

40:48C-1.4 to 40:48C-1.6

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2013 **CHAPTER:** 284

NJSA: 40:48C-1.4 to 40:48C-1.6 (Authorizes certain municipalities to impose parking surcharges)

BILL NO: A4590 (Substituted for S3128)

SPONSOR(S) Wilson and others

DATE INTRODUCED: December 9, 2014

COMMITTEE: **ASSEMBLY:** Budget
 SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 13, 2014
 SENATE: January 13, 2014

DATE OF APPROVAL: January 17, 2014

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First reprint enacted) Yes

A4590

SPONSOR'S STATEMENT: (Begins on page 2 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
 SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S3128

SPONSOR'S STATEMENT: (Begins on page 2 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No
 SENATE: Yes

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

LAW/RWH

P.L.2013, CHAPTER 284, *approved January 17, 2014*
Assembly, No. 4590 (*First Reprint*)

1 AN ACT authorizing certain municipalities to impose certain
2 surcharges and supplementing 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. A municipality that has been under rehabilitation and
8 economic recovery pursuant to the "Municipal Rehabilitation and
9 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.)
10 may adopt an ordinance imposing the surcharge provided under
11 ¹**[**subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6)**]**
12 section 3 of P.L. , c. (C.) (pending before the Legislature
13 as this bill)¹ on any facility, or any portion of a facility, situated
14 within its borders. ¹**[**All surcharges collected under an ordinance
15 adopted pursuant to this section shall be used for the purpose of
16 demolishing and removing abandoned buildings and structures in
17 the municipality , notwithstanding the provisions of subsection b. of
18 section 6 of P.L.1970, c.326 (C.40:48C-6) to the contrary. Any
19 collections in excess of the amount necessary for this purpose shall
20 be used for infrastructure projects in the municipality.]¹

21

22 ¹2. A municipality that is a city of the second class, that is
23 located in a county of the second class, that has a population greater
24 than 65,000 and a population density exceeding 10,000 persons per
25 square mile, according to the latest federal decennial census, and
26 that is not authorized to adopt an ordinance pursuant to section 2 of
27 P.L.1987, c.21 (C.40:48C-1.2), may adopt an ordinance imposing
28 the surcharge provided under section 3 of P.L. , c. (C.)
29 (pending before the Legislature as this bill) on any facility, or any
30 portion of a facility, situated within its borders.¹

31

32 ¹3. An ordinance adopted by a municipality pursuant to section
33 1 or 2 of P.L. , c. (C.) (pending before the Legislature as
34 this bill) shall impose in any such municipality a surcharge of seven
35 percent on fees for parking, garaging, or storing of motor vehicles,
36 other than parking in a garage which is part of a solely residential
37 premises. All surcharges collected under the ordinance shall be
38 used for the purpose of demolishing and removing abandoned

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:

¹Assembly ABU committee amendments adopted January 9, 2014.

1 buildings and structures in the municipality. Any collections in
2 excess of the amount necessary for this purpose shall be used for
3 infrastructure projects in the municipality. The collections and
4 expenditures permitted pursuant to this section shall be included in
5 the annual audit of the municipality required pursuant to
6 N.J.S.40A:5-4 to ensure the surcharges are spent for the purposes
7 provided under this section.¹

8

9 ¹**[2.]** 4.¹ This act shall take effect immediately.

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14

Authorizes certain municipalities to impose parking surcharges.

ASSEMBLY, No. 4590

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JANUARY 9, 2014

Sponsored by:

Assemblyman GILBERT "WHIP" L. WILSON
District 5 (Camden and Gloucester)

SYNOPSIS

Authorizes certain municipalities to impose parking surcharges.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing certain municipalities to impose certain
2 surcharges and supplementing 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. A municipality that has been under rehabilitation and
8 economic recovery pursuant to the "Municipal Rehabilitation and
9 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.)
10 may adopt an ordinance imposing the surcharge provided under
11 subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6) on any
12 facility, or any portion of a facility, situated within its borders. All
13 surcharges collected under an ordinance adopted pursuant to this
14 section shall be used for the purpose of demolishing and removing
15 abandoned buildings and structures in the municipality,
16 notwithstanding the provisions of subsection b. of section 6 of
17 P.L.1970, c.326 (C.40:48C-6) to the contrary. Any collections in
18 excess of the amount necessary for this purpose shall be used for
19 infrastructure projects in the municipality.

20

21 2. This act shall take effect immediately.

22

23

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STATEMENT

25

26 This bill would authorize municipalities that have been under
27 rehabilitation and economic recovery pursuant to the "Municipal
28 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
29 (C.52:27BBB-1 et al.) (currently, the City of Camden) to impose
30 the surcharges on fees for special event parking provided under
31 subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6). These
32 municipalities have suffered severe fiscal distress, require
33 substantial State assistance, and face long roads to financial
34 recovery and stability. This bill would provide these municipalities
35 with an additional revenue source to fund clearance and other
36 projects vital to generating economic growth, which, over time,
37 would help lessen their need to rely on State aid.

38

39 Under current law, only certain municipalities are authorized to
40 impose these special event parking surcharges. Specifically, these
41 are municipalities with populations over 200,000, those with
42 populations between 100,000 and 125,000 and which are
43 contiguous with a municipality already imposing these surcharges,
44 and those with a population density greater than 10,000 persons per
45 square mile and which are located within a county of the first class.
46 This bill would extend the authority to impose these surcharges to
47 municipalities that have been under rehabilitation and economic
48 recovery pursuant to the "Municipal Rehabilitation and Economic
Recovery Act" (currently, the City of Camden).

A4590 WILSON

3

1 Under the bill, all surcharges collected by a qualifying
2 municipality would have to be used for the purpose of demolishing
3 and removing abandoned buildings or structures, but, if there are
4 any collections in excess of the amount necessary for this purpose,
5 the remainder would have to be used for infrastructure projects.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4590

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 9, 2014

Assembly Bill No. 4590, as amended, authorizes (1) municipalities that have been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.) and (2) municipalities that are a city of the second class, in a county of the second class, with a population in excess of 65,000 and a population density in excess of 10,000 persons per square mile, and that are not authorized to adopt an ordinance by N.J.S.A.40:48C-1.2 to: impose a seven percent surcharge on fees for parking, garaging, or storing of motor vehicles, other than parking in a garage which is part of a solely residential premises.

Under current law, only municipalities with populations over 200,000, those with populations between 100,000 and 125,000 and which are contiguous with a municipality already imposing parking taxes and surcharges, and those with a population density greater than 10,000 persons per square mile and which are located within a county of the first class are authorized to impose a general parking tax, at a rate of up to 15 percent, and special event parking surcharges, at a rate of seven percent. This bill provides the authority to impose a general parking surcharge to municipalities that have been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act" (currently, the City of Camden) and to certain cities of the second class (currently Passaic, Paterson, and Trenton) at the reduced rate allowed for the special event surcharge.

The bill requires that all surcharges collected by a qualifying municipality be used for the purpose of demolishing and removing abandoned buildings or structures, but, if there are any collections in excess of the amount necessary for this purpose, the remainder must be used for infrastructure projects. The bill requires that the collections and expenditures permitted by the bill be included in the annual audit of the municipality required pursuant to N.J.S.A.40A:5-4 to ensure that the surcharges are spent for the purposes for which they are directed under the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine the fiscal impact of the bill because it has no information regarding the amount of parking surcharge revenues that are attributable to parking subject to the surcharge under an ordinance. The bill is permissive; it authorizes, but does not require a municipality that has been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act" or that is a city of the second class and meets certain criteria to impose a parking surcharge. If a qualifying municipality were to choose to adopt an ordinance imposing a parking surcharge, it would experience an increase in revenues.

The OLS notes that the State sales and use tax does not apply to the sale of parking subject to tax under a municipal ordinance, and so the imposition of a special event parking surcharge by qualifying municipality would result in a loss of State sales and use tax revenues.

The OLS notes that five municipalities, Elizabeth City, Harrison Town, Hoboken City, the City of Jersey City, and Newark City, currently impose a parking tax at the 15 percent rate allowed pursuant to N.J.S.A.40:48C-6 (a). According to their adopted budgets for 2013, these municipalities collected parking tax revenues in 2012 as follows: Elizabeth: \$2,703,491; Harrison: \$297,074; Hoboken: \$1,204,913; Jersey City: \$10,707,267; and Newark: \$25,350,000 (anticipated).

COMMITTEE AMENDMENTS:

The amendments delete a provision that would have allowed municipalities that have been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act," to impose up to a seven percent surcharge on the fees for special event parking provided under subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6), and add provisions that allow those municipalities and certain cities of the second class to impose a general parking surcharge, subject to annual audit to ensure that the surcharges are spent for the purposes for which they are directed under the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4590

STATE OF NEW JERSEY 215th LEGISLATURE

DATED: JANUARY 16, 2014

SUMMARY

- Synopsis:** Authorizes certain municipalities to impose parking surcharges.
- Type of Impact:** Indeterminate potential increase in municipal revenues.
Indeterminate potential loss of State revenues.
- Agencies Affected:** Select municipalities.

Office of Legislative Services Estimate

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

- The enactment of Assembly Bill No. 4590 (1R) may result in an increase in revenues collected by select municipalities (Camden, Passaic, Paterson, and Trenton) and a loss of State sales and use tax revenue. Information regarding specific parking areas or facilities that may be subject to the parking surcharge is not available at this time.
- Any revenues generated by the parking surcharge must be used first to demolish and remove abandoned buildings and structures and then for infrastructure projects in the municipality.
- Because the sales and use tax does not apply to the sale of parking subject to tax under a municipal ordinance, the imposition of a parking surcharge by Camden, Passaic, Paterson, or Trenton would result in a loss of State sales and use tax revenues.

BILL DESCRIPTION

Assembly Bill No. 4590 (1R) of 2014 authorizes certain qualified municipalities to adopt an ordinance imposing a surcharge of seven percent on fees for the parking, garaging, or storing of motor vehicles, except for parking in a garage which is part of a solely residential premises. A

qualified municipality is one that: (1) has been under rehabilitation and economic recovery pursuant to the “Municipal Rehabilitation and Economic Recovery Act,” (C.52:27BBB-1 et seq.) P.L.2002, c.43; or (2) is a city of the second class, located in a county of the second class, with a population greater than 65,000, a population density exceeding 10,000 persons per square mile, according to the latest federal decennial census, and is not authorized to adopt an ordinance pursuant to N.J.S.A.40:48C-1.2. If enacted into law, the bill would currently apply only to the cities of Camden, Passaic, Paterson, and Trenton.

All surcharges collected by a qualified municipality would be dedicated for the purpose of demolishing and removing abandoned buildings or structures, but, if there are any collections in excess of the amount necessary for this purpose, the remainder must be used for infrastructure projects. In order to ensure that parking surcharge revenues are expended for these purposes, the bill requires that the collection and the expenditure of those funds would be subject to the annual audit of a municipality’s books, accounts, and financial transactions required pursuant to N.J.S.40A:5-4.

Under current law, only certain municipalities are authorized to impose the special event parking tax surcharge. Specifically, these are municipalities with populations over 200,000, those with populations between 100,000 and 125,000 and which are contiguous with a municipality already imposing the surcharge, and those with a population density greater than 10,000 persons per square mile and which are located within a county of the first class.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) cannot determine the fiscal impact of Assembly Bill No. 4590 (1R) because it has no information regarding those parking areas or facilities that may be subject to the parking surcharge. The bill is permissive; it authorizes, but does not require a qualified municipality to impose a parking surcharge. As noted above, Camden, Passaic, Paterson, and Trenton are currently the only municipalities that would be authorized to impose the parking surcharge established by the bill.

If a qualified municipality chooses to adopt an ordinance imposing a parking surcharge it will experience an increase in revenues. The OLS notes that the New Jersey Sales and Use Tax does not apply to the sale of parking subject to tax under a municipal ordinance (see N.J.S.A.54:32B-3), and so the imposition of a parking surcharge by Camden, Passaic, Paterson, or Trenton would result in a loss of State sales and use tax revenues. As noted above, any revenues generated by the parking surcharge must be used first to demolish and remove abandoned buildings and structures and then for infrastructure projects in the municipality.

The provisions of the “Local Tax Authorization Act” P.L.1970, c.326 (C.40:48C-1 et seq.) allow Elizabeth City, Newark City, and all municipalities in Hudson County to adopt ordinances imposing a parking tax of up to 15 percent. Five municipalities, Elizabeth City, Harrison Town, Hoboken City, the City of Jersey City, and Newark City, currently impose a parking tax. According to their adopted budgets for 2013, these municipalities collected parking

tax revenues in 2012 as follows: Elizabeth (\$2,703,491), Harrison (\$297,074), Hoboken (\$1,204,913), Jersey City (\$10,707,267), and Newark (\$25,350,000 – anticipated).

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3128

STATE OF NEW JERSEY
215th LEGISLATURE

INTRODUCED JANUARY 6, 2014

Sponsored by:

Senator DONALD NORCROSS

District 5 (Camden and Gloucester)

SYNOPSIS

Authorizes certain municipalities to impose parking surcharges.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing certain municipalities to impose certain
2 surcharges and supplementing 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. A municipality that has been under rehabilitation and
8 economic recovery pursuant to the "Municipal Rehabilitation and
9 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.)
10 may adopt an ordinance imposing the surcharge provided under
11 subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6) on any
12 facility, or any portion of a facility, situated within its borders. All
13 surcharges collected under an ordinance adopted pursuant to this
14 section shall be used for the purpose of demolishing and removing
15 abandoned buildings and structures in the municipality,
16 notwithstanding the provisions of subsection b. of section 6 of
17 P.L.1970, c.326 (C.40:48C-6) to the contrary. Any collections in
18 excess of the amount necessary for this purpose shall be used for
19 infrastructure projects in the municipality.

20

21 2. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill would authorize municipalities that have been under
27 rehabilitation and economic recovery pursuant to the "Municipal
28 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
29 (C.52:27BBB-1 et al.) (currently, the City of Camden) to impose
30 the surcharges on fees for special event parking provided under
31 subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6). These
32 municipalities have suffered severe fiscal distress, require
33 substantial State assistance, and face long roads to financial
34 recovery and stability. This bill would provide these municipalities
35 with an additional revenue source to fund clearance and other
36 projects vital to generating economic growth, which, over time,
37 would help lessen their need to rely on State aid.

38

39 Under current law, only certain municipalities are authorized to
40 impose these special event parking surcharges. Specifically, these
41 are municipalities with populations over 200,000, those with
42 populations between 100,000 and 125,000 and which are
43 contiguous with a municipality already imposing these surcharges,
44 and those with a population density greater than 10,000 persons per
45 square mile and which are located within a county of the first class.
46 This bill would extend the authority to impose these surcharges to
47 municipalities that have been under rehabilitation and economic
48 recovery pursuant to the "Municipal Rehabilitation and Economic
Recovery Act" (currently, the City of Camden).

S3128 NORCROSS

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1 Under the bill, all surcharges collected by a qualifying
2 municipality would have to be used for the purpose of demolishing
3 and removing abandoned buildings or structures, but, if there are
4 any collections in excess of the amount necessary for this purpose,
5 the remainder would have to be used for infrastructure projects.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3128

STATE OF NEW JERSEY

DATED: JANUARY 6, 2014

The Senate Budget and Appropriations committee reports favorably Senate Bill No. 3128.

This bill would authorize municipalities that have been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.) (currently, the City of Camden) to impose the surcharges on fees for special event parking provided under subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6). These municipalities have suffered severe fiscal distress, require substantial State assistance, and face long roads to financial recovery and stability. This bill would provide these municipalities with an additional revenue source to fund clearance and other projects vital to generating economic growth, which, over time, would help lessen their need to rely on State aid.

Under current law, only certain municipalities are authorized to impose these special event parking surcharges. Specifically, these are municipalities with populations over 200,000, those with populations between 100,000 and 125,000 and which are contiguous with a municipality already imposing these surcharges, and those with a population density greater than 10,000 persons per square mile and which are located within a county of the first class. This bill would extend the authority to impose these surcharges to municipalities that have been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and Economic Recovery Act" (currently, the City of Camden).

Under the bill, all surcharges collected by a qualifying municipality would have to be used for the purpose of demolishing and removing abandoned buildings or structures, but, if there are any collections in excess of the amount necessary for this purpose, the remainder would have to be used for infrastructure projects.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine the fiscal impact of Senate Bill No. 3128 because it has no information regarding the amount of parking tax revenues that are attributable to special event parking. The bill is permissive; it authorizes, but does not require a municipality that has been under rehabilitation and economic recovery pursuant to the "Municipal Rehabilitation and

Economic Recovery Act” to impose a special event parking tax surcharge. To date, one municipality, the City of Camden, has been subject to the provisions of the “Municipal Rehabilitation and Economic Recovery Act.” If the City of Camden chooses to adopt an ordinance imposing a special event parking tax surcharge (subsection b. of N.J.S.A.40:48C-6), it will experience an increase in revenues. The OLS notes that the New Jersey Sales and Use Tax does not apply to the sale of parking subject to tax under a municipal ordinance (see N.J.S.A.54:32B-3), and so the imposition of a special event parking surcharge by the City of Camden would result in a loss of State sales and use tax revenues. The OLS notes that five municipalities, Elizabeth City, Harrison Town, Hoboken City, the City of Jersey City, and Newark City, currently impose a parking tax (subsection a. of N.J.S.A.40:48C-6). The data reported in municipal budgets does not distinguish between revenues generated by the municipal parking tax and revenues generated by the special event parking tax surcharge. According to their adopted budgets for 2013, these municipalities collected parking tax revenues in 2012 as follows: Elizabeth: \$2,703,491; Harrison: \$297,074; Hoboken: \$1,204,913; Jersey City: \$10,707,267; and Newark: \$25,350,000 (anticipated).

STATEMENT TO
SENATE, No. 3128

with Senate Floor Amendments
(Proposed by Senator NORCROSS)

ADOPTED: JANUARY 9, 2014

These amendments extend the authority to impose the parking surcharge to municipalities that are cities of the second class, that are located in counties of the second class, with a population greater than 65,000 and a population density exceeding 10,000 persons per square mile, according to the latest federal decennial census, and that are not authorized to adopt an ordinance pursuant to section 2 of P.L.1987, c.21 (C.40:48C-1.2). Currently, these municipalities include the cities of Paterson, Passaic, and Trenton.

The amendments also expand the potential scope of the parking surcharge to all parking, garaging, or storing of motor vehicles, except for parking in a garage which is part of a solely residential premises. The scope of the surcharge had been limited to special event parking within the parameters set by subsection b. of section 6 of P.L.1970, c.326 (C.40:48C-6).

The amendments also require that the collections and expenditures permitted by the bill be included in the annual audit of the municipality required pursuant to N.J.S.40A:5-4 to ensure that the surcharges are spent for the purposes permitted under section 3 of the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3128

STATE OF NEW JERSEY 215th LEGISLATURE

DATED: JANUARY 16, 2014

SUMMARY

- Synopsis:** Authorizes certain municipalities to impose parking surcharges.
- Type of Impact:** Indeterminate potential increase in municipal revenues.
Indeterminate potential loss of State revenues
- Agencies Affected:** Select municipalities.

Office of Legislative Services Estimate

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

- The enactment of Senate Bill No. 3128 (1R) may result in an increase in revenues collected by select municipalities (Camden, Passaic, Paterson, and Trenton) and a loss of States sales and use tax revenue. Information regarding specific parking areas or facilities that may be subject to the parking surcharge is not available at this time.
- Any revenues generated by the parking surcharge must be used first to demolish and remove abandoned buildings and structures and then for infrastructure projects in the municipality.
- Because the sales and use tax does not apply to the sale of parking subject to tax under a municipal ordinance, the imposition of a parking surcharge by Camden, Passaic, Paterson, or Trenton would result in a loss of State sales and use tax revenues.

BILL DESCRIPTION

Senate Bill No. 3128 (1R) of 2014 authorizes certain qualified municipalities to adopt an ordinance imposing a surcharge of seven percent on fees for the parking, garaging, or storing of motor vehicles, except for parking in a garage which is part of a solely residential premises. A

qualified municipality is one that: (1) has been under rehabilitation and economic recovery pursuant to the “Municipal Rehabilitation and Economic Recovery Act,” (C.52:27BBB-1 et seq.) P.L.2002, c.43; or (2) is a city of the second class, located in a county of the second class, with a population greater than 65,000, a population density exceeding 10,000 persons per square mile, according to the latest federal decennial census, and is not authorized to adopt an ordinance pursuant to N.J.S.A.40:48C-1.2. If enacted into law, the bill would currently apply only to the cities of Camden, Passaic, Paterson, and Trenton.

All surcharges collected by a qualified municipality would be dedicated for the purpose of demolishing and removing abandoned buildings or structures, but, if there are any collections in excess of the amount necessary for this purpose, the remainder must be used for infrastructure projects. In order to ensure that parking surcharge revenues are expended for these purposes, the bill requires that the collection and the expenditure of those funds would be subject to the annual audit of a municipality’s books, accounts, and financial transactions required pursuant to N.J.S.40A:5-4.

Under current law, only certain municipalities are authorized to impose the special event parking tax surcharge. Specifically, these are municipalities with populations over 200,000, those with populations between 100,000 and 125,000 and which are contiguous with a municipality already imposing the surcharge, and those with a population density greater than 10,000 persons per square mile and which are located within a county of the first class.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) cannot determine the fiscal impact of Senate Bill No. 3128 (1R) because it has no information regarding those parking areas or facilities that may be subject to the parking surcharge. The bill is permissive; it authorizes, but does not require a qualified municipality to impose a parking surcharge. As noted above, Camden, Passaic, Paterson, and Trenton currently are the only municipalities that would be authorized to impose the parking surcharge established by the bill.

If a qualified municipality chooses to adopt an ordinance imposing a parking surcharge it will experience an increase in revenues. The OLS notes that the New Jersey Sales and Use Tax does not apply to the sale of parking subject to tax under a municipal ordinance (see N.J.S.A.54:32B-3), and so the imposition of a parking surcharge by Camden, Passaic, Paterson, or Trenton would result in a loss of State sales and use tax revenues. As noted above, any revenues generated by the parking surcharge must be used first to demolish and remove abandoned buildings and structures and then for infrastructure projects in the municipality.

The provisions of the “Local Tax Authorization Act” P.L.1970, c.326 (C.40:48C-1 et seq.) allow Elizabeth City, Newark City, and all municipalities in Hudson County to adopt ordinances imposing a parking tax of up to 15 percent. Five municipalities, Elizabeth City, Harrison Town, Hoboken City, the City of Jersey City, and Newark City, currently impose a parking tax. According to their adopted budgets for 2013, these municipalities collected parking tax revenues in 2012 as follows: Elizabeth (\$2,703,491), Harrison (\$297,074), Hoboken (\$1,204,913), Jersey City (\$10,707,267), and Newark (\$25,350,000 – anticipated).

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).