

54: 11D-6

LEGISLATIVE HISTORY CHECKLIST  
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(State aid to  
municipalities--business  
personal property  
tax replacement  
program)

LAWS OF: 1991

CHAPTER: 136

Bill No: S3270

Sponsor(s): Weiss

Date Introduced: January 31, 1991

Committee: Assembly: Appropriations

Senate: Revenue, Finance & Appropriations

Amended during passage: Yes      Amendments during passage  
denoted by asterisks.

Date of Passage: Assembly: May 2, 1991

Senate: March 14, 1991

Date of Approval: May 10, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

[FIRST REPRINT]

SENATE, No. 3270

STATE OF NEW JERSEY

INTRODUCED JANUARY 31, 1991

By Senator WEISS

1 AN ACT concerning the dates of certain State <sup>1</sup>[aid]<sup>1</sup> payments  
2 to municipalities <sup>1</sup>and certain payments by municipalities<sup>1</sup>,  
3 and<sup>1</sup> amending P.L.1966, c.135 <sup>1</sup>and P.L. 1944, c. 255<sup>1</sup>.

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

7 1. Section 6 of P.L.1966, c.135 (C.54:11D-6) is amended to  
8 read as follows:

9 6. The distribution required to be made by the State Treasurer  
10 under this act shall be made annually [in four equal installments.  
11 The installments] as follows: 50 percent of the amount  
12 appropriated shall be payable annually on [March 1] July 5, 25  
13 percent on August 1 and 25 percent on November 1 of each year  
14 [and shall each consist of one-fourth of the amount appropriated].  
15 (cf: P.L.1990, c.16, s.3)

16 <sup>1</sup>2. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to  
17 read as follows:

18 15. (1) The contributions required for the support of the  
19 retirement system shall be made by members and their  
20 employers.

21 (2) The uniform percentage contribution rate for members  
22 shall be 8.5% of compensation.

23 (3) (Deleted by amendment, P.L.1989, c.204.)

24 (4) Each employer shall make contributions equal to the  
25 percentage of compensation of members in its employ as  
26 certified by the board of trustees based on annual actuarial  
27 valuations. The percentage rate of contribution payable by  
28 employers shall be determined initially on the basis of the entry  
29 age normal cost method. This shall be known as the "normal  
30 contribution."

31 (5) (Deleted by amendment, P.L.1989, c.204.)

32 (6) The percentage rates of contribution payable by employers  
33 pursuant to subsection (4) of this section shall be subject to  
34 adjustment from time to time by the board of trustees with the  
35 advice of the actuary on the basis of annual actuarial valuations  
36 and experience investigations as provided under section 13, so  
37 that the value of future contributions of members and employers,  
38 when taken with present assets, shall be equal to the value of

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> Senate SRF committee amendments adopted March 11, 1991.

1 prospective benefit payments.

2 (7) Each employer shall cause to be deducted from the salary  
3 of each member the percentage of earnable compensation  
4 prescribed in subsection (2) of this section. To facilitate the  
5 making of deductions, the retirement system may modify the  
6 amount of deduction required of any member by an amount not to  
7 exceed 1/10 of 1% of the compensation upon which the deduction  
8 is based.

9 (8) The deductions provided for herein shall be made  
10 notwithstanding that the minimum salary provided for by law for  
11 any member shall be reduced thereby. Every member shall be  
12 deemed to consent and agree to the deductions made and  
13 provided for herein, and payment of salary or compensation less  
14 said deduction shall be a full and complete discharge and  
15 acquittance of all claims and demands whatsoever for the service  
16 rendered by such person during the period covered by such  
17 payment, except as to the benefits provided under this act. The  
18 chief fiscal officer of each employer shall certify to the  
19 retirement system in such manner as the retirement system may  
20 prescribe, the amounts deducted; and when deducted shall be paid  
21 into said annuity savings fund, and shall be credited to the  
22 individual account of the member from whose salary said  
23 deduction was made.

24 (9) Upon the basis of such tables recommended by the actuary  
25 as the board adopts and regular interest, the actuary shall  
26 compute the amount of the unfunded liability as of June 30, 1988  
27 which has accrued on the basis of service rendered prior to July  
28 1, 1988 by all members, which amount shall remain frozen and  
29 shall be amortized over a period not to exceed 40 years as  
30 determined by the State Treasurer. Using the total amount of  
31 this unfunded accrued liability, the actuary shall compute an  
32 increasing amount of annual payment, which is estimated to  
33 remain a level percentage of prospective total compensation and  
34 which, if paid in each succeeding fiscal year commencing with  
35 July 1, 1989, for the period determined by the State Treasurer,  
36 will provide for this liability. This shall be known as the "accrued  
37 liability contribution."

38 The normal and accrued liability contributions as certified by  
39 the retirement system shall be included in the budget of the  
40 employer and levied and collected in the same manner as any  
41 other taxes are levied and collected for the payment of the  
42 salaries of members.

43 (10) The treasurer or corresponding officer of the employer  
44 shall pay on or before [March 31] July 1 in each year to the State  
45 Treasurer the amount so certified as payable by the employer,  
46 and shall pay monthly to the State Treasurer the amount of the  
47 deductions from the salary of the members in the employ of the  
48 employer, and the State Treasurer shall credit such amount to the

1 appropriate fund or funds, of the retirement system.

2 If payment of the full amount of the employer's obligation is  
3 not made within 30 days of the due date established by this act,  
4 interest at the rate of 10% per annum shall commence to run  
5 against the unpaid balance thereof on the first day after such  
6 30th day.

7 If payment in full, representing the monthly transmittal and  
8 report of salary deductions, is not made within 15 days of the due  
9 date established by the retirement system, interest at the rate of  
10 10% per annum shall commence to run against the total  
11 transmittal of salary deductions for the period on the first day  
12 after such 15th day.

13 (11) The expenses of administration of the retirement system  
14 shall be paid by the State of New Jersey. Each employer shall  
15 reimburse the State for a proportionate share of the amount paid  
16 by the State for administrative expense. This proportion shall be  
17 computed as the number of members under the jurisdiction of  
18 such employer bears to the total number of members in the  
19 system. The pro rata share of the cost of administrative expense  
20 shall be included with the certification by the retirement system  
21 of the employer's contribution to the system.

22 (12) Notwithstanding anything to the contrary, the retirement  
23 system shall not be liable for the payment of any pension or other  
24 benefits on account of the employees or beneficiaries of any  
25 employer participating in the retirement system, for which  
26 reserves have not been previously created from funds,  
27 contributed by such employer or its employees for such benefits.

28 (13) The Legislature shall annually appropriate and the State  
29 Treasurer shall pay into the pension accumulation fund of the  
30 retirement system an amount equal to 1.8% of the compensation  
31 of the members of the system upon which the normal contribution  
32 rate is based to fund the benefits provided by section 16 of  
33 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.<sup>1</sup>  
34 (cf: P.L.1989, c.204, s.5)

35 <sup>1</sup>[2.] 3.<sup>1</sup> This act shall take effect immediately <sup>1</sup>and be  
36 applicable to payments in the 1991 calendar year and thereafter<sup>1</sup>.

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#### STATE BUDGET AND FINANCE

40

41 Changes quarterly State aid installment payment date for  
42 business personal property tax replacement program from March  
43 1 to July 5 and changes date of employer payment to PFRS from  
44 March 31 to July 1.

SENATE, No. 3270

STATE OF NEW JERSEY

INTRODUCED JANUARY 31, 1991

By Senator WEISS

1 AN ACT concerning the dates of certain State aid payments to  
2 municipalities, amending P.L.1966, c.135.

3

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

6 1. Section 6 of P.L.1966, c.135 (C.54:11D-6) is amended to read  
7 as follows:

8 6. The distribution required to be made by the State Treasurer  
9 under this act shall be made annually [in four equal installments.  
10 The installments] as follows: 50 percent of the amount  
11 appropriated shall be payable annually on [March 1] July 5, 25  
12 percent on August 1 and 25 percent on November 1 of each year  
13 [and shall each consist of one-fourth of the amount appropriated].

14 (cf: P.L.1990, c.16, s.3)

15 2. This act shall take effect immediately.

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17

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STATEMENT

19

20 This bill changes the date for one of the four annual payments to  
21 municipalities from Business Personal Property Tax replacement  
22 revenues from March 1 to July 5.

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24

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STATE BUDGET AND FINANCE

26

27 Changes quarterly State aid installment payment date for  
28 business personal property tax replacement program from March  
29 1 to July 5.

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.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 3270

STATE OF NEW JERSEY

DATED: APRIL 15, 1991

The Assembly Appropriations Committee reports favorably Senate Bill No. 3270 (1R).

Senate Bill No. 3270 (1R) changes the date and the amount to be paid for one of the four payments to municipalities from Business Personal Property Tax replacement revenues from March 1 to July 5. The annual aid payments made under the Business Personal Property Tax replacement program are based on amounts certified by the Director of the Division of Taxation on October 15, 1976. The annual total of those payments is \$158,703,838.

Prior to the enactment of P.L.1990, c.16, four equal payments were made annually on March 1, May 1, August 1 and November 1. That law shifted the May 1 payment to July 5. Under this bill, 50 percent of each municipality's annual aid would be received on July 5 and two additional payments, each of which shall equal 25 percent of the annual aid, would be received on August 1 and November 1.

The bill also changes the date of the employer payment to the Police and Firemen's Retirement Fund (PFRS) from March 31 to July 1.

FISCAL IMPACT

This bill reduces the State's fiscal year 1991 obligation under the Business Personal Property Tax replacement program by \$39,675,960 and, since the payment date change is made permanent and the percentage of payment amounts will occur in three installments of 50%, 25%, and 25% instead of four equal installments, has no impact on the State's obligation in subsequent years.

The bill also changes the date by which annual employer payments to the PFRS must be made, from March 31 to July 1. The State is an employer under this system on behalf of State employees who are PFRS members. An amount of \$48,409,000 has been appropriated in fiscal year 1991 for the State's payments to PFRS. If the State elects, under this bill, to make its payment on July 1, 1991, the payment becomes a fiscal year 1992 obligation instead, thereby representing a potential one-time savings to the State for the current fiscal year.

SENATE REVENUE, FINANCE AND  
APPROPRIATIONS COMMITTEE

STATEMENT TO

**SENATE, No. 3270**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 11, 1991

The Senate Revenue, Finance and Appropriations Committee reports favorably Senate Bill No. 3270, with committee amendments.

Senate Bill No. 3270, as amended, changes the date for one of the four annual payments to municipalities from Business Personal Property Tax replacement revenues from March 1 to July 5. The annual aid payments made under the Business Personal Property Tax replacement program are based on amounts certified by the Director of the Division of Taxation on October 15, 1976. The annual total of those payments is \$158,703,838.

Prior to the enactment of P.L.1990, c.16, four equal payments were made annually on March 1, May 1, August 1 and November 1. That law shifted the May 1 payment to July 5. Under this bill, 50 percent of each municipality's annual aid would be received on July 5 and two additional payments, each of which shall equal to 25 percent of the annual aid, would be received on August 1 and November 1.

The bill also changes the date of the employer payment to the Police and Firemen's Retirement Fund (PFRS) from March 31 to July 1.

COMMITTEE AMENDMENTS

The committee amendments change the date of the employer contribution to PFRS from March 31 to July 1.

FISCAL IMPACT

This bill reduces the State's FY '91 obligation under the Business Personal Property Tax replacement program by \$39,675,960 and, since the payment date change is made permanent, has no impact on the State's obligation in subsequent years.