

54:40A-8 et al

LEGISLATIVE HISTORY CHECKLIST

(Cigarettes-tax increase)

NJSA 54:40A-8 et al

LAWS 1982

CHAPTER 40

Bill No. A1540

Sponsor(s) Weidel & Haines

Date Introduced May 24, 1982

Committee: Assembly

Senate Revenue, Finance and Appropriations

Amended during passage

~~Yes~~
~~XXX~~

No

Date of Passage: Assembly May 24, 1982

Senate June 17, 1982

Date of approval June 17, 1982

Following statements are attached if available:

Sponsor statement

~~Yes~~

~~No~~

Committee Statement: Assembly

~~Yes~~

No

Senate

~~Yes~~

No

Fiscal Note

~~Yes~~

No

Veto Message

~~Yes~~

No

Message on signing

~~Yes~~

No

Following were printed:

Reports

~~Yes~~

No

Hearings

~~Yes~~

No

See newspaper-clipping (attached)

ASSEMBLY, No. 1540

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1982

By Assemblymen WEIDEL and HAINES

AN ACT to amend and supplement the "Cigarette Tax Act," approved April 29, 1948 (P. L. 1948, c. 65).

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

1 1. Section 301 of P. L. 1948, c. 65 (C. 54:40A-8) is amended to
2 read as follows:

3 301. Tax imposed; rate. A tax is hereby imposed on the sale,
4 use or possession for sale or use within this State of all cigarettes
5 at the rate of \$0.09½ for each 10 cigarettes or fraction thereof
6 *and a surtax equal to a percent of the average wholesale price,*
7 *which percent shall be the same as the rate of tax imposed on*
8 *retail sales pursuant to the "Sales and Use Tax Act," P. L. 1966,*
9 *c. 30 (C. 54:32B-1 et seq.), rounded to the next highest cent but*
10 *not less than \$0.02 1/2 for each 10 cigarettes or fraction thereof;*
11 *provided, however, that on the effective date of this 1982 amend-*
12 *tory and supplementary act, the surtax shall be \$0.02 1/2 for each*
13 *10 cigarettes or fraction thereof.*

1 2. Section 401 of P. L. 1948, c. 65 (C. 54:40A-11) is amended to
2 read as follows:

3 401. Director to provide revenue stamps. The taxes imposed
4 and levied by this act shall be paid through the use of stamps, except
5 as provided in section 205 (Consumers) of this act. The director
6 shall secure stamps of such designs and denominations as he shall
7 prescribe, suitable to be affixed to packages, and provide for the
8 sale thereof to licensed distributors. Only licensed distributors
9 shall affix and cancel stamps and no distributor shall affix or cancel

**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 printed in italics thus is new matter.

10 any stamp except at the tax rate in effect on the date of such affix-
11 ing or cancellation; except that on the effective date of a tax rate
12 increase *or of a surtax or of an increase in a surtax, imposed under*
13 *this act*, licensed distributors and wholesale dealers must take a
14 physical inventory of cigarettes on hand at the close of business
15 prior to the date of the tax increase *or surtax or surtax increase*
16 *imposed under this act* and must pay **[an]** any additional tax
17 **[of \$0.05 per package of 20 cigarettes,]** for all cigarettes bearing
18 stamps at the rate in effect prior to the tax increase. The director
19 shall prescribe the method of collecting the additional tax. The
20 director shall not authorize any person to sell revenue stamps
21 except his duly constituted agents and assistants. On sales of
22 revenue stamps the director shall allow, as compensation for the
23 services and expenses of the distributor in affixing and handling
24 of such stamps, a discount of **[1.46%]** *1.156%* of the face amount
25 of any sale of 1,000 stamps or more; provided, that the distributor
26 has complied with all the provisions of this act, *and provided,*
27 *however, that the director shall be empowered to adjust such dis-*
28 *count whenever an increase in the surtax is required under section 4*
29 *of this 1982 amendatory and supplementary act.* No discount shall
30 be allowed on any sale of less than 1,000 stamps and stamps shall
31 not be sold in blocks of less than 100 stamps.

1 3. (New section) Each retail licensee under this act shall, on
2 or before August 1, 1982, file a return under oath or certified under
3 the penalties of perjury, with the director on forms furnished by
4 him, showing the amount of cigarettes in the retail licensee's
5 possession in the State at 12:01 a.m. on the day following approval
6 of this 1982 amendatory and supplementary act, and shall at the
7 time of filing such return pay the tax to the director. Failure to
8 obtain such forms shall not be an excuse for the failure to make
9 a return containing the information required by the director.

1 4. (New section) For the purpose of computing the surtax
2 pursuant to section 301 of P. L. 1948, c. 65 (C. 54:40A-8), the
3 Director of the Division of Taxation shall determine and cause
4 to be published every 6 months commencing January 1, 1983, the
5 average wholesale price of cigarettes in the State based upon the
6 best available current data. Using the price so determined as the
7 base price, the director shall determine, and notify all persons
8 required to report under this act, and cause to be published in the
9 New Jersey Register, the cigarette surtax due pursuant to section
10 301 of P. L. 1948, c. 65 (C. 54:40A-8) on each 10 cigarettes or
11 fraction thereof, expressed in cents, rounded up to the nearest
12 cent, during the succeeding 6 months.

1 5. (New section) The sum of \$1,000,000.00 of the surtax collected
2 under the provisions of this 1982 amendatory and supplementary
3 act shall be deposited by the State Treasurer in a special account
4 to be known as the Cancer Research Fund, except that for Fiscal
5 Year 1983 only \$500,000.00 shall be deposited in that account.
6 Moneys in the Cancer Research Fund shall be annually appropri-
7 ated toward the funding of the New Jersey State Commission on
8 Cancer Research (to be established pursuant to Assembly Bill
9 No. 531 or Senate Bill No. 390 of 1982) or to projects authorized
10 and approved by the commission.

1 6. This act shall take effect at 12:01 a.m. on the day following
2 enactment thereof.

STATEMENT

This bill amends the Cigarette Tax Act to add a surtax on the wholesale price, equal to the percentage rate imposed by the retail sales tax, currently five percent. The legislation does provide, however, that the minimum tax shall be five cents per package of 20 cigarettes, or 2½ cents per 10 cigarettes.

As is standard procedure when such a tax is increased, the bill provides that licensed distributors and wholesale dealers must inventory their existing stock of cigarettes and pay the additional tax. Similarly, section 3 of this bill provides that each retail licensee must inventory the amount of cigarettes in his possession on the day following approval of this act.

Section 2 adjusts the discount rate to compensate for the increased tax rate established pursuant to this legislation.

The surtax will be determined by the Director of the Division of Taxation by a calculation of the average wholesale price of cigarettes in the State, to be performed and published every 6 months.

This legislation represents the first increase in the Cigarette Tax Act rate since 1972.

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A1540 (1982)