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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

RWH 3/13/08

P.L. 2006, CHAPTER 98, *approved December 11, 2006*  
Senate, No. 2197

1 AN ACT making a technical change concerning the annual fiscal  
2 year timing of statutory deposits of dedicated cigarette tax  
3 revenue, amending P.L.1997, c.264 and P.L.2004, c.68.

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

7  
8 1. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended  
9 to read as follows:

10 4. Notwithstanding the provisions of any other law to the  
11 contrary,

12 a. commencing July 1, 1998 and ending June 30, 2006: after  
13 the deposit required pursuant to section 5 of P.L.1982, c.40  
14 (C.54:40A-37.1), the first \$150,000,000 of revenue collected  
15 annually from the cigarette tax imposed pursuant to P.L.1948, c.65  
16 (C.54:40A-1 et seq.) and the first \$5,000,000 of revenue collected  
17 annually from the "Tobacco Products Wholesale Sales and Use Tax  
18 Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into  
19 the Health Care Subsidy Fund established pursuant to section 8 of  
20 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of  
21 revenue collected annually from the cigarette tax imposed pursuant  
22 to P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated  
23 annually for health programs, and the next \$50,000,000 of revenue  
24 collected annually from the cigarette tax imposed pursuant to  
25 P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated annually  
26 to the New Jersey Economic Development Authority for payment of  
27 debt service incurred by the authority for school facilities projects  
28 and in fiscal years commencing July 1, 2002 and July 1, 2003, the  
29 next \$30,000,000 of revenue collected annually from the cigarette  
30 tax imposed pursuant to P.L.1948, c.65 (C.54:40A-1 et seq.) shall  
31 be directed to the Department of Health and Senior Services to fund  
32 anti-smoking initiatives, except that the amount shall be  
33 \$40,000,000 in the fiscal year commencing July 1, 2004 and  
34 \$45,000,000 in the fiscal year commencing July 1, 2005; and

35 b. commencing with fiscal years beginning on and after July 1,  
36 2006, after the deposit required pursuant to section 5 of P.L.1982,  
37 c.40 (C.54:40A-37.1), the first **[\$365,000,000]** \$150,000,000 of  
38 revenue collected annually from the cigarette tax imposed pursuant  
39 to P.L.1948, c.65 (C.54:40A-1 et seq.) and the first \$5,000,000 of  
40 revenue collected annually from the "Tobacco Products Wholesale  
41 Sales and Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall  
42 be deposited into the Health Care Subsidy Fund established  
43 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58). In  
44 addition, there shall be deposited \$215,000,000 of revenue collected  
45 annually from the cigarette tax imposed pursuant to P.L.1948, c.65

**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 (C.54:40A-1 et seq.) in accordance with the provisions section 5 of  
2 P.L.2004, c.68 (C.34:1B-21.20).  
3 (cf: P.L2006, c.37, s.7)  
4

5 2. Section 5 of P.L.2004, c.68 (C.34:1B-21.20) is amended to  
6 read as follows:

7 5. a. There is hereby created and established in the  
8 Department of the Treasury a separate nonlapsing fund to be known  
9 as the "Dedicated Cigarette Tax Revenue Fund." During the State  
10 fiscal year beginning July 1, 2006 and during each succeeding State  
11 fiscal year in which the authority has outstanding bonds or  
12 refunding bonds which have been issued pursuant to this act or is  
13 obligated to make any payments under any contract or agreement  
14 entered into by the authority pursuant to subsection c. of section 4  
15 of this act, the State Treasurer shall credit to such Fund, on a  
16 monthly basis, an amount equivalent to the dedicated cigarette tax  
17 revenues received by the State during each calendar month of such  
18 fiscal year. Provided however, that:

19 (1) no credits of dedicated cigarette tax revenues shall be made  
20 to the Dedicated Cigarette Tax Revenue Fund in any State fiscal  
21 year until the deposits of \$150,000,000 of revenue from the  
22 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
23 18.58g) into the Health Care Subsidy Fund have been fully made in  
24 such fiscal year, **[and]**

25 (2) in each month of a State fiscal year beginning after the  
26 month in which the final deposits of \$150,000,000 of revenue from  
27 the cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
28 18.58g) into the Health Care Subsidy Fund have been fully made  
29 for such fiscal year, the State Treasurer shall credit to the Dedicated  
30 Cigarette Tax Revenue Fund an amount equivalent to all revenue  
31 collected by the State from the cigarette tax during such calendar  
32 month until the amount credited to the Dedicated Cigarette Tax  
33 Revenue Fund from the beginning of such fiscal year equals the  
34 amount that would have been credited to such Fund since the  
35 beginning of such fiscal year in accordance with the preceding  
36 sentence if the deposits of \$150,000,000 of revenue from the  
37 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
38 18.58g) into the Health Care Subsidy Fund were not required to  
39 have been made, and

40 (3) Thereafter, in each month of a State fiscal year, the State  
41 Treasurer shall credit (a) to the Dedicated Cigarette Tax Revenue  
42 Fund an amount equivalent to the dedicated cigarette tax revenues  
43 and (b) to the Health Care Subsidy Fund an amount equivalent to all  
44 remaining revenue collected by the State from the cigarette tax  
45 during such calendar month; provided, however, that the amount so  
46 credited to the Health Care Subsidy Fund shall not exceed  
47 \$215,000,000 in the aggregate for all such months in the State  
48 fiscal year.



1 million dedicated to the Health Care Subsidy Fund beginning in  
2 fiscal year 2007 be made with cigarette tax revenues during each  
3 fiscal year only after deposits to the Dedicated Cigarette Tax  
4 Revenue Fund have been made in order that timing of debt service  
5 payments on Cigarette Tax Securitization Bonds are met.

6 This will not put any payments into the Health Care Subsidy  
7 Fund or for any other dedicated purpose in any jeopardy. The  
8 increase of the amount of first cigarette tax collections to be  
9 transferred to the Health Care Subsidy Fund from \$150 million to  
10 \$365 million, enacted in 2006, inadvertently appeared to create an  
11 intra-fiscal year cashflow shortage for the deposits into the  
12 Dedicated Cigarette Tax Revenue Fund dedicated for debt service  
13 payments on New Jersey Economic Development Authority bonds  
14 secured by a portion of the Dedicated Cigarette Tax Revenues.

15 There is anticipated approximately \$760 million in annual  
16 cigarette revenue. With \$139 million in expected current fiscal year  
17 debt service payments and \$365 million in payments into the Health  
18 Care Subsidy fund, about \$260 million cushion remains without  
19 specific statutory dedication. Thus, altering the current statutory  
20 timing of dedicated deposits of this revenue will not impact any of  
21 the dedicated purposes. The issue is one of timing of deposits  
22 during each fiscal year.

23

24

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27 \_\_\_\_\_  
28 Makes technical change concerning the annual fiscal year timing  
of various statutory deposits of dedicated cigarette tax revenue.

# SENATE, No. 2197

## STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED SEPTEMBER 25, 2006

**Sponsored by:**

**Senator JOSEPH V. DORIA, JR.**

**District 31 (Hudson)**

**Assemblyman LOUIS D. GREENWALD**

**District 6 (Camden)**

**SYNOPSIS**

Makes technical change concerning the annual fiscal year timing of various statutory deposits of dedicated cigarette tax revenue.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/12/2006)**

S2197 DORIA

2

1 AN ACT making a technical change concerning the annual fiscal  
2 year timing of statutory deposits of dedicated cigarette tax  
3 revenue, amending P.L.1997, c.264 and P.L.2004, c.68.

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

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9 to read as follows:

10 4. Notwithstanding the provisions of any other law to the  
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12 a. commencing July 1, 1998 and ending June 30, 2006: after  
13 the deposit required pursuant to section 5 of P.L.1982, c.40  
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16 (C.54:40A-1 et seq.) and the first \$5,000,000 of revenue collected  
17 annually from the "Tobacco Products Wholesale Sales and Use Tax  
18 Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into  
19 the Health Care Subsidy Fund established pursuant to section 8 of  
20 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of  
21 revenue collected annually from the cigarette tax imposed pursuant  
22 to P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated  
23 annually for health programs, and the next \$50,000,000 of revenue  
24 collected annually from the cigarette tax imposed pursuant to  
25 P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated annually  
26 to the New Jersey Economic Development Authority for payment of  
27 debt service incurred by the authority for school facilities projects  
28 and in fiscal years commencing July 1, 2002 and July 1, 2003, the  
29 next \$30,000,000 of revenue collected annually from the cigarette  
30 tax imposed pursuant to P.L.1948, c.65 (C.54:40A-1 et seq.) shall  
31 be directed to the Department of Health and Senior Services to fund  
32 anti-smoking initiatives, except that the amount shall be  
33 \$40,000,000 in the fiscal year commencing July 1, 2004 and  
34 \$45,000,000 in the fiscal year commencing July 1, 2005; and

35 b. commencing with fiscal years beginning on and after July 1,  
36 2006, after the deposit required pursuant to section 5 of P.L.1982,  
37 c.40 (C.54:40A-37.1), the first **[\$365,000,000]** \$150,000,000 of  
38 revenue collected annually from the cigarette tax imposed pursuant  
39 to P.L.1948, c.65 (C.54:40A-1 et seq.) and the first \$5,000,000 of  
40 revenue collected annually from the "Tobacco Products Wholesale  
41 Sales and Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall  
42 be deposited into the Health Care Subsidy Fund established  
43 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58). In  
44 addition, there shall be deposited \$215,000,000 of revenue collected  
45 annually from the cigarette tax imposed pursuant to P.L.1948, c.65

**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.



S2197 DORIA

1 (C.54:40A-1 et seq.) in accordance with the provisions section 5 of  
2 P.L.2004, c.68 (C.34:1B-21.20).

3 (cf: P.L2006, c.37, s.7)

4

5 2. Section 5 of P.L.2004, c.68 (C.34:1B-21.20) is amended to  
6 read as follows:

7 5. a. There is hereby created and established in the  
8 Department of the Treasury a separate nonlapsing fund to be known  
9 as the "Dedicated Cigarette Tax Revenue Fund." During the State  
10 fiscal year beginning July 1, 2006 and during each succeeding State  
11 fiscal year in which the authority has outstanding bonds or  
12 refunding bonds which have been issued pursuant to this act or is  
13 obligated to make any payments under any contract or agreement  
14 entered into by the authority pursuant to subsection c. of section 4  
15 of this act, the State Treasurer shall credit to such Fund, on a  
16 monthly basis, an amount equivalent to the dedicated cigarette tax  
17 revenues received by the State during each calendar month of such  
18 fiscal year. Provided however, that:

19 (1) no credits of dedicated cigarette tax revenues shall be made  
20 to the Dedicated Cigarette Tax Revenue Fund in any State fiscal  
21 year until the deposits of \$150,000,000 of revenue from the  
22 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
23 18.58g) into the Health Care Subsidy Fund have been fully made in  
24 such fiscal year, **[and]**

25 (2) in each month of a State fiscal year beginning after the  
26 month in which the final deposits of \$150,000,000 of revenue from  
27 the cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
28 18.58g) into the Health Care Subsidy Fund have been fully made  
29 for such fiscal year, the State Treasurer shall credit to the Dedicated  
30 Cigarette Tax Revenue Fund an amount equivalent to all revenue  
31 collected by the State from the cigarette tax during such calendar  
32 month until the amount credited to the Dedicated Cigarette Tax  
33 Revenue Fund from the beginning of such fiscal year equals the  
34 amount that would have been credited to such Fund since the  
35 beginning of such fiscal year in accordance with the preceding  
36 sentence if the deposits of \$150,000,000 of revenue from the  
37 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
38 18.58g) into the Health Care Subsidy Fund were not required to  
39 have been made, and

40 (3) Thereafter, in each month of a State fiscal year, the State  
41 Treasurer shall credit (a) to the Dedicated Cigarette Tax Revenue  
42 Fund an amount equivalent to the dedicated cigarette tax revenues  
43 and (b) to the Health Care Subsidy Fund an amount equivalent to all  
44 remaining revenue collected by the State from the cigarette tax  
45 during such calendar month; provided, however, that the amount so  
46 credited to the Health Care Subsidy Fund shall not exceed  
47 \$215,000,000 in the aggregate for all such months in the State  
48 fiscal year.

S2197 DORIA

1       b. In each State fiscal year during which the authority has  
2 outstanding bonds or refunding bonds which have been issued  
3 pursuant to this act or is obligated to make any payments under any  
4 contract or agreement entered into by the authority pursuant to  
5 subsection c. of section 4 of this act, the State Treasurer shall pay to  
6 the authority solely from the Dedicated Cigarette Tax Revenue  
7 Fund in accordance with the provisions of any contract between the  
8 authority and the State Treasurer authorized and entered into  
9 pursuant to section 6 of this act, an amount equal to the debt service  
10 payable on the authority's then outstanding bonds or refunding  
11 bonds issued pursuant to this act during such fiscal year and any  
12 amounts required to be paid by the authority during such fiscal year  
13 under any contract or agreement entered into by the authority  
14 pursuant to subsection c. of section 4 of this act and such other  
15 additional amounts as shall be authorized by this act and required to  
16 be paid to the authority pursuant to any contract between the  
17 authority and the State Treasurer authorized and entered into  
18 pursuant to section 6 of this act; provided, however, that the  
19 payment of all such amounts to the authority shall be subject to and  
20 dependent upon appropriations being made from time to time by the  
21 Legislature of the amounts thereof for the purposes of this act.  
22 Notwithstanding any other provision of any law, rule, regulation or  
23 order to the contrary, the authority shall be paid only such amounts  
24 as shall be required by the provisions of any contract between the  
25 authority and the State Treasurer authorized and entered into  
26 pursuant to section 6 of this act and the incurrence of any obligation  
27 of the State under any such contract, including any payments to be  
28 made thereunder from the Dedicated Cigarette Tax Revenue Fund,  
29 shall be subject to and dependent upon appropriations being made  
30 from time to time by the Legislature for the purposes of this act.

31       c. If the authority no longer has outstanding bonds or refunding  
32 bonds which have been issued pursuant to this act and is no longer  
33 obligated to make any payments under any contract or agreement  
34 entered into by the authority pursuant to subsection c. of section 4  
35 of this act or to pay any other costs, fees, expenses, liabilities and  
36 other obligations incurred by the authority and the State pursuant to  
37 this act, then all monies on deposit in the Dedicated Cigarette Tax  
38 Revenue Fund shall be transferred to the General Fund.  
39 (cf: P.L.2004, c.68, s.5)

40

41       3. This act shall take effect immediately.

42

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STATEMENT

45

46       This bill makes a technical change concerning the annual fiscal  
47 year timing of the various statutory deposits of dedicated cigarette  
48 tax revenue. The bill directs that the additional deposit of \$215

**S2197 DORIA**

1 million dedicated to the Health Care Subsidy Fund beginning in  
2 fiscal year 2007 be made with cigarette tax revenues during each  
3 fiscal year only after deposits to the Dedicated Cigarette Tax  
4 Revenue Fund have been made in order that timing of debt service  
5 payments on Cigarette Tax Securitization Bonds are met.

6 This will not put any payments into the Health Care Subsidy  
7 Fund or for any other dedicated purpose in any jeopardy. The  
8 increase of the amount of first cigarette tax collections to be  
9 transferred to the Health Care Subsidy Fund from \$150 million to  
10 \$365 million, enacted in 2006, inadvertently appeared to create an  
11 intra-fiscal year cashflow shortage for the deposits into the  
12 Dedicated Cigarette Tax Revenue Fund dedicated for debt service  
13 payments on New Jersey Economic Development Authority bonds  
14 secured by a portion of the Dedicated Cigarette Tax Revenues.

15 There is anticipated approximately \$760 million in annual  
16 cigarette revenue. With \$139 million in expected current fiscal year  
17 debt service payments and \$365 million in payments into the Health  
18 Care Subsidy fund, about \$260 million cushion remains without  
19 specific statutory dedication. Thus, altering the current statutory  
20 timing of dedicated deposits of this revenue will not impact any of  
21 the dedicated purposes. The issue is one of timing of deposits  
22 during each fiscal year.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2197

# STATE OF NEW JERSEY

DATED: OCTOBER 12, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2197.

Senate Bill No. 2197 makes a technical change concerning the annual fiscal year timing of the various statutory deposits of dedicated cigarette tax revenue. The bill directs that the additional deposit of \$215 million dedicated to the Health Care Subsidy Fund beginning in fiscal year 2007 be made with cigarette tax revenues during each fiscal year only after deposits to the Dedicated Cigarette Tax Revenue Fund have been made in order that timing of debt service payments on Cigarette Tax Securitization Bonds are met.

#### FISCAL IMPACT:

This bill will not put any dedicated deposits of cigarette tax revenue in any jeopardy. The increase of the amount of first cigarette tax collections to be transferred to the Health Care Subsidy Fund from \$150 million to \$365 million, enacted in 2006, appeared to create an intra-fiscal year cashflow shortage for the deposits into the Dedicated Cigarette Tax Revenue Fund dedicated for debt service payments on New Jersey Economic Development Authority bonds secured by a portion of the Dedicated Cigarette Tax Revenues.

There is anticipated approximately \$760 million in annual cigarette revenue. With \$139 million in expected current fiscal year debt service payments and \$365 million in payments into the Health Care Subsidy fund, an approximate \$260 million cushion remains without specific statutory dedication. Thus, altering the current statutory timing of dedicated deposits of this revenue will not impact any of the dedicated purposes. The bill only addresses the timing of deposits during each fiscal year.

# ASSEMBLY, No. 3518

## STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED OCTOBER 19, 2006

**Sponsored by:**

**Assemblyman LOUIS D. GREENWALD**

**District 6 (Camden)**

**SYNOPSIS**

Makes technical change concerning the annual fiscal year timing of various statutory deposits of dedicated cigarette tax revenue.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT making a technical change concerning the annual fiscal  
2 year timing of various statutory deposits of dedicated cigarette  
3 tax revenue.

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

7  
8 1. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended  
9 to read as follows:

10 4. Notwithstanding the provisions of any other law to the  
11 contrary,

12 a. commencing July 1, 1998 and ending June 30, 2006: after  
13 the deposit required pursuant to section 5 of P.L.1982, c.40  
14 (C.54:40A-37.1), the first \$150,000,000 of revenue collected  
15 annually from the cigarette tax imposed pursuant to P.L.1948, c.65  
16 (C.54:40A-1 et seq.) and the first \$5,000,000 of revenue collected  
17 annually from the "Tobacco Products Wholesale Sales and Use Tax  
18 Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into  
19 the Health Care Subsidy Fund established pursuant to section 8 of  
20 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of  
21 revenue collected annually from the cigarette tax imposed pursuant  
22 to P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated  
23 annually for health programs, and the next \$50,000,000 of revenue  
24 collected annually from the cigarette tax imposed pursuant to  
25 P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated annually  
26 to the New Jersey Economic Development Authority for payment of  
27 debt service incurred by the authority for school facilities projects  
28 and in fiscal years commencing July 1, 2002 and July 1, 2003, the  
29 next \$30,000,000 of revenue collected annually from the cigarette  
30 tax imposed pursuant to P.L.1948, c.65 (C.54:40A-1 et seq.) shall  
31 be directed to the Department of Health and Senior Services to fund  
32 anti-smoking initiatives, except that the amount shall be  
33 \$40,000,000 in the fiscal year commencing July 1, 2004 and  
34 \$45,000,000 in the fiscal year commencing July 1, 2005; and

35 b. commencing with fiscal years beginning on and after July 1,  
36 2006, after the deposit required pursuant to section 5 of P.L.1982,  
37 c.40 (C.54:40A-37.1), the first **[\$365,000,000]** \$150,000,000 of  
38 revenue collected annually from the cigarette tax imposed pursuant  
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40 revenue collected annually from the "Tobacco Products Wholesale  
41 Sales and Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall  
42 be deposited into the Health Care Subsidy Fund established  
43 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58). In  
44 addition, there shall be deposited \$215,000,000 of revenue collected  
45 annually from the cigarette tax imposed pursuant to P.L.1948, c.65

**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 (C.54:40A-1 et seq.) in accordance with the provisions section 5 of  
2 P.L.2004, c.68 (C.34:1B-21.20).

3 (cf: P.L2006, c.37, s.7)

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5 2. Section 5 of P.L.2004, c.68 (C.34:1B-21.20) is amended to  
6 read as follows:

7 5. a. There is hereby created and established in the  
8 Department of the Treasury a separate nonlapsing fund to be known  
9 as the "Dedicated Cigarette Tax Revenue Fund." During the State  
10 fiscal year beginning July 1, 2006 and during each succeeding State  
11 fiscal year in which the authority has outstanding bonds or  
12 refunding bonds which have been issued pursuant to this act or is  
13 obligated to make any payments under any contract or agreement  
14 entered into by the authority pursuant to subsection c. of section 4  
15 of this act, the State Treasurer shall credit to such Fund, on a  
16 monthly basis, an amount equivalent to the dedicated cigarette tax  
17 revenues received by the State during each calendar month of such  
18 fiscal year. Provided however, that:

19 (1) no credits of dedicated cigarette tax revenues shall be made  
20 to the Dedicated Cigarette Tax Revenue Fund in any State fiscal  
21 year until the deposits of \$150,000,000 of revenue from the  
22 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
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24 such fiscal year, **[and]**

25 (2) in each month of a State fiscal year beginning after the  
26 month in which the final deposits of \$150,000,000 of revenue from  
27 the cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
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29 for such fiscal year, the State Treasurer shall credit to the Dedicated  
30 Cigarette Tax Revenue Fund an amount equivalent to all revenue  
31 collected by the State from the cigarette tax during such calendar  
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34 amount that would have been credited to such Fund since the  
35 beginning of such fiscal year in accordance with the preceding  
36 sentence if the deposits of \$150,000,000 of revenue from the  
37 cigarette tax required by section 4 of P.L.1997, c.264 (C.26:2H-  
38 18.58g) into the Health Care Subsidy Fund were not required to  
39 have been made, and

40 (3) Thereafter, in each month of a State fiscal year, the State  
41 Treasurer shall credit (a) to the Dedicated Cigarette Tax Revenue  
42 Fund an amount equivalent to the dedicated cigarette tax revenues  
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45 during such calendar month; provided, however, that the amount so  
46 credited to the Health Care Subsidy Fund shall not exceed  
47 \$215,000,000 in the aggregate for all such months in the State  
48 fiscal year.





1 million dedicated to the Health Care Subsidy Fund beginning in  
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6 This will not put any payments into the Health Care Subsidy  
7 Fund or for any other dedicated purpose in any jeopardy. The  
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18 Care Subsidy fund, about \$260 million cushion remains without  
19 specific statutory dedication. Thus, altering the current statutory  
20 timing of dedicated deposits of this revenue will not impact any of  
21 the dedicated purposes. The issue is one of timing of deposits  
22 during each fiscal year.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3518

# STATE OF NEW JERSEY

DATED: OCTOBER 19, 2006

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3518.

Assembly Bill No. 3518 makes a technical change concerning the annual fiscal year timing of the various statutory deposits of dedicated cigarette tax revenue. The bill directs that the additional deposit of \$215 million dedicated to the Health Care Subsidy Fund beginning in fiscal year 2007 be made with cigarette tax revenues during each fiscal year only after deposits to the Dedicated Cigarette Tax Revenue Fund have been made in order that the schedule for debt service payments on Cigarette Tax Securitization Bonds can be met.

#### FISCAL IMPACT:

This bill will not put any dedicated deposits of cigarette tax revenue in any jeopardy. The increase of the amount of first cigarette tax collections to be transferred to the Health Care Subsidy Fund from \$150 million to \$365 million, enacted in 2006, appeared to create an intra-fiscal year cash-flow shortage for the deposits into the Dedicated Cigarette Tax Revenue Fund dedicated for debt service payments on New Jersey Economic Development Authority bonds secured by a portion of the Dedicated Cigarette Tax Revenues.

Anticipated annual cigarette revenue is approximately \$760 million. With \$139 million in expected current fiscal year debt service payments and \$365 million in payments into the Health Care Subsidy fund, an approximate \$260 million cushion remains without specific statutory dedication. Thus, altering the current statutory timing of dedicated deposits of this revenue will not impact any of the dedicated purposes. The bill addresses only the timing of deposits during each fiscal year.