shall be rounded upward or downward
22 to the nearest tenth of a cent. The adjusted rate shall be effective for
23 tax due for months ending after those dates. There shall be a minimum
24 cents per gallon tax rate], rounded to the nearest cent, that shall be
25 calculated by the use of the average retail price per gallon of unleaded
26 regular gasoline in December 1990, as determined in a survey of retail
27 gasoline prices that included a Statewide representative random
28 sample conducted in December 1990 for that month by the Board of
29 Public Utilities, Office of the Economist, and shall be effective for the
30 tax due for months ending after that date; and

31 b. There is imposed on each company that imports or causes to be
32 imported, other than by a company subject to and having paid the tax
33 on those imported petroleum products that have generated gross
34 receipts taxable under subsection a. of this section, petroleum products
35 for use or consumption by it within this State a tax at the rate of two
36 and three-quarters percent (2 3/4%) of the consideration given or
37 contracted to be given for such petroleum products if the
38 consideration given or contracted to be given for all such deliveries
39 made during a quarterly period exceeds \$5,000; provided however,
40 that the applicable tax rate for fuel oils, aviation fuels and motor fuels
41 subject to tax under R.S.54:39-1 et seq. shall be converted to a cents
42 per gallon rate [and adjusted semiannually by the director, on January
43 1 and July 1, to reflect the average retail price per gallon of unleaded

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 regular gasoline in the State, as determined in the most recent retail
2 gasoline price survey by the Board of Public Utilities, Office of the
3 Economist, or its successor. Any change in the cents per gallon rate
4 so determined by the director shall be rounded upward or downward
5 to the nearest tenth of a cent. The adjusted rate shall be effective for
6 tax due for months ending after those dates. There shall be a minimum
7 cents per gallon tax rate], rounded to the nearest cent, that shall be
8 calculated by the use of the average retail price per gallon of unleaded
9 regular gasoline in December 1990, as determined in a survey of retail
10 gasoline prices that included a Statewide representative random
11 sample conducted in December 1990 for that month by the Board of
12 Public Utilities, Office of the Economist, and shall be effective for the
13 tax due for months ending after that date.

14 (cf: P.L.1991, c.181, s.2)

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16 2. This act shall take effect immediately.

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STATEMENT

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21 This bill sets the petroleum products gross receipts tax rate on fuel
22 oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1
23 et seq. at the current rate of 4 cents per gallon which is the minimum
24 statutory rate allowed. It prevents a possible administrative
25 determination to increase the tax rate for the petroleum products gross
26 receipts tax that would be based upon higher Statewide gasoline prices
27 that are likely to be included in a semi-annual survey of average
28 gasoline prices required to be conducted under that tax.

29 The Petroleum Products Gross Receipts Tax, in effect since 1991,
30 contains two parts. Certain petroleum products, such as lubricating
31 oils, are subject to a tax equal to 2.75% of the gross receipts derived
32 from the first sale within the State. Liquid fuels, such as gasoline,
33 diesel, fuel oil, aviation fuel, propane, etc, are taxed at a per gallon
34 rate.

35 The minimum per gallon tax rate is set at 4 cents (2.75% of \$1.44,
36 the average price of a gallon of gasoline in 1991). The law provides
37 that the per gallon tax rate is to be adjusted twice annually (January 1
38 and July 1) by the Director of the Division of Taxation based upon the
39 most recent survey of gasoline prices conducted by the Office of the
40 Economist of the Board of Public Utilities.

41 Since 1991, gasoline prices have been lower than \$1.44 per gallon.
42 As a result the tax rate has remained at the statutory minimum of 4
43 cents. However, if the survey conducted for May, 2000, finds that
44 prices are higher than the 1991 benchmark, an upward adjustment to
45 the tax rate could occur as early as July 1, 2000. The law provides
46 that the tax rate equal 2.75% of the average price, rounded to the

A2522 GIBSON, BAGGER

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1 nearest tenth. For example, if the average price is \$1.50 per gallon,
2 the tax rate would increase to 4.1 cents per gallon. A \$2.00 per gallon
3 price would result in a 5.5 cent tax rate. This bill eliminates the
4 potential for any upward rate adjustments driven by average price
5 increases and fixes the statutory rate at the minimum per gallon tax
6 rate of 4 cents per gallon.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2522

STATE OF NEW JERSEY

DATED: JUNE 22, 2000

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2522.

Assembly Bill No. 2522 sets the petroleum products gross receipts tax rate on fuel oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1 et seq. at the current rate of 4 cents per gallon, currently the minimum statutory rate allowed.

The bill prevents a possible administrative determination to increase the cents-per-gallon petroleum products gross receipts tax rate on fuel oil, motor fuels and aviation fuel (the fuels that are also subject to the motor fuels tax) triggered by higher Statewide average gasoline prices.

The Petroleum Products Gross Receipts Tax, in effect since 1991, has two rate structures. Most petroleum products, such as lubricating oils, are subject to a tax equal to 2.75% of the gross receipts derived from the first sale within the State. Liquid fuels, such as gasoline, diesel, fuel oil, aviation fuel, propane, etc, are taxed at a per-gallon rate determined by the average retail price of unleaded regular gasoline.

The *minimum* per-gallon tax rate on liquid fuels is set at 4 cents (determined at 2.75% of \$1.44, the average price of a gallon of gasoline in 1991). The law provides that the per gallon tax rate is to be adjusted twice annually (January 1 and July 1) by the Director of the Division of Taxation based upon the most recent survey of gasoline prices conducted by the Office of the Economist of the Board of Public Utilities.

FISCAL IMPACT:

The future loss of revenue, if any, is indeterminate.

Since 1991, gasoline prices have been lower than \$1.44 per gallon. As a result the tax rate has remained at the statutory minimum of 4 cents. However, if the survey conducted for May, 2000, finds that prices are higher than the 1991 benchmark, an upward adjustment to the tax rate could occur as early as July 1, 2000. The law provides that the tax rate equal 2.75% of the average price, rounded to the nearest tenth of a cent. For example, if the average price is \$1.50 the tax rate would increase to 4.1 cents per gallon. A \$2.00 per gallon

price would result in a 5.5 cent tax rate.

Each 0.1 cent increase in the tax would produce approximately \$5 million a year in additional revenue.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2522
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: JULY 10, 2000

SUMMARY

Synopsis: Eliminates possible price-driven rate increase in petroleum products gross receipts tax and sets tax rate at the minimum rate floor.

Type of Impact: No increase or loss of revenue in the General Fund.

Agencies Affected: Department of Treasury

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Revenue	Possible, but indeterminate, revenue loss		

- ! The petroleum products tax rate for liquid fuels would be frozen at four cents per gallon.
- ! The future loss of revenue, if any, is indeterminate.

BILL DESCRIPTION

Assembly Bill No. 2522 of 2000 sets the petroleum products gross receipts tax rate on fuel oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1 et seq. at the current rate of 4 cents per gallon which is the minimum statutory rate allowed. It prevents a possible administrative determination to increase the tax rate for the petroleum products gross receipts tax that would be based upon higher Statewide gasoline prices that may be included in a semi-annual survey of average gasoline prices required to be conducted under that tax.

The Petroleum Products Gross Receipts Tax, in effect since 1991, contains two parts. Certain petroleum products, such as lubricating oils, are subject to a tax equal to 2.75 percent of the gross receipts derived from the first sale within the State. Liquid fuels, such as gasoline, diesel, fuel oil, aviation fuel and propane are taxed at a per gallon rate.

The minimum per gallon tax rate is set at 4 cents (2.75 percent of \$1.44, the average price of a gallon of gasoline in 1991). The law provides that the per gallon tax rate is to be adjusted twice annually (January 1 and July 1) by the Director of the Division of Taxation based upon the most recent survey of gasoline prices conducted by the Office of the Economist of the Board of Public Utilities. As of June, 2000, the rate has not been increased.

This bill eliminates the potential for any upward rate adjustments driven by average price increases and fixes the statutory rate at the minimum per gallon tax rate of 4 cents per gallon.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Since 1991, gasoline prices have been lower than \$1.44 per gallon. As a result the tax rate has remained at the statutory minimum of 4 cents. However, if the survey conducted for May, 2000, finds that prices are higher than the 1991 benchmark, an upward adjustment to the tax rate could occur as early as July 1, 2000. The law provides that the tax rate equal 2.75 percent of the average price, rounded to the nearest tenth. For example, if the average price is \$1.50 the tax rate would increase to 4.1 cents per gallon. A \$2.00 per gallon price would result in a 5.5 cent tax rate.

Each 0.1 cent increase in the tax would produce approximately \$5 million a year in additional revenue.

Section: *Revenue, Finance and Appropriations*

Analyst: *Maurice S. Shier*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

P.L. 2000, CHAPTER 48, *approved June 30, 2000*

Assembly, No. 2522

1 **AN ACT** concerning the rate of tax under the petroleum products
2 gross receipts tax, amending P.L.1990, c.42.

3

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

6

7 1. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read as
8 follows:

9 3. a. There is imposed on each company which is engaged in the
10 refining or distribution, or both, of petroleum products and which
11 distributes such products in this State a tax at the rate of two and
12 three-quarters percent (2 3/4%) of its gross receipts derived from the
13 first sale of petroleum products within this State; provided however,
14 that the applicable tax rate for fuel oils, aviation fuels and motor fuels
15 subject to tax under R.S.54:39-1 et seq. shall be converted to a cents
16 per gallon rate [and adjusted semiannually by the director, on January
17 1 and July 1, to reflect the average retail price per gallon of unleaded
18 regular gasoline in the State, as determined in the most recent retail
19 gasoline price survey by the Board of Public Utilities, Office of the
20 Economist, or its successor. Any change in the cents per gallon rate
21 so determined by the director shall be rounded upward or downward
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26 regular gasoline in December 1990, as determined in a survey of retail
27 gasoline prices that included a Statewide representative random
28 sample conducted in December 1990 for that month by the Board of
29 Public Utilities, Office of the Economist, and shall be effective for the
30 tax due for months ending after that date; and

31 b. There is imposed on each company that imports or causes to be
32 imported, other than by a company subject to and having paid the tax
33 on those imported petroleum products that have generated gross
34 receipts taxable under subsection a. of this section, petroleum products
35 for use or consumption by it within this State a tax at the rate of two
36 and three-quarters percent (2 3/4%) of the consideration given or
37 contracted to be given for such petroleum products if the
38 consideration given or contracted to be given for all such deliveries
39 made during a quarterly period exceeds \$5,000; provided however,
40 that the applicable tax rate for fuel oils, aviation fuels and motor fuels
41 subject to tax under R.S.54:39-1 et seq. shall be converted to a cents

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

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2 1 and July 1, to reflect the average retail price per gallon of unleaded
3 regular gasoline in the State, as determined in the most recent retail
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7 to the nearest tenth of a cent. The adjusted rate shall be effective for
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12 gasoline prices that included a Statewide representative random
13 sample conducted in December 1990 for that month by the Board of
14 Public Utilities, Office of the Economist, and shall be effective for the
15 tax due for months ending after that date.

16 (cf: P.L.1991, c.181, s.2)

17

18 2. This act shall take effect immediately.

19

20

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STATEMENT

22

23 This bill sets the petroleum products gross receipts tax rate on fuel
24 oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1
25 et seq. at the current rate of 4 cents per gallon which is the minimum
26 statutory rate allowed. It prevents a possible administrative
27 determination to increase the tax rate for the petroleum products gross
28 receipts tax that would be based upon higher Statewide gasoline prices
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30 gasoline prices required to be conducted under that tax.

31 The Petroleum Products Gross Receipts Tax, in effect since 1991,
32 contains two parts. Certain petroleum products, such as lubricating
33 oils, are subject to a tax equal to 2.75% of the gross receipts derived
34 from the first sale within the State. Liquid fuels, such as gasoline,
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36 rate.

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38 the average price of a gallon of gasoline in 1991). The law provides
39 that the per gallon tax rate is to be adjusted twice annually (January 1
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3 nearest tenth. For example, if the average price is \$1.50 per gallon,
4 the tax rate would increase to 4.1 cents per gallon. A \$2.00 per gallon
5 price would result in a 5.5 cent tax rate. This bill eliminates the
6 potential for any upward rate adjustments driven by average price
7 increases and fixes the statutory rate at the minimum per gallon tax
8 rate of 4 cents per gallon.

9

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12

13 Eliminates possible price-driven rate increase in petroleum products
14 gross receipts tax and sets tax rate at the current minimum rate floor.

CHAPTER 48

AN ACT concerning the rate of tax under the petroleum products gross receipts tax, amending P.L.1990, c.42.

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

1. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read as follows:

C.54:15B-3 Petroleum products tax.

3. a. There is imposed on each company which is engaged in the refining or distribution, or both, of petroleum products and which distributes such products in this State a tax at the rate of two and three-quarters percent (2 3/4%) of its gross receipts derived from the first sale of petroleum products within this State; provided however, that the applicable tax rate for fuel oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1 et seq. shall be converted to a cents per gallon rate, rounded to the nearest cent, that shall be calculated by the use of the average retail price per gallon of unleaded regular gasoline in December 1990, as determined in a survey of retail gasoline prices that included a Statewide representative random sample conducted in December 1990 for that month by the Board of Public Utilities, Office of the Economist, and shall be effective for the tax due for months ending after that date; and

b. There is imposed on each company that imports or causes to be imported, other than by a company subject to and having paid the tax on those imported petroleum products that have generated gross receipts taxable under subsection a. of this section, petroleum products for use or consumption by it within this State a tax at the rate of two and three-quarters percent (2 3/4%) of the consideration given or contracted to be given for such petroleum products if the consideration given or contracted to be given for all such deliveries made during a quarterly period exceeds \$5,000; provided however, that the applicable tax rate for fuel oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1 et seq. shall be converted to a cents per gallon rate, rounded to the nearest cent, that shall be calculated by the use of the average retail price per gallon of unleaded regular gasoline in December 1990, as determined in a survey of retail gasoline prices that included a Statewide representative random sample conducted in December 1990 for that month by the Board of Public Utilities, Office of the Economist, and shall be effective for the tax due for months ending after that date.

2. This act shall take effect immediately.

Approved June 30, 2000.

PO BOX 004
TRENTON, NJ 08625

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Laura Otterbourg
609-777-2600

RELEASE: June 30, 2000

Governor Provides Tax Relief to New Jersey Motorists in Time for Holiday Weekend

Governor Christie Whitman today signed legislation that will eliminate mandatory increases in the Petroleum Products Gross Receipts Tax (PPGRT) on gasoline as well as aviation fuel and fuel oils - and will freeze the tax at \$.04 per gallon.

"With the rising gas prices at the pump and motorists feeling the pinch, I felt that we needed to step in and offer some financial relief to residents where we could - namely by eliminating this mandatory increase in the gasoline tax," said Gov. Whitman. "Now New Jerseyans won't be hit with a higher gas tax right in time for the holiday weekend."

According to Gov. Whitman, the \$.04 gas tax could have been raised tomorrow given the dramatic increase in gas prices - as the law previously stated.

"I was delighted that the Legislature was able to move this bill so quickly through both houses," added Gov. Whitman who explained that nobody wanted to exacerbate a bad situation.

The PPGRT Act levies a 2.75 percent tax on gross receipts derived from the sale of petroleum products. The Act was amended in 1991 to apply to fuel oils, aviation fuel and motor fuels to set a flat tax rate of \$.04 per gallon. The rate was based upon the 2.75 percent tax multiplied by \$1.44 (which was the average cost per gallon of unleaded regular gasoline in December 1990 and was set as the minimum PPGRT).

The Act requires the Division of Taxation to adjust the per gallon PPGRT rate semi-annually based upon the most recent survey of gasoline prices conducted by the Board of Public Utilities. Since 1991, the average gasoline price has remained below \$1.44 and, as a result, the PPGRT has remained at the statutory minimum of \$.04 per gallon.

The bill, **A-2522**, was sponsored by Assembly Members John C. Gibson (R-Cape May/Atlantic/Cumberland) and Richard H. Bagger (R-Middlesex/Morris/Somerset/Union) and Senators Edward T. O'Connor (D-Hudson) and Raymond J. Zane (D- Salem/ Cumberland/Gloucester).