

5:12-152.1
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2021 **CHAPTER:** 497

NJSA: 5:12-152.1 (Imposes surcharge on casino hotel occupancies to fund public safety services.*)

BILL NO: A6257 (Substituted for S4311)

SPONSOR(S) McKnight, Angela V. and others

DATE INTRODUCED: 1/3/2022

COMMITTEE: **ASSEMBLY:** AAP

SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 1/10/2022

SENATE: 1/10/2022

DATE OF APPROVAL: 1/18/2022

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First Reprint enacted) Yes

A6257

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

(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

S4311

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

(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: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

P.L. 2021, CHAPTER 497, *approved January 18, 2022*
Assembly, No. 6257 (*First Reprint*)

1 AN ACT imposing a ¹**[temporary]**¹ surcharge on ¹casino¹ hotel
2 occupancies ¹**[in certain cities]** to fund public safety services,
3 supplementing Title 5 of the Revised Statutes¹.
4

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

8 1. a. A surcharge at the rate of ¹**[\$3]** \$2¹ per day for each occupied
9 room shall be imposed on ¹**[hotels in each qualified municipality]** a
10 casino hotel facility¹.

11 b. A surcharge imposed under subsection a. of this section shall
12 be collected and administered by the Director of the Division of
13 Taxation in the Department of the Treasury. In carrying out the
14 provisions of this subsection, the director shall have all the powers
15 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The director shall
16 determine and certify to the State Treasurer on a monthly basis the
17 amount of revenues collected by the director pursuant to subsection a.
18 of this section ¹**[in each qualified municipality]**¹. The State
19 Treasurer, upon the certification of the director and upon the warrant
20 of the Director of the Division of Budget and Accounting in the
21 Department of the Treasury, shall pay and distribute on a monthly
22 basis to the ¹**[qualified]**¹ municipality in which the casino hotel
23 facility is located¹ the amount so determined and certified.

24 c. All surcharges received by a ¹**[qualified]**¹ municipality
25 pursuant to subsection b. of this section shall be deposited into a
26 dedicated public safety services trust fund. Amounts deposited in the
27 trust fund shall be used by ¹**[a qualified]** the¹ municipality solely and
28 exclusively to fund appropriations for public safety services. The
29 amount deposited into the dedicated public safety services trust fund
30 shall be anticipated in the budget of ¹**[a qualified]** the¹ municipality as
31 a special item of revenue and as an appropriation item of an amount
32 equal to any such special item of revenue pursuant to N.J.S.40A:4-87.
33 The amount deposited into the public safety services trust fund shall be
34 inserted into the annual budget as a special item of revenue or
35 appropriation only when the total amount appropriated for public
36 safety services in the adopted budget of ¹**[a qualified]** the¹
37 municipality for the current fiscal year is greater than the amount
38 appropriated for public safety services, exclusive of any amount from

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 January 6, 2022.

1 the public safety services trust fund appropriated in the budget in the
2 previous fiscal year. ¹The amount appropriated and expended for the
3 hiring and retention of employees of the fire and police departments
4 shall not exceed 37 percent of all surcharge revenue received by the
5 municipality and deposited into the dedicated public safety services
6 trust fund in the period beginning January 1, 2022 and ending
7 December 31, 2024. Beginning January 1, 2025, the Director of the
8 Division of Local Government Services may set the maximum
9 percentage of surcharge revenue received by the municipality that may
10 be utilized for the hiring and retention of employees of the police and
11 fire departments.¹

12 d. As used in this section:

13 ¹**["Hotel"** means a building or a portion of a building that is
14 regularly used and kept open for the lodging of guests and includes a
15 hotel, motel, inn, and rooming or boarding house, whether or not
16 meals are served.]¹

17 "Occupied room" means a room or rooms of any kind in any part
18 of a hotel, other than a place of assembly, that is used or possessed by
19 a guest or guests overnight or for a portion of a day, whether or not for
20 consideration.

21 ¹**["Qualified municipality"** means a municipality in which the
22 provisions of P.L.1947, c.71 (C.40:48-8.15 et seq.) are operative on
23 the date of enactment of P.L. , c. (pending before the Legislature as
24 this bill).]¹

25 "Public safety services" means the hiring, retention, and training of
26 and equipment for employees of the police and fire departments ¹, and
27 capital improvements benefitting the police and fire departments,¹ in
28 ¹**["a qualified]"** the¹ municipality ¹authorized to receive surcharges
29 pursuant to subsection a. of this section¹.

30

31 2. This act shall take effect on the first day of the second month
32 next following the date of enactment ¹**["and shall expire two years**
33 **thereafter]"**¹.

34

35

36

37

38 Imposes surcharge on casino hotel occupancies to fund public
39 safety services.

ASSEMBLY, No. 6257

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JANUARY 3, 2022

Sponsored by:

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

SYNOPSIS

Imposes temporary surcharge on hotel occupancies in certain cities to fund public safety services.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT imposing a temporary surcharge on hotel occupancies in
2 certain cities.

3

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

6

7 1. a. A surcharge at the rate of \$3 per day for each occupied
8 room shall be imposed on hotels in each qualified municipality.

9 b. A surcharge imposed under subsection a. of this section shall
10 be collected and administered by the Director of the Division of
11 Taxation in the Department of the Treasury. In carrying out the
12 provisions of this subsection, the director shall have all the powers
13 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The director shall
14 determine and certify to the State Treasurer on a monthly basis the
15 amount of revenues collected by the director pursuant to subsection
16 a. of this section in each qualified municipality. The State
17 Treasurer, upon the certification of the director and upon the
18 warrant of the Director of the Division of Budget and Accounting in
19 the Department of the Treasury, shall pay and distribute on a
20 monthly basis to the qualified municipality the amount so
21 determined and certified.

22 c. All surcharges received by a qualified municipality pursuant
23 to subsection b. of this section shall be deposited into a dedicated
24 public safety services trust fund. Amounts deposited in the trust
25 fund shall be used by a qualified municipality solely and
26 exclusively to fund appropriations for public safety services. The
27 amount deposited into the dedicated public safety services trust
28 fund shall be anticipated in the budget of a qualified municipality as
29 a special item of revenue and as an appropriation item of an amount
30 equal to any such special item of revenue pursuant to N.J.S.40A:4-
31 87. The amount deposited into the public safety services trust fund
32 shall be inserted into the annual budget as a special item of revenue
33 or appropriation only when the total amount appropriated for public
34 safety services in the adopted budget of a qualified municipality for
35 the current fiscal year is greater than the amount appropriated for
36 public safety services, exclusive of any amount from the public
37 safety services trust fund appropriated in the budget in the previous
38 fiscal year.

39 d. As used in this section:

40 "Hotel" means a building or a portion of a building that is
41 regularly used and kept open for the lodging of guests and includes
42 a hotel, motel, inn, and rooming or boarding house, whether or not
43 meals are served.

44 "Occupied room" means a room or rooms of any kind in any part
45 of a hotel, other than a place of assembly, that is used or possessed
46 by a guest or guests overnight or for a portion of a day, whether or
47 not for consideration.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 6257

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Assembly Appropriations Committee reports favorably Assembly Bill No. 6257, with committee amendments.

As amended, this bill imposes a daily \$2 per room surcharge on hotel occupancies. The bill requires all surcharges to be deposited into a public safety services trust fund and dedicated to fund public safety services for the host city.

The surcharge revenues are intended to supplement, rather than replace, appropriations for public safety services that are supported by general revenues, such as the municipal State aid and the property tax levy. To that end, the bill allows a municipality to appropriate the surcharge revenues in the municipal budget only if municipal appropriations for public services in the current fiscal year are higher than municipal appropriations for public safety services in the prior fiscal year. The State would collect the surcharges and remit the revenues therefrom to the city.

COMMITTEE AMENDMENTS:

The committee amended the bill to reduce the daily surcharge from \$3 per occupied room to \$2 per occupied room. The committee amended the bill to eliminate the surcharge on hotels that are not casino hotels. The amendments also remove language related to qualified municipalities, which is redundant as only a single municipality in the State, Atlantic City, hosts casino hotels.

The amendments further specify that the amount appropriated and expended for the hiring and retention of employees of the fire and police departments may not exceed 37 percent of all surcharge revenue received by the municipality and deposited into the dedicated public safety services trust fund in 2022, 2023, and 2024. Afterward, the Director of the Division of Local Government Services may set the maximum percentage of surcharge revenue received by the municipality that may be utilized for the hiring and retention of employees of the police and fire departments.

The amendments allow surcharge revenues to be expended for capital improvements benefitting the police and departments.

Finally, the amendments make the bill permanent, rather than expiring after two years.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates the surcharge will generate approximately \$7.8 million annually for the City of Atlantic City.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 6257
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 10, 2022

SUMMARY

Synopsis: Imposes temporary surcharge on hotel occupancies in certain cities to fund public safety services.

Type of Impact: Temporary increase in municipal revenues.

Agencies Affected: Department of the Treasury; City of Atlantic City.

Office of Legislative Services Estimate

Fiscal Impact	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>
Local Revenue Increase	\$11.0 million	\$13.2 million	\$2.2 million

- The Office of Legislative Services (OLS) estimates that the bill will result in a temporary increase in municipal revenues for the City of Atlantic City. The amount of revenues to be realized in each calendar year was calculated using recent information on the collection of currently imposed hotel surcharges and to extrapolate the number of hotel room rentals to which the new surcharge would apply.
- The bill requires certain cities to use the hotel surcharge revenues to fund public safety services. However, these funds are available only if municipal appropriations for public safety services increase from year-to-year. The surcharge revenues are intended to supplement, rather than replace, appropriations for public safety services that are supported by general municipal revenues.

BILL DESCRIPTION

The bill imposes a daily \$3 per room surcharge on hotel occupancies in certain cities. The bill requires all surcharge revenues to be deposited into a public safety services trust fund and dedicated to support public services for each qualifying city. The bill allows a qualified municipality to appropriate the surcharge revenues only if municipal appropriations for public safety services in the current fiscal year are higher than municipal appropriations for public safety services in the prior fiscal year, exclusive of any amounts of revenue appropriated from the public

safety services trust fund. The bill defines public safety services as the hiring, retention, and training of and equipment for employees of the police and fire departments in a qualified municipality.

The surcharge would be imposed in all municipalities that levy a retail sales tax pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.), which is only available to “fourth class cities,” defined in State law as cities bordering on the Atlantic ocean which are seaside or summer resorts. Atlantic City is currently the only city that levies this tax and that would be subject to the surcharge provisions of the bill. The bill directs the State to collect the surcharge and remit the revenues therefrom to the city on a monthly basis. The surcharge imposed by the bill would be in addition to the daily fees levied on hotel occupancies pursuant to State law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the new hotel surcharge will result in an increase of municipal revenues distributed to the City of Atlantic City. If this bill is enacted into law in January 2022, it would take effect on March 1, 2022 and expire on March 1, 2024. The OLS anticipates that the surcharge will generate revenues of about \$11.0 million in calendar year 2022, \$13.2 million in calendar year 2023, and \$2.2 million calendar year 2024. These projections are presented on a calendar year basis because Atlantic City’s fiscal year begins on January 1 and ends on December 31.

This estimate was calculated using information reported in the August 2021 “Summary of Gaming and Atlantic City Taxes and Fees” prepared by the Division of Gaming Enforcement in the Department of Law and Public Safety. Hotel room rentals in Atlantic City are currently subject to two fees: a “casino hotel fee” and a “tourism promotion fee.” Neither fee supports the municipal government, but their collection data can nonetheless be used to estimate the impact of a similar fee imposed under the bill. The casino hotel fee is imposed at a rate of \$3 per day on each room in a casino hotel facility that is occupied by a guest. The Division of Gaming Enforcement report indicates that the casino hotel fee generated an average of \$11.7 million per year from calendar year 2015 through calendar year 2019. The casino hotel fee rate of \$3.00 is the same amount as the new surcharge proposed by the bill. Accordingly, the OLS estimates that casino hotel room rentals will generate about \$11.7 million annually.

The tourism promotion fee is imposed on each occupied room in a hotel at a rate of \$1.00 per day, except for occupied rooms in hotels that provide casino gaming, where the rate is \$2 per day. According to the Division of Gaming Enforcement, the tourism promotion fee generated an average of \$8.3 million per year from calendar year 2015 through calendar year 2019. Using the casino hotel fee data, the OLS estimates that there were an average of 3.9 million casino hotel room rentals per year from calendar 2015 to calendar year 2019. These rentals would have generated \$7.8 million in tourism promotion fees. By subtracting these revenues from the average amount of revenue raised by the tourism promotion fee, the OLS estimates that non-casino hotel rentals generated about \$500,000 in tourism promotion fees. Because the tourism promotion fee

for non-casino hotel rentals is \$1 per day, the amount of revenue raised is equal to the number of room rentals. To estimate the amount of public safety surcharge revenues to be generated by non-casino hotel room rentals, the number non-casino room rentals (500,000) was multiplied by the amount of the new surcharge (\$3.00) for a total of \$1.5 million in revenues. The estimated amount of annual surcharge revenues is the sum of the surcharges imposed on casino and non-casino hotel room rentals (\$11.7 million + \$1.5 million = \$13.2 million.). The OLS estimates have been adjusted to reflect the period in which the surcharge will be collected in each calendar year.

As noted above, the bill permits the surcharge revenues to be appropriated to support public safety services only if appropriations for those services increase from one year to the next. If such an increase does not occur it is conceivable that there will be unappropriated balances in the trust fund after the bill expires. The OLS notes that total appropriations for the city's Department of Public Safety (which includes the Police Department, Fire Department, Emergency Services, and Uniform Fire Code enforcement) increased from \$52.0 million in calendar year 2017 to \$57.1 million in calendar year 2020 and then declined to \$56.4 million for calendar year 2021.

Section: Revenue, Finance, and Appropriations
Analyst: Scott A. Brodsky
Principal Fiscal Analyst
Approved: Thomas Koenig
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-6 et seq.).

SENATE, No. 4311

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JANUARY 6, 2022

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Imposes surcharge on casino hotel occupancies to fund public safety services.

CURRENT VERSION OF TEXT

As introduced.



S4311 SWEENEY, SINGLETON

2

1 AN ACT imposing a surcharge on casino hotel occupancies to fund
2 public safety services, supplementing Title 5 of the Revised
3 Statutes.

4

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

7

8 1. a. A surcharge at the rate of \$2 per day for each occupied
9 room shall be imposed on a casino hotel facility.

10 b. A surcharge imposed under subsection a. of this section shall
11 be collected and administered by the Director of the Division of
12 Taxation in the Department of the Treasury. In carrying out the
13 provisions of this subsection, the director shall have all the powers
14 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The director shall
15 determine and certify to the State Treasurer on a monthly basis the
16 amount of revenues collected by the director pursuant to subsection
17 a. of this section. The State Treasurer, upon the certification of the
18 director and upon the warrant of the Director of the Division of
19 Budget and Accounting in the Department of the Treasury, shall
20 pay and distribute on a monthly basis to the municipality in which
21 the casino hotel facility is located the amount so determined and
22 certified.

23 c. All surcharges received by a municipality pursuant to
24 subsection b. of this section shall be deposited into a dedicated
25 public safety services trust fund. Amounts deposited in the trust
26 fund shall be used by the municipality solely and exclusively to
27 fund appropriations for public safety services. The amount
28 deposited into the dedicated public safety services trust fund shall
29 be anticipated in the budget of the municipality as a special item of
30 revenue and as an appropriation item of an amount equal to any
31 such special item of revenue pursuant to N.J.S.40A:4-87. The
32 amount deposited into the public safety services trust fund shall be
33 inserted into the annual budget as a special item of revenue or
34 appropriation only when the total amount appropriated for public
35 safety services in the adopted budget of the municipality for the
36 current fiscal year is greater than the amount appropriated for public
37 safety services, exclusive of any amount from the public safety
38 services trust fund appropriated in the budget in the previous fiscal
39 year. The amount appropriated and expended for the hiring and
40 retention of employees of the fire and police departments shall not
41 exceed 37 percent of all surcharge revenue received by the
42 municipality and deposited into the dedicated public safety services
43 trust fund in the period beginning January 1, 2022 and ending
44 December 31, 2024. Beginning January 1, 2025, the Director of
45 the Division of Local Government Services may set the maximum
46 percentage of surcharge revenue received by the municipality that
47 may be utilized for the hiring and retention of employees of the
48 police and fire departments.

1 d. As used in this section:

2 “Occupied room” means a room or rooms of any kind in any part
3 of a hotel, other than a place of assembly, that is used or possessed
4 by a guest or guests overnight or for a portion of a day, whether or
5 not for consideration.

6 “Public safety services” means the hiring, retention, and training
7 of and equipment for employees of the police and fire departments,
8 and capital improvements benefitting the police and departments, in
9 the municipality authorized to receive surcharges pursuant to
10 subsection a. of this section.

11

12 2. This act shall take effect on the first day of the second month
13 next following the date of enactment.

14

15

16

STATEMENT

17

18 This bill imposes a daily \$2 per room surcharge on hotel
19 occupancies. The bill requires all surcharges to be deposited into a
20 public safety services trust fund and dedicated to fund public safety
21 services for the host city.

22 The surcharge revenues are intended to supplement, rather than
23 replace, appropriations for public safety services that are supported
24 by general revenues, such as the municipal State aid and the
25 property tax levy. To that end, the bill allows a municipality to
26 appropriate the surcharge revenues in the municipal budget only if
27 municipal appropriations for public services in the current fiscal
28 year are higher than municipal appropriations for public safety
29 services in the prior fiscal year. The State would collect the
30 surcharges and remit the revenues therefrom to the city.