

54:32 B-24

LEGISLATIVE HISTORY CHECKLIST
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(Sales tax reporting & review)

NJSA: 54:32B-24

LAWS OF: 1995 **CHAPTER:** 161

BILL NO: A3006

SPONSOR(S): Gregg & Kavanaugh

DATE INTRODUCED: June 12, 1995

COMMITTEE: **ASSEMBLY:** Appropriations
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 26, 1995
SENATE: June 26, 1995

DATE OF APPROVAL: June 30, 1995

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

P.L.1995, CHAPTER 161, *approved June 30, 1995*
1995 Assembly No. 3006

1 AN ACT establishing a sales and use tax reporting and review
2 system for alcoholic beverage wholesalers and retailers,
3 amending P.L.1966, c.30, and supplementing Chapter 1 of Title
4 33 and Chapter 50 of Title 54 of the Revised Statutes.

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

8 1. Section 24 of P.L.1966, c.30 (C.54:32B-24) is amended to
9 read as follows:

10 24. General powers of the director. In addition to the powers
11 granted to the director in this act, [he] the director is hereby
12 authorized and empowered:

13 1. To make, adopt and amend rules and regulations appropriate
14 to the carrying out of this act and the purposes thereof;

15 2. To extend, for cause shown by general regulation or
16 individual authorization, the time of filing any return for a period
17 not exceeding three months on such terms and conditions as [he]
18 the director may require; and for cause shown, to remit penalties
19 and interest as provided for in the State Tax Uniform Procedure
20 Law, R.S. 54:48-1 et seq.;

21 3. To delegate [his] the director's functions hereunder to any
22 officer or employee of [his] the director's division such of [his]
23 the director's powers as [he] the director may deem necessary to
24 carry out efficiently the provisions of this act, and the person or
25 persons to whom such power has been delegated shall possess and
26 may exercise all of the power and perform all of the duties herein
27 conferred and imposed upon the director;

28 4. To prescribe methods for determining the amount of
29 receipt, amusement charges, or rents and for determining which
30 of them are taxable and which are nontaxable;

31 5. To require any person required to collect tax to keep
32 detailed records of all receipts, amusement charges, or rents
33 received, charged or accrued, including those claimed to be
34 nontaxable, and also of the nature, type, value and amount of all
35 purchases, sales, services rendered, admissions, occupancies,
36 names and addresses of customers, and other facts relevant in
37 determining the amount of tax due and to furnish such
38 information upon request to the director;

39 6. To assess, determine, revise and readjust the taxes imposed
40 by this act;

41 7. To publish and maintain, as [he] the director deems
42 necessary, lists of specific items of tangible personal property

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 which are found to be foods and drugs exempt from tax under
2 sections 13 and 14 of P.L. 1980, c. 105 (C. 54:32B-8.1 and
3 54:32B-8.2);

4 8. To enter into agreements with other states and the District
5 of Columbia, providing for the reciprocal enforcement of the
6 sales and use tax laws imposed by the states entering into such an
7 agreement. Such agreement may empower the duly authorized
8 officer of any contracting state, which extends like authority to
9 officers or employees of this State, to sue for the collection of
10 that state's sales and use taxes in the courts of this State.

11 9. To require alcoholic beverage wholesalers to make report of
12 sales to retailers, as wholesaler and retailer are defined pursuant
13 to the "New Jersey Alcoholic Beverage Control Act," R.S.33:1-1
14 et seq., with such content, in such form and at such times as the
15 director may prescribe. The information provided to the director
16 under this paragraph shall identify retailers by their sales tax
17 registration number issued pursuant to section 15 of P.L.1966,
18 c.30 (C.54:32B-15) and shall be available for transmission to the
19 director by electronic means, or computer tape or disc, as the
20 director may require.

21 (cf: P.L.1987, c.76, s.53)

22 2. (New Section) An alcoholic beverage retail license or
23 license that confers the right to sell alcoholic beverages to
24 consumers shall not be issued, renewed or transferred unless the
25 licensee, if subject to review in the prior calendar year pursuant
26 to section 3 of P.L. , c. (C.)(now pending before the
27 Legislature as this bill), or prospective licensee, if subject to
28 review pursuant to section 3 of P.L. , c. (C.), shall have
29 been issued an alcoholic beverage retail licensee clearance
30 certificate for the review period pursuant to section 3 of P.L. ,
31 c. (C.).

32 3. (New Section) a. The Director of the Division of Taxation
33 shall, by December 31 of each calendar year, review the records
34 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
35 (C.54:32B-1 et seq.), the retail sales tax in fourth class cities,
36 P.L.1947, c.71 (C.40:48-8.15 et seq.), and the tax on
37 predominantly tourism related retail receipts pursuant to the
38 "Tourism Improvement and Development District Act," P.L.1992,
39 c.165 (C.40:54D-1 et seq.), of those alcoholic beverage retail
40 licensees and holders of any license that confers the right to sell
41 alcoholic beverages to consumers that are subject to review
42 pursuant to subsection e. of this section to determine if the
43 licensees have satisfied all requirements for filing those taxes
44 and information returns and for paying those taxes for which they
45 have been liable individually or as operators of current or past
46 businesses. The same review shall be performed at any time upon
47 request by a prospective alcoholic beverage retail licensee or
48 prospective holder of any license that confers the right to sell
49 alcoholic beverages to consumers subject to review pursuant to
50 subsection e. of this section, within such time limits as the
51 director may determine.

52 b. If the director determines that a licensee or prospective
53 licensee has complied with all requirements for filing tax and
54 information returns pursuant to the "Sales and Use Tax Act,"

1 P.L.1966, c.30 (C.54:32B-1 et seq.), the retail sales tax in fourth
2 class cities, P.L.1947, c.71 (C.40:48-8.15 et seq.), and the tax on
3 predominantly tourism related retail receipts pursuant to the
4 "Tourism Improvement and Development District Act," P.L.1992,
5 c.165 (C.40:54D-1 et seq.) and for paying or remitting those
6 taxes, the director shall issue to the licensee or prospective
7 licensee an alcoholic beverage retail licensee clearance
8 certificate.

9 c. If the director determines that the licensee or prospective
10 licensee has not filed all required tax and information returns or
11 has not paid or remitted all tax, penalties, interest or fees due
12 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
13 (C.54:32B-1 et seq.), the retail sales tax in fourth class cities,
14 P.L.1947, c.71 (C.40:48-8.15 et seq.), and the tax on
15 predominantly tourism related retail receipts pursuant to the
16 "Tourism Improvement and Development District Act," P.L.1992,
17 c.165 (C.40:54D-1 et seq.), the director shall issue a notice of
18 delinquency or deficiency listing unfiled returns or balances due.
19 The director may require a licensee or prospective licensee to
20 resolve all delinquencies and deficiencies before an alcoholic
21 beverage retail licensee clearance certificate is issued, or upon
22 review of the total circumstances, the director shall issue an
23 interim alcoholic beverage retail licensee clearance certificate if
24 the director determines to the director's satisfaction that the
25 licensee or prospective licensee will resolve all such
26 delinquencies and deficiencies.

27 d. The director's issuance of a regular or interim alcoholic
28 beverage retail licensee clearance certificate shall not constitute
29 a waiver of authority to demand resolution of all deficiencies and
30 delinquencies and shall not prevent further audit or the
31 assessment of additional taxes, penalties, interest or fees as may
32 be provided by law.

33 e. Alcoholic beverage retail licensees and holders of any
34 license that confers the right to sell alcoholic beverages to
35 consumers, or prospective licensees or holders, subject to the
36 review required by this section are:

37 (1) in calendar year 1995, alcoholic beverage licensees and
38 prospective licensees with business locations or prospective
39 locations in Bergen, Burlington, Essex, Gloucester, Middlesex,
40 Ocean and Salem counties;

41 (2) in calendar year 1996, alcoholic beverage licensees and
42 prospective licensees with business locations or prospective
43 locations in those counties listed in paragraph (1) of this
44 subsection and in Hudson, Hunterdon, Mercer, Monmouth,
45 Somerset, Union, and Warren counties; and

46 (3) in calendar year 1997 and each calendar year thereafter,
47 alcoholic beverage licensees and prospective licensees with
48 business locations or prospective locations in those counties listed
49 in paragraphs (1) and (2) of this subsection and in Atlantic,
50 Camden, Cape May, Cumberland, Morris, Passaic, and Sussex
51 counties.

52 4. This act shall take effect immediately, and section 1 shall
53 apply to sales to retailers made on and after the first day of the
54 second month following enactment.

STATEMENT

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This bill establishes a reporting and review system for alcoholic beverage wholesalers and retailers to verify the correct collection and reporting of sales taxes on alcoholic beverages.

The bill requires alcoholic beverage wholesalers to report all sales to retailers to the Division of Taxation. The bill also requires that before an alcoholic beverage license that allows the licensee to make retail sales may be issued, renewed or transferred, the licensee or the prospective licensee must obtain an alcoholic beverage retail licensee clearance certificate from the Division of Taxation. The Division of Taxation will issue clearance certificates after a review verifying that the licensee or prospective licensee has complied with all requirements for filing, reporting, paying and remitting sales and use taxes and the local taxes that are collected with the sales and use tax. The Division of Taxation will issue an interim clearance certificate on a determination that the licensee will resolve all delinquencies and deficiencies.

Alcoholic beverage licenses are renewed annually and the compliance reviews will be performed annually. For prospective licensees, the review will be initiated when a review request is made of the Division of Taxation. The compliance procedures will be phased in geographically, by counties, over three years.

Establishes a sales and use tax reporting and review system for alcoholic beverage wholesalers and retailers.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3006

STATE OF NEW JERSEY

DATED: JUNE 22, 1995

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3006.

Assembly Bill No. 3006 establishes a reporting and review system for alcoholic beverage wholesalers and retailers to verify the correct collection and reporting of sales taxes on alcoholic beverages.

The bill requires alcoholic beverage wholesalers to report all sales to retailers to the Division of Taxation. The bill also requires that before an alcoholic beverage license that allows the licensee to make retail sales may be issued, renewed or transferred, the licensee or the prospective licensee must obtain an alcoholic beverage retail licensee clearance certificate from the Division of Taxation. The Division of Taxation will issue clearance certificates after a review verifying that the licensee or prospective licensee has complied with all requirements for filing, reporting, paying and remitting sales and use taxes and the local taxes that are collected with the sales and use tax. The Division of Taxation will issue an interim clearance certificate on a determination that the licensee will resolve all delinquencies and deficiencies.

Alcoholic beverage licenses are renewed annually and the compliance reviews will be performed annually. For prospective licensees, the review will be initiated when a review request is made of the Division of Taxation. The compliance procedures will be phased in geographically, by counties, over three years.

FISCAL IMPACT:

The Department of the Treasury has estimated that the improved sales and use tax collection compliance resulting from the reporting procedures implemented under this bill will result in increased collection of \$30 million annually.