

54:1-46 to 54:1-54

LEGISLATIVE HISTORY CHECKLIST

("Municipal Purposes Tax Assistance Act"  
--distribution of certain funds to  
municipalities)

WASA 54:1-46 to 54:1-54

LAWS OF 1980

CHAPTER 12

Bill No. S795

Sponsor(s) Gregorio, Merlino and Kennedy

Date Introduced January 8, 1980

Committee: Assembly Revenue, Finance and Appropriations

Senate -----

Amended during passage

Yes

Amendments during passage  
denoted by asterisks

Date of Passage: Assembly Feb. 28, 1980

Senate Jan. 29, 1980

Date of approval March 18, 1980

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/> (Below)
Committee Statement:	Assembly	<input checked="" type="checkbox"/>
	Senate	<input checked="" type="checkbox"/>
Fiscal Note	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Veto message	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Message on signing	Yes	<input checked="" type="checkbox"/>
Following were printed:		
Reports	Yes	<input checked="" type="checkbox"/>
Hearings	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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Sponsor's statement:

This bill distributes utility tax funds deposited in the "Municipal Purposes Tax Assistance Fund" to municipalities according to a simple formula for equalized tax valuations per capita.

It provides for increased receipts to 137 of the State's weaker-tax base municipalities.

2/16/73

(over)

Comment on need for legislation in:

974.901 New Jersey. Governor (Byrne, 1974- )  
G52 Sixth annual message to the  
Legislature, January 8, 1980.  
(pp.12-13--attached)

Report:

974.90 New Jersey. Legislature. Office of  
F491 Legislative Services. Division of Budget  
1980d and Program Review.  
A report on the New Jersey fiscal note  
process. August, 1980.

3-18-80

[OFFICIAL COPY REPRINT]

SENATE No. 795

# STATE OF NEW JERSEY

INTRODUCED JANUARY 8, 1980

By Senators GREGORIO, MERLINO and KENNEDY

(Without Reference)

AN ACT providing for the distribution of certain funds to municipalities in certain cases, establishing a "Municipal Purposes Tax Assistance Fund," and making an appropriation.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. This act shall be known and may be cited as the "Municipal  
2 Purposes Tax Assistance Act of 1980."

1 2. As used in this act:

2 a. "Municipal equalized valuation" means the apportionment  
3 valuation of each municipality for the preceding tax year as shown  
4 in the Table of Aggregates prepared pursuant to R. S. 54:4-52;

5 b. "Municipal equalized valuation per capita" means the municipi-  
6 pal equalized valuation divided by the population of the municipi-  
7 pality;

8 c. "Municipal index of equalized valuation per capita" means the  
9 equalized valuation per capita of each municipality divided by the  
10 State equalized valuation per capita;

11 d. "Municipal purposes equalized tax rate" means the tax levy  
12 for "local municipal purposes" on which the tax rate is computed  
13 divided by the "apportionment valuation," both as shown for the  
14 preceding tax year in the table of aggregates prepared pursuant  
15 to R. S. 54:4-52;

16 \*e. "*Participating municipality*" means any municipality which  
17 which is not a qualifying municipality, and which for the preceding  
18 tax year had a municipal purposes equalized tax rate not less than  
19 one-half of the State municipal purposes equalized tax rate, and  
20 a municipal index of equalized valuation per capita of less than  
21 2.0; provided that any municipality which has had a municipal  
22 purposes tax rate of \$0.10 or less for the 3 next preceding tax years  
23 shall be required to have a municipal purposes equalized tax rate  
24 of not less than one-half of the State municipal purposes equalized

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

25 *tax rate for 3 consecutive tax years before it shall be a participat-*  
 26 *ing municipality pursuant to this act;\**

27 \***[e.]**\* \*f.\* “Population” means the most recent population  
 28 estimates published by the New Jersey Department of Labor and  
 29 Industry;

30 \***[f.]**\* \*g.\* “Qualifying municipality” means any municipality  
 31 which for the preceding tax year had a municipal purposes equal-  
 32 ized tax rate not less than \***[nine-tenths of]**\* the State municipal  
 33 purposes equalized tax rate, and a municipal index of equalized  
 34 valuation per capita of less than \***[1.10]**\* \*0.90\*;

35 \***[g.]**\* \*h.\* “State equalized valuation” means the aggregate of  
 36 the municipal equalized valuation of all municipalities;

37 \***[h.]**\* \*i.\* “State equalized valuation per capita” means the  
 38 State equalized valuation divided by the population of the State;  
 39 and,

40 \***[i.]**\* \*j.\* “State municipal purposes equalized tax rate” means  
 41 the aggregate of the tax levies of all municipalities for “local  
 42 municipal purposes” for the preceding tax year divided by the  
 43 State equalized valuation.

1 3. There is established in the Department of the Treasury \*for  
 2 the purpose of providing State aid to qualifying and participating  
 2A municipalities\* a “Municipal Purposes Tax Assistance Fund” to  
 3 be administered by the State Treasurer. All amounts deposited in  
 4 the fund pursuant to law shall be distributed to qualifying munici-  
 5 palities pursuant to this act.

1 4. The State Treasurer shall, upon the warrant of the State  
 2 Comptroller, annually pay to each qualifying municipality a share  
 3 of amounts annually deposited in the “Municipal Purposes Tax  
 4 Assistance Fund” \*and set aside for qualifying municipalities,\*  
 5 in an amount derived pursuant to the following formula:

$$6 \quad MS = (F \div \Sigma P) \times P \div I$$

7 Where: MS is the share to be received by the qualifying munici-  
 8 pality. (A per capita share of the amounts \***[deposited in the**  
 9 “Municipal Purposes Tax Assistance Fund”]\* \*so deposited and  
 10 set aside for qualifying municipalities,\* weighted by the municipal  
 10A index of equalized valuation per capita of each qualifying munici-  
 11 pality.)

12 F is the total amount \***[deposited in the “Municipal Purposes**  
 13 Tax Assistance Fund.”]\* \*so deposited and set aside for qualify-  
 13A ing municipalities.\*

14 P is the population of each qualifying municipality.

15  $\Sigma P$  is the sum of the populations of all qualifying municipalities.

16 I is the municipal index of equalized valuation per capita of the  
17 qualifying municipality.

18 *\*The amount to be distributed pursuant to this section to any*  
19 *qualifying municipality shall not be greater than an amount equal*  
20 *to 25% of the municipal purposes levy of the municipality for the*  
21 *tax year immediately preceding the tax year in which a payment is*  
22 *made under this act.\**

23 If in any year the amount of funds \***[**deposited in the “Municipal  
24 Purposes Tax Assistance Fund’**]**\* *\*so deposited and set aside for*  
25 *qualifying municipalities\** is other than the sum of the municipal  
26 shares for all qualifying municipalities, then each qualifying  
27 municipality shall receive from the amount so deposited *\*and set*  
28 *aside\** an amount which is equal in proportion to its municipal share  
29 of the sum of the municipal shares of all qualifying municipalities.

1 *\*5. The State Treasurer shall, upon the warrant of the State*  
2 *Comptroller, annually pay to each participating municipality a*  
3 *share of amounts annually deposited in the “Municipal Purposes*  
4 *Tax Assistance Fund” and set aside for participating municipali-*  
5 *ties, in an amount derived pursuant to the following formula:*

$$6 \quad MS = (F \div \Sigma P) \times P \div I$$

7 *Where: MS is the share to be received by the participating*  
8 *municipality. (A per capita share of the amounts so deposited*  
9 *and set aside for participating municipalities, weighted by the*  
10 *municipal index of equalized valuation per capita of each par-*  
11 *ticipating municipality.)*

12 *F is the total amount so deposited and set aside for participating*  
13 *municipalities.*

14 *P is the population of each participating municipality.*

15 *ΣP is the sum of the populations of all participating munici-*  
16 *palities.*

17 *I is the municipal index of equalized valuation per capita of the*  
18 *participating municipality.*

19 *The amount to be distributed pursuant to this section to any*  
20 *participating municipality shall not be greater than an amount*  
21 *equal to 25% of the municipal purposes levy of the municipality*  
22 *for the tax year immediately preceding the tax year in which a*  
23 *payment is made under this act.*

24 *If in any year the amount of funds so deposited and set aside for*  
25 *participating municipalities is other than the sum of the municipal*  
26 *shares for all participating municipalities, then each participating*  
27 *municipality shall receive from the amount so deposited and set*  
28 *aside an amount which is equal in proportion to its municipal share*

29 of the sum of the municipal shares of all participating munici-  
30 palities.

1 6. Of the amount deposited in any year in the "Municipal Pur-  
2 poses Tax Assistance Fund," twenty-three twenty-sevenths of such  
3 amount shall be set aside and used for the purposes of section 4  
4 of this act, and four twenty-sevenths of such amount shall be set  
5 aside and used for the purposes of section 5 of this act.\*

1 \***[5.]**\* \*7.\* Amounts due each qualifying municipality shall be  
2 paid as follows: 50% on July 5 of each year and 50% on October 1  
3 of each year.

1 \*8. In addition to such amounts as are required by law to be  
2 deposited in the "Municipal Purposes Tax Assistance Fund,"  
3 there shall be annually appropriated to the fund such sums as may  
4 be necessary to provide an amount annually available for the pur-  
5 poses of this act of not less than \$27,000,000.00.

1 9. It shall be lawful in any year for a municipality receiving State  
2 aid pursuant to this act, upon notification by the State Treasurer  
3 of the amount of State aid to be received, to include an amount  
4 equal to such amount in its annual budget or any amendments or  
5 supplements thereto. Immediately thereafter, commitments may  
6 be made by such a municipality against the amounts so included in  
7 its budget or amendments or supplements thereto.\*

1 \***[6.]**\* \*10.\* This act shall take effect immediately.

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ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**SENATE, No. 795**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 25, 1980

This bill, as amended, creates a permanent "Municipal Purposes Tax Assistance Fund" to provide State aid to needy municipalities. At least \$27 million will be deposited in the fund each year. The money will come from two sources: (1) a redistribution of revenues from the Gross Receipts and Franchise Taxes, as provided in Senate Bills 793 and 794; and (2) any State appropriation necessary to bring the fund up to \$27 million each year. As amended, Senate Bills 793 and 794 will provide somewhat more than \$15 million in 1980; this means that a State appropriation of somewhat more than \$11 million will be necessary. In 1981 the required State appropriation should be reduced approximately in half, as utility tax revenues grow and the amount provided by the redistribution increases accordingly. In 1982, more than \$27 million is expected to be available for the municipalities, to be funded entirely by utility tax redistributions.

The Municipal Purposes Tax Assistance Fund will replace the "Local Government Emergency Assistance Fund" created last year. The line item proposed in the Governor's budget for 1980-81 to continue that fund at \$22.4 million will therefore not be necessary.

Last year's Local Government Emergency Assistance Act contained a formula which was designed in part, to remedy one-time cash flow problems created by the unexpected shutoff of Federal funds in the last quarter of 1978. That formula is therefore no longer relevant. This bill creates a new, permanent need-based formula.

In 1980, the formula will distribute funds to 334 municipalities in the State. This includes all municipalities except those with equalized municipal purpose tax rate at half the State average or less, and per capita property values more than double the State average. Municipalities will qualify for a distribution from the fund according to need, and, once qualified, will be entitled to an amount based on population weighted to reflect the relative position of a municipality on the basis of per capita property value.

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

MARCH 18, 1980

PAIRCE SAATCHI

Governor Brendan Byrne today signed a legislative package of three bills, which will amend the provisions of the Public Utilities Gross Receipts and Franchise Tax in order to more equitably distribute the tax revenues among recipient municipalities.

S-793, S-794 and S-795 were all sponsored by Senators John T. Gregorio (D-Union), Joseph P. Merlino (D-Mercer), and Brian T. Kennedy (R-Monmouth).

The Governor said this legislative package employs "a need-based formula."

"The important elements are that this program will be permanent, it will grow, it functions outside the cap, and it will provide money for towns that are in need," said the Governor.

The recent rapid growth in revenues from the Public Utilities Gross Receipts and Franchise Tax had provided a "windfall" benefit to sparsely populated rural communities with large power plants, most notably, Lower Alloways Creek Township in Salem County, home of two nuclear power plants and 1,500 people.

These bills "cap" the amount of money any municipality can receive, while redistributing the surplus so generated, by a formula designed to benefit municipalities with low ratables and high tax rates.

These bills were introduced in the last legislative session as S-3498, S-3499, and S-3500. They received Senate approval, but never reached a final vote in the Assembly.

The present bills limit each municipality to \$700 per capita in revenues from the tax. The bills also limit each municipality with a municipal purposes tax rate of less than ten cents for three consecutive years to its 1979 amount, plus 50 percent of any increase it would have received under the old distribution formula.



These limitations, combined with a state appropriation, will generate a Municipal Purposes Tax Assistance Fund of approximately \$27 million, to be administered by the State Treasurer.

The fund will be distributed to 329 municipalities. The redistribution of the state's gross receipts tax to the state's major cities is as follows:

Newark	\$3,782,580.
Jersey City	\$2,904,670.
Paterson	\$1,955,000.
Trenton	\$1,242,000.
Camden	\$1,167,250.
East Orange	\$ 803,390.
Elizabeth	\$ 716,900.
Union City	\$ 599,150.
Bayonne	\$ 510,830.
Irvington	\$ 506,000.
Passaic City	\$ 495,420.
Hoboken	\$ 484,150.

Governor Byrne concluded, "All 329 municipalities can anticipate the funds in this year's budget to help offset property taxes."



### Making New Jersey More Affordable

# WINDFALL PROFITS ENERGY STABILITY

No more difficult problem faces us, and the nation, than that of unstable energy supplies and unstable energy prices.

Much of the problem is worldwide. By the end of this decade world production of oil is almost certainly to be declining. Too much of our energy use has been linked to this limited commodity, oil. Too much has been imported from unsteady foreign regions which now threaten this nation's security with the possibility of sharply curtailed supplies.

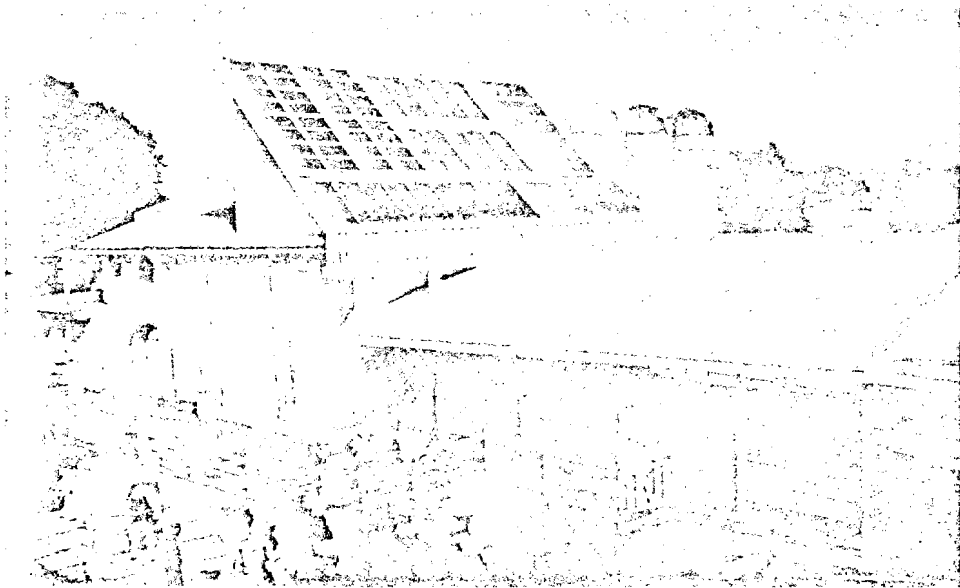
During the past year, I formed and headed a National Citizens' Coalition for the Windfall Profits tax because I believe that we must divert some of the revenues from arbitrarily inflated OPEC oil prices to developing alternate sources of energy and sound methods of conservation.

This is President Carter's long-term strategy for reducing our dependence on foreign oil, and I fully support it.

We also support the creation of a Northeast regional energy corporation to develop self-help projects for the Northeast to reduce its dependence on oil. Cogeneration of heat and electricity, hydroelectric power and solid waste energy recovery are all projects which an Energy Corporation of the Northeast can finance.

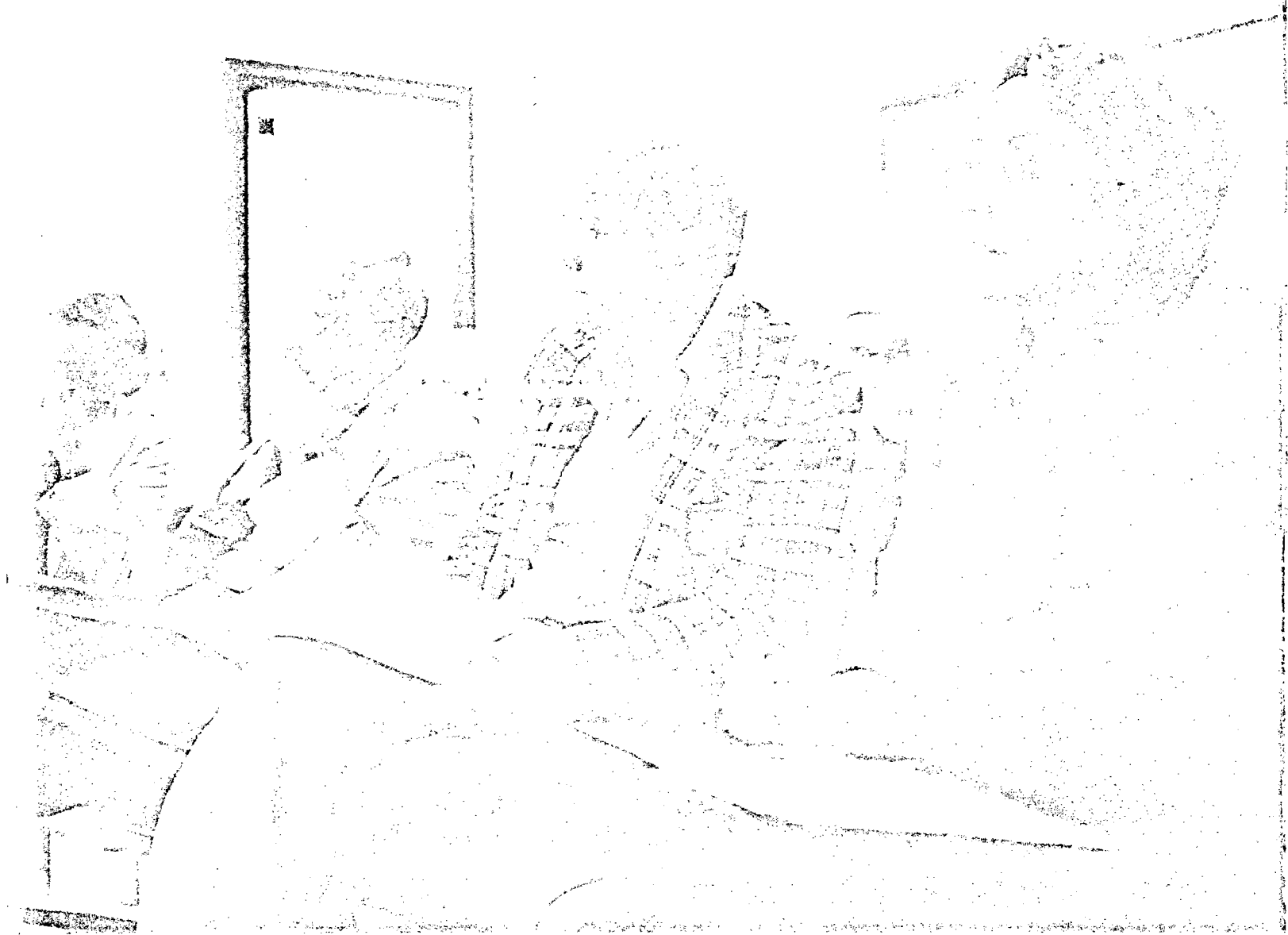
Besides alternate energy production, there also must be state-level efforts for increased conservation and efficiency in the oil, natural gas and electric energy we consume.

We must consider innovative steps, such as legislation to require that homes have adequate amounts of attic insulation before they are sold. An insulation inspection at the time of sale



Solar energy for private homes and a strong push for upgrading insulation are both important aspects of New Jersey's push for energy conservation.

Governor Byrne called the state's first Energy Summit in Princeton last year to consult with leaders of government, business, labor and universities on ways to cope with energy shortages.



should be required and the buyer should have the right to expect proper attic insulation in the house before taking title to the property.

The same should be required for multi-family apartment houses. Before they can be sold, they should be required to meet minimum energy efficiency standards.

The state must make a substantial commitment to energy efficient public buildings. In the future, we should consider the feasibility of solar installations in new public buildings. We should require electrical systems which automatically shut off unneeded lighting.

Furthermore, we must encourage realistic thinking about nuclear energy. For now New Jersey must continue to have nuclear generating capacity, but first we must have assurance of safety in operating these plants. More reliance must be encouraged for use of coal in electric generation.

Today in New Jersey we have nuclear generating stations side by side, electric generating facilities have not been allowed to be built even though it is legal to build a plant and just because it does not have a piece of paper, it cannot operate. First, the safety of the nuclear plant must be assured and then it should be allowed to operate.

Finally, we have delayed long enough in amending the utility gross receipts and franchise tax, which allows a handful of communities to reap a windfall totally unrelated to the burdens they bear from electric generating stations within their borders.

We all know the inequity in this system; we all know the options which have been discussed for several years; we all know that the right thing would be to place a limit on the gross receipts of these taxes and shift the annual increase in revenues to the use of citizens throughout the state for purposes such as urban aid, energy conservation and energy efficiency projects.