

40:54D-3

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 78

NJSA: 40:54D-3 (Amends definition of "tourism lodging")

BILL NO: A2754 (Substituted for S1727)

SPONSOR(S): Van Drew and Gibson

DATE INTRODUCED: May 10, 2004

COMMITTEE: **ASSEMBLY:** Budget

SENATE: Wagering, Tourism and Historic Preservation; Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** March 14, 2005

SENATE: March 14, 2005

DATE OF APPROVAL: April 26, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

A2754

[SPONSOR'S STATEMENT:](#) (Begins on page 5 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** [Yes](#)

SENATE: Yes [10-14-2004 \(Wagering\)](#)
[2-7-2005 \(Budget\)](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL NOTE:](#) [Yes](#)

S1727

[SPONSOR'S STATEMENT:](#) (Begins on page 5 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** No

SENATE: Yes [10-14 2004 \(Wagering\)](#)
[2-7-2005 \(Budget\)](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL NOTE:](#) [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

IS 5/14/07

P.L. 2005, CHAPTER 78, *approved April 26, 2005*
Assembly, No. 2754 (*First Reprint*)

1 **AN ACT** concerning tourism and amending P.L.1992, c.165.

2

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

5

6 1. Section 3 of P.L.1992, c.165 (C.40:54D-3) is amended to read
7 as follows:

8 3. As used in this act:

9 "Authority" means a tourism improvement and development
10 authority created pursuant to section 18 of this act, P.L.1992, c.165
11 (C.40:54D-18).

12 "Beach operation offset payment " means a payment made by an
13 authority to municipalities in its district for tourism development
14 activities related to operating and maintaining public beaches within a
15 zone to seaward of a line of demarcation located not more than 1,000
16 feet from the mean high water line.

17 "Bond" means any bond or note issued by an authority pursuant to
18 the provisions of this act.

19 "Commissioner" means the Commissioner of the Department of
20 Commerce and Economic Development.

21 "Construction" means the planning, designing, construction,
22 reconstruction, rehabilitation, replacement, repair, extension,
23 enlargement, improvement and betterment of a project, and includes
24 the demolition, clearance and removal of buildings or structures on
25 land acquired, held, leased or used for a project.

26 "Convention center facility" means any convention hall or center or
27 like structure or building, and shall include all facilities, including
28 commercial, office, community service, parking facilities and all
29 property rights, easements and interests, and other facilities
30 constructed for the accommodation and entertainment of tourists and
31 visitors, constructed in conjunction with a convention center facility
32 and forming reasonable appurtenances thereto but does not mean the
33 Wildwood convention center facility as defined in this section.

34 "Tourism project" means the convention center facility or outdoor
35 special events arena, or both, located in the territorial limits of the
36 district, and any costs associated therewith but does not mean the
37 Wildwood convention center facility as defined in this section.

38 "Cost" means all or any part of the expenses incurred in connection
39 with the acquisition, construction and maintenance of any real
40 property, lands, structures, real or personal property rights,

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:

¹ Senate SWT committee amendments adopted October 14, 2004.

1 rights-of-way, franchises, easements, and interests acquired or used for
2 a project; any financing charges and reserves for the payment of
3 principal and interest on bonds or notes; the expenses of engineering,
4 appraisal, architectural, accounting, financial and legal services; and
5 other expenses as may be necessary or incident to the acquisition,
6 construction and maintenance of a project, the financing thereof and
7 the placing of the project into operation.

8 "County" means a county of the sixth class.

9 "Director" means the Director of the Division of Taxation in the
10 Department of the Treasury.

11 "Fund" means a Reserve Fund created pursuant to section 13 of
12 P.L.1992, c.165 (C.40:54D-13).

13 "Outdoor special events arena" means a facility or structure for the
14 holding outdoors of public events, entertainments, sporting events,
15 concerts or similar activities, and shall include all facilities, property
16 rights and interests, and all appurtenances reasonably related thereto,
17 constructed for the accommodation and entertainment of tourists and
18 visitors.

19 "Participant amusement" means a sporting activity or amusement
20 the charge for which is exempt from taxation under the "Sales and Use
21 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) by virtue of the
22 participation of the patron in the activity or amusement, such as
23 bowling alleys, swimming pools, water slides, miniature golf,
24 boardwalk or carnival games and amusements, baseball batting cages,
25 tennis courts, and fishing and sightseeing boats.

26 "Predominantly tourism related retail receipts" means:

27 a. The rent for every occupancy of a room or rooms in a hotel
28 subject to taxation pursuant to subsection (d) of section 3 of the "Sales
29 and Use Tax Act," P.L.1966, c.30 (C.54:32B-3);

30 b. Receipts from the sale of food and drink in or by restaurants,
31 taverns, or other establishments in the district, or by caterers,
32 including in the amount of such receipt any cover, minimum,
33 entertainment or other charge made to patrons or customers, subject
34 to taxation pursuant to subsection of section 3 of the "Sales and Use
35 Tax Act," P.L.1966, c.30 (C.54:32B-3) but excluding receipts from
36 sales of food and beverages sold through coin operated vending
37 machines; and

38 c. Admissions charges to or the use of any place of amusement or
39 of any roof garden, cabaret or similar place, subject to taxation
40 pursuant to subsection (e) of section 3 of the "Sales and Use Tax Act,"
41 P.L.1966, c.30 (C.54:32B-3).

42 "Purchaser" means any person purchasing or hiring property or
43 services from another person, the receipts or charges from which are
44 taxable by an ordinance authorized under P.L.1992, c.165
45 (C.40:54D-1 et seq.).

46 "Sports authority" means the New Jersey Sports and Exposition

1 Authority established pursuant to P.L.1971, c.137 (C.5:10-1 et seq.).

2 "Tourism" means activities involved in providing and marketing
3 services and products, including accommodations, for nonresidents
4 and residents who travel to and in New Jersey for recreation and
5 pleasure.

6 "Tourism assessment" means an assessment on the rent for every
7 occupancy of a room or rooms in a hotel subject to taxation pursuant
8 to subsection (d) of section 3 of the "Sales and Use Tax Act,"
9 P.L.1966, c.30 (C.54:32B-3).

10 "Tourism development activities" include operations of the
11 authority to carry out its statutory duty to promote, advertise and
12 market the district, including making beach operation offset payments.

13 "Tourism development fee" means a fee imposed by ordinance
14 pursuant to section 15 of P.L.1992, c.165 (C.40:54D-15).

15 "Tourism improvement and development district" or "district"
16 means an area within two or more contiguous municipalities within a
17 county of the sixth class established pursuant to ordinance enacted by
18 those municipalities, for the purposes of promoting the acquisition,
19 construction, maintenance, operation and support of a tourism project,
20 and to devote the revenue and the proceeds from taxes upon
21 predominantly tourism related retail receipts and from tourism
22 development fees to the purposes as herein defined.

23 "Tourist industry" means the industry consisting of private and
24 public organizations which directly or indirectly provide services and
25 products to nonresidents and residents who travel to and in New
26 Jersey for recreation and pleasure.

27 "Tourism lodging" means any dwelling unit, other than a dwelling
28 unit in a hotel the rent for which is subject to taxation under the "Sales
29 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), regardless of
30 the form of ownership of the unit, rented with or without a lease,
31 whether rented by the owner or by an agent for the owner[: (1) within
32 a multiple unit building of more than four units, which building is (a)
33 under single ownership without regard to the form of ownership, or
34 (b) organized as condominiums or cooperatives; or (2) in a group of
35 buildings of more than four units, which group of buildings are (a)
36 under single ownership without regard to the form of ownership, or
37 (b) organized as condominiums or cooperatives].

38 "Vendor" means a person selling or hiring property or services to
39 another person, the receipts or charges from which are taxable by an
40 ordinance authorized under P.L.1992, c.165 (C.40:54D-1 et seq.).

41 "Wildwood convention center facility" means the project authorized
42 by paragraph (12) of subsection a. of section 6 of P.L.1971, c.137
43 (C.5:10-6).

44 (cf. P.L.1992, c.165, s.3; amended 1997, c.273, s.1; 2002, c.72, s.2.)

45

46 2. This act shall take effect immediately and shall be retroactive
47 to July 1, 2004¹.

1

2

3 Amends the definition of "tourism lodging" in the "Tourism

4 Improvement and Development District Act."

ASSEMBLY, No. 2754

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED MAY 10, 2004

Sponsored by:

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOHN C. GIBSON

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

Assemblyman Vas

SYNOPSIS

Amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2004)

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8 3. As used in this act:

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11 (C.40:54D-18).

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13 authority to municipalities in its district for tourism development
14 activities related to operating and maintaining public beaches within
15 a zone to seaward of a line of demarcation located not more than
16 1,000 feet from the mean high water line.

17 "Bond" means any bond or note issued by an authority pursuant
18 to the provisions of this act.

19 "Commissioner" means the Commissioner of the Department of
20 Commerce and Economic Development.

21 "Construction" means the planning, designing, construction,
22 reconstruction, rehabilitation, replacement, repair, extension,
23 enlargement, improvement and betterment of a project, and includes
24 the demolition, clearance and removal of buildings or structures on
25 land acquired, held, leased or used for a project.

26 "Convention center facility" means any convention hall or center
27 or like structure or building, and shall include all facilities,
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29 and all property rights, easements and interests, and other facilities
30 constructed for the accommodation and entertainment of tourists and
31 visitors, constructed in conjunction with a convention center facility
32 and forming reasonable appurtenances thereto but does not mean the
33 Wildwood convention center facility as defined in this section.

34 "Tourism project" means the convention center facility or
35 outdoor special events arena, or both, located in the territorial limits
36 of the district, and any costs associated therewith but does not mean
37 the Wildwood convention center facility as defined in this section.

38 "Cost" means all or any part of the expenses incurred in
39 connection with the acquisition, construction and maintenance of any
40 real property, lands, structures, real or personal property rights,
41 rights-of-way, franchises, easements, and interests acquired or used
42 for a project; any financing charges and reserves for the payment of
43 principal and interest on bonds or notes; the expenses of

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.

1 engineering, appraisal, architectural, accounting, financial and legal
2 services; and other expenses as may be necessary or incident to the
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4 thereof and the placing of the project into operation.

5 "County" means a county of the sixth class.

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18 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) by virtue of the
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20 bowling alleys, swimming pools, water slides, miniature golf,
21 boardwalk or carnival games and amusements, baseball batting
22 cages, tennis courts, and fishing and sightseeing boats.

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25 subject to taxation pursuant to subsection (d) of section 3 of the
26 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-3);

27 b. Receipts from the sale of food and drink in or by restaurants,
28 taverns, or other establishments in the district, or by caterers,
29 including in the amount of such receipt any cover, minimum,
30 entertainment or other charge made to patrons or customers, subject
31 to taxation pursuant to subsection of section 3 of the "Sales and
32 Use Tax Act," P.L.1966, c.30 (C.54:32B-3) but excluding receipts
33 from sales of food and beverages sold through coin operated
34 vending machines; and

35 c. Admissions charges to or the use of any place of amusement
36 or of any roof garden, cabaret or similar place, subject to taxation
37 pursuant to subsection (e) of section 3 of the "Sales and Use Tax
38 Act," P.L.1966, c.30 (C.54:32B-3).

39 "Purchaser" means any person purchasing or hiring property or
40 services from another person, the receipts or charges from which
41 are taxable by an ordinance authorized under P.L.1992, c.165
42 (C.40:54D-1 et seq.).

43 "Sports authority" means the New Jersey Sports and Exposition
44 Authority established pursuant to P.L.1971, c.137 (C.5:10-1 et
45 seq.).

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1 services and products, including accommodations, for nonresidents
2 and residents who travel to and in New Jersey for recreation and
3 pleasure.

4 "Tourism assessment" means an assessment on the rent for every
5 occupancy of a room or rooms in a hotel subject to taxation pursuant
6 to subsection (d) of section 3 of the "Sales and Use Tax Act,"
7 P.L.1966, c.30 (C.54:32B-3).

8 "Tourism development activities" include operations of the
9 authority to carry out its statutory duty to promote, advertise and
10 market the district, including making beach operation offset
11 payments.

12 "Tourism development fee" means a fee imposed by ordinance
13 pursuant to section 15 of P.L.1992, c.165 (C.40:54D-15).

14 "Tourism improvement and development district" or "district"
15 means an area within two or more contiguous municipalities within
16 a county of the sixth class established pursuant to ordinance enacted
17 by those municipalities, for the purposes of promoting the
18 acquisition, construction, maintenance, operation and support of a
19 tourism project, and to devote the revenue and the proceeds from
20 taxes upon predominantly tourism related retail receipts and from
21 tourism development fees to the purposes as herein defined.

22 "Tourist industry" means the industry consisting of private and
23 public organizations which directly or indirectly provide services
24 and products to nonresidents and residents who travel to and in New
25 Jersey for recreation and pleasure.

26 "Tourism lodging" means any dwelling unit, other than a
27 dwelling unit in a hotel the rent for which is subject to taxation
28 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
29 seq.), regardless of the form of ownership of the unit, rented with
30 or without a lease, whether rented by the owner or by an agent for
31 the owner[: (1) within a multiple unit building of more than four
32 units, which building is (a) under single ownership without regard
33 to the form of ownership, or (b) organized as condominiums or
34 cooperatives; or (2) in a group of buildings of more than four units,
35 which group of buildings are (a) under single ownership without
36 regard to the form of ownership, or (b) organized as condominiums
37 or cooperatives].

38 "Vendor" means a person selling or hiring property or services
39 to another person, the receipts or charges from which are taxable by
40 an ordinance authorized under P.L.1992, c.165 (C.40:54D-1 et
41 seq.).

42 "Wildwood convention center facility" means the project
43 authorized by paragraph (12) of subsection a. of section 6 of
44 P.L.1971, c.137 (C.5:10-6).

45 (cf. P.L.1992, c.165, s.3; amended 1997, c.273, s.1; 2002, c.72,
46 s.2.)

1 2. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill amends the definition of "tourism lodging" in the "Tourism
7 Improvement and Development District Act" to include any dwelling
8 unit, other than a dwelling unit in a hotel, regardless of the form of
9 ownership of the unit. Current law enumerates specific forms of
10 ownership in that definition.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2754

STATE OF NEW JERSEY

DATED: JUNE 22, 2004

The Assembly Budget Committee reports favorably Assembly Bill No. 2754.

Assembly Bill No. 2754 amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act" to include any dwelling unit, other than a dwelling unit in a hotel, regardless of the form of ownership of the unit. Current law enumerates specific forms of ownership in that definition.

FISCAL IMPACT:

No fiscal information has been provided on this bill. However, the bill's provisions should not have any impact on State revenue and minimal impact in the "Tourism Improvement and Development District."

SENATE WAGERING, TOURISM AND HISTORIC
PRESERVATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2754

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 14, 2004

The Senate Wagering, Tourism and Historic Preservation Committee reports favorably and with amendments Assembly, No. 2754.

As amended by the committee, this bill amends the "Tourism Improvement and Development District Act" to allow tourism development fees to be levied against property owners that own four or fewer tourism rental units. Currently the annual fee is \$150 per unit. Under current law owners of five or more such units, and certain businesses, are subject to the fee.

The "Tourism Improvement and Development District Act" gives municipalities in counties of the sixth class the power to create a tourism improvement and development district to undertake tourism projects and promote tourism. The only county of the sixth class is Cape May County, and the only district established to date is the Greater Wildwood tourism improvement and development district, which is served by the Greater Wildwood Tourism Improvement and Development Authority (GWTIDA). The act allows the municipalities in the district to levy certain taxes (collected with the Sales and Use Tax) on certain tourism-related businesses, and a tourism development fee on businesses and certain rental property owners that derive a benefit from tourism. The revenue from these taxes and fees are dedicated to support the Wildwoods Convention Center and to fund tourism projects and tourism promotion in the district, and, in certain instances, beach restoration projects.

The committee adopted an amendment to make the provisions of the bill retroactive to July 1, 2004.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2754

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2005

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2754 (1R).

This bill amends the "Tourism Improvement and Development District Act" to allow tourism development fees to be levied against property owners owning four or fewer tourism rental units. Currently, only owners of five or more such units, and certain businesses, are subject to the fee (now imposed at \$150 per unit).

The "Tourism Improvement and Development District Act" gives municipalities in counties of the sixth class the power to create a tourism improvement and development district to undertake tourism projects and promote tourism. The only county of the sixth class is Cape May County, and the only district established to date is the Greater Wildwood tourism improvement and development district, which is served by the Greater Wildwood Tourism Improvement and Development Authority (GWTIDA). The act allows the municipalities in the district to levy certain taxes (co-collected with the Sales and Use Tax) on certain tourism-related businesses, and a tourism development fee on businesses and certain rental property owners that derive a benefit from tourism. The revenue from these taxes and fees are dedicated to support the Wildwoods Convention Center and to fund tourism projects and tourism promotion in the district, and, in certain instances, beach restoration projects.

The provisions of the bill are to apply retroactively to July 1, 2004.

The provisions of this bill are identical to those of Senate Bill No. 1727 (1R), which the committee also reports this day.

FISCAL IMPACT

The Division of Taxation indicates that State revenues would not be affected under this bill; however, there would be added revenue to the municipalities that impose a tourism development fee. The division notes that the fee is administered and collected at the municipal level, and that the division has no statutory responsibilities in administering and collecting the fee.

FISCAL NOTE
 [First Reprint]
ASSEMBLY, No. 2754
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: DECEMBER 13, 2004

SUMMARY

Synopsis: Amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act."

Type of Impact: Increased revenue for local tourism improvement and development authority.

Agencies Affected: Municipalities within tourism improvement and development district.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		None	
State Revenue		None	
Local Revenue	Increased revenue for local tourism improvement and development authority.		

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate that this bill will increase the amount of tourism development fees collected by those municipalities authorized to collect those fees. The OLS notes that the tourism development fees collected by the authorized municipalities must be appropriated annually to a tourism improvement and development authority created pursuant to law.
- ! P.L.1992, c.165 (C.40:54D-1 et seq.) authorized the creation by ordinance of tourism improvement and development districts by two or more contiguous municipalities located in a county of the sixth class. Currently, Wildwood, Wildwood Crest, and North Wildwood in Cape May County have formed the only tourism improvement and development district in the State. Therefore, the OLS notes that the effect of this bill would be limited in scope to those municipalities.
- ! This bill amends the definition of tourism lodging in the "Tourism Improvement and Development District Act" to mean any dwelling unit, other than a dwelling unit in a hotel the rent for which is subject to taxation under the "Sale and Use Tax Act," regardless of the form of ownership of the individual or business entity managing the property. Current law enumerates specific forms of ownership in that definition.

- ! The OLS notes that by expanding the definition of tourism lodging to include any dwelling unit, other than those units in a hotel the rent for which is subject to the "Sales and Use Tax Act," regardless of the form of ownership should serve to increase the number of properties that would be subject to pay the tourism and development fee. The OLS does not have any data that would indicate how many additional properties would be subject to pay the fee if this bill were enacted. No information was provided by Treasury concerning how many new properties would be subject to pay the fee.

BILL DESCRIPTION

Assembly Bill No. 2754 (1R) of 2004 amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act" to include any dwelling unit, other than a dwelling unit in a hotel whose rents are subject to the "Sales and Use Tax Act," regardless of the form of ownership of the unit. Current law enumerates specific forms of ownership in defining "tourism lodging."

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation in the Department of the Treasury indicates that State revenues would not be affected under this bill; however, there would be added revenue to the municipalities that impose a tourism development fee. The Division of Taxation in the Department of the Treasury notes that the tourism development fee is administered and collected at the municipal level, and has no statutory responsibilities in administering and collecting the fees.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate that this bill will increase the amount of tourism development fees collected by those municipalities statutorily authorized to collect the fees. P.L.1992, c.165 (C.40:54D-1 et seq.) authorized the creation by ordinance of tourism improvement and development districts by two or more contiguous municipalities located in a county of the sixth class. Currently, Wildwood, Wildwood Crest, and North Wildwood in Cape May County have formed the only tourism improvement and development district in the State. The OLS notes that the effect of this bill would be limited in scope to those municipalities, which are currently collecting tourism development fees. By changing the definition of "tourism lodging" this bill would expand the number of properties in those municipalities subject to the tourism development fee. Treasury has not provided any information as to how many new properties would be subject to the fee under this bill. The OLS notes that according to the 2003 New Jersey Municipal Data Book, there are approximately 10,260 dwelling units for seasonal or recreational use within the tourism improvement district: 4,588 units in North Wildwood, 3,302 units in Wildwood, and 2,760 units in Wildwood Crest. It is unclear from this data how many of these units are already subject to the fee and how many additional units would be liable to pay the fee as provided for under this bill. The OLS also notes that the imposition of the tourism development fee and the rate structure is set by

municipal ordinance in a manner similar to that used by municipalities for the issuance of other local fees that may be imposed.

Section: *Local Government*

Analyst: *Pedro Carrasquillo*
Associate Fiscal Analyst

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

This fiscal note has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1727

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 21, 2004

Sponsored by:

Senator NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act."

CURRENT VERSION OF TEXT

As introduced.



S1727 ASSELTA

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

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42 a project; any financing charges and reserves for the payment of
43 principal and interest on bonds or notes; the expenses of engineering,

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

Matter underlined thus is new matter.

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1 appraisal, architectural, accounting, financial and legal services; and
2 other expenses as may be necessary or incident to the acquisition,
3 construction and maintenance of a project, the financing thereof and
4 the placing of the project into operation.

5 "County" means a county of the sixth class.

6 "Director" means the Director of the Division of Taxation in the
7 Department of the Treasury.

8 "Fund" means a Reserve Fund created pursuant to section 13 of
9 P.L.1992, c.165 (C.40:54D-13).

10 "Outdoor special events arena" means a facility or structure for the
11 holding outdoors of public events, entertainments, sporting events,
12 concerts or similar activities, and shall include all facilities, property
13 rights and interests, and all appurtenances reasonably related thereto,
14 constructed for the accommodation and entertainment of tourists and
15 visitors.

16 "Participant amusement" means a sporting activity or amusement
17 the charge for which is exempt from taxation under the "Sales and Use
18 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) by virtue of the
19 participation of the patron in the activity or amusement, such as
20 bowling alleys, swimming pools, water slides, miniature golf,
21 boardwalk or carnival games and amusements, baseball batting cages,
22 tennis courts, and fishing and sightseeing boats.

23 "Predominantly tourism related retail receipts" means:

24 a. The rent for every occupancy of a room or rooms in a hotel
25 subject to taxation pursuant to subsection (d) of section 3 of the "Sales
26 and Use Tax Act," P.L.1966, c.30 (C.54:32B-3);

27 b. Receipts from the sale of food and drink in or by restaurants,
28 taverns, or other establishments in the district, or by caterers,
29 including in the amount of such receipt any cover, minimum,
30 entertainment or other charge made to patrons or customers, subject
31 to taxation pursuant to subsection of section 3 of the "Sales and Use
32 Tax Act," P.L.1966, c.30 (C.54:32B-3) but excluding receipts from
33 sales of food and beverages sold through coin operated vending
34 machines; and

35 c. Admissions charges to or the use of any place of amusement or
36 of any roof garden, cabaret or similar place, subject to taxation
37 pursuant to subsection (e) of section 3 of the "Sales and Use Tax Act,"
38 P.L.1966, c.30 (C.54:32B-3).

39 "Purchaser" means any person purchasing or hiring property or
40 services from another person, the receipts or charges from which are
41 taxable by an ordinance authorized under P.L.1992, c.165
42 (C.40:54D-1 et seq.).

43 "Sports authority" means the New Jersey Sports and Exposition
44 Authority established pursuant to P.L.1971, c.137 (C.5:10-1 et seq.).

45 "Tourism" means activities involved in providing and marketing
46 services and products, including accommodations, for nonresidents

1 and residents who travel to and in New Jersey for recreation and
2 pleasure.

3 "Tourism assessment" means an assessment on the rent for every
4 occupancy of a room or rooms in a hotel subject to taxation pursuant
5 to subsection (d) of section 3 of the "Sales and Use Tax Act,"
6 P.L.1966, c.30 (C.54:32B-3).

7 "Tourism development activities" include operations of the
8 authority to carry out its statutory duty to promote, advertise and
9 market the district, including making beach operation offset payments.

10 "Tourism development fee" means a fee imposed by ordinance
11 pursuant to section 15 of P.L.1992, c.165 (C.40:54D-15).

12 "Tourism improvement and development district" or "district"
13 means an area within two or more contiguous municipalities within a
14 county of the sixth class established pursuant to ordinance enacted by
15 those municipalities, for the purposes of promoting the acquisition,
16 construction, maintenance, operation and support of a tourism project,
17 and to devote the revenue and the proceeds from taxes upon
18 predominantly tourism related retail receipts and from tourism
19 development fees to the purposes as herein defined.

20 "Tourist industry" means the industry consisting of private and
21 public organizations which directly or indirectly provide services and
22 products to nonresidents and residents who travel to and in New
23 Jersey for recreation and pleasure.

24 "Tourism lodging" means any dwelling unit, other than a dwelling
25 unit in a hotel the rent for which is subject to taxation under the "Sales
26 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), regardless of
27 the form of ownership of the unit, rented with or without a lease,
28 whether rented by the owner or by an agent for the owner[: (1) within
29 a multiple unit building of more than four units, which building is (a)
30 under single ownership without regard to the form of ownership, or
31 (b) organized as condominiums or cooperatives; or (2) in a group of
32 buildings of more than four units, which group of buildings are (a)
33 under single ownership without regard to the form of ownership, or
34 (b) organized as condominiums or cooperatives].

35 "Vendor" means a person selling or hiring property or services to
36 another person, the receipts or charges from which are taxable by an
37 ordinance authorized under P.L.1992, c.165 (C.40:54D-1 et seq.).

38 "Wildwood convention center facility" means the project authorized
39 by paragraph (12) of subsection a. of section 6 of P.L.1971, c.137
40 (C.5:10-6).

41 (cf: P.L.2002, c.72, s.2)

42

43 2. This act shall take effect immediately.

SENATE WAGERING, TOURISM AND HISTORIC
PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 1727

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 14, 2004

The Senate Wagering, Tourism and Historic Preservation Committee reports favorably and with amendments Senate, No. 1727.

As amended by the committee, this bill amends the "Tourism Improvement and Development District Act" to allow tourism development fees to be levied against property owners that own four or fewer tourism rental units. Currently the annual fee is \$150 per unit. Under current law owners of five or more such units, and certain businesses, are subject to the fee.

The "Tourism Improvement and Development District Act" gives municipalities in counties of the sixth class the power to create a tourism improvement and development district to undertake tourism projects and promote tourism. The only county of the sixth class is Cape May County, and the only district established to date is the Greater Wildwood tourism improvement and development district, which is served by the Greater Wildwood Tourism Improvement and Development Authority (GWTIDA). The act allows the municipalities in the district to levy certain taxes (co-collected with the Sales and Use Tax) on certain tourism-related businesses, and a tourism development fee on businesses and certain rental property owners that derive a benefit from tourism. The revenue from these taxes and fees are dedicated to support the Wildwoods Convention Center and to fund tourism projects and tourism promotion in the district, and, in certain instances, beach restoration projects.

The committee adopted an amendment to make the provisions of the bill retroactive to July 1, 2004.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1727

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1727 (1R).

This bill amends the "Tourism Improvement and Development District Act" to allow tourism development fees to be levied against property owners owning four or fewer tourism rental units. Currently, only owners of five or more such units, and certain businesses, are subject to the fee (now imposed at \$150 per unit).

The "Tourism Improvement and Development District Act" gives municipalities in counties of the sixth class the power to create a tourism improvement and development district to undertake tourism projects and promote tourism. The only county of the sixth class is Cape May County, and the only district established to date is the Greater Wildwood tourism improvement and development district, which is served by the Greater Wildwood Tourism Improvement and Development Authority (GWTIDA). The act allows the municipalities in the district to levy certain taxes (co-collected with the Sales and Use Tax) on certain tourism-related businesses, and a tourism development fee on businesses and certain rental property owners that derive a benefit from tourism. The revenue from these taxes and fees are dedicated to support the Wildwoods Convention Center and to fund tourism projects and tourism promotion in the district, and, in certain instances, beach restoration projects.

The provisions of the bill are to apply retroactively to July 1, 2004.

The provisions of this bill are identical to those of Assembly Bill No. 2754 (1R), which the committee also reports this day.

FISCAL IMPACT

The Division of Taxation indicates that State revenues would not be affected under this bill; however, there would be added revenue to the municipalities that impose a tourism development fee. The division notes that the fee is administered and collected at the municipal level, and that the division has no statutory responsibilities in administering and collecting the fee.

FISCAL NOTE
 [First Reprint]
SENATE, No. 1727
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: DECEMBER 14, 2004

SUMMARY

Synopsis: Amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act."

Type of Impact: Increased revenue for local tourism improvement and development authority.

Agencies Affected: Municipalities within tourism improvement and development district.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		None	
State Revenue		None	
Local Revenue	Increased revenue for local tourism improvement and development authority.		

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate that this bill will increase the amount of tourism development fees collected by those municipalities authorized to collect those fees. The OLS notes that the tourism development fees collected by the authorized municipalities must be appropriated annually to a tourism improvement and development authority created pursuant to law.
- ! P.L.1992, c.165 (C.40:54D-1 et seq.) authorized the creation by ordinance of tourism improvement and development districts by two or more contiguous municipalities located in a county of the sixth class. Currently, Wildwood, Wildwood Crest, and North Wildwood in Cape May County have formed the only tourism improvement and development district in the State. Therefore, the OLS notes that the effect of this bill would be limited in scope to those municipalities.
- ! This bill amends the definition of tourism lodging in the "Tourism Improvement and Development District Act" to mean any dwelling unit, other than a dwelling unit in a hotel the rent for which is subject to taxation under the "Sale and Use Tax Act," regardless of the form of ownership of the individual or business entity managing the property. Current law enumerates specific forms of ownership in that definition.

- ! The OLS notes that by expanding the definition of tourism lodging to include any dwelling unit, other than those units in a hotel the rent for which is subject to the "Sales and Use Tax Act," regardless of the form of ownership should serve to increase the number of properties that would be subject to pay the tourism and development fee. The OLS does not have any data that would indicate how many additional properties would be subject to pay the fee if this bill were enacted. No information was provided by Treasury concerning how many new properties would be subject to pay the fee.

BILL DESCRIPTION

Senate Bill No. 1727 (1R) of 2004 amends the definition of "tourism lodging" in the "Tourism Improvement and Development District Act" to include any dwelling unit, other than a dwelling unit in a hotel whose rents are subject to the "Sales and Use Tax Act," regardless of the form of ownership of the unit. Current law enumerates specific forms of ownership in defining "tourism lodging."

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation in the Department of the Treasury indicates that State revenues would not be affected under this bill; however, there would be added revenue to the municipalities that impose a tourism development fee. The Division of Taxation in the Department of the Treasury notes that the tourism development fee is administered and collected at the municipal level, and has no statutory responsibilities in administering and collecting the fees.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate that this bill will increase the amount of tourism development fees collected by those municipalities statutorily authorized to collect the fees. P.L.1992, c.165 (C.40:54D-1 et seq.) authorized the creation by ordinance of tourism improvement and development districts by two or more contiguous municipalities located in a county of the sixth class. Currently, Wildwood, Wildwood Crest, and North Wildwood in Cape May County have formed the only tourism improvement and development district in the State. The OLS notes that the effect of this bill would be limited in scope to those municipalities, which are currently collecting tourism development fees. By changing the definition of "tourism lodging" this bill would expand the number of properties in those municipalities subject to the tourism development fee. Treasury has not provided any information as to how many new properties would be subject to the fee under this bill. The OLS notes that according to the 2003 New Jersey Municipal Data Book, there are approximately 10,260 dwelling units for seasonal or recreational use within the tourism improvement district: 4,588 units in North Wildwood, 3,302 units in Wildwood, and 2,760 units in Wildwood Crest. It is unclear from this data how many of these units are already subject to the fee and how many additional units would be liable to pay the fee as provided for under this bill. The OLS also notes that the imposition of the tourism development fee and the rate structure is set by

municipal ordinance in a manner similar to that used by municipalities for the issuance of other local fees that may be imposed.

Section: *Local Government*

Analyst: *Pedro Carrasquillo*
Associate Fiscal Analyst

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

This fiscal note has been prepared pursuant to P.L.1980, c.67.