

54:49-19

LEGISLATIVE HISTORY CHECKLIST
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(State contracts--vendor debt)

NJSA: 54:49-19

LAWS OF: 1995 CHAPTER: 159

BILL NO: A2897

SPONSOR(S): Murphy

DATE INTRODUCED: May 22, 1995

COMMITTEE: ASSEMBLY: Appropriations
SENATE: Budget

AMENDED DURING PASSAGE: Yes Admentments during passage
First reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: June 12, 1995
SENATE: June 22, 1995

DATE OF APPROVAL: June 30, 1995

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:pp

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[FIRST REPRINT]
ASSEMBLY, No. 2897

STATE OF NEW JERSEY

INTRODUCED MAY 22, 1995

By Assemblywoman MURPHY

1 AN ACT concerning the set-off of vendor debt against contract
2 payments from the State, supplementing chapter 49 of Title 54
3 of the Revised Statutes.

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

7 1. ^{1a.1} Whenever any taxpayer under contract to provide goods
8 or services to the State of New Jersey or its agencies or
9 instrumentalities, and including the legislative and judicial
10 branches of State government, or under contract for construction
11 projects of the State of New Jersey or its agencies or
12 instrumentalities, and including the legislative and judicial
13 branches of State government, is entitled to payment for the
14 goods or services or on that construction project and at the same
15 time the taxpayer is indebted for any State tax, the Director of
16 the Division of Taxation shall seek to set off so much of that
17 payment as shall be necessary to satisfy the indebtedness. The
18 director, in consultation with the Director of the Division of
19 Budget and Accounting in the Department of the Treasury, shall
20 establish procedures and methods to effect a set-off. The
21 director shall give notice of the set-off to the taxpayer, the
22 provider of goods or services or the contractor or subcontractor
23 of construction projects and provide an opportunity for a hearing
24 within 30 days of such notice under the procedures for protests
25 established under R.S.54:49-18, but no request for conference,
26 protest, or subsequent appeal to the Tax Court from any protest
27 under this section shall stay the collection of the indebtedness.
28 No payment shall be made to the taxpayer, the provider of goods
29 or services or the contractor or subcontractor of construction
30 projects pending resolution of the indebtedness. Interest that
31 may be payable by the State pursuant to P.L.1987, c.184
32 (C.52:32-32 et seq.), to the taxpayer, the provider of goods and
33 services or the contractor or subcontractor of construction
34 projects shall be stayed.

35 ^{1b.} The Department of Treasury shall notify each provider of
36 goods or services and contractor or subcontractor of a
37 construction project under contract with the State, its agencies
38 or instrumentalities in an amount of \$500,000 or greater on the
39 effective date of P.L....., c. ... (C.)(now pending before the
40 legislature as this bill) of the provisions of this section in writing
41 within 30 days after its effective date. A contract entered into
42 by the State, its agencies or instrumentalities with a provider 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:
Senate SBA committee amendments adopted June 19, 1995.

1 goods or services or a contractor or subcontractor of a
2 construction project after its effective date of P.L....., c....
3 (C.....) (now pending before the legislature as this bill) shall
4 contain a notice of the provisions in this section.¹

5 2. ^{1a.}¹ Notwithstanding any provision of law to the contrary,
6 whenever any partnership or S corporation under contract to
7 provide goods or services or construction projects to the State of
8 New Jersey or its agencies or instrumentalities, including the
9 legislative and judicial branches of State government, is entitled
10 to payment for those goods or services or construction projects at
11 the same time a partner or shareholder of that entity is indebted
12 for any State tax, the director shall seek to set off that partner's
13 or shareholder's share of the payment due the partnership or S
14 corporation. The amount set off shall not allow for the deduction
15 of any expenses or other deductions which might be attributable
16 to the partner or shareholder subject to set-off under this act.

17 ^{1b.} The Department of Treasury shall notify each partnership
18 and S corporation under contract with the State, its agencies or
19 instrumentalities in an amount of \$500,000 or greater on the
20 effective date of P.L..... c.... (C.....)(now pending before the
21 legislature as this bill) of the provisions of this section in writing
22 within 30 days after its effective date. A contract entered into
23 by the State, its agencies or instrumentalities with a partnership
24 or S corporation after the effective date of P.L....., c....
25 (C.....) (now pending before the legislature as this bill) shall
26 contain a notice of the provisions in this section.¹

27 3. This act shall take effect January 1, 1996.

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32 Authorizes set-off for State tax debt owed by State vendors
33 against payments made under State contracts.

STATEMENT

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This bill establishes a set-off program to collect unpaid State taxes from State contractors. The Director of the Division of Taxation will collect a contractor's unpaid State taxes from the money the State owes the contractor. This set-off program will expedite the collection of delinquent State taxes owed by State contractors. It will apply to State contractors who provide goods or services to the State or perform work on State construction projects. It will also permit the set-off of unpaid State taxes owed by partners and shareholders of partnerships and S corporations that are performing work under State contracts.

Authorizes set-off for State tax debt owed by State vendors against payments made under State contracts.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2897

STATE OF NEW JERSEY

DATED: JUNE 1, 1995

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2897.

Assembly Bill No. 2897 establishes a set-off program to collect unpaid State taxes from State contractors. The Director of the Division of Taxation will collect a contractor's unpaid State taxes from the money the State owes the contractor. This set-off program will expedite the collection of delinquent State taxes owed by State contractors. It will apply to State contractors who provide goods or services to the State or perform work on State construction projects. It will also permit the set-off of unpaid State taxes owed by partners and shareholders of partnerships and S corporations that are performing work under State contracts.

FISCAL IMPACT:

The Office of Management and Budget estimates that this set-off program will result in approximately \$10 million of increased collections in fiscal year 1996.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2897

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 1995

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2897 with amendments.

Assembly Bill No. 2897, as amended, establishes a set-off program to collect unpaid State taxes from State contractors. The Director of the Division of Taxation will collect a contractor's unpaid State taxes from the money the State owes the contractor. This set-off program will expedite the collection of delinquent State taxes owed by State contractors. It will apply to State contractors who provide goods or services to the State or perform work on State construction projects. It will also permit the set-off of unpaid State taxes owed by partners and shareholders of partnerships and S corporations that are performing work under State contracts.

The committee amended the bill to ensure that State contractors are aware of the provisions of this bill once it is enacted.

As amended and reported, this bill is identical to Senate Bill No. 2143 of 1995 (Ewing) as amended and reported by this committee on June 19, 1995.

COMMITTEE AMENDMENTS

The committee amended the bill to require the Department of Treasury to notify State contractors with active contracts in an amount of \$500,000 or more in writing of the provisions of this bill. In addition, the amendments require that each contract entered into after the enactment of this bill contain a section notifying the contractor of the provisions of this bill.

FISCAL IMPACT

The Office of Management and Budget estimates that this set-off program will result in approximately \$10 million of increased collections in fiscal year 1996. As of the date of this statement, there is no information on the cost of notifying State contractors as required by committee amendment.