

P.L. 2006, CHAPTER 97, *approved September 13, 2006*
Assembly, No. 3191 (*Second Reprint*)

1 AN ACT concerning the authorization for certain municipalities to
2 ¹**[impose]** collect¹ certain local taxes, amending P.L.1981, c.77
3 ¹**[and supplementing chapter 48C of Title 40 of the Revised**
4 **Statutes]**¹.

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

8
9 1. Section 5 of P.L.1981, c.77 (C.40:48E-5) is amended to read
10 as follows:

11 5. a. **[For]** Except as provided in subsection e. of this section,
12 for any calendar year, the owner of a hotel shall be required to pay
13 the greater of the real property tax (defined to be the payment of ad
14 valorem taxes or payment in lieu of taxes or payment of annual
15 service charges) or the hotel use or occupancy tax, to be calculated
16 as follows:

17 (1) If the quarterly installment of the real property tax is less
18 than the quarterly installment of the hotel use or occupancy tax, the
19 owner shall be required to pay only the hotel use or occupancy tax.

20 (2) If the quarterly installment of the real property tax is greater
21 than the quarterly installment of the hotel use or occupancy tax, the
22 owner shall be required to pay the hotel use or occupancy tax, and,
23 in addition, the owner shall be required to make a supplemental
24 payment. For the purposes of this section, "supplemental payment"
25 means an amount equal to the excess of the real property tax
26 installment over the hotel use or occupancy tax installment.

27 b. At the end of the calendar year, the total hotel use or
28 occupancy tax payments made during the year shall be adjusted as
29 follows:

30 (1) If the total of the hotel use or occupancy tax payments,
31 excluding any supplemental payments, made during the year
32 exceeds the total real property tax for that year, the city shall refund
33 to the owner the total amount of the supplemental payments, if any,
34 made during the year; or

35 (2) If the total of the hotel use or occupancy tax payments,
36 excluding any supplemental payments, made during the year does
37 not exceed the total real property tax for the year, and if the total of
38 the hotel use or occupancy tax payments and supplemental
39 payments made during the year does exceed the total real property
40 tax for the year, the city shall refund to the owner the difference
41 between: (a) the total property tax paid and (b) the sum of the hotel
42 or occupancy tax paid plus the supplemental payments paid.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 22, 2006.

²Senate SBA committee amendments adopted June 30, 2006.

1 c. The refunds shall be paid to the owner without interest by
2 July 1 of the succeeding year or 15 days after the adoption of the
3 annual budget by the municipal council, whichever is later.

4 d. No refund shall be made in any year in which the owner has
5 failed to be current in its hotel use or occupancy tax, including any
6 supplemental payments required under this section. For the
7 purposes of this section, "current" means that quarterly installments
8 of tax have been paid in accordance with R.S.54:4-66.

9 e. A² [municipality, as defined in section 1 of P.L.1970, c.326
10 (C.40:48C-1)] city imposing a hotel use or occupancy tax pursuant
11 to the provisions of section 3 of P.L.1981, c.77 (C.40:48E-3)², by
12 ordinance, may require that any hotel located within the
13 municipality annually pay to the municipality both the real property
14 tax due and owing on the hotel, defined to be the payment of ad
15 valorem taxes or payment in lieu of taxes or payment of annual
16 service charges, and the hotel use or occupancy tax authorized
17 pursuant to section 3 of P.L.1981, c.77 (C.40:48E-3).

18 (cf: P.L.1991, c.23, s.1)

19

20 ¹[2. (New section) a. A municipality, as defined in section 1 of
21 P.L.1970, c.326 (C.40:48C-1), which did not impose a payroll tax
22 pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15) within the
23 time period specified by section 19 of P.L.1970, c.326 (C.40:48C-
24 19) may, by ordinance, impose and collect an employer payroll tax
25 for the general municipal purposes of the municipality at a rate of
26 1% of the employer's payroll.

27 b. As used in this section:

28 "employer" means any individual, corporation, company,
29 association, society, firm, partnership, joint stock company, trust,
30 estate, or foundation standing in the position of employer in an
31 employer-employee relationship, having 100 or more employees;
32 other than

33 (1) the Government of the United States;

34 (2) the State of New Jersey or a county, municipality, school
35 district or special district of the State;

36 (3) an interstate agency;

37 (4) an agency or instrumentality of any organization enumerated
38 in (1), (2), or (3) above; or

39 (5) any insurance company formed by authority of another state
40 or foreign country and subject to the provisions of P.L.1950, c. 231
41 (C. 17:32-15); and

42 "payroll" means an amount equal to the total remuneration paid
43 by employers to employees which is subject to withholding by the
44 employer for federal income tax purposes for services, other than
45 domestic services in a private residence, if

46 (1) the services are performed within the municipality; or

1 (2) the services are performed outside the municipality and the
2 place from which the services are supervised, is in the
3 municipality.】¹

4

5 ¹【3.】2.¹ This act shall take effect immediately.

6

7

8

9

10 Allows all cities of the first class to collect property tax and hotel
11 tax.

ASSEMBLY, No. 3191

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JUNE 1, 2006

Sponsored by:

Assemblywoman JOAN M. QUIGLEY

District 32 (Bergen and Hudson)

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman CHARLES T. EPPS, JR.

District 31 (Hudson)

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

Co-Sponsored by:

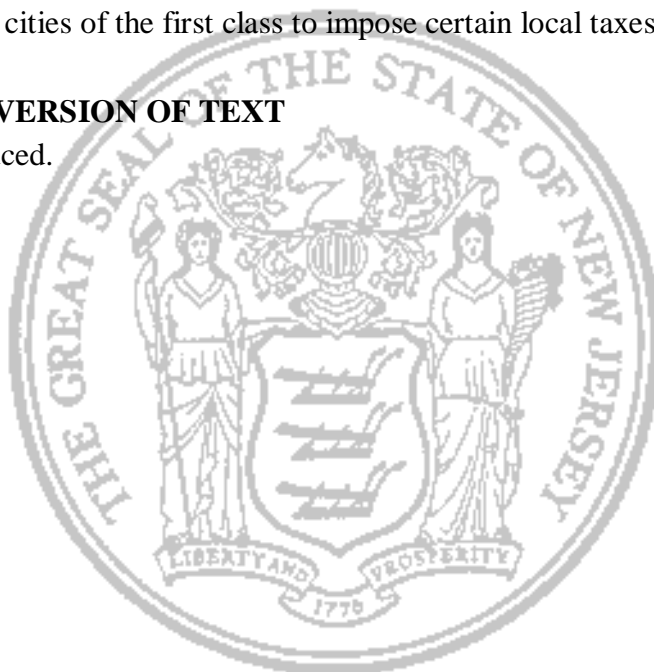
Assemblywoman Oliver, Assemblymen Giblin and Caraballo

SYNOPSIS

Allows all cities of the first class to impose certain local taxes.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/20/2006)

A3191 QUIGLEY, SIRES

2

1 AN ACT concerning the authorization for certain municipalities to
2 impose certain local taxes, amending P.L.1981, c.77 and
3 supplementing chapter 48C of Title 40 of the Revised Statues.

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

7
8 1. Section 5 of P.L.1981, c.77 (C.40:48E-5) is amended to read
9 as follows:

10 5. a. **[For]** Except as provided in subsection e. of this section,
11 for any calendar year, the owner of a hotel shall be required to pay
12 the greater of the real property tax (defined to be the payment of ad
13 valorem taxes or payment in lieu of taxes or payment of annual
14 service charges) or the hotel use or occupancy tax, to be calculated
15 as follows:

16 (1) If the quarterly installment of the real property tax is less
17 than the quarterly installment of the hotel use or occupancy tax, the
18 owner shall be required to pay only the hotel use or occupancy tax.

19 (2) If the quarterly installment of the real property tax is greater
20 than the quarterly installment of the hotel use or occupancy tax, the
21 owner shall be required to pay the hotel use or occupancy tax, and,
22 in addition, the owner shall be required to make a supplemental
23 payment. For the purposes of this section, "supplemental payment"
24 means an amount equal to the excess of the real property tax
25 installment over the hotel use or occupancy tax installment.

26 b. At the end of the calendar year, the total hotel use or
27 occupancy tax payments made during the year shall be adjusted as
28 follows:

29 (1) If the total of the hotel use or occupancy tax payments,
30 excluding any supplemental payments, made during the year
31 exceeds the total real property tax for that year, the city shall refund
32 to the owner the total amount of the supplemental payments, if any,
33 made during the year; or

34 (2) If the total of the hotel use or occupancy tax payments,
35 excluding any supplemental payments, made during the year does
36 not exceed the total real property tax for the year, and if the total of
37 the hotel use or occupancy tax payments and supplemental
38 payments made during the year does exceed the total real property
39 tax for the year, the city shall refund to the owner the difference
40 between: (a) the total property tax paid and (b) the sum of the hotel
41 or occupancy tax paid plus the supplemental payments paid.

42 c. The refunds shall be paid to the owner without interest by
43 July 1 of the succeeding year or 15 days after the adoption of the
44 annual budget by the municipal council, whichever is later.

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.

A3191 QUIGLEY, SIRES

1 d. No refund shall be made in any year in which the owner has
2 failed to be current in its hotel use or occupancy tax, including any
3 supplemental payments required under this section. For the
4 purposes of this section, "current" means that quarterly installments
5 of tax have been paid in accordance with R.S.54:4-66.

6 e. A municipality, as defined in section 1 of P.L.1970, c.326
7 (C.40:48C-1), by ordinance, may require that any hotel located
8 within the municipality annually pay to the municipality both the
9 real property tax due and owing on the hotel, defined to be the
10 payment of ad valorem taxes or payment in lieu of taxes or payment
11 of annual service charges, and the hotel use or occupancy tax
12 authorized pursuant to section 3 of P.L.1981, c.77 (C.40:48E-3).
13 (cf: P.L.1991, c.23, s.1)

14
15 2. (New section) a. A municipality, as defined in section 1 of
16 P.L.1970, c.326 (C.40:48C-1), which did not impose a payroll tax
17 pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15) within the
18 time period specified by section 19 of P.L.1970, c.326 (C.40:48C-
19 19) may, by ordinance, impose and collect an employer payroll tax
20 for the general municipal purposes of the municipality at a rate of
21 1% of the employer's payroll.

22 b. As used in this section:

23 "employer" means any individual, corporation, company,
24 association, society, firm, partnership, joint stock company, trust,
25 estate, or foundation standing in the position of employer in an
26 employer-employee relationship, having 100 or more employees;
27 other than

- 28 (1) the Government of the United States;
29 (2) the State of New Jersey or a county, municipality, school
30 district or special district of the State;
31 (3) an interstate agency;
32 (4) an agency or instrumentality of any organization enumerated
33 in (1), (2), or (3) above; or
34 (5) any insurance company formed by authority of another state
35 or foreign country and subject to the provisions of P.L.1950, c. 231
36 (C. 17:32-15); and

37 "payroll" means an amount equal to the total remuneration paid
38 by employers to employees which is subject to withholding by the
39 employer for federal income tax purposes for services, other than
40 domestic services in a private residence, if

- 41 (1) the services are performed within the municipality; or
42 (2) the services are performed outside the municipality and the
43 place from which the services are supervised, is in the municipality.

44

45 3. This act shall take effect immediately.

A3191 QUIGLEY, SIRES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

STATEMENT

This bill authorizes municipalities that are cities of the first class, by ordinance, to impose certain local taxes.

The bill authorizes cities of the first class to collect both the real property tax and the hotel use or occupancy tax on hotels located in those cities. Under current law, hotels are required only to pay the greater of the real property tax or the hotel use or occupancy tax.

The bill also authorizes a city of the first class, which did not impose a payroll tax pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15) within the time period specified by section 19 of P.L.1970, c.326 (C.40:48C-19) to impose and collect an employer payroll tax for the general municipal purposes of the municipality at a rate of 1% of the payroll of employers having 100 or more employees. The City of Jersey City meets this criteria. The following employers would be exempt from the payment of the municipal payroll tax: the Government of the United States; the State of New Jersey or a county, municipality, school district or special district of the State, or any agency or instrumentality thereof; an interstate agency; or any insurance company formed by authority of another state or foreign country and subject to the provisions of P.L.1950, c.231 (C.17:32-15).

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3191

STATE OF NEW JERSEY

with committee amendments

DATED: JUNE 23, 2006

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3191, with committee amendments.

Assembly Bill No. 3191, as amended, authorizes cities of the first class to collect both the real property tax and the hotel use or occupancy tax on hotels located in those cities. Under current law, hotels are required only to pay the greater of the real property tax or the hotel use or occupancy tax.

FISCAL IMPACT:

This bill was not certified as requiring a fiscal note; the bill does not affect State revenues or expenditures.

COMMITTEE AMENDMENTS:

The amendments delete a provision that would have allowed cities of the first class that did not meet certain timing criteria, and therefore may not impose a payroll tax under current law, to impose a payroll tax and make conforming technical amendments.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3191

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 30, 2006

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3191.

Assembly Bill No. 3191(1R), as amended, authorizes any city imposing a hotel use or occupancy tax pursuant to the provisions of section 3 of P.L.1981, c.77 (C.40:48E-3), to collect both the real property tax and the hotel use or occupancy tax on hotels located in those cities. Under current law, hotels are required only to pay the greater of the real property tax or the hotel use or occupancy tax.

FISCAL IMPACT:

This bill was not certified as requiring a fiscal note; the bill does not affect State revenues or expenditures.

COMMITTEE AMENDMENTS:

The amendments authorize the City of Elizabeth, which is authorized to collect the hotel use or occupancy tax pursuant to section 3 of P.L.1981, c.77 (C.40:48E-3), to collect both the real property tax and the hotel use or occupancy tax on hotels located in the city upon the adoption of an ordinance. As the bill originally authorized only cities of the first class (Newark and Jersey City) to collect both the real property tax and the hotel use or occupancy tax, the City of Elizabeth would have been unable to collect both the real property tax and the hotel use or occupancy tax under the provisions of the bill.