

40:48C-19

**LEGISLATIVE HISTORY CHECKLIST**  
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("Local Tax Authorization Act"--  
extends expiration date)

NJSA: 40:48C-19

LAWS OF: 1996 CHAPTER: 33

BILL NO: A1566

SPONSOR(S): Brown & Mattison

DATE INTRODUCED: February 15, 1996

COMMITTEE: ASSEMBLY: Appropriations

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: May 30, 1996

SENATE: May 30, 1996

DATE OF APPROVAL: June 17, 1996

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

**FOLLOWING WERE PRINTED:**

REPORTS: No

HEARINGS: No

KBP:pp

P.L. 1996, CHAPTER 33, *approved June 17, 1996*  
Assembly No. 1566 (*First Reprint*)

1 AN ACT extending the expiration date and limiting the enactment of  
2 certain local payroll taxes, and amending P.L.1970, c.326.

3

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

6

7 1. Section 19 of P.L.1970, c.326 (C.40:48C-19) is amended to  
8 read as follows:

9 19. No tax shall be imposed under any ordinance adopted pursuant  
10 to this article with respect to services performed prior to January 1,  
11 1971, or in a calendar quarter prior to that in which the ordinance is  
12 adopted, or in a municipality that has not within two years prior to  
13 July 1, 1995 collected taxes or enacted an ordinance imposing a tax,  
14 or on or after **[January 1, 1996,]** December 31, 1999; but any such  
15 ordinance shall remain in effect with respect to the right of the  
16 municipality to receive reports and enforce and collect taxes due  
17 thereunder for any period prior to **[January 1, 1996]** December 31,  
18 1999.

19 (cf: P.L.1994, c.28, s.2.)

20

21 2. This act shall take effect immediately <sup>1</sup>and be retroactive to  
22 January 1, 1996<sup>1</sup>.

23

24

25

26

27 Extends expiration date and limits enactment of certain payroll taxes  
28 under "Local Tax Authorization Act."

**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:**

**<sup>1</sup> Assembly AAP committee amendments adopted May 13, 1996.**

[First Reprint]  
ASSEMBLY, No. 1566

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Assemblymen BROWN and MATTISON

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STATEMENT

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26 This bill extends to December 31, 1999 the expiration date of the  
27 local payroll tax authorized by the "Local Tax Authorization Act,"  
28 P.L. 1970, c.326 (C.40:48C-1 et seq.) and limits its further imposition  
29 to those municipalities which have within two years prior to July 1,  
30 1995, the beginning of the current State fiscal year, collected payroll  
31 taxes or enacted an ordinance imposing a payroll tax. The bill would  
32 preserve Newark's, but remove Jersey City's, power to impose the  
33 payroll tax.

34 The "Local Tax Authorization Act" permits any municipality with

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1 a population in excess of 200,000 to adopt an ordinance imposing a  
2 liquor tax, a payroll tax, and a parking tax. The original law  
3 authorizing these taxes in 1970 set forth separate expiration dates for  
4 each tax. The parking tax has been extended to December 31, 1999,  
5 under P.L.1991, c.288, and the payroll tax and liquor tax were  
6 extended to January 1, 1996 under P.L.1994, c.28.

7 Jersey City and Newark are the only municipalities in the State with  
8 populations which exceed 200,000. Jersey City has a parking tax in  
9 effect, but not a liquor tax. Jersey City did adopt an ordinance on  
10 December 7, 1995 imposing a payroll tax. Newark has imposed a  
11 parking and payroll tax.

12

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16 Extends expiration date and limits enactment of certain payroll taxes  
17 under "Local Tax Authorization Act."

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 1566

with committee amendments

# STATE OF NEW JERSEY

DATED: MAY 13, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1566, with committee amendments.

Assembly Bill No. 1566, as amended, extends the expiration date of the local payroll tax authorized by the "Local Tax Authorization Act," P.L.1970, c.326 (C.40:48C-1 et seq.) to December 31, 1999. The bill limits the ability to impose the tax to those municipalities that have collected payroll taxes or enacted an ordinance imposing a payroll tax less than two years before July 1, 1995, the beginning of the current State fiscal year.

The "Local Tax Authorization Act" permits a municipality with a population in excess of 200,000 to adopt an ordinance imposing a liquor tax, a payroll tax, or a parking tax. The original law authorizing these taxes in 1970 set forth separate expiration dates for each tax. The parking tax has been extended to December 31, 1999, under P.L.1991, c.288, and the payroll tax and liquor tax were extended to January 1, 1996, under P.L.1994, c.28.

Jersey City and Newark are the only municipalities in the State with populations which exceed 200,000. Jersey City has a parking tax in effect, but not a liquor tax. Newark has imposed a parking and payroll tax. Jersey City did adopt an ordinance on December 7, 1995 imposing a payroll tax. However, because the bill allows only municipalities that collected or adopted a payroll tax before July 1, 1995 to continue to impose a tax, the bill preserves Newark's, but removes Jersey City's, power to impose a payroll tax.

#### FISCAL IMPACT:

This bill was not certified as requiring a fiscal note. The bill would not affect State revenues or expenditures.

#### COMMITTEE AMENDMENTS:

The amendment at the request of the sponsor, makes the bill retroactive to January 1, 1996.

974.901  
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## OFFICE OF THE GOVERNOR NEWS RELEASE

**CN-001**

**TRENTON, NJ 08625**

**CONTACT: Jayne Rebovich**  
**(609)777-2600**

**RELEASE: June 17, 1996**

Gov Christie Whitman today signed legislation which extends the expiration date and limits enactments of certain payroll tax under the "Local Tax Authorization Act". This bill extends the authority of Newark to collect a payroll tax, but eliminates authorization for Jersey City to enact a payroll tax.

The bill extends the deadline to December 31, 1999 and requires that a municipality must have had a payroll tax within two years prior to July 1, 1995 in order to be eligible to enact a payroll tax. Under this provision, Jersey City is not eligible. This provision is meant to protect businesses, like those in Jersey City, who are not accustomed to the payroll tax and would be adversely affected by the imposition of one. The bill is retroactive to January 1, 1996, the date on which the prior authorization expired.

**A-1566/S-467** was sponsored by Assemblypersons Willie Brown (D-Essex/Union) and Jackie Mattison (D-Essex/Union) and Senator Wynona Lipman (D-Essex/Union).