

54:10-1 ET SEQ.

LEGISLATIVE HISTORY CHECKLIST

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NJSA 54:10-1 to 54:10-10; 54:4-8.53 and 54:4-8.54

Laws of 1976 Chapter 73 (Revenue sharing)

Bill No. A1663

Sponsor(s) Hamilton & others

Date Introduced February 19, 1976

Committee: Assembly Taxation

Senate Revenue, Finance & Appropriations

Amended during passage Yes No

Date of passage: Assembly March 15, 1976

Senate July 8, 1976

Date of approval August 30, 1976

Committee substitute enacted--original bill and amended version of substitute enclosed (asterisks denote amendments during passage)

Following statements are attached if available:

Sponsor statement	Yes	No	Statement on original bill but not on substitute.
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

974.90 N.J. Legislature. Assembly. Appropriations Committee.
 F491 Public hearing re:fiscal problems concerning local
 1976c municipalities, medicaid, and other miscellaneous topics.
 Feb. 17, 1976. Trenton.
 [Hearing not directly on bill, but covers topic of
 revenue sharing.]

(over)

10/4/76
JAN 1978

974.90
T235
1977

N.J. Urban Education Observatory.

The impact of the New Jersey income tax and
property tax rebates on local municipalities.
February, 1977.

[some discussion of revenue sharing act.]

CHAPTER 73 LAWS OF N. J. 1976
APPROVED 8-30-76
[OFFICIAL COPY REPRINT]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1663

STATE OF NEW JERSEY

ADOPTED MARCH 10, 1976

AN ACT providing for the sharing of revenues by the State with municipalities and the method of distribution thereof **and amending P. L. 1971, c. 20**.

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

1 1. This act shall be known and may be cited as the "State
2 Revenue Sharing Act of 1976".

1 2. It is hereby declared that because municipalities are limited
2 in their means for raising revenues, that it is the obligation of the
3 State to provide assistance which will benefit all local taxpayers,
4 as a supplement to all other forms of aid.

1 3. For the purposes of this act, unless the context clearly requires
2 a different meaning:

3 a. "Director" means the Director of the Division of Taxation
4 in the Department of the Treasury.

5 b. "Fund" means the Revenue Sharing Fund created herein.

6 c. "Senior citizen deductions" means the amounts shown in
7 the county abstract of ratables in the column headed "Full esti-
8 mated amount of senior citizen deductions allowed."

9 d. "Veterans deductions" means the amounts shown in the
10 county abstract of ratables in the column headed "Veterans".

11 e. "Effective tax rate", with respect to each municipality, means
12 the total tax levy for the current year for 1976 and the pretax year
13 thereafter on which the tax rate is computed divided by the
14 apportionment valuation for the current year for 1976 and the
15 pretax year thereafter as shown in the Table of Aggregates, pre-
16 pared pursuant to R. S. 54:4-52.

1 4. There is hereby created within the General Treasury a
2 Revenue Sharing Fund of ***[\$100 million or 10%]*** *\$50 million*

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

3 of the **net** revenues from the New Jersey ***[Personal]*** **Gross**
 4 Income Tax **Act** ***[**, whichever is greater; provided, however, that
 5 for 1976 and 1977 the fund shall consist of \$100 million**]***.

6 Distribution of the revenue from the fund shall be made
 7 annually to all municipalities with an effective tax rate in excess
 8 of \$1.00 per \$100.00 of true valuation in the proportion which the
 9 population of the qualifying municipality bears to the total popula-
 10 tion of all qualifying municipalities of the State according to the
 11 most recent State population estimates published by the New
 12 Jersey Department of Labor and Industry, except that in the year
 13 of promulgation of a Federal decennial census, the census figures
 14 shall be used.

1 5. In addition to the amount determined in section 4 above, there
 2 shall be added to the amount to be distributed to each munici-
 3 pality the following:

4 a. An amount equivalent to the senior citizen deductions in
 5 each municipality, and;

6 b. An amount equivalent to the veterans' deductions in each
 7 municipality.

8 ***[For 1976, the amounts in a. and b. above shall be based upon**
 9 **the tax year, and in each year thereafter they shall be based upon**
 10 **the pretax year.]***

1 ***[6. The total amount determined by sections 4 and 5 shall consti-**
 2 **tute the revenue sharing funds due each municipality; provided,**
 3 **however, that the funds due and payable for the calendar year 1976**
 4 **shall be 50% of the amount so calculated.]***

1 ***[7. As soon as may be practicable after the effective date of this**
 2 **act, but prior to July 15, 1976,]*** **6. Prior to November 1, 1976*
 3 *and prior to November 1 in each year thereafter** the director shall
 4 compute the amount of revenue sharing funds due each municipality
 5 for ***[1976 as set forth herein]*** **the succeeding year**, and shall
 6 thereupon notify the governing body and the tax collector or other
 7 chief fiscal officer of each municipality of the amounts so deter-
 8 mined. ***[The tax collector or other chief fiscal officer shall apply**
 9 **such amounts to reduce the tax levy by the amount so received**
 10 **and the amount of said reductions shall then be prorated among**
 11 **the properties in each municipality according to their valuation,**
 12 **and the property tax payments for the fourth quarter of the tax**
 13 **year 1976 shall reflect such reductions by the tax collector or other**
 14 **chief fiscal officer.]*** If a taxpayer has prepaid his tax, he shall be
 15 given a credit upon his subsequent tax payment.

1 ***[8.** Prior to November 1, 1976, and prior to November 1 each
 2 year thereafter, the director shall compute the amount of revenue
 3 sharing funds due each municipality as set forth herein for 1977
 4 and each year thereafter respectively, and shall thereupon notify
 5 the governing body of each municipality of the amounts so
 6 determined.]**

1 ***[9.]** *7.* Upon notification by the director of the amount of
 2 revenue sharing funds due, the governing body of each municipality
 3 shall anticipate such revenues in its budget for the succeeding year
 4 and shall apply all such revenues to the reduction of the property
 5 tax levy.

1 ***[10.]** *8.* On or before ***[September 1, 1976, and on or before]***
 2 December 1 annually ***[thereafter]***, the director shall certify to
 3 the State Treasurer the amount of revenue sharing funds due each
 4 municipality under the provisions of this act. The State Treasurer
 5 upon the certification of the director and upon the warrant of the
 6 State Comptroller shall pay to each municipality the amount due as
 7 follows:

8 Revenue sharing funds ***[for 1976 shall be paid on or before**
 9 **October 1, and thereafter]** * *, *except for funds to be distributed*
 10 *under section 5* shall be paid annually in quarterly installments
 11 on February 1, May 1, August 1 and November 1. **Revenue sharing*
 12 *funds to be distributed under section 5 shall be paid on November 1,*
 13 *1977 and annually thereafter.** Each installment shall consist of
 14 25% of the total amount due.

1 ***[11.]** *9.* The director is hereby authorized to make such rules
 2 and regulations as may be necessary to carry out the provisions of
 3 this act. The Director of the Division of Local Government Services
 4 is hereby authorized to make such rules and regulations as may
 5 be necessary to carry out the provisions of this act with respect to
 6 tax bills and revisions thereof.

1 ***[12.]** *10.* Nothing herein contained shall affect any program
 2 of aid or assistance now in effect.

1 ***[13.]** *11.* Chapter 302, P. L. 1968, (C. 54:32B-30 to
 2 54:32B-36) is hereby repealed.

1 ***[14.** Sections 4 through 6 of chapter 20, P. L. 1971 (C. 54:4-8.52
 2 through 54:4-8.54) are hereby repealed.]**

1 *12. Section 5 of P. L. 1971, c. 20 (C. 54:4-8.53) is amended to
 2 read as follows:

3 5. *[After review the director shall determine an amount equal to*
 4 *one-half of the amount allowed by each taxing district for senior*
 5 *citizens tax deductions and shall certify these amounts to the State*
 6 *Treasurer on or before September 15, 1971, and on or before*

7 *September 15 annually thereafter.】 The director may inspect all*
 8 *records in the office of the collector and the assessor with respect*
 9 *to claims and allowances for senior citizens tax deductions.*

10 **【***The State Treasurer annually on or before November 1, 1971*
 11 *and on or before November 1 annually thereafter, upon the certifica-*
 12 *tion of the Director of the Division of Taxation and upon the*
 13 *warrant of the State Comptroller, shall pay and distribute to each*
 14 *taxing district the amounts indicated and certified by the director.】*

1 *13. Section 6 of P. L. 1971, c. 20 (54:4-8.54) is amended to read*
 2 *as follows:*

3 *6. For the tax year 1971 and each year thereafter, each county*
 4 *board of taxation shall include in the abstract of ratables prepared*
 5 *pursuant to R. S. 54:4-52 the full estimated amount of the senior*
 6 *citizens tax deductions as provided for in this act【, but only one-half*
 7 *of said amount shall be included in the total on which the tax rate*
 8 *is to be computed】.**

1 ***【15.】*** **14.* This act shall take effect immediately, *【but】**
 2 **except the amendments in sections 11 and 12 which shall take*
 3 *effect January 1, 1977, and the entire act* shall remain inoperative*
 4 *unless and until a State personal income tax shall be enacted.*

CORRECTED COPY
ASSEMBLY, No. 1663

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 19, 1976

By Assemblymen HAMILTON, BARBOUR, LEFANTE,
MARTIN and BURSTEIN

Referred to Committee on Taxation

AN ACT providing for State aid to certain municipalities for property tax relief and supplementing Title 54 of the Revised Statutes.

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

1 1. For the purposes of this act:

2 a. "Population" means the population shown in the last Federal
3 decennial census;

4 b. "Current year" means the calendar year in which the State
5 aid moneys provided for in this act are set aside and appropriated;

6 c. "Apportionment valuation" means the net valuation on which
7 county taxes are apportioned among the municipalities of the
8 county, as defined in Revised Statutes 54:4-49;

9 d. "Effective tax rate," with respect to each municipality, means
10 the total tax levy for the current year on which the tax rate is
11 computed divided by the apportionment valuation for the current
12 year, as shown in the table of aggregates prepared pursuant to
13 Revised Statutes 54:4-52;

14 e. "Qualifying municipality" means a municipality with an
15 effective tax rate of 10 mills per dollar or more in the current year.

1 2. Amount of State aid to municipalities. An amount equal to
2 10% of the net receipts of revenues, but not in excess of
3 \$50,000,000.00, derived by the State in any fiscal year, commencing
4 with the fiscal year 1976-77, from the taxes imposed pursuant to
5 the personal income tax (P. L. 1976, c.) shall be annually ap-
6 propriated commencing with the fiscal year 1977-78 as State aid
7 to municipalities for property tax relief.

1 3. The funds appropriated pursuant to this act shall be appor-
2 tioned among the qualifying municipalities in the proportion that
3 the population of each qualifying municipality bears to the total

4 population of all the qualifying municipalities of the State, except
5 that no funds shall be apportioned to any municipality in which
6 the effective tax rate for the current year is less than 10 mills per
7 dollar.

1 4. The revenues apportioned and appropriated pursuant to this
2 act shall be in addition to all other State aid to municipalities and
3 shall be so included in each annual general appropriation act,
4 commencing with the general appropriations act for the fiscal year
5 1977-78.

1 5. State Treasurer's determination and certification. The Di-
2 rector of the Division of Taxation shall, on or before October 1,
3 1977, and on or before October 1 annually thereafter, determine
4 and certify to the State Treasurer, who in turn shall notify the
5 governing body of each qualifying municipality the amount of
6 State aid allocable to each municipality pursuant to this act. The
7 State Treasurer annually, on or before December 31, commencing
8 on or before December 31, 1977, upon the certification of the
9 Director of the Division of Taxation and upon the warrant of the
10 State Comptroller, shall pay and distribute to each municipality
11 the amount so determined and certified.

1 6. The Director of the Division of Taxation is authorized to
2 make such rules and regulations, and to require such facts and
3 information from counties and municipalities and their agencies
4 and agencies of State Government as he may deem necessary to
5 carry out the provisions of this act.

1 7. No appeal or review may be taken by any person or any
2 municipality with respect to any of the provisions of this act except
3 in the case of an arithmetical or typographical error in the calcu-
4 lation of the distribution hereunder.

1 8. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to assure that all qualifying municipali-
ties will receive a share of the net receipts of the personal income
tax up to a limit of \$50,000,000.00 for purposes of local property
tax relief. It is modeled after P. L. 1968, c. 302 which sets up a pro-
cedure for distribution of an amount of money equal to 10% of
the net receipts of revenues derived by the State from the "Sales
and Use Tax Act" (P. L. 1966, c. 30).

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE
STATEMENT TO
[ASSEMBLY COMMITTEE SUBSTITUTE FOR]

ASSEMBLY, No. 1663
with Senate committee amendment

STATE OF NEW JERSEY

DATED: MAY 13, 1976

This bill was released by the Senate Revenue, Finance and Appropriations Committee without recommendation with amendment for consideration by the full Senate and is part of a series of bills commonly referred to as the tax package passed by the Assembly on March 15, 1976.

This bill, to be known and cited as the "State Revenue Sharing Act of 1976," establishes a program for the sharing of a portion of the proceeds of the "New Jersey Gross Income Tax Act" with municipalities.

There are two components to the program. The first component creates within the General Treasury a Revenue Sharing Fund of \$100 million or 10% of the net revenues from the "New Jersey Gross Income Tax Act" whichever is the greater. The bill specifically provides that for 1976 and 1977 the fund will be \$100 million notwithstanding the amount equal to 10% of net revenue from the income tax act. The second component is an amount equivalent to the senior citizen deduction and the veterans deduction in each municipality.

The sum of \$100 million is to be distributed to all municipalities with an effective tax rate of \$1.00 per \$100.00 of true valuation on the basis of ratio of a qualified municipalities population to total population of all qualified municipalities. Added to that amount is an amount equivalent to the senior citizens deduction and the veterans deduction. The State now reimburses municipalities for one-half of the senior citizens deduction and does not share in the cost of the veterans deduction.

The bill specifically provides for the disposition of revenue sharing funds by municipalities for tax year 1976 and for all future years separately. The amount due to municipalities in tax year 1976 is to be 50% of the annual amount due, and is to be paid to municipalities on or before October 1, 1976. The tax collector is required to reduce the tax levy for 1976 in an amount equal to revenue sharing funds received, and prorate the amount of reductions among all properties in the municipalities according to their valuation and reflect the reduction in property

tax payments due in the fourth quarter of 1976. For the 1977 tax year and thereafter, the governing body in each municipality is to anticipate in its budget the amount of revenue sharing due and is to apply all such revenue to the reduction of the property tax levy. The revenue sharing funds due for tax year 1977 and thereafter are to be paid in equal quarterly installments on February 1, May 1, August 1, and November 1.

It is estimated that the net cost of this bill will be \$136 million in Fiscal Year 1977, \$145 million in Fiscal Year 1978, and \$157 million in Fiscal Year 1979. If Senate Bill No. 913, which implements the constitutional amendment approved last November extending the senior citizens deduction of \$160.00 to the permanently and totally disabled and qualified surviving spouse the cost will increase by \$8 million per year commencing in Fiscal Year 1977.

This bill is effective immediately, but remains inoperative unless and until a personal income tax is enacted. This bill among others, must be enacted before an income tax is operative as provided in Assembly Bill No. 1513, the "New Jersey Gross Income Tax Act."

FROM THE OFFICE OF THE GOVERNOR

AUGUST 30, 1976

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

KATHY FORSYTH

G61

Governor Brendan Byrne signed into law today A-1330, the Homestead Rebate bill sponsored by Assemblyman Robert P. Hollenbeck, and A-1663, the Revenue Sharing Act sponsored by Assemblyman William Hamilton.

Byrne signed the Homestead Rebate Bill at the home of Mr. and Mrs. Frank Ameo of Belleville, who will receive a rebate of \$204 in 1977.

The Governor noted that millions of other homeowners and condominium residents will get similar rebates. The statewide average will be about \$190, he said.

Homeowners who are 65 or older, disabled, or a surviving spouse of a homeowner who was 65 or older at death will receive an additional \$50 rebate for an average of \$240 in 1977.

The Governor emphasized that homeowners must file applications in order to get their rebate. He urged them to get the forms from their local tax assessor and file it before November 1, 1976.

Byrne also pointed out that senior citizens who already qualify for the \$160 Senior Citizen property tax deduction will continue to benefit from that saving.

At Newark City Hall, where he signed the Revenue Sharing Act, Byrne noted that every one of New Jersey's 567 municipalities will share in this new program, receiving additional state revenue which must by law be used to reduce local property taxes.

Some \$50 million will be distributed on a per capita basis, Byrne said, and another \$44 million will enable the state to pay the full cost of the senior citizen and veteran tax deductions, a cost which had heretofore been shared with the municipalities.

Newark's share of revenue sharing funds the first year will be \$3.1 million, Byrne said, noting that the first payment is to be made in December, 1976.

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TRENTON, N. J.

(over)

"These two programs of property tax relief for every homeowner in New Jersey are financed out of the new income tax and represent a significant step in reforming our inequitable tax structure," said the Governor.

"It's important to remember that every dollar collected from that income tax goes to local governments in one form or another to ease the property tax burden, except for one per cent needed to administer the tax itself. Not a penny is going to finance state programs."
