

CHAPTER 175 LAWS OF N. J. 1975  
APPROVED 8-4-75

**ASSEMBLY, No. 3609**

**STATE OF NEW JERSEY**

INTRODUCED JULY 25, 1975

By Assemblymen GEWERTZ, FORAN, CHINNICI, SWEENEY,  
Assemblywoman WILSON and Assemblyman SALKIND

(Without Reference)

AN ACT to repeal the "Motor Vehicle Liability Security Fund Act," approved May 10, 1952 (P. L. 1952, c. 175, C. 39:6-92 et seq.) and providing for the disposition of amounts remaining in the Motor Vehicle Liability Security Fund.

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

1 1. P. L. 1952, c. 175, the "Motor Vehicle Liability Security Fund  
2 Act," is repealed.

1 2. Upon certification by the Commissioner of Insurance that  
2 all claims pending before him for payment from the Motor Vehicle  
3 Liability Security Fund have been approved or settled and  
4 certified for payment or otherwise determined, the State Treasurer,  
5 as custodian of the fund, shall transfer all amounts remaining in  
6 the fund to the General State Fund.

1 3. This act shall take effect immediately.

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STATEMENT

This bill would permit the transfer of funds remaining in the Motor Vehicle Liability Security Fund to the General State Fund. Under P. L. 1974, c. 17 claims resulting from insolvency of insurance companies are now being processed through the New Jersey Property-Liability Insurance Guaranty Association.

1975 Formal Opinion No. 15 of the Attorney General stated this transfer could be effected only by means of substantive legislation rather than by the General Appropriations Act, as was attempted in P. L. 1975, c. 128. The Governor line-item vetoed such a transfer in accordance with the Attorney General's opinion.

STATEMENT BY GOVERNOR BRENDAN BYRNE

August 4, 1975

A-3557

I have signed into law the supplemental appropriations bill and the tax and other revenue bills\* to finance it. These revenues will keep the buses and trains in operation and will restore the other programs that a majority of the Legislature adjudged to be vital to the public welfare.

Even with these restorations, New Jersey remains the most tight-fisted state in the nation. We will spend in this fiscal year about \$75 million less than we spent last year, despite the toll of continuing inflation which falls as heavily on government as it does on household budgets. And this Administration will continue its effort to cut corners and realize further economies wherever possible to make stretch every tax dollar as far as it will go.

The new taxes included in this revenue package are far less regressive than some of the taxes that the Legislature considered and wisely rejected. For the most part, the burden falls most heavily on segments of the economy that are able to bear that additional burden. And one of them -- the capital gains or unearned income tax -- is truly progressive.

Nevertheless, I take no particular pride in signing these taxes into law. And I noticed that few members of the Legislature exhibited much pride in enacting them. For this is strictly a stopgap revenue program and we must not lose sight of what it fails to do, as well as what it accomplishes.

This revenue package does nothing to meet our commitment -- the Legislature's and mine -- to fund the new education formula under which the State is to assume a greater portion of the costs of operating our public schools. The State Supreme Court has ordered that this be done and the Legislature has publicly declared its intention to deal with that commitment beginning on November 10.

\* A-1915  
A-3339  
A-3556  
A-3593  
A-3609  
A-3625  
A-3626  
A-3627  
A-3628  
A-3629

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NEW JERSEY STATE LIBRARY

AUG 15 1975

185 W. State Street  
Trenton, N. J.

This revenue package does nothing to reform New Jersey's patchwork tax structure and provide relief from rising and too often confiscatory property taxes, a goal to which I remain personally committed. The most we can say for these new taxes is that they will not make that tax structure measurably more regressive than it is.

And several of the bills I signed today are, by design, temporary sources of revenue. The funds they provide will, of necessity, have to be replaced from some other source next year if the programs they finance are to continue. These temporary measures, together with other fiscal facts of life, increase the already inevitable need for substantial new revenues next year.

The Legislature has demonstrated dramatically in the past several months that there are no easy taxes -- nor should there be. The true test of a potential new tax or tax increase should not be whether it will be easy to pass, but how equitably its burden will be distributed on those who will pay it.

I am confident that the Legislature will work for true tax reform in addressing our unmet obligations in the months ahead. I will, as always, be ready to work with it in a pursuit of that goal.

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Attachment

The following bills were signed by Governor Byrne:

S-3170\* - Sponsored by Senator Joseph Marliano, D-Mercer, which increases the interest and penalties to be assessed in conjunction with the administration and enforcement of certain state tax laws.

A-1915 - Sponsored by Assemblyman Robert Shelton, D-Sussex, which provides for the taxation of banks under the same laws pursuant to which business corporations are taxed.

A-3339 - Sponsored by Assemblyman Steven Perskie, D-Atlantic, which prescribes the amount of excise taxes each "financial business corporation" shall pay during each of the years 1976, 1977 and 1978.

A-3556 - Sponsored by Assemblyman William Hamilton, D-Middlesex, which designated the "Tax on Capital Gains and Other Unearned Income Act," imposes a tax on capital gains and other unearned income.

A-3557 - Sponsored by Assemblyman George Barbour, D-Burlington, which supplements and amends the appropriations act for the support of the state government for the fiscal year ending June 30, 1976 (P.L. 1975, c.128)

A-3593 - Sponsored by Assemblyman Kenneth Gewertz, D-Gloucester, which transfers to the General State Fund amounts in the Unsatisfied Claim and Judgment Fund certified by the Board to exceed that necessary to meet pending claims and anticipated claims during the succeeding 12 months.

A-3609 - Sponsored by Assemblyman Kenneth Gewertz, D-Gloucester, which repeals P.L. 1952, c. 175, the Motor Vehicle Liability Security Fund Act, transferring all amounts remaining therein to the General State fund.

A-3625 - Sponsored by Assemblyman George Barbour, D-Burlington, which increases realty transfer fee from \$.50 to \$1.75 per \$500 consideration with certain exemptions.

A-3627 - Sponsored by Assemblyman William Hamilton, D-Middlesex, which increases the Unincorporated Business Tax to a rate of 3/8 of 1% for a period ending June 30, 1976.

\* A-3626 - SUBSTITUTED FOR S-3170