

40:48G-1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 302

NJSA: 40:48G-1 (Authorizes municipalities to impose a 5% surcharge on admission charges for admissions to certain major places of amusement)

BILL NO: S2971 (Substituted for A4611)

SPONSOR(S) Rice and Others

DATE INTRODUCED: November 29, 2007

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 7, 2008

SENATE: January 7, 2008

DATE OF APPROVAL: January 13, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Second reprint enacted)

S2971

[SPONSOR'S STATEMENT](#): (Begins on page 2 of original bill) [Yes](#)

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

[SENATE:](#) [Yes](#)

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes [12-21-07](#)
[2-7-08](#)

A4611

[SPONSOR'S STATEMENT](#): (Begins on page 2 of original bill) [Yes](#)

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

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [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

RWH 6/4/08

Title 40.
Chapter
48G.(New)
Municipal
Surcharge on
Admissions to
Major Places of
Amusement
§1 - C.40:48G-1

P.L. 2007, CHAPTER 302, *approved January 13, 2008*
Senate, No. 2971 (*Second Reprint*)

1 AN ACT authorizing ¹**[certain]**¹ municipalities to impose a
2 surcharge on ¹**[special events]** admission charges¹ at certain
3 ¹**[venues]** major places of amusement¹ and supplementing Title
4 40 of the Revised Statutes.

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

8
9 1. a. As used in this section,
10 "admission charge" means the amount paid for admission,
11 including any service charge and any charge for entertainment at a
12 place of amusement, including but not limited to a dramatic or
13 musical arts admission charge as defined pursuant to subsection (r)
14 of section 2 of P.L.1966, c.30 (C.54:32B-2); and ¹

15 ¹**[“sports or entertainment facility”]** “major place of
16 amusement”¹ means ¹**[any facility that]** a place of amusement as
17 that term is defined in subsection (t) of section 2 of P.L.1966, c.30
18 (C.54:32B-2), other than a motion picture theater, and other than an
19 amusement park as defined in section 1 of P.L.1992, c.118 (C.5:3-
20 55), at which admission charges are regularly paid, which place of
21 amusement¹ is not owned by the State or ¹**[any]** an independent
22 State¹ authority ¹**[created by the State]**¹, ¹**[in which sporting or**
23 **entertainment events are regularly held]**¹ ²or is not located on
24 property that is owned by the State or an independent State
25 authority,² and which contains ¹**[not less than 4,000]**¹ fixed seats or
26 bleacher capacity for not less than ¹**[4,000 persons]** 10,000
27 patrons¹.

28 b. ¹**[A]** The governing body of a¹ municipality in which ¹**[a**
29 **sports or entertainment facility is situate may, by ordinance, impose**
30 **a surcharge on each ticket sold for an event at such a facility]** there
31 is located a major place of amusement may adopt an ordinance
32 imposing a surcharge¹ in the amount of ¹**[the greater of \$2 or]**¹ 5%
33 of ¹**[the face value of the ticket, if purchased directly from the**

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:

¹Senate SBA committee amendments adopted December 10, 2007.

²Assembly AAP committee amendments adopted January 3, 2008.

1 facility, or the greater of \$2 or 5% of the total] each admission¹
2 charge ¹[for a ticket, including any charge imposed by a ticket
3 broker or other middleman, if purchased from a source other than
4 the facility. Any ordinance adopted under this section shall require
5 that the funds raised through the imposition of the surcharge shall
6 be used by the municipality only for expenditures related to public
7 safety.] that is subject to the New Jersey sales tax pursuant to
8 paragraph (1) of subsection (e) of section 3 of P.L.1966, c.30
9 (C.54:32B-3), and that is not otherwise exempt from that tax,
10 collected by each major place of amusement in the municipality for
11 admission thereto, which surcharge shall be paid by the customer
12 from whom the sales tax is due pursuant to section 3 P.L.1966, c.30
13 (C.54:32B-3). A surcharge imposed under an ordinance adopted
14 pursuant to this section shall be in addition to any other tax or fee
15 imposed pursuant to statute or local ordinance or resolution by any
16 governmental entity upon the admission charge. A surcharge
17 imposed under an ordinance adopted pursuant to this section shall
18 be separately stated on any bill, receipt, invoice or similar document
19 provided to the patron, but shall not be considered part of the sale
20 price for purpose of determining tax pursuant to P.L.1966, c.30
21 (C.54:32B-1 et seq.).¹

22 c. ¹A copy of an ordinance adopted pursuant to this section
23 shall be transmitted upon adoption or amendment to the State
24 Treasurer along with a list of the names and locations of major
25 places of amusement in the municipality. An ordinance so adopted
26 or any amendment thereto shall provide that the surcharge
27 provisions of the ordinance or any amendment to the surcharge
28 provisions shall take effect on the first day of the first full month
29 occurring 30 days after the date of transmittal to the State
30 Treasurer.¹ Any ordinance enacted pursuant to ¹[subsection b. of]¹
31 this section shall ¹[be filed with the State Treasurer and provided to
32 each sports or entertainment facility located in the municipality not
33 later than the 10th calendar day next following the approval of the
34 ordinance by the governing body of the municipality] contain the
35 following provisions:

36 (1) A vendor shall not assume or absorb the surcharge imposed
37 by the ordinance;

38 (2) A vendor shall not in any manner advertise or hold out to any
39 person or to the public in general, in any manner, directly or
40 indirectly, that the surcharge will be assumed or absorbed by the
41 vendor, that the surcharge will not be separately charged and stated
42 to the customer, or that the surcharge will be refunded to the
43 customer;

44 (3) Each assumption or absorption by a vendor of the surcharge
45 shall be deemed a separate offense and each representation or
46 advertisement by a vendor for each day the representation or
47 advertisement continues shall be deemed a separate offense; and

1 (4) Penalties as fixed in the ordinance, for violation of the
2 foregoing provisions¹.

3 d. ¹(1) A surcharge imposed pursuant to a municipal ordinance
4 adopted under the provisions of this section shall be collected on
5 behalf of the municipality by the person collecting the admission
6 charge from the customer.

7 (2) Each person required to collect a surcharge imposed by the
8 ordinance shall be personally liable for the surcharge imposed,
9 collected or required to be collected hereunder. Any such person
10 shall have the same right in respect to collecting the surcharge from
11 a customer as if the surcharge were a part of the admission charge
12 and payable at the same time; provided, however, that the chief
13 fiscal officer of the municipality shall be joined as a party in any
14 action or proceeding brought to collect the surcharge.

15 e. (1). A person required to collect a surcharge imposed
16 pursuant to the provisions of this section shall, on or before the
17 dates required pursuant to section 17 of P.L.1966, c.30 (C.54:32B-
18 17), forward to the Director of the Division of Taxation in the
19 Department of the Treasury the surcharge collected in the preceding
20 month and make and file a return for the preceding month with the
21 director on any form and containing any information as the director
22 shall prescribe as necessary to determine liability for the surcharge
23 in the preceding month during which the person was required to
24 collect the surcharge.

25 (2) The director may permit or require returns to be made
26 covering other periods and upon any dates as the director may
27 specify. In addition, the director may require payments of
28 surcharge liability at any intervals and based upon any
29 classifications as the director may designate. In prescribing any
30 other periods to be covered by the return or intervals or
31 classifications for payment of surcharge liability, the director may
32 take into account the dollar volume of surcharge involved as well as
33 the need for ensuring the prompt and orderly collection of the
34 surcharge imposed.

35 (3). The director may require amended returns to be filed within
36 20 days after notice and to contain the information specified in the
37 notice.

38 f. (1)¹ The Director of the Division of Taxation in the
39 Department of the Treasury shall collect and administer the
40 surcharge; in so doing, the director shall have all the powers granted
41 pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.). ¹【The director
42 shall forward the collected surcharge funds to each municipality on
43 a monthly basis.】 A surcharge imposed pursuant to the provisions
44 of this section shall be governed by the provisions of the "State
45 Uniform Tax Procedure Law," R.S.54:48-1 et seq.

46 (2) The director shall determine and certify to the State Treasurer
47 on a quarterly or more frequent basis, as prescribed by the State

1 Treasurer, the amount of revenues collected in each municipality
2 pursuant to this section.

3 (3) The State Treasurer, upon the certification of the director and
4 upon the warrant of the State Comptroller, shall pay and distribute
5 on a quarterly or more frequent basis, as prescribed by the State
6 Treasurer, to each municipality the amount of revenues determined
7 and certified under this subsection.

8 (4) The revenue, if any, received by a municipality shall be
9 appropriated as a special item of local revenue subject to the prior
10 written approval by the Director of the Division of Local
11 Government Services in the Department of Community Affairs, and
12 shall be offset with a local unit appropriation of an equal amount for
13 public safety purposes.¹

14 '[e.] g.¹ The director may, pursuant to the provisions of the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
16 seq.), make, adopt, amend, or repeal such rules and regulations as
17 the director finds necessary to carry out the provisions of this
18 section.

19

20 2. This act shall take effect immediately.

21

22

23

24

25 Authorizes municipalities to impose a 5% surcharge on
26 admission charges for admissions to certain major places of
27 amusement.

SENATE, No. 2971

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED NOVEMBER 29, 2007

Sponsored by:
Senator RONALD L. RICE
District 28 (Essex)

SYNOPSIS

Authorizes certain municipalities to impose a surcharge on special events at certain venues.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing certain municipalities to impose a surcharge on
2 special events at certain venues and supplementing Title 40 of
3 the Revised Statutes.

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

7
8 1. a. As used in this section, "sports or entertainment facility"
9 means any facility that is not owned by the State or any authority
10 created by the State, in which sporting or entertainment events are
11 regularly held and which contains not less than 4,000 fixed seats or
12 bleacher capacity for not less than 4,000 persons.

13 b. A municipality in which a sports or entertainment facility is
14 situate may, by ordinance, impose a surcharge on each ticket sold
15 for an event at such a facility in the amount of the greater of \$2 or
16 5% of the face value of the ticket, if purchased directly from the
17 facility, or the greater of \$2 or 5% of the total charge for a ticket,
18 including any charge imposed by a ticket broker or other
19 middleman, if purchased from a source other than the facility. Any
20 ordinance adopted under this section shall require that the funds
21 raised through the imposition of the surcharge shall be used by the
22 municipality only for expenditures related to public safety.

23 c. Any ordinance enacted pursuant to subsection b. of this
24 section shall be filed with the State Treasurer and provided to each
25 sports or entertainment facility located in the municipality not later
26 than the 10th calendar day next following the approval of the
27 ordinance by the governing body of the municipality.

28 d. The director of the Division of Taxation in the Department of
29 the Treasury shall collect and administer the surcharge; in so doing,
30 the director shall have all the powers granted pursuant to P.L.1966,
31 c.30 (C.54:32B-1 et seq.). The director shall forward the collected
32 surcharge funds to each municipality on a monthly basis.

33 e. The director may, pursuant to the provisions of the
34 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
35 seq.), make, adopt, amend, or repeal such rules and regulations as
36 the director finds necessary to carry out the provisions of this
37 section.

38
39 2. This act shall take effect immediately.

40
41

42 STATEMENT

43
44 This bill would authorize a municipality in which a sports or
45 entertainment facility is situate, by ordinance, to impose a surcharge
46 on each ticket sold for an event at such a facility in the amount of
47 the greater of \$2 or 5% of the face value of the ticket, if purchased
48 directly from the facility, or the greater of \$2 or 5% of the total

S2971 RICE

1 charge for a ticket, including any charge imposed by a ticket broker
2 or other middleman, if purchased from a source other than the
3 facility. The bill requires that any ordinance adopted under the bill
4 shall require that the funds raised through the imposition of the
5 surcharge shall be used by the municipality only for expenditures
6 related to public safety.

7 The bill defines “sports or entertainment facility” as any facility
8 that is not owned by the State or any authority created by the State,
9 in which sporting or entertainment events are regularly held and
10 which contains not less than 4,000 fixed seats or bleacher capacity
11 for not less than 4,000 persons.

12 The bill would require the Director of the Division of Taxation in
13 the Department of the Treasury to collect and administer the
14 surcharge, and to forward the collected surcharge funds to each
15 municipality on a monthly basis.

16 The surcharge authorized by bill is intended to allow
17 municipalities affected by the traffic and congestion generated by a
18 sports or entertainment facility to recoup some of the cost of the
19 local impact of those facilities without burdening local taxpayers.+

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2971

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 3, 2008

The Assembly Appropriations Committee reports favorably Senate Bill No. 2971 (1R), with committee amendments.

Senate Bill No. 2971 (1R), as amended, authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5% of any admission charge that is taxable under the State sales tax. The surcharge may be imposed only on admission charges for places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 patrons. The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority or upon admission charges for motion picture theaters or amusement parks. The surcharge is to be separated stated on any receipt provided to a customer. The surcharge is not to be added to the price upon which State sales tax is imposed.

The surcharge is to be administered by the New Jersey Division of Taxation in the Department of the Treasury. The revenue collected will be distributed by the State to each municipality from which it is collected. The funds raised through the imposition of the surcharge are required to be budgeted as a special item of local revenue, subject to the approval by the Director of the Division of Local Government Services in the Department of Community Affairs and shall be offset by a municipal appropriation of an equal amount for public safety purposes. The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local taxpayers.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 4611, as amended and reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that may be subject to a surcharge. The bill authorizes, but does not require, a municipal surcharge. Preliminary research conducted by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities under an optional ordinance imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

COMMITTEE AMENDMENTS:

The amendments clarify that the surcharge will not be imposed on major places of amusement that is located on property that is owned by the State or an independent State authority.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2971

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2007

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2971 with committee amendments.

The bill, as amended, authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5% of any admission charge that is taxable under the State sales tax. The surcharge may be imposed only on admission charges for places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 patrons. The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority or upon admission charges for motion picture theaters or amusement parks. The surcharge is to be separated stated on any receipt provided to a customer. The surcharge is not to be added to the price upon which State sales tax is imposed.

The surcharge is to be administered by the New Jersey Division of Taxation in the Department of the Treasury. The revenue collected will be distributed by the State to each municipality from which it is collected. The funds raised through the imposition of the surcharge are required to be budgeted as a special item of local revenue, subject to the approval by the Director of the Division of Local Government Services in the Department of Community Affairs and shall be offset by a municipal appropriation of an equal amount for public safety purposes. The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local taxpayers.

COMMITTEE AMENDMENTS:

The committee amendments:

- Replace language in the bill that establish the surcharge as a ticket value-based surcharge for events at certain venues. These terms are replaced with the similar terms of “admissions charge” and “place of amusement” that are used under the State sales tax law.

Since the State Division of Taxation will administer an optional municipal surcharge, the use of terms consistent with the State sales tax will provide for the administrative convenience of surcharge collections by the division being largely in conformity with its parallel State tax sales tax system;

- Increase the fixed seat or bleacher capacity of the venue to which the surcharge may be imposed, from 4,000 to 10,000 patrons;
- Exclude from the optional municipal surcharge admissions charges to motion picture theaters and amusement parks. The committee amendments fix the rate of the surcharge that may be imposed to 5% of each admission charge paid at each major place of amusement in the municipality that is also a taxable admission charge under the State sales tax;
- Clarify that the surcharge will be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution upon the admission charge and that the surcharge will not be considered part of the sale price for purpose of determining State sales tax;
- The amendments also provide for administrative provisions concerning collection of the surcharge by places of amusement and the filing of returns and payment over of the revenue collected; and
- Provide that the revenue received by a municipality shall be appropriated as a special item of local revenue with the prior written approval by the Director of the Division of Local Government Services in the Department of Community Affairs. The revenue amount is required to be offset with a municipal budget appropriation of an equal amount for public safety purposes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that may be subject to a surcharge. The bill authorizes, but does not require, a municipal surcharge. Preliminary research conducted by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities under an optional ordinance imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2971

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: DECEMBER 21, 2007

SUMMARY

- Synopsis:** Authorizes certain municipalities to impose a surcharge on special events at certain venues.
- Type of Impact:** Potential increase in municipal revenue.
- Agencies Affected:** Certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate potential increase	Indeterminate potential increase	Indeterminate potential increase

- The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge.
- Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.
- The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority or upon admission charges for motion picture theaters and amusement parks. The major place of amusement must have fixed seats or bleacher capacity for not less than 10,000 people.

BILL DESCRIPTION

Senate Bill No. 2971 (1R) of 2007 authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5 percent of each admission charge that is taxable under the State sales tax. The surcharge may be imposed only

on admission charges for places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 people. The surcharge is not to be added to the price upon which State sales tax is imposed, and is to be separately stated on any receipt provided to a customer.

The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local taxpayers.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge. Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

Section: *Local Government*

Analyst: *Scott A. Brodsky*
 Assistant Fiscal Analyst

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

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2971

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: FEBRUARY 7, 2008

SUMMARY

- Synopsis:** Authorizes certain municipalities to impose a surcharge on special events at certain venues.
- Type of Impact:** Potential increase in municipal revenue.
- Agencies Affected:** Certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate potential increase- See comments below		

- The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge.
- Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.
- The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority, or upon admission charges for motion picture theaters and amusement parks. A major place of amusement must have fixed seats or bleacher capacity for not less than 10,000 people.

BILL DESCRIPTION

Senate Bill No. 2791(2R) of 2007 authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5 percent of each admission charge that is taxable under the State sales tax. The surcharge may be imposed only

on admission charges for places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 people. The surcharge is not to be added to the price upon which State sales tax is imposed, and is to be separately stated on any receipt provided to a customer.

The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local property taxpayers.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge. Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

Section: Local Government

*Analyst: Scott A. Brodsky
Assistant Fiscal Analyst*

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

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

ASSEMBLY, No. 4611

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 6, 2007

Sponsored by:

Assemblyman WILFREDO CARABALLO

District 29 (Essex and Union)

SYNOPSIS

Authorizes certain municipalities to impose a surcharge on special events at certain venues.

CURRENT VERSION OF TEXT

As introduced.



A4611 CARABALLO

2

1 AN ACT authorizing certain municipalities to impose a surcharge on
2 special events at certain venues and supplementing Title 40 of
3 the Revised Statutes.

4

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

7

8 1. a. As used in this section, "sports or entertainment facility"
9 means any facility that is not owned by the State or any authority
10 created by the State, in which sporting or entertainment events are
11 regularly held and which contains not less than 3,000 fixed seats or
12 bleacher capacity for not less than 3,000 persons.

13 b. A municipality in which a sports or entertainment facility is
14 situate may, by ordinance, impose a surcharge on each ticket sold
15 for an event at such a facility in the amount of the greater of \$2 or
16 5% of the face value of the ticket, if purchased directly from the
17 facility, or the greater of \$2 or 5% of the total charge for a ticket,
18 including any charge imposed by a ticket broker or other
19 middleman, if purchased from a source other than the facility. Any
20 ordinance adopted under this section shall require that the funds
21 raised through the imposition of the surcharge shall be used by the
22 municipality only for expenditures related to public safety.

23 c. Any ordinance enacted pursuant to subsection b. of this
24 section shall be filed with the State Treasurer and provided to each
25 sports or entertainment facility located in the municipality not later
26 than the 10th calendar day next following the approval of the
27 ordinance by the governing body of the municipality.

28 d. The director of the Division of Taxation in the Department of
29 the Treasury shall collect and administer the surcharge; in so doing,
30 the director shall have all the powers granted pursuant to P.L.1966,
31 c.30 (C.54:32B-1 et seq.). The director shall forward the collected
32 surcharge funds to each municipality on a monthly basis.

33 e. The director may, pursuant to the provisions of the
34 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
35 seq.), make, adopt, amend, or repeal such rules and regulations as
36 the director finds necessary to carry out the provisions of this
37 section.

38

39 2. This act shall take effect immediately.

40

41

42

STATEMENT

43

44 This bill would authorize a municipality in which a sports or
45 entertainment facility is situate, by ordinance, to impose a surcharge
46 on each ticket sold for an event at such a facility in the amount of
47 the greater of \$2 or 5% of the face value of the ticket, if purchased
48 directly from the facility, or the greater of \$2 or 5% of the total

A4611 CARABALLO

1 charge for a ticket, including any charge imposed by a ticket broker
2 or other middleman, if purchased from a source other than the
3 facility. The bill requires that any ordinance adopted under the bill
4 shall require that the funds raised through the imposition of the
5 surcharge shall be used by the municipality only for expenditures
6 related to public safety.

7 The bill defines “sports or entertainment facility” as any facility
8 that is not owned by the State or any authority created by the State,
9 in which sporting or entertainment events are regularly held and
10 which contains not less than 3,000 fixed seats or bleacher capacity
11 for not less than 3,000 persons.

12 The bill would require the Director of the Division of Taxation in
13 the Department of the Treasury to collect and administer the
14 surcharge, and to forward the collected surcharge funds to each
15 municipality on a monthly basis.

16 The surcharge authorized by bill is intended to allow
17 municipalities affected by the traffic and congestion generated by a
18 sports or entertainment facility to recoup some of the cost of the
19 local impact of those facilities without burdening local taxpayers.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4611

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 3, 2008

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4611, with committee amendments.

Assembly Bill No. 4611, as amended, authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5% of any admission charge that is taxable under the State sales tax. The surcharge may be imposed only on admission charges for places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 patrons. The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority or upon admission charges for motion picture theaters or amusement parks. The surcharge is to be separated stated on any receipt provided to a customer. The surcharge is not to be added to the price upon which State sales tax is imposed.

The surcharge is to be administered by the New Jersey Division of Taxation in the Department of the Treasury. The revenue collected will be distributed by the State to each municipality from which it is collected. The funds raised through the imposition of the surcharge are required to be budgeted as a special item of local revenue, subject to the approval by the Director of the Division of Local Government Services in the Department of Community Affairs and shall be offset by a municipal appropriation of an equal amount for public safety purposes. The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local taxpayers.

As amended and reported by the committee, this bill is identical to Senate Bill No. 2971 (1R), as amended and reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at

major places of amusement that may be subject to a surcharge. The bill authorizes, but does not require, a municipal surcharge. Preliminary research conducted by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities under an optional ordinance imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

COMMITTEE AMENDMENTS:

The amendments:

- Replace language in the bill that establishes the surcharge as a ticket value-based surcharge for events at certain venues. These terms are replaced with the similar terms of “admissions charge” and “place of amusement” that are used under the State sales tax law. As the State Division of Taxation will administer an optional municipal surcharge, the use of terms consistent with the State sales tax will provide for the administrative convenience of surcharge collections by the division, being largely in conformity with its parallel State tax sales tax system
- Clarify that the surcharge will not be imposed on major places of amusement that is located on property that is owned by the State or an independent State authority;
- Increase the fixed seat or bleacher capacity of the venue to which the surcharge may be imposed, from 3,000 to 10,000 patrons;
- Exclude admissions charges to motion picture theaters and amusement parks from the optional municipal surcharge.
- Fix the rate of the surcharge that may be imposed to 5% of each admission charge paid at each major place of amusement in the municipality that is also a taxable admission charge under the State sales tax;
- Clarify that the surcharge will be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution upon the admission charge and that the surcharge will not be considered part of the sale price for purpose of determining State sales tax;
- Provide administrative provisions concerning collection of the surcharge by places of amusement and the filing of returns and payment over of the revenue collected; and
- Provide that the revenue received by a municipality shall be appropriated as a special item of local revenue with the prior written approval by the Director of the Division of Local Government Services in the Department of Community Affairs. The revenue amount is required to be offset with a municipal budget appropriation of an equal amount for public safety purposes.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4611

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: JANUARY 14, 2008

SUMMARY

- Synopsis:** Authorizes certain municipalities to impose a surcharge on special events at certain venues.
- Type of Impact:** Potential increase in municipal revenue.
- Agencies Affected:** Certain municipalities

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Indeterminate- See comments below		

- The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge.
- Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.
- The surcharge may not be imposed on major places of amusement owned by the State or an independent State authority, or upon admission charges for motion picture theaters and amusement parks. A major place of amusement must have fixed seats or bleacher capacity for not less than 10,000 people.

BILL DESCRIPTION

Assembly Bill No. 4611(1R) of 2007 authorizes municipalities to adopt by ordinance, an optional municipal surcharge on admissions charges paid at major places of amusement located therein. The surcharge is to be paid by customers in an amount equal to 5 percent of each admission charge that is taxable under the State sales tax. The surcharge may be imposed only on admission charges for places of amusement at which admission charges are regularly paid and

which contain fixed seats or bleacher capacity for not less than 10,000 people. The surcharge is not to be added to the price upon which State sales tax is imposed, and is to be separately stated on any receipt provided to a customer.

The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities without burdening local taxpayers.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) is unable to determine the potential increase in municipal revenue from this bill due to the absence of information regarding the number or value of admissions at major places of amusement that would be subject to the surcharge. Preliminary research by the OLS suggests that the Prudential Center in Newark and a number of operating facilities and facilities under construction in other municipalities may be covered facilities imposing a surcharge on admission charges under the bill. These venues may include professional sports stadiums and certain concert halls.

Section: Local Government

Analyst: Scott A. Brodsky
Assistant Fiscal Analyst

Approved: David J. Rosen
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).