

40:48-8.16a et al

LEGISLATIVE HISTORY CHECKLIST

(Increases Atlantic City Sales & Services Tax to be used for re-development projects.)

NJSA 40:48-8:16a et al

LAWS 1981

CHAPTER 461

Bill No. A3750

Sponsor(s) Matthews

Date Introduced Dec. 3, 1981

Committee: Assembly _____

Senate _____

Amended during passage Yes

No Substituted for S3480 (not attached since identical to A3750; Senate Committee statement to S3480 attached.)

Date of Passage: Assembly Dec. 7, 1981

Senate Dec. 14, 1981

Date of approval Jan. 8, 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

6/22/81

ASSEMBLY, No. 3750

STATE OF NEW JERSEY

INTRODUCED DECEMBER 3, 1981

By Assemblyman MATTHEWS

(Without Reference)

AN ACT to establish a development fund within the State Treasury, to provide for State aid for county improvement authority bonds for the improvement of certain convention halls, amending and supplementing P. L. 1947, c. 71, and amending P. L. 1979, c. 273 and P. L. 1980, c. 105.

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

1 1. (New section) As used in this act:

2 a. "Convention hall" means a convention hall facility provided
3 by a county improvement authority pursuant to the provisions of
4 subsection (a) of section 11 of P. L. 1960, c. 183 (C. 40:37A-54 (a)),
5 and shall include all facilities, including commercial, office, com-
6 munity service and parking facilities, and facilities constructed for
7 the accommodation and entertainment of tourists and visitors, con-
8 structed in conjunction with the convention hall and forming rea-
9 sonable appurtenances thereto;

10 b. "Development fund" means the fund created pursuant to
11 subsection b. of section 5 of this act (C.), that shall be
12 established only in the event that a convention hall facility is con-
13 structed in the manner prescribed in this act;

14 c. "Luxury tax fund" means the fund created by the State Treas-
15 urer pursuant to section 5 of P. L. 1979, c. 273 (C. 40:48-8.30) into
16 which revenues collected under the provisions of this act shall be
17 deposited, and used for the purposes prescribed; and,

18 d. "Revolving fund" means a separate fund for the conduct of
19 activities designed to increase housing opportunities for low and
20 moderate income families located in eligible municipalities, to be
21 established and administered by a county improvement authority
22 pursuant to subsection a. of section 5 of this act (C.), and
23 section 26 of P. L. 1979, c. 275 (C. 40:37A-131).

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

1 2. Section 3 of P. L. 1947, c. 271 (C. 40:48-8.17) is amended
2 to read as follows:

3 3. Any such ordinance may impose such tax [at a rate not to
4 exceed 5% through June 30, 1980; at a rate not to exceed 4% from
5 July 1, 1980 through June 30, 1981; and] at a rate not to exceed
6 3% [on and after] from July 1, 1981 through December 31, 1981;
7 and at a rate not to exceed 7% on and after January 1, 1982; except
8 that the sale of alcoholic beverages shall continue to be taxed under
9 subsection (1) of section 2 of P. L. 1947, c. 71 (C. 40:48-8.16) at
10 a rate not to exceed 3% on and after January 1, 1982.

1 3. (New section) In any municipality in which the provisions of
2 P. L. 1947, c. 71 (C. 40:48-8.15 et seq.) are presently operative
3 pursuant to an ordinance and referendum thereon approving the
4 same heretofore adopted and held in accordance with the provisions
5 of that act, any ordinance to adopt the provisions of this amendatory
6 and supplementary act shall, upon adoption, become operative
7 within the municipality without any requirement to submit the
8 same to the voters for their approval or disapproval. Such mu-
9 nicipality may also provide and covenant by ordinance that the
10 ordinance authorizing such tax will not be amended so as to repeal
11 or reduce such tax while bonds entitled to the benefits of this act
12 are outstanding with the holders of such bonds, unless the reso-
13 lution authorizing such bonds shall provide otherwise. Such cov-
14 enant shall constitute a valid and legally binding contract between
15 such municipality and such holders.

1 4. Section 7 of P. L. 1947, c. 71 (C. 40:48-8.21) is amended to
2 read as follows:

3 7. All revenues collected under any such ordinance by the Di-
4 rector of the Division of Taxation pursuant to section 1 of P. L.
5 1980, c. 60 (C. 54:22B-24.1) shall be apportioned according to the
6 following schedule:

7 (a) Through June 30, 1981, all such revenues shall be deposited
8 in the general fund of the municipality and may be used for general
9 municipal purposes, including the reduction and liquidation of
10 bonded indebtedness, the payment of salaries, construction, recon-
11 struction, maintenance and repair of municipal buildings, installa-
12 tions and properties, and for such other purposes as may be
13 provided by existing ordinance or ordinances hereafter enacted for
14 general municipal purposes:

15 (b) [From] For revenues collected during the period from July
16 1, 1981 through [June 30, 1982] December 31, 1981 66 $\frac{2}{3}$ % of such
17 revenues shall be paid to the municipality and deposited and used
18 as provided in subsection (a) of this section and 33 $\frac{1}{3}$ % of such

19 revenues shall be [paid over to] *retained by* the State Treasurer
 20 [by the officer of the municipality designated for collection of such
 21 revenues] for deposit in the fund established pursuant to the
 22 provisions of section 5 of [this amendatory and supplementary
 23 act] *P. L. 1979, c. 273 (C. 40:48-8.3)*, to be used and distributed
 24 according to the terms herein provided;

25 (c) *For revenues collected during the period from January 1,*
 26 *1982 through June 30, 1982, 2/7ths of such revenues shall be paid*
 27 *to the municipality and deposited and used as provided in subsec-*
 28 *tion (a) of this section, and 5/7ths of such revenues shall be retained*
 29 *by the State Treasurer for deposit in the fund established pursuant*
 30 *to section 5 of P. L. 1979, c. 273 (C. 40:48-8.30) and be distributed*
 31 *according to the terms of this amendatory and supplementary act;*

32 (d) On and after July 1, 1982, all such revenues shall be [paid
 33 over to] *retained by* the State Treasurer for deposit in the fund
 34 established pursuant to section 5 of [this amendatory and supple-
 35 mentary act] *P. L. 1979, c. 273 (C. 40:48-8.30)* and distributed
 36 according to the terms herein provided.

1 5. (New section) a. Beginning July 1, 1981, and until such time
 2 as the conditions set forth in subsection b. of this section are met,
 3 the revenues deposited by the State Treasurer in the fund created
 4 in section 5 of P. L. 1979, c. 273 (C. 40:48-8.30), shall be applied
 5 for the purposes of financing and maintaining facilities authorized
 6 pursuant to section 11 of P. L. 1960, c. 183 (C. 40:37A-54) located
 7 in any eligible municipality, to be limited to:

8 (1) Payment of all or any part of principal and interest on bonds
 9 issued for low and moderate income housing pursuant to sections
 10 1 through 26 of P. L. 1979, c. 275 (C. 40:37A-106 through
 11 40:37A-131);

12 (2) Establishment of funds to provide security for bonds, notes
 13 or other obligations, or loans made from the proceeds of those
 14 obligations, pursuant to sections 1 through 26 of P. L. 1979, c. 275
 15 (C. 40:37A-106 through 40:37A-131);

16 (3) Establishment of revolving loan and grant funds for the
 17 purpose of increasing housing opportunities for low and moderate
 18 income families consistent with the purposes of sections 1 through
 19 26 of P. L. 1979, c. 275 (C. 40:37A-106 through 40:37A-131).

20 b. Commencing on that date which is the later of January 1, 1984
 21 or 6 months prior to the due date of the first payment of principal
 22 and interest on any bonds or notes issued after the effective date
 23 of this act for the construction of a convention hall facility by a
 24 county improvement authority in an eligible municipality pursuant
 25 to subsection (a) of section 11 of P. L. 1960, c. 183 (C.

26 40:37A-54(a)), the revenues thereafter retained by the State
 27 Treasurer pursuant to section 7 of P. L. 1947, c. 71 (C. 40:40-8.21)
 28 shall be applied exclusively to the payment of principal and interest
 29 on the bonds issued by that authority for that facility, and for no
 30 other purpose, except as set forth in subsections e. or d. of this
 31 section. At the time that this subsection takes effect, all moneys
 32 then accumulated in the fund created pursuant to section 5 of
 33 P. L. 1979, c. 273 (C. 40:48-8.30) shall be removed by the State
 34 Treasurer and deposited in a separate account to be known as the
 35 development fund, which proceeds, with the interest thereon, shall
 36 be used for any of the purposes set forth in subsection a. of this
 37 section.

38 c. At the end of any full calendar year occurring after the date
 39 on which the provisions of subsection b. of this section take effect,
 40 and after all payments coming due during that calendar year of
 41 principal and interest on authority bonds issued for a convention
 42 hall facility have been made, and all obligations to the holders of
 43 those bonds have been met, including the maintenance of necessary
 44 reserves and the allocation of moneys for future debt service pay-
 45 ments, any balance remaining in the luxury tax fund in that
 46 calendar year shall be applied to any deficiency between the operat-
 47 ing expense budget and the anticipated operating revenues avail-
 48 able for the following fiscal year to the public agency operating
 49 the convention hall facility, subject to the provisions of any statute
 50 establishing that public agency.

51 d. At the end of any full calendar year occurring after the date
 52 on which the provisions of subsections b. and c. of this section take
 53 effect, and after all payments have been made from the luxury tax
 54 fund pursuant to subsections b. and c., any moneys remaining in
 55 the luxury tax fund in that calendar year shall be deposited in the
 56 development fund and used for the purposes set forth in subsection
 57 a. of this section.

58 e. Pending application to the purposes for which moneys de-
 59 posited in the development fund or the luxury tax fund may be
 60 used, the moneys in these funds shall be invested by the State Treas-
 61 urer pursuant to applicable regulations prescribed for the invest-
 62 ment of State moneys. Any income received from these investments
 63 shall be added to the fund from which earned, and used only for
 64 the purposes of that fund.

1 6. Section 8 of P. L. 1979, c. 273 (C. 40:48-3.33) is amended
 2 to read as follows:

3 8. (a) Prior to the adoption of any resolution of a county im-
 4 provement authority authorizing the issuance of notes or bonds

5 for an authorized facility located in an eligible municipality; or
6 *authorizing establishment of a revolving fund*, and with respect to
7 which an application for financing pursuant to the provision of this
8 **[amendatory and supplementary]** act is to be made, an application
9 for the proposed project financing shall be submitted to the Local
10 Finance Board for review and approval of *a single revolving fund*
11 *payment, or of estimated annual payments on behalf of said project*
12 *for all or a portion of its annual debt service covering principal*
13 *and interest. The Local Finance Board shall, in connection with*
14 *such review and approval, give consideration to the engineering*
15 *and feasibility studies prepared in connection with the project*
16 *financing and the terms and provisions of the proposed financing*
17 *agreements including any reserve funds required by the resolution*
18 *and security agreements, and the amounts of State revenues ex-*
19 *pected to be paid pursuant to the provisions of this [amendatory*
20 *and supplementary] act. In connection with its review, the Local*
21 *Finance Board may consider any estimates, computations or calcu-*
22 *lations made in connection with such submission, may require the*
23 *production of any papers, documents, witnesses or information to*
24 *be made, any audit or investigation, and may take any action which*
25 *it may determine advisable.*

26 (b) The Local Finance Board shall approve the proposed *revolv-*
27 *ing fund payment or the proposed project financing and annual*
28 *payments from the [fund] funds created herein if it finds (i) that*
29 *such proposal is an improvement or betterment advancing the*
30 *health, safety and welfare of the persons served by said county*
31 *improvement authority; (ii) that the project cost has been accu-*
32 *rately calculated, that the terms and provisions of the proposed*
33 *financing agreements are fair, reasonable and feasible and would*
34 *not impose an undue burden on the persons served by the county*
35 *improvement authority; (iii) that [annual] the payment or pay-*
36 *ments to be provided pursuant to this [amendatory and supplemen-*
37 *tary] act for said project in addition to whatever funds, if any,*
38 *are to be provided from the revenues realized from said project,*
39 *or from any other authorized revenue or funding sources, are ade-*
40 *quate to meet the debt service obligations for said project as ap-*
41 *proved pursuant to this [amendatory and supplementary] act;*
42 *(iv) that such agreement will not materially impair the ability of*
43 *the county improvement authority to pay promptly the principal*
44 *and interest on its outstanding indebtedness or to provide essential*
45 *public services to the persons which said authority is required to*
46 *support and to advance the objects and purpose of the authority*
47 *or either of the aforesaid; (v) that the amounts to be expended for*

48 the facilities to be financed pursuant to such resolution are not
49 unreasonable or exorbitant; and (vi) that issuance of the bonds
50 to be authorized by such resolution will not materially impair the
51 credit of any municipality within the jurisdiction of the authority,
52 or substantially reduce its ability, during the ensuing 10 years, to
53 pay punctually the principal and interest of its debts and supply
54 essential public improvements and service. In addition, the Local
55 Finance Board shall, in its review of the proposed financing agree-
56 ment or agreements, give consideration to the nature and purpose
57 of the *revolving fund or project* financing, the amounts, terms and
58 schedule of payments required and the impact of such agreement
59 on the budget and financial condition of the county improvement
60 authority.

61 (c) Any approval granted by the Local Finance Board shall be
62 in writing and shall be filed with the secretary of the authority.
63 such approval may contain such conditions as the Local Finance
64 Board may consider to be appropriate under the circumstances.
65 Said approval shall include a statement of the principal amount of
66 the bonds, or percentage thereof, for which payments will be made
67 and the maturity schedule for such principal amount of bonds
68 approved by said board. The Local Finance Board, in considering
69 such copy of the resolution submitted to it and before endorsing
70 its consent thereon may require the county improvement authority
71 or the governing body of any eligible municipality served by such
72 county improvement authority to adopt resolutions restricting or
73 limiting any future proceedings therein or other matters or things
74 deemed by the Local Finance Board to affect any estimate made
75 or to be made by it in accordance with this section, and every such
76 resolution so adopted shall constitute a valid and binding obligation
77 of such county improvement authority or municipality, as the case
78 may be, running to and enforceable by, and releasable by, the
79 Local Finance Board.

1 7. (New section) a. Within 30 days after the issuance of any
2 bonds or notes for the construction of a convention hall facility
3 by a county improvement authority as set forth in subsection b. of
4 section 5 of this act (C.), the authority shall file a report
5 with the Local Finance Board setting forth the principal amount
6 of bonds issued for that project, the annual payments of principal
7 and interest to be made respecting that project, the terms and pro-
8 visions of the financing undertaken for the project, and such engi-
9 neering and feasibility studies as may have been commissioned
10 and used by the authority in connection with financing the project.

11 b. At least 90 days prior to the date set forth in subsection b.

12 of section 5 of this act (C.), the chief financial officer of
 13 the county improvement authority issuing bonds for the construc-
 14 tion of the convention hall facility shall notify the Director of the
 15 Division of Local Government Services in the Department of Com-
 16 munity Affairs of the precise date on which the provisions of that
 17 subsection shall take effect, the amounts payable thereafter on
 18 account of the principal and interest on those bonds, and the name
 19 and address of the paying agent or agents for the bonds. The
 20 director shall, upon the receipt of that notice, verify the facts con-
 21 tained therein, and certify the same to the State Treasurer.

22 c. Following that certification and upon the date set forth therein,
 23 the State Treasurer shall transfer all moneys accumulated in the
 24 fund to the development fund as provided in subsection b. of sec-
 25 tion 5 of this act (C.), and shall thereafter pay from the
 26 luxury tax fund to the paying agent or agents specified in the cer-
 27 tification the amounts certified to be paid for the principal and
 28 interest on the bonds, to the maximum amount available for this
 29 purpose in the luxury tax fund on each payment date.

1 8. Section 9 of P. L. 1979, c. 273 (C. 40:48-3.34) is amended to
 2 read as follows:

3 9. At any time within 1 year after an approval by the Local
 4 Finance Board pursuant to section 8 of **["this amendatory and sup-**
 5 **plementary act"]** *P. L. 1979, c. 273 (C. 40:48-8.33)* with respect to
 6 a county improvement authority, said authority shall submit to the
 7 Director of the Division of Local Government Services a copy of
 8 a resolution authorizing the issuance of bonds *for the establishment*
 9 *of a revolving fund*, entitled to the benefits of this **["amendatory and**
 10 **supplementary"]** act in accordance with said approval. If no such
 11 resolution is submitted within 1 year, said approval shall be of no
 12 further force and effect and the director shall so notify said au-
 13 thority. The Director of Local Government Services shall be and
 14 is hereby authorized to endorse upon any copy of such resolution
 15 a certification thereof as being the resolution to which a determina-
 16 tion of the Local Finance Board has been made, and the endorse-
 17 ment shall be made in such form or manner as the director shall
 18 determine.

1 9. Section 13 of P. L. 1979, c. 273 (C. 40:48-8.38) is amended
 2 to read as follows:

3 13. Any county improvement authority which has authorized
 4 bonds which are entitled to the benefits of this **["amendatory and**
 5 **supplementary"]** act may issue temporary notes or loan bonds,
 6 hereinafter called "notes," **["in anticipation of the issuance of per-**
 7 **manent bonds"]** to the extent permitted or provided by or pursuant

8 to the provisions of the "county improvement authorities law"
 9 (P. L. 1960, c. 183) or any other applicable laws, subject to such
 10 additional terms or conditions with respect to such notes as may
 11 be fixed or required by the Director of the Division of Local Gov-
 12 ernment Services to insure that funds are borrowed only [as needed
 13-19 to meet required payments for construction or acquisition of the
 20 facilities to be financed by the issuance of permanent bonds] for
 21 *those purposes and in the manner specified in the "county improve-*
 22 *ment authorities law." P. L. 1960, c. 183 (C. 40:37A-44 et seq.).*

1 10. Section 15 of P. L. 1979, c. 273 (C. 40:48-8.40) is amended
 2 to read as follows:

3 15. *a.* All amounts to be paid from the fund established herein
 4 under the provisions of this [amendatory and supplementary]
 5 act with respect to any county improvement authority for debt
 6 service covering principal or interest on bonds or notes entitled
 7 to the benefits of this [amendatory and supplementary] act, or
 8 for funding any reserve fund required by such resolution, shall,
 9 on or before the date for such payment of interest and principal,
 10 be paid on behalf of the county improvement authority to the
 11 paying agent or paying agents for such bonds or notes in the
 12 amount with respect to such date as reflects the amount of principal
 13 or interest, respectively, payable as to such date with respect to
 14 such authority. Amounts so paid to such paying agent or paying
 15 agents shall be applied to the payment of debt service covering
 16 principal and interest on such bonds or notes, or to fund such
 17 reserve, and for no other purpose.

18 *b.* *All amounts to be paid from the luxury tax fund or develop-*
 19 *ment fund with respect to any county improvement authority for*
 20 *the establishment of a revolving fund shall be paid on behalf of the*
 21 *county improvement authority to the agent or agents designated*
 22 *by the authority as the depository and paying agent or agents for*
 23 *those moneys, from which the authority may withdraw such*
 24 *amounts, for such purposes, and in such manner as shall be consist-*
 25 *ent with the terms and conditions set forth in the Local Finance*
 26 *Board's approval of that revolving fund.*

1 11. Section 16 of P. L. 1979, c. 273 (C. 40:48-8.41) is amended
 2 to read as follows:

3 16. Pending application to the purposes for which *revolving*
 4 *funds are established or for which* bonds or notes *are issued*, en-
 5 titled to benefits of this [amendatory and supplementary] act
 6 [are issued], the moneys in such fund shall be invested or deposited
 7 subject to regulations prescribed by the State Treasurer for the
 8 deposit of State Funds. Any income from such investment shall
 9 be added to such fund.

1 12. Section 31 of P. L. 1980, c. 105 (C. 54:32B-8.19) is amended
2 to read as follows:

3 31. Receipts from sales [made prior to July 1, 1981] of tangible
4 personal property and services taxable under any municipal ordin-
5 ance which was adopted pursuant to P. L. 1947, c. 71 (C. 40:48-8.15
6 et seq.) and was in effect on April 27, 1966 are exempt from the
7 tax imposed under the Sales and Use Tax Act subject to the
8 following conditions:

9 a. To the extent that the tax that is or would be imposed under
10 section 3 of P. L. 1966, c. 30 (C. 54:32B-3) is greater than the
11 tax imposed by such ordinance, such sales shall not be exempt
12 under this section; and

13 b. To the extent permitted in the following schedule, irrespective
14 of the rate of tax imposed by such ordinance:

15 (1) [Through June 30, 1980, such sales shall be exempt only to
16 the extent that they are subject to taxation under such ordinance
17 at a rate not exceeding 5%;

18 (2) From July 1, 1980 through June 30, 1981, such sales shall be
19 exempt only to the extent that they are subject to taxation under
20 such ordinance at a rate not exceeding 4%.

21 This section shall expire on June 30, 1981. *From July 1, 1981*
22 *through December 31, 1981, such sales shall not be exempt from*
23 *this act; and*

24 (2) *From January 1, 1982 and thereafter, such sales shall be*
25 *exempt only to the extent that the rate of taxation imposed by the*
26 *ordinance exceeds the rate of taxation otherwise imposed pursuant*
27 *to P. L. 1966, c. 30 (C. 54:32B-1 et seq.).*

1 13. This act shall take effect immediately.

STATEMENT

This bill would authorize an increase from 3% to 7% in the rate of tax imposed by Atlantic City on certain sales and services, except that those sales of alcoholic beverages subject to that tax shall remain at 3%. The bill reduces the State Sales and Use Tax on those items, from 5% to 3%, making the full rate of tax imposed by the city and the State to be 10%. This change would take effect January 1, 1982.

The increased local portion of these revenues are specifically dedicated, as are the current revenues from the Atlantic City "luxury tax," to the payment of principal and interest on bonds issued by the Atlantic County Improvement Authority incident to authority projects in Atlantic City.

The bill provides for the use of these revenues, when not needed for the convention center bond payments, or to meet any operating deficit for the convention center, for the purposes of the low and moderate income housing powers of the county improvement authority, including the establishment of revolving loan and grant funds for increasing housing opportunities for low and moderate income families in Atlantic City, as well as for other redevelopment projects of the improvement authority in the city.

The bill also establishes a development fund, derived from revenues accumulated prior to the time at which funds must be set aside for convention hall bond payments, which will continue to be used for the low and moderate income housing powers of the county improvement authority, as well as for other redevelopment projects of the authority in the city, after completion of the convention center.

1 12. Section 31 of P. L. 1980, c. 105 (C. 54:32B-8.19) is amended
2 to read as follows:

3 31. Receipts from sales [made prior to July 1, 1981] of tangible
4 personal property and services taxable under any municipal ordin-
5 ance which was adopted pursuant to P. L. 1947, c. 71 (C. 40:48-8.15
6 et seq.) and was in effect on April 27, 1966 are exempt from the
7 tax imposed under the Sales and Use Tax Act subject to the
8 following conditions:

9 a. To the extent that the tax that is or would be imposed under
10 section 3 of P. L. 1966, c. 30 (C. 54:32B-3) is greater than the
11 tax imposed by such ordinance, such sales shall not be exempt
12 under this section; and

13 b. To the extent permitted in the following schedule, irrespective
14 of the rate of tax imposed by such ordinance:

15 (1) [Through June 30, 1980, such sales shall be exempt only to
16 the extent that they are subject to taxation under such ordinance
17 at a rate not exceeding 5%;

18 (2) From July 1, 1980 through June 30, 1981, such sales shall be
19 exempt only to the extent that they are subject to taxation under
20 such ordinance at a rate not exceeding 4%.

21 This section shall expire on June 30, 1981. *From July 1, 1981*
22 *through December 31, 1981, such sales shall not be exempt from*
23 *this act; and*

24 (2) *From January 1, 1982 and thereafter, such sales shall be*
25 *exempt only to the extent that the rate of taxation imposed by the*
26 *ordinance exceeds the rate of taxation otherwise imposed pursuant*
27 *to P. L. 1966, c. 30 (C. 54:32B-1 et seq.).*

1 13. This act shall take effect immediately.

STATEMENT

This bill would authorize an increase from 3% to 7% in the rate of tax imposed by Atlantic City on certain sales and services, except that those sales of alcoholic beverages subject to that tax shall remain at 3%. The bill reduces the State Sales and Use Tax on those items from 5% to 3%, making the full rate of tax imposed by the city and the State to be 10%. This change would take effect January 1, 1982.

The increased local portion of these revenues are specifically dedicated, as are the current revenues from the Atlantic City "luxury tax," to the payment of principal and interest on bonds issued by the Atlantic County Improvement Authority incident to authority projects in Atlantic City.

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The bill provides for the use of these revenues, when not needed for the convention center bond payments, or to meet any operating deficit for the convention center, for the purposes of the low and moderate income housing powers of the county improvement authority, including the establishment of revolving loan and grant funds for increasing housing opportunities for low and moderate income families in Atlantic City, as well as for other redevelopment projects of the improvement authority in the city.

The bill also establishes a development fund, derived from revenues accumulated prior to the time at which funds must be set aside for convention hall bond payments, which will continue to be used for the low and moderate income housing powers of the county improvement authority, as well as for other redevelopment projects of the authority in the city, after completion of the convention center.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE, No. 3480

with committee amendments

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STATE OF NEW JERSEY

DATED: DECEMBER 3, 1981

Senate Bill No. 3480, with committee amendments, authorizes an increase in the Atlantic City "luxury tax" from 3% to 5% and a dedication of 2% of the State's 5% sales tax to totally increase the Atlantic City "luxury tax" from 3 to 7% effective January 1, 1982.

The increased local portion of these revenues are specifically dedicated, as are the current revenues from the Atlantic City "luxury tax," to the payment of principal and interest on bonds issued by the Atlantic County Improvement Authority incident to authority projects in Atlantic City.

The bill provides for the use of these revenues, when not needed for the convention center bond payments, or to meet any operating deficit for the convention center, for the purposes of the low and moderate income housing powers of the county improvement authority, including the establishment of revolving loan and grant funds for increasing housing opportunities for low and moderate income families in Atlantic City, as well as for other redevelopment projects of the improvement authority in the city.

The bill also establishes a development fund, derived from revenues accumulated prior to the time at which funds must be set aside for convention hall bond payments, which will continue to be used for the low and moderate income housing powers of the county improvement authority, as well as for other redevelopment projects of the authority in the city, after completion of the convention center.

The committee amendments were suggested by the Division of Taxation and are entirely technical.

The second companion bill, A-3672, makes various amendments to the laws governing county improvement authorities in order to expand the existing powers of these authorities with respect to convention halls. The bill also clarifies the financing powers regarding low and moderate-income housing for these authorities.

Specifically, the bill permits the Atlantic County Improvement Authority to provide for the financing, construction and operating costs of a convention center. It also permits the ACIA to make mortgage loans available for low and moderate-income housing. (Last Monday, Byrne announced an agreement between the New Jersey Mortgage Finance Agency and the ACIA under which the county and NJMFA will jointly administer approximately 15-percent of the proceeds from mortgage bonds sold by the State in 1982 and 1983.)

The final companion bill, A-3750, authorizes an increase from three to seven-percent in the so-called "luxury tax" on certain sales and services, in order to finance convention center bond payments by the Atlantic County Improvement Authority. Taxes on the sale of alcoholic beverages will remain at three percent.

Revenues from the increase in these taxes are specifically dedicated to the payment of principal and interest on ACIA bonds for projects in Atlantic City. Payments would first be made on convention center bonds, with remaining revenues financing any operating deficit for the center, or for loan and grant payments for low and moderate-income housing projects initiated by the county improvement Authority.

The bill also establishes a development fund to finance low and moderate-income housing and other ACIA projects in Atlantic City. The development fund would be used to finance projects before the commencement of bond payments on the convention center, and after the center's completion.

A convention center for Atlantic City is expected to cost between \$80 million and \$120 million. The annual debt service on such a project would be \$12 million to \$15 million, according to the Department of Treasury.

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