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Yes

"Budget passes: hotels worry new tax will drive guests away,"7-2-2003 Asbury Park Press, p.A1

"New 7 percent room tax gets green light,"7-2-2003 The Press, p.A1

"Hotel tax is a windfall for Secaucus,"7-3-2003 The Record, p.L3

Title 54.
Chapter 32D. (New)
State Hotel, Motel
Occupancy Fee
§§1,2 - C.54:32D-1
& 54:32D-2
Title 40.
Chapter 48F. (New)
Municipal Hotel,
Motel Occupancy
Tax.
§§3-7 -
C.40:48F-1
to 40:48F-5

P.L. 2003, CHAPTER 114, *approved July 1, 2003*
Assembly Committee Substitute for
Assembly Committee Substitute for
Assembly, No. 3710

1 **AN ACT** imposing a State hotel and motel occupancy fee and
2 authorizing imposition of a municipal hotel and motel occupancy
3 tax by certain municipalities, supplementing Titles 54 and 40 of the
4 Revised Statutes.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. a. In addition to any other tax, assessment or use fee
10 authorized by law, there is imposed and shall be paid a hotel and motel
11 occupancy fee of 7% for occupancies on and after August 1, 2003 but
12 before July 1, 2004, and of 5% for occupancies on and after July 1,
13 2004, upon the rent for every occupancy of a room or rooms in a hotel
14 subject to taxation pursuant to subsection (d) of section 3 of P.L.
15 1966, c.30 (C:54:32B-3), which every person required to collect tax
16 shall collect from the customer when collecting the rent to which it
17 applies; provided however, that on and after the tenth day following
18 a certification by the Director of the Division of Budget and
19 Accounting in the Department of the Treasury pursuant to subsection
20 d. of section 2 of P.L. , c. (C.) (now pending before the
21 Legislature as this bill), no such fee shall be paid or collected; and
22 provided further that:

23 (1) the combined rates of the fee imposed under this section, plus
24 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
25 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947, c.71
26 (C.40:48-8.15 et seq.), shall not exceed a total rate of 13%, and to the
27 extent that the total combined rate of taxation for the listed fees and
28 taxes would exceed 13%, the fee imposed under this section shall be
29 reduced so that the total combined rate equals 13%;

30 (2) the combined rates of the fee imposed under this section, plus

1 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
2 (C.54:32B-1 et seq.), plus any tax and assessment imposed under
3 section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a total
4 rate of 13%, and to the extent that the total combined rate of taxation
5 for the listed fees and taxes would exceed 13%, the fee imposed under
6 this section shall be reduced so that the total combined rate equals
7 13%; and

8 (3) the fee imposed under this section shall be at the rate of 1% in
9 a city in which the tax authorized under P.L.1981, c. 77 (C.40:48E-1
10 et seq.) is imposed.

11 b. The hotel and motel occupancy fee imposed by subsection a. of
12 this section shall not be imposed on the rent for an occupancy if the
13 purchaser, user or consumer is an entity exempt from the tax imposed
14 on an occupancy under the "Sales and Use Tax Act" pursuant to
15 subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9).

16 c. Terms used in this section shall have the meaning given those
17 terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

18

19 2. a. The Director of the Division of Taxation shall collect and
20 administer the fee imposed pursuant to section 1 of P.L. , c. (C.)
21 (now pending before the Legislature as this bill). The fees collected
22 shall be deposited to the General Fund, and shall be allocated as
23 follows:

24 (1) of the fees collected for occupancies during State Fiscal Year
25 2004: \$16,000,000 shall be allocated for appropriation to the New
26 Jersey State Council on the Arts for cultural projects; \$2,700,000 shall
27 be allocated for appropriation to the New Jersey Historical
28 Commission for the purposes of subsection a. of section 3 of
29 P.L.1999, c.131 (C.18A:73-22.3); \$9,000,000 shall be allocated for
30 appropriation to the New Jersey Commerce and Economic Growth
31 Commission for tourism advertising and promotion; and \$500,000
32 shall be allocated for appropriation to the New Jersey Cultural Trust;
33 and

34 (2) of the fees collected for occupancies during State Fiscal Year
35 2005 and thereafter: 22.68 percent shall be annually allocated for
36 appropriation to the New Jersey State Council on the Arts for cultural
37 projects, provided that the amount allocated shall not be less than
38 \$22,680,000; 3.84 percent shall be allocated for appropriation to the
39 New Jersey Historical Commission for the purposes of subsection a.
40 of section 3 of P.L.1999, c.131 (C.18A:73-22.3), provided that the
41 amount allocated shall not be less than \$3,840,000; 12.76 percent shall
42 be allocated for appropriation to the New Jersey Commerce and
43 Economic Growth Commission for tourism advertising and promotion,
44 provided that the amount allocated shall not be less than \$12,760,000;
45 and .72 percent shall be allocated for appropriation to the New Jersey
46 Cultural Trust, provided that the amount allocated shall not be less
47 than \$720,000.

- 1 b. In carrying out the provisions of section 1 of P.L. , c. (C.)
2 (pending before the Legislature as this bill) and this section, the
3 director shall have all of the powers and authority granted in P.L.1966,
4 c.30 (C.54:32B-1 et seq.). The tax shall be filed and paid in a manner
5 prescribed by the Director of the Division of Taxation. The director
6 shall promulgate such rules and regulations as the director determines
7 are necessary to effectuate the provisions of sections 1 and 2 of P.L.,
8 c. (C.) (pending before the Legislature as this bill) and this section.
- 9 c. The annual appropriations act for each State Fiscal Year,
10 commencing with fiscal year 2005, shall appropriate and distribute
11 during that fiscal year amounts not less than the amounts otherwise
12 specified for State Fiscal Year 2004 in paragraph (1) of subsection a.
13 of this section for the purposes specified in paragraph (1) of
14 subsection a. of this section.
- 15 d. If the provisions of subsection c. of this section are not met on
16 the effective date of an annual appropriations act for the State fiscal
17 year, or if an amendment or supplement to an annual appropriations
18 act for the State fiscal year should violate the provisions of subsection
19 c. of this section, the Director of the Division of Budget and
20 Accounting in the Department of the Treasury shall, not later than five
21 days after the enactment of the annual appropriations act, or an
22 amendment or supplement thereto, that violates the provisions of
23 subsection c. of this section, certify to the Director of the Division of
24 Taxation that the requirements of subsection c. of this section have not
25 been met.
- 26 e. The Director of the Division of Taxation shall, no later than five
27 days after certification by the Director of the Division of Budget and
28 Accounting in the Department of the Treasury pursuant to subsection
29 d. of this section that the provisions of subsection c. of this section
30 have not been met or have been violated by an amendment or
31 supplement to the annual appropriations act, notify each person
32 required to collect tax of the certification and that the fee imposed
33 pursuant to section 1 of P.L. , c. (C.) (now pending before the
34 Legislature as this bill) shall no longer be paid or collected.
- 35
- 36 3. The governing body of a municipality, other than a city of the
37 first class or a city of the second class in which the tax authorized
38 under P.L.1981, c.77 (C.40:48E-1 et seq.) is imposed, a a city of the
39 fourth class in which the tax authorized under P.L.1947, c.71
40 (C.40:48-8.15 et seq.) is imposed, or a municipality in which the tax
41 and assessment authorized under section 4 of P.L.1992, c.165
42 (C.40:54D-4) is imposed, may adopt an ordinance imposing a tax, at
43 a uniform percentage rate not to exceed 1% on charges of rent for
44 every occupancy on or after July 1, 2003 but before July 1, 2004, and
45 not to exceed 3% on charges of rent for every occupancy on or after
46 July 1, 2004, of a room or rooms in a hotel subject to taxation
47 pursuant to subsection (d) of section 3 of P.L.1966, c.30

1 (C.54:32B-3).

2 A tax imposed under this section shall be in addition to any other
3 tax or fee imposed pursuant to statute or local ordinance or resolution
4 by any governmental entity upon the occupancy of a hotel room.

5 A copy of an ordinance adopted pursuant to this section shall be
6 transmitted upon adoption or amendment to the State Treasurer. An
7 ordinance so adopted or any amendment thereto shall provide that the
8 tax provisions of the ordinance or any amendment to the tax
9 provisions shall take effect on the first day of the first full month
10 occurring 30 days after the date of transmittal to the State Treasurer
11 for ordinances adopted in calendar year 2003 and on the first day of
12 the first full month occurring 90 days after the date of transmittal to
13 the State Treasurer for ordinances adopted in calendar year 2004 and
14 thereafter.

15

16 4. An ordinance imposing a tax adopted pursuant to the provisions
17 of section 3 of P.L. , c. (C.) (now pending before the
18 Legislature as this bill) shall contain the following provisions:

19 a. All taxes imposed by the ordinance shall be paid by the
20 purchaser;

21 b. A vendor shall not assume or absorb any tax imposed by the
22 ordinance;

23 c. A vendor shall not in any manner advertise or hold out to any
24 person or to the public in general, in any manner, directly or indirectly,
25 that the tax will be assumed or absorbed by the vendor, that the tax
26 will not be separately charged and stated to the customer, or that the
27 tax will be refunded to the customer.

28 d. Each assumption or absorption by a vendor of the tax shall be
29 deemed a separate offense and each representation or advertisement
30 by a vendor for each day the representation or advertisement continues
31 shall be deemed a separate offense; and

32 e. Penalties as fixed in the ordinance, for violation of the
33 foregoing provisions.

34

35 5. a. A tax imposed pursuant to a municipal ordinance adopted
36 under the provisions of section 3 of P.L. , c. (C.) (now
37 pending before the Legislature as this bill) shall be collected on behalf
38 of the municipality by the person collecting the rent from the hotel
39 customer.

40 b. Each person required to collect a tax imposed by the ordinance
41 shall be personally liable for the tax imposed, collected or required to
42 be collected hereunder. Any such person shall have the same right in
43 respect to collecting the tax from a customer as if the tax were a part
44 of the rent and payable at the same time; provided, however, that the
45 chief fiscal officer of the municipality shall be joined as a party in any
46 action or proceeding brought to collect the tax.

1 6. a. A person required to collect a tax imposed pursuant to the
2 provisions of section 3 of P.L. , c. (C.) (now pending before
3 the Legislature as this bill) shall, on or before the dates required
4 pursuant to section 17 of P.L.1966, c.30 (C.54:32B-17), forward to
5 the Director of the Division of Taxation in the Department of the
6 Treasury the tax collected in the preceding month and make and file
7 a return for the preceding month with the director on any form and
8 containing any information as the director shall prescribe as necessary
9 to determine liability for the tax in the preceding month during which
10 the person was required to collect the tax.

11 b. The director may permit or require returns to be made covering
12 other periods and upon any dates as the director may specify. In
13 addition, the director may require payments of tax liability at any
14 intervals and based upon any classifications as the director may
15 designate. In prescribing any other periods to be covered by the return
16 or intervals or classifications for payment of tax liability, the director
17 may take into account the dollar volume of tax involved as well as the
18 need for ensuring the prompt and orderly collection of the tax
19 imposed.

20 c. The director may require amended returns to be filed within 20
21 days after notice and to contain the information specified in the notice.
22

23 7. a. The Director of the Division of Taxation shall collect and
24 administer any tax imposed pursuant to the provisions of section 3 of
25 P.L. , c. (C.)(now pending before the Legislature as this bill). In
26 carrying out the provisions of this section, the director shall have all
27 the powers granted in P.L.1966, c.30 (C.54:32B-1 et seq.).

28 b. The director shall determine and certify to the State Treasurer
29 on a quarterly or more frequent basis, as prescribed by the State
30 Treasurer, the amount of revenues collected in each municipality
31 pursuant to section 3 of P.L. , c. (C.) (pending before the
32 Legislature as this bill).

33 c. The State Treasurer, upon the certification of the director and
34 upon the warrant of the State Comptroller, shall pay and distribute on
35 a quarterly or more frequent basis, as prescribed by the State
36 Treasurer, to each municipality the amount of revenues determined
37 and certified under subsection b. of this section.

38 d. A tax imposed pursuant to the provisions of section 3 of P.L.,
39 c. (C.) (now pending before the Legislature as this bill) shall
40 be governed by the provisions of the "State Uniform Tax Procedure
41 Law," R.S.54:48-1 et seq.
42

43 8. This act shall take effect immediately.
44
45
46

47 Imposes a State hotel and motel occupancy fee; authorizes a municipal
48 hotel and motel occupancy tax by certain municipalities.

ASSEMBLY, No. 3710

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JUNE 16, 2003

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman ANTHONY IMPREVEDUTO

District 32 (Bergen and Hudson)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblyman JOHN F. MCKEON

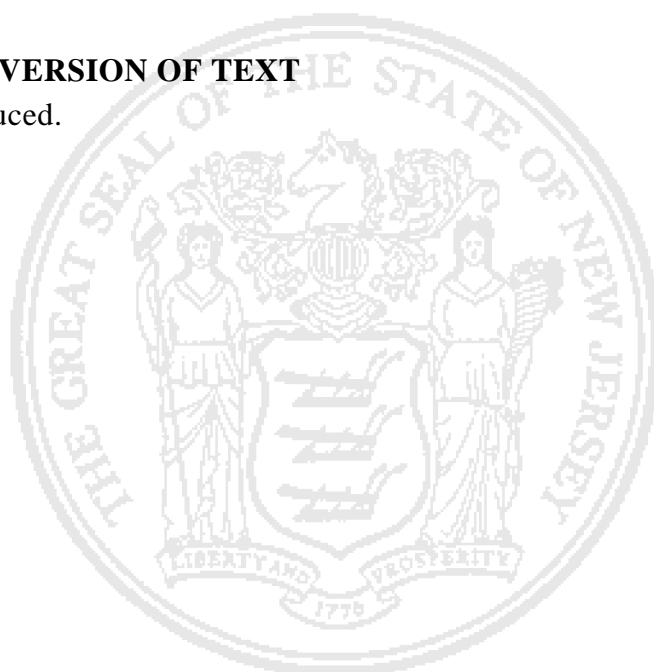
District 27 (Essex)

SYNOPSIS

Imposes a State hotel and motel occupancy fee; authorizes a municipal hotel and motel occupancy tax by certain municipalities.

CURRENT VERSION OF TEXT

As introduced.



A3710 ROBERTS, IMPREVEDUTO

2

1 AN ACT imposing a State hotel and motel occupancy fee and
2 authorizing imposition of a municipal hotel and motel occupancy
3 tax by certain municipalities, supplementing Titles 54 and 40 of the
4 Revised Statutes.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. a. In addition to any other tax, assessment or use fee authorized
10 by law, there is imposed and shall be paid a hotel and motel occupancy
11 fee of 7% for occupancies on and after August 1, 2003 but before July
12 1, 2004, and of 5% for occupancies on and after July 1, 2004, upon
13 the rent for every occupancy of a room or rooms in a hotel subject to
14 taxation pursuant to subsection (d) of section 3 of P.L.1966, c.30
15 (C:54:32B-3), which every person required to collect tax shall collect
16 from the customer when collecting the rent to which it applies;
17 provided however, that:

18 (1) the combined rates of the fee imposed under this section, plus
19 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
20 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947, c.71
21 (C.40:48-8.15 et seq.), shall not exceed a total rate of 13%, and to the
22 extent that the total combined rate of taxation for the listed fees and
23 taxes would exceed 13%, the fee imposed under this section shall be
24 reduced so that the total combined rate equals 13%;

25 (2) the combined rates of the fee imposed under this section, plus
26 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
27 (C.54:32B-1 et seq.), plus any tax and assessment imposed under
28 section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a total
29 rate of 13.85%, and to the extent that the total combined rate of
30 taxation for the listed fees and taxes would exceed 13.85%, the fee
31 imposed under this section shall be reduced so that the total combined
32 rate equals 13.85%; and

33 (3) the fee imposed under this section shall be at the rate of 1% in
34 a city in which the tax authorized under P.L.1981, c.77 (C.40:48E-1
35 et seq.) is imposed.

36 b. The hotel and motel occupancy fee imposed by subsection a. of
37 this section shall not be imposed on the rent for an occupancy if the
38 purchaser, user or consumer is an entity exempt from the tax imposed
39 on an occupancy under the "Sales and Use Tax Act" pursuant to
40 subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9).

41 c. Terms used in this section shall have the meaning given those
42 terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

43

44 2. a. The Director of the Division of Taxation shall collect and
45 administer the fee imposed pursuant to section 1 of P.L. , c. (C.)
46 (now pending before the Legislature as this bill). The fees collected

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1 shall be deposited to the General Fund, and shall be allocated as
2 follows:

3 (1) of the fees collected for occupancies during State Fiscal Year
4 2004: \$13,000,000 shall be allocated for appropriation to the New
5 Jersey State Council on the Arts for cultural projects; \$3,000,000 shall
6 be allocated for appropriation to the New Jersey Historical
7 Commission for the purposes of subsection a. of section 3 of
8 P.L.1999, c.131 (C.18A:73-22.3); \$10,000,000 shall be allocated for
9 appropriation to the New Jersey Commerce and Economic Growth
10 Commission for tourism advertising and promotion; and \$500,000
11 shall be allocated for appropriation to the New Jersey Cultural Trust;
12 and

13 (2) of the fees collected for occupancies during State Fiscal Year
14 2005 and thereafter: 19.64 percent shall be annually allocated for
15 appropriation to the New Jersey State Council on the Arts for cultural
16 projects, provided that the amount allocated shall not be less than
17 \$19,640,000; 4.52 percent shall be allocated for appropriation to the
18 New Jersey Historical Commission for the purposes of subsection a.
19 of section 3 of P.L.1999, c.131 (C.18A:73-22.3), provided that the
20 amount allocated shall not be less than \$4,520,000; 15.08 percent shall
21 be allocated for appropriation to the New Jersey Commerce and
22 Economic Growth Commission for tourism advertising and promotion,
23 provided that the amount allocated shall not be less than \$15,080,000;
24 and .76 percent shall be allocated for appropriation to the New Jersey
25 Cultural Trust, provided that the amount allocated shall not be less
26 than \$760,000.

27 b. In carrying out the provisions of sections 1 and 2 of P.L. , c.
28 (C.), the director shall have all of the powers and authority granted
29 in P.L.1966, c.30 (C.54:32B-1 et seq.). The tax shall be filed and paid
30 in a manner prescribed by the Director of the Division of Taxation.
31 The director shall promulgate such rules and regulations as the
32 director determines are necessary to effectuate the provisions of
33 sections 1 and 2 of P.L. , c. (C.).
34

35 3. The governing body of a municipality, other than a city of the
36 first class or a city of the second class in which the tax authorized
37 under P.L.1981, c.77 (C.40:48E-1 et seq.) is imposed, a a city of the
38 fourth class in which the tax authorized under P.L.1947, c.71
39 (C.40:48-8.15 et seq.) is imposed, or a municipality in which the tax
40 and assessment authorized under section 4 of P.L.1992, c.165
41 (C.40:54D-4) is imposed, may adopt an ordinance imposing a tax, at
42 a uniform percentage rate not to exceed 2% on charges of rent for
43 every occupancy on or after July 1, 2004 but before July 1, 2005, and
44 not to exceed 3% on charges of rent for every occupancy on or after
45 July 1, 2005, of a room or rooms in a hotel subject to taxation
46 pursuant to subsection (d) of section 3 of P.L.1966, c.30
47 (C.54:32B-3).

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1 A tax imposed under this section shall be in addition to any other
2 tax or fee imposed pursuant to statute or local ordinance or resolution
3 by any governmental entity upon the occupancy of a hotel room.

4 A copy of an ordinance adopted pursuant to this section shall be
5 transmitted upon adoption or amendment to the State Treasurer. An
6 ordinance so adopted or any amendment thereto shall provide that the
7 tax provisions of the ordinance or any amendment to the tax
8 provisions shall take effect on the first day of the first full month
9 occurring 90 days after the date of transmittal to the State Treasurer.

10
11 4. An ordinance imposing a tax adopted pursuant to the provisions
12 of section 3 of P.L. , c. (C.) (now pending before the
13 Legislature as this bill) shall contain the following provisions:

14 a. All taxes imposed by the ordinance shall be paid by the
15 purchaser;

16 b. A vendor shall not assume or absorb any tax imposed by the
17 ordinance;

18 c. A vendor shall not in any manner advertise or hold out to any
19 person or to the public in general, in any manner, directly or
20 indirectly, that the tax will be assumed or absorbed by the vendor, that
21 the tax will not be separately charged and stated to the customer, or
22 that the tax will be refunded to the customer.

23 d. Each assumption or absorption by a vendor of the tax shall be
24 deemed a separate offense and each representation or advertisement
25 by a vendor for each day the representation or advertisement continues
26 shall be deemed a separate offense; and

27 e. Penalties as fixed in the ordinance, for violation of the foregoing
28 provisions.

29
30 5. a. A tax imposed pursuant to a municipal ordinance adopted
31 under the provisions of section 3 of P.L. , c. (C.) (now
32 pending before the Legislature as this bill) shall be collected on behalf
33 of the municipality by the person collecting the rent from the hotel
34 customer.

35 b. Each person required to collect a tax imposed by the ordinance
36 shall be personally liable for the tax imposed, collected or required to
37 be collected hereunder. Any such person shall have the same right in
38 respect to collecting the tax from a customer as if the tax were a part
39 of the rent and payable at the same time; provided, however, that the
40 chief fiscal officer of the municipality shall be joined as a party in any
41 action or proceeding brought to collect the tax.

42
43 6. a. A person required to collect a tax imposed pursuant to the
44 provisions of section 3 of P.L. , c. (C.) (now pending before
45 the Legislature as this bill) shall, on or before the dates required
46 pursuant to section 17 of P.L.1966, c.30 (C.54:32B-17), forward to

1 the Director of the Division of Taxation in the Department of the
2 Treasury the tax collected in the preceding month and make and file
3 a return for the preceding month with the director on any form and
4 containing any information as the director shall prescribe as necessary
5 to determine liability for the tax in the preceding month during which
6 the person was required to collect the tax.

7 b. The director may permit or require returns to be made covering
8 other periods and upon any dates as the director may specify. In
9 addition, the director may require payments of tax liability at any
10 intervals and based upon any classifications as the director may
11 designate. In prescribing any other periods to be covered by the return
12 or intervals or classifications for payment of tax liability, the director
13 may take into account the dollar volume of tax involved as well as the
14 need for ensuring the prompt and orderly collection of the tax
15 imposed.

16 c. The director may require amended returns to be filed within 20
17 days after notice and to contain the information specified in the notice.

18

19 7. a. The Director of the Division of Taxation shall collect and
20 administer any tax imposed pursuant to the provisions of section 3 of
21 P.L. , c. (C.)(now pending before the Legislature as this bill). In
22 carrying out the provisions of this section, the director shall have all
23 the powers granted in P.L.1966, c.30 (C.54:32B-1 et seq.).

24 b. The director shall determine and certify to the State Treasurer
25 on a quarterly or more frequent basis, as prescribed by the State
26 Treasurer, the amount of revenues collected in each municipality
27 pursuant to section 3 of P.L. , c. (C.).

28 c. The State Treasurer, upon the certification of the director and
29 upon the warrant of the State Comptroller, shall pay and distribute on
30 a quarterly or more frequent basis, as prescribed by the State
31 Treasurer, to each municipality the amount of revenues determined
32 and certified under subsection b. of this section.

33 d. A tax imposed pursuant to the provisions of section 3 of P.L.,
34 c. (C.) (now pending before the Legislature as this bill) shall
35 be governed by the provisions of the "State Uniform Tax Procedure
36 Law," R.S.54:48-1 et seq.

37

38 8. This act shall take effect immediately.

39

40

41

STATEMENT

42

43 This bill imposes a fee on hotel and motel occupancy. The fee is
44 7% of the rent paid by transient guests at hotels and motels for stays
45 on and after August 1, 2003 (during State Fiscal Year 2004) and 5%
46 of the rent for July 1, 2004 and thereafter. In the three areas of the

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1 State that already have special local taxes and fees imposed on
2 transient rentals, the bill imposes a reduced fee.

3 The bill deposits the fees to the General Fund, but directs some
4 dedicated spending of those monies. For State Fiscal Year 2004 the
5 bill directs that \$13,000,000 be allocated to the New Jersey State
6 Council on the Arts for cultural projects, \$3,000,000 be allocated to
7 the New Jersey Historical Commission for grants, \$10,000,000 be
8 allocated to the New Jersey Commerce and Economic Growth
9 Commission for tourism advertising and promotion; and \$500,000
10 shall be allocated for appropriation to the New Jersey Cultural Trust.

11 For State Fiscal Year 2005 and thereafter the bill directs
12 percentages of the revenues equaling 40% of the total revenue (about
13 2 percentage points of the 5 percentage point rate generally in effect
14 in those years) as follows: 19.64% of the revenue, but not less than
15 \$19,640,00 to the New Jersey State Council on the Arts for cultural
16 projects, 4.52% but not less than \$4,520,000 to the New Jersey
17 Historical Commission for grants, 15.08% but not less than
18 \$15,000,000 to the New Jersey Commerce and Economic Growth
19 Commission for tourism advertising and promotion; and 0.76% but not
20 less than \$760,000 to the New Jersey Cultural Trust.

21 The bill allows any municipality that is not currently imposing a
22 hotel tax to choose to impose a tax of up to 2% on hotel occupancies
23 beginning July 1, 2004 (when the State tax rate drops from 7% to 5%)
24 and allows the municipalities the further option of increasing that tax
25 rate by as much as a percentage point, up to 3%, beginning July 1,
26 2005. These municipal option hotel taxes will be collected by the
27 Director of the Division of Taxation, co-administered with the New
28 Jersey Sales and Use Tax, and the monies derived from the optional
29 municipal tax will be returned to the participating municipalities to be
30 used for general municipal purposes.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 3710

STATE OF NEW JERSEY

DATED: JUNE 19, 2003

The Assembly Budget Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 3710.

This Assembly Committee Substitute for Assembly Bill No. 3710 imposes a fee on hotel and motel occupancies to fund State cultural, tourism and other programs, and also authorizes most municipalities to impose a tax on such occupancies.

The fee is 7% of the rent paid by transient guests at hotels and motels for stays on and after August 1, 2003 (during State Fiscal Year 2004) and 5% of the rent for July 1, 2004 and thereafter. In the three areas of the State that already have special local taxes and fees imposed on transient rentals, the substitute imposes a reduced fee.

The substitute deposits the fees to the General Fund, but directs some dedicated spending of those monies. For State Fiscal Year 2004 the substitute directs that \$13,000,000 be allocated to the New Jersey State Council on the Arts for cultural projects, \$3,000,000 be allocated to the New Jersey Historical Commission for grants, \$10,000,000 be allocated to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and \$500,000 shall be allocated for appropriation to the New Jersey Cultural Trust.

For State Fiscal Year 2005 and thereafter the substitute directs percentages of the revenues equaling 40% of the total revenue (about 2 percentage points of the 5 percentage point rate generally in effect in those years) as follows: 19.64% of the revenue, but not less than \$19,640,000 to the New Jersey State Council on the Arts for cultural projects, 4.52% but not less than \$4,520,000 to the New Jersey Historical Commission for grants, 15.08% but not less than \$15,000,000 to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and 0.76% but not less than \$760,000 to the New Jersey Cultural Trust.

The substitute allows any municipality that is not currently imposing a hotel tax to choose to impose a tax of up to 2% on hotel occupancies beginning July 1, 2004 (when the State tax rate drops from 7% to 5%) and allows the municipalities the further option of increasing that tax rate by as much as a percentage point, up to 3%,

beginning July 1, 2005. These municipal option hotel taxes will be collected by the Director of the Division of Taxation, co-administered with the New Jersey Sales and Use Tax, and the monies derived from the optional municipal tax will be returned to the participating municipalities to be used for general municipal purposes.

FISCAL IMPACT:

The Schedule I Revenues section of the Executive budget for FY2004 anticipates revenue of \$140,000,000 to the Department of the Treasury from hotel occupancy levies.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 3710

STATE OF NEW JERSEY

DATED: JULY 1, 2003

The Assembly Budget Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 3710 (ACS).

The Assembly Committee Substitute for Assembly Bill No. 3710 (ACS) imposes a fee on hotel and motel occupancy to fund State cultural, tourism and other programs, and also authorizes most municipalities to impose a tax on such occupancy.

The fee is 7% of the rent paid by transient guests at hotels and motels for stays between August 1, 2003 and June 30, 2004, and 5% of the rent for July 1, 2004 and thereafter. In the three areas of the State that already have special local taxes and fees imposed on transient rentals, the substitute imposes a reduced fee.

The substitute deposits the fees to the General Fund, but directs some dedicated spending of those monies:

- * For State Fiscal Year 2004 (which includes the entire 11-month period during which the 7% rate will apply), the substitute directs the allocation of \$16,000,000 to the New Jersey State Council on the Arts for cultural projects, \$2,700,000 to the New Jersey Historical Commission for grants, \$9,000,000 to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and \$500,000 to the New Jersey Cultural Trust.
- * For State Fiscal Year 2005 and thereafter the substitute directs percentages of the revenues equaling 40% of the total revenue (about 2 percentage points of the 5 percentage point rate generally in effect in those years) as follows: 22.68% of the revenue, but not less than \$22,680,000 to the New Jersey State Council on the Arts for cultural projects; 3.84% but not less than \$3,840,000 to the New Jersey Historical Commission for grants; 12.76% but not less than \$12,760,000 to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and 0.72% but not less than \$720,000 to the New Jersey Cultural Trust.

If, for State fiscal year 2005 and thereafter, the programs are not funded at, at least, the levels required for State fiscal year 2004, or if an amendment or supplement to an annual appropriations act for the State fiscal year should bring funding for those programs below the fiscal year 2004 level, then the Director of the Division of Budget and Accounting must certify to the Director of the Division of Taxation, not later than five days after the enactment of the annual appropriations act, or the amendment or supplement to the annual appropriations act that those funding requirements have not been met. Upon that notification the substitute requires that the imposition of the State (but not the local option) hotel fee cease beginning on the tenth day following the certification by the Director of the Division of Budget and Accounting.

The substitute allows a municipality that does not currently impose a hotel tax to choose to impose a tax of up to 1% on hotel occupancies between July 1, 2003 and June 30, 2004, and up to 3% on hotel occupancies on and after July 1, 2004 (when the State fee rate decreases from 7% to 5%). These municipal option hotel taxes will be collected by the Director of the Division of Taxation and co-administered with the New Jersey Sales and Use Tax, and the monies derived from the optional municipal tax will be returned to the participating municipalities to be used for general municipal purposes.

FISCAL IMPACT

The Schedule I Revenues section of the Executive budget for FY2004 anticipates State revenue of \$140,000,000 to the Department of the Treasury from hotel occupancy levies. Because the local tax will be imposed only at the option of individual municipalities, the revenue therefrom cannot be projected.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3710

STATE OF NEW JERSEY
210th LEGISLATURE

ADOPTED JUNE 19, 2003

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman ANTHONY IMPREVEDUTO

District 32 (Bergen and Hudson)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Co-Sponsored by:

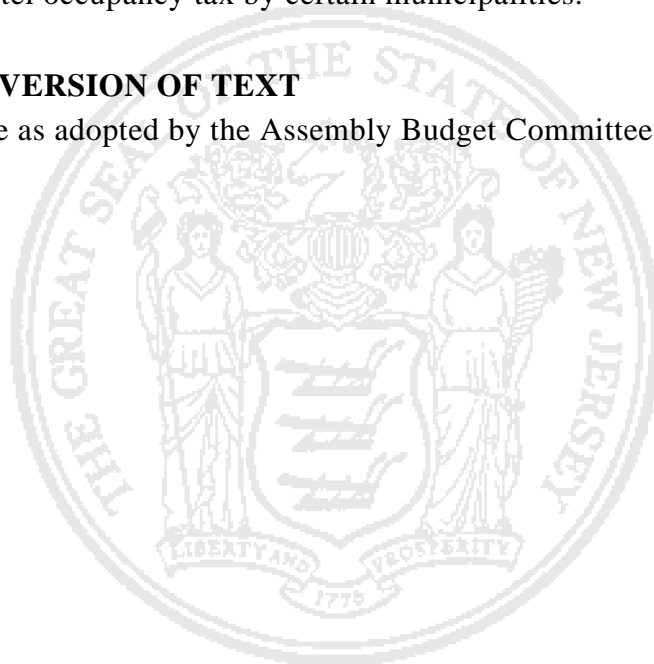
Senators Bryant and Buono

SYNOPSIS

Imposes a State hotel and motel occupancy fee; authorizes a municipal hotel and motel occupancy tax by certain municipalities.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Budget Committee.



(Sponsorship Updated As Of: 7/1/2003)

1 AN ACT imposing a State hotel and motel occupancy fee and
2 authorizing imposition of a municipal hotel and motel occupancy
3 tax by certain municipalities, supplementing Titles 54 and 40 of the
4 Revised Statutes.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. a. In addition to any other tax, assessment or use fee
10 authorized by law, there is imposed and shall be paid a hotel and motel
11 occupancy fee of 7% for occupancies on and after August 1, 2003 but
12 before July 1, 2004, and of 5% for occupancies on and after July 1,
13 2004, upon the rent for every occupancy of a room or rooms in a hotel
14 subject to taxation pursuant to subsection (d) of section 3 of P.L.
15 1966, c.30 (C:54:32B-3), which every person required to collect tax
16 shall collect from the customer when collecting the rent to which it
17 applies; provided however, that:

18 (1) the combined rates of the fee imposed under this section, plus
19 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
20 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947, c.71
21 (C.40:48-8.15 et seq.), shall not exceed a total rate of 13%, and to the
22 extent that the total combined rate of taxation for the listed fees and
23 taxes would exceed 13%, the fee imposed under this section shall be
24 reduced so that the total combined rate equals 13%;

25 (2) the combined rates of the fee imposed under this section, plus
26 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
27 (C.54:32B-1 et seq.), plus any tax and assessment imposed under
28 section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a total
29 rate of 13%, and to the extent that the total combined rate of taxation
30 for the listed fees and taxes would exceed 13%, the fee imposed under
31 this section shall be reduced so that the total combined rate equals
32 13%; and

33 (3) the fee imposed under this section shall be at the rate of 1% in
34 a city in which the tax authorized under P.L.1981, c. 77 (C.40:48E-1
35 et seq.) is imposed.

36 b. The hotel and motel occupancy fee imposed by subsection a. of
37 this section shall not be imposed on the rent for an occupancy if the
38 purchaser, user or consumer is an entity exempt from the tax imposed
39 on an occupancy under the "Sales and Use Tax Act" pursuant to
40 subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9).

41 c. Terms used in this section shall have the meaning given those
42 terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

43 2. a. The Director of the Division of Taxation shall collect and
44 administer the fee imposed pursuant to section 1 of P.L. , c. (C.)
45 (now pending before the Legislature as this bill). The fees collected

1 shall be deposited to the General Fund, and shall be allocated as
2 follows:

3 (1) of the fees collected for occupancies during State Fiscal Year
4 2004: \$13,000,000 shall be allocated for appropriation to the New
5 Jersey State Council on the Arts for cultural projects; \$3,000,000 shall
6 be allocated for appropriation to the New Jersey Historical
7 Commission for the purposes of subsection a. of section 3 of
8 P.L.1999, c.131 (C.18A:73-22.3); \$10,000,000 shall be allocated for
9 appropriation to the New Jersey Commerce and Economic Growth
10 Commission for tourism advertising and promotion; and \$500,000
11 shall be allocated for appropriation to the New Jersey Cultural Trust;
12 and

13 (2) of the fees collected for occupancies during State Fiscal Year
14 2005 and thereafter: 19.64 percent shall be annually allocated for
15 appropriation to the New Jersey State Council on the Arts for cultural
16 projects, provided that the amount allocated shall not be less than
17 \$19,640,000; 4.52 percent shall be allocated for appropriation to the
18 New Jersey Historical Commission for the purposes of subsection a.
19 of section 3 of P.L.1999, c.131 (C.18A:73-22.3), provided that the
20 amount allocated shall not be less than \$4,520,000; 15.08 percent shall
21 be allocated for appropriation to the New Jersey Commerce and
22 Economic Growth Commission for tourism advertising and promotion,
23 provided that the amount allocated shall not be less than \$15,080,000;
24 and .76 percent shall be allocated for appropriation to the New Jersey
25 Cultural Trust, provided that the amount allocated shall not be less
26 than \$760,000.

27 b. In carrying out the provisions of sections 1 and 2 of P.L. , c.
28 (C.), the director shall have all of the powers and authority granted
29 in P.L.1966, c.30 (C.54:32B-1 et seq.). The tax shall be filed and paid
30 in a manner prescribed by the Director of the Division of Taxation.
31 The director shall promulgate such rules and regulations as the
32 director determines are necessary to effectuate the provisions of
33 sections 1 and 2 of P.L. , c. (C.).

34
35 3. The governing body of a municipality, other than a city of the
36 first class or a city of the second class in which the tax authorized
37 under P.L.1981, c. 77 (C.40:48E-1 et seq.) is imposed, a a city of the
38 fourth class in which the tax authorized under P.L.1947, c.71
39 (C.40:48-8.15 et seq.) is imposed, or a municipality in which the tax
40 and assessment authorized under section 4 of P.L.1992, c.165
41 (C.40:54D-4) is imposed, may adopt an ordinance imposing a tax, at
42 a uniform percentage rate not to exceed 2% on charges of rent for
43 every occupancy on or after July 1, 2004 but before July 1, 2005, and
44 not to exceed 3% on charges of rent for every occupancy on or after
45 July 1, 2005, of a room or rooms in a hotel subject to taxation
46 pursuant to subsection (d) of section 3 of P.L.1966, c.30
47 (C.54:32B-3).

1 A tax imposed under this section shall be in addition to any other
2 tax or fee imposed pursuant to statute or local ordinance or resolution
3 by any governmental entity upon the occupancy of a hotel room.

4 A copy of an ordinance adopted pursuant to this section shall be
5 transmitted upon adoption or amendment to the State Treasurer. An
6 ordinance so adopted or any amendment thereto shall provide that the
7 tax provisions of the ordinance or any amendment to the tax
8 provisions shall take effect on the first day of the first full month
9 occurring 90 days after the date of transmittal to the State Treasurer.

10
11 4. An ordinance imposing a tax adopted pursuant to the provisions
12 of section 3 of P.L. , c. (C.) (now pending before the
13 Legislature as this bill) shall contain the following provisions:

14 a. All taxes imposed by the ordinance shall be paid by the
15 purchaser;

16 b. A vendor shall not assume or absorb any tax imposed by the
17 ordinance;

18 c. A vendor shall not in any manner advertise or hold out to any
19 person or to the public in general, in any manner, directly or indirectly,
20 that the tax will be assumed or absorbed by the vendor, that the tax
21 will not be separately charged and stated to the customer, or that the
22 tax will be refunded to the customer.

23 d. Each assumption or absorption by a vendor of the tax shall be
24 deemed a separate offense and each representation or advertisement
25 by a vendor for each day the representation or advertisement continues
26 shall be deemed a separate offense; and

27 e. Penalties as fixed in the ordinance, for violation of the
28 foregoing provisions.

29
30 5. a. A tax imposed pursuant to a municipal ordinance adopted
31 under the provisions of section 3 of P.L. , c. (C.) (now
32 pending before the Legislature as this bill) shall be collected on behalf
33 of the municipality by the person collecting the rent from the hotel
34 customer.

35 b. Each person required to collect a tax imposed by the ordinance
36 shall be personally liable for the tax imposed, collected or required to
37 be collected hereunder. Any such person shall have the same right in
38 respect to collecting the tax from a customer as if the tax were a part
39 of the rent and payable at the same time; provided, however, that the
40 chief fiscal officer of the municipality shall be joined as a party in any
41 action or proceeding brought to collect the tax.

1 6. a. A person required to collect a tax imposed pursuant to the
2 provisions of section 3 of P.L. , c. (C.) (now pending before
3 the Legislature as this bill) shall, on or before the dates required
4 pursuant to section 17 of P.L.1966, c.30 (C.54:32B-17), forward to
5 the Director of the Division of Taxation in the Department of the
6 Treasury the tax collected in the preceding month and make and file
7 a return for the preceding month with the director on any form and
8 containing any information as the director shall prescribe as necessary
9 to determine liability for the tax in the preceding month during which
10 the person was required to collect the tax.

11 b. The director may permit or require returns to be made covering
12 other periods and upon any dates as the director may specify. In
13 addition, the director may require payments of tax liability at any
14 intervals and based upon any classifications as the director may
15 designate. In prescribing any other periods to be covered by the return
16 or intervals or classifications for payment of tax liability, the director
17 may take into account the dollar volume of tax involved as well as the
18 need for ensuring the prompt and orderly collection of the tax
19 imposed.

20 c. The director may require amended returns to be filed within 20
21 days after notice and to contain the information specified in the notice.
22

23 7. a. The Director of the Division of Taxation shall collect and
24 administer any tax imposed pursuant to the provisions of section 3 of
25 P.L. , c. (C.)(now pending before the Legislature as this bill). In
26 carrying out the provisions of this section, the director shall have all
27 the powers granted in P.L.1966, c.30 (C.54:32B-1 et seq.).

28 b. The director shall determine and certify to the State Treasurer
29 on a quarterly or more frequent basis, as prescribed by the State
30 Treasurer, the amount of revenues collected in each municipality
31 pursuant to section 3 of P.L. , c. (C.).

32 c. The State Treasurer, upon the certification of the director and
33 upon the warrant of the State Comptroller, shall pay and distribute on
34 a quarterly or more frequent basis, as prescribed by the State
35 Treasurer, to each municipality the amount of revenues determined
36 and certified under subsection b. of this section.

37 d. A tax imposed pursuant to the provisions of section 3 of P.L.,
38 c. (C.) (now pending before the Legislature as this bill) shall
39 be governed by the provisions of the "State Uniform Tax Procedure
40 Law," R.S.54:48-1 et seq.

41

42 8. This act shall take effect immediately.

SENATE, No. 2670

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED JUNE 12, 2003

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Senator BARBARA BUONO

District 18 (Middlesex)

SYNOPSIS

Imposes a 7% hotel and motel occupancy fee; establishes the "New Jersey Cultural and Tourism Fund."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2003)

1 AN ACT imposing a hotel and motel occupancy fee, supplementing
2 Titles 54 and 40A of the Revised Statutes.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. In addition to any other tax, assessment or use fee
8 authorized by law, there is imposed and shall be paid a hotel and motel
9 occupancy fee of 7% upon the rent for every occupancy of a room or
10 rooms in a hotel subject to taxation pursuant to subsection (d) of
11 section 3 of P.L.1966, c.30 (C:54:32B-3), which every person
12 required to collect tax shall collect from the customer when collecting
13 the rent to which it applies; provided however, that:

14 (1) the combined rate of taxation imposed under this section, plus
15 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
16 (C.54:32B-1 et seq.), plus any tax authorized under P.L.1947, c.71
17 (C.40:48-8.15 et seq.) shall not exceed a total rate of 13%; and to the
18 extent that the total combined rate of taxation for the listed taxes
19 would exceed 13%, the fee authorized under this section shall be
20 reduced from 7% so that the total combined rate equals 13%;

21 (2) the combined rate of taxation imposed under this section, plus
22 the tax imposed under the "Sales and Use Tax Act", P.L.1966, c.30
23 (C.54:32B-1 et seq.), plus any tax and assessment authorized under
24 section 4 of P.L.1992, c.165 (C.40:54D-4) shall not exceed a total of
25 14.85%, and to the extent that the total combined rate of taxation for
26 the listed taxes and fees would exceed 14.85%, the fee authorized
27 under this section shall be reduced from 7% so that the total combined
28 rate equals 14.85%; and

29 (3) the fee imposed under this section shall be at the rate of 1% in
30 a city in which the tax authorized under P.L.1981, c. 77 (C.40:48E-1
31 et seq.) is imposed.

32 b. The hotel and motel occupancy fee imposed by subsection a. of
33 this section shall not be imposed on the rent for an occupancy if the
34 purchaser, user or consumer is an entity exempt from the tax imposed
35 on an occupancy under the "Sales and Use Tax Act" pursuant to
36 subsection (a) of section 9 of P.L.1966, c.30 (C:54:32B-9).

37 c. The Director of the Division of Taxation shall collect and
38 administer the fee imposed pursuant to P.L. , c. (C.) now pending
39 before the Legislature as this bill). In carrying out the provisions of
40 P.L. , c. (C.), the director shall have all of the powers and
41 authority granted in P.L. 1966, c. 30. The fee shall be filed and paid
42 in a manner prescribed by the Director of the Division of Taxation.
43 The director shall determine and certify to the State Treasurer on a
44 quarterly basis, or at such other shorter intervals as the director shall
45 determine, the amount of fees collected pursuant to this section. The
46 director shall promulgate such rules and regulations as the director

1 determines are necessary to effectuate the provisions of P.L. ,c.
2 (C.).

3 d. Terms used in this section shall have the meaning given those
4 terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

5
6 2. There is established in the Department of the Treasury a special
7 fund to be known as the "New Jersey Cultural and Tourism Fund."
8 Funds deposited in the "New Jersey Cultural and Tourism Fund" shall
9 be appropriated for purposes of promoting cultural and tourism
10 activities in this State.

11
12 3. The fees collected pursuant to section 1 of P.L. , c. (C.)
13 (now pending before the Legislature as this bill) shall be deposited to
14 the General Fund and shall be allocated for distribution as follows:

15 a. (1) for a municipality in which the rate of the fee collected is
16 7%, for the State fiscal years beginning on July 1, 2004 and July 1,
17 2005, two-sevenths of the amount, if any, collected in the municipality
18 during the fiscal year shall be allocated for distribution to the
19 municipality, pursuant to the schedule provided in section 4 of
20 P.L. , c. (C.) (now pending before the Legislature as this bill),
21 and for State fiscal years beginning on July 1, 2006 and thereafter,
22 three-sevenths of the amount, if any, collected in the municipality
23 during the fiscal year shall be allocated for distribution to the
24 municipality pursuant to the schedule provided in section 4 of
25 P.L. , c. (C.);

26 (2) for a municipality in which the rate of the fee collected is 5%,
27 for State fiscal years beginning on July 1, 2006 and thereafter,
28 one-seventh of any amount collected, if any, in the municipality during
29 the fiscal year shall be allocated for distribution to the municipality,
30 pursuant to the schedule provided in section 4 of P.L. , c.
31 (C.) (now pending before the Legislature as this bill); and

32 b. For the State fiscal year beginning on July 1, 2004,
33 three-fourteenths of the amount collected during the fiscal year shall
34 be deposited in the "New Jersey Cultural and Tourism Fund"
35 established pursuant to section 2 of P.L. , c. (C.) (now
36 pending before the Legislature as this bill) to be used for purposes of
37 promoting cultural and tourism activities in this State. For State fiscal
38 years beginning on July 1, 2005 and thereafter, two-sevenths of the
39 amount collected during the fiscal year shall be allocated to the "New
40 Jersey Cultural and Tourism Fund" to be used for purposes of
41 promoting cultural and tourism activities in this State.

42
43 4. Between August 1, 2004 and August 15, 2004 for State Fiscal
44 Year 2005, and between August 1 and August 15 for each State fiscal
45 year thereafter there shall be distributed to a municipality an amount
46 equivalent to one-half of the amount which it has been allocated for

1 distribution pursuant to section 3 of P.L. , c.
2 (C.) (now pending before the Legislature as this bill). Between
3 January 1, 2005 and January 15, 2005 for State Fiscal Year 2005, and
4 between January 1 and January 15 for each fiscal year thereafter, there
5 shall be distributed to a municipality an amount equivalent to the
6 remainder of the amount which it has been allocated for distribution
7 pursuant to section 3 of P.L. , c. (C.)
8

9 5. Notwithstanding the provisions of N.J.S.40A:4-26 to the
10 contrary, an amount equal to that part of the amount collected in the
11 municipality pursuant to section 1 of P.L. , c. (C.) (now
12 pending before the Legislature as this bill) in the prior State fiscal year
13 that would be allocated for distribution to the municipality pursuant to
14 section 3 of P.L. , c. (C.) (now pending before the Legislature
15 as this bill) for the current budget year may be anticipated by the
16 municipality for the purposes of preparing its annual budget.
17

18 6. This act shall take effect on August 1, 2003.
19
20

21 STATEMENT
22

23 This bill creates a 7% fee on hotel and motel occupancy in most
24 areas of the State to support cultural and tourism activities at the State
25 and local level. In the three areas of the state that already have special
26 local taxes and fees imposed on transient rentals, the bill imposes a
27 reduced fee.

28 The bill provides for the allocation of a portion of the collected fees
29 back to the municipalities in which they were collected. The bill also
30 establishes the "New Jersey Cultural and Tourism Fund," and allocates
31 a portion of the collected fees to the fund. The bill directs that monies
32 in the fund shall be appropriated for purposes of promoting cultural
33 and tourism activities in this State.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2670**

STATE OF NEW JERSEY

DATED: JUNE 30, 2003

The Senate Budget and Appropriations Committee reports without recommendation a committee substitute for Senate Bill No. 2670.

This substitute bill imposes a fee on hotel and motel occupancy to fund State cultural, tourism and other programs, and also authorizes most municipalities to impose a tax on such occupancy.

The fee is 7% of the rent paid by transient guests at hotels and motels for stays between August 1, 2003 and June 30, 2004, and 5% of the rent for July 1, 2004 and thereafter. In the three areas of the State that already have special local taxes and fees imposed on transient rentals, the bill imposes a reduced fee.

The bill deposits the fees to the General Fund, but directs some dedicated spending of those monies:

- < For State Fiscal Year 2004 (which includes the entire 11-month period during which the 7% rate will apply), the bill directs the allocation of \$16,000,000 to the New Jersey State Council on the Arts for cultural projects, \$2,700,000 to the New Jersey Historical Commission for grants, \$9,000,000 to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and \$500,000 to the New Jersey Cultural Trust.
- < For State Fiscal Year 2005 and thereafter the bill directs percentages of the revenues equaling 40% of the total revenue (about 2 percentage points of the 5 percentage point rate generally in effect in those years) as follows: 22.68% of the revenue, but not less than \$22,680,000 to the New Jersey State Council on the Arts for cultural projects; 3.84% but not less than \$3,840,000 to the New Jersey Historical Commission for grants; 12.76% but not less than \$12,760,000 to the New Jersey Commerce and Economic Growth Commission for tourism advertising and promotion; and 0.72% but not less than \$720,000 to the New Jersey Cultural Trust.

If, for State fiscal year 2005 and thereafter, the programs are not funded at, at least, the levels required for State fiscal year 2004, or if an amendment or supplement to an annual appropriations act for the State fiscal year should bring funding for those programs below the fiscal year 2004 level, then the Director of the Division of Budget and

Accounting must certify to the Director of the Division of Taxation, not later than five days after the enactment of the annual appropriations act, or the amendment or supplement to the annual appropriations act that those funding requirements have not been met. Upon that certification the bill requires that the imposition of the State (but not the local option) hotel fee cease beginning on the tenth day following the enactment of the legislation inconsistent with the funding requirements.

The bill allows a municipality that does not currently impose a hotel tax to choose to impose a tax of up to 1% on hotel occupancies between July 1, 2003 and June 30, 2004, and up to 3% on hotel occupancies on and after July 1, 2004 (when the State fee rate decreases from 7% to 5%). These municipal option hotel taxes will be collected by the Director of the Division of Taxation and co-administered with the New Jersey Sales and Use Tax, and the monies derived from the optional municipal tax will be returned to the participating municipalities to be used for general municipal purposes.

FISCAL IMPACT

The Schedule I Revenues section of the Executive budget for FY2004 anticipates State revenue of \$140,000,000 to the Department of the Treasury from hotel occupancy levies. Because the local tax will be imposed only at the option of individual municipalities, the revenue therefrom cannot be projected.