

ASSEMBLY, No. 12

STATE OF NEW JERSEY

217th LEGISLATURE

INTRODUCED JUNE 27, 2016

Sponsored by:

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman SHAVONDA E. SUMTER

District 35 (Bergen and Passaic)

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblyman DAVID P. RIBLE

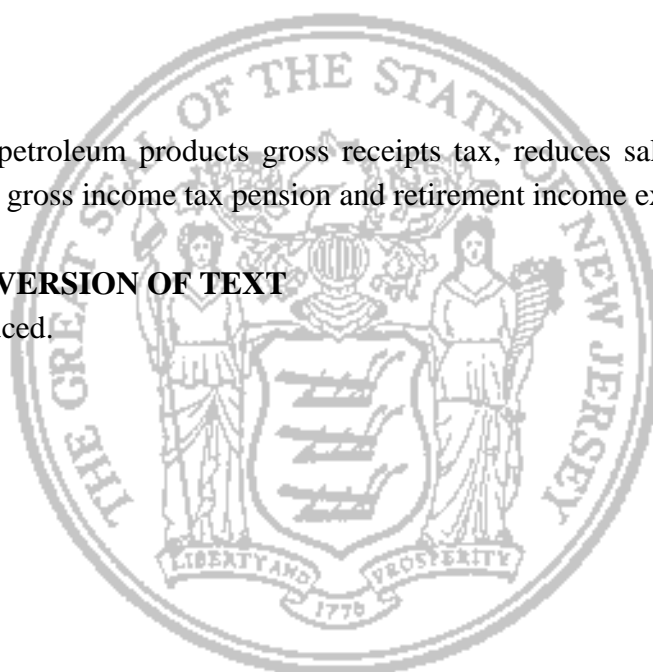
District 30 (Monmouth and Ocean)

SYNOPSIS

Increases petroleum products gross receipts tax, reduces sales and use tax and increases gross income tax pension and retirement income exclusion.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/28/2016)

1 AN ACT adjusting certain State taxes, amending and supplementing
2 various parts of the statutory law pertaining to taxes of this State.

3

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

6

7 1. Section 3 of P.L.1966, c.30 (C.54:32B-3) is amended to read
8 as follows:

9 3. There is imposed and there shall be paid a tax of **[7%]** 7
10 percent on or before December 31, 2016, 6.5 percent on and after
11 January 1, 2017 but before January 1, 2018, and 6 percent on and
12 after January 1, 2018 upon:

13 (a) The receipts from every retail sale of tangible personal
14 property or a specified digital product for permanent use or less
15 than permanent use, and regardless of whether continued payment is
16 required, except as otherwise provided in this act.

17 (b) The receipts from every sale, except for resale, of the
18 following services:

19 (1) Producing, fabricating, processing, printing or imprinting
20 tangible personal property or a specified digital product, performed
21 for a person who directly or indirectly furnishes the tangible
22 personal property or specified digital product, not purchased by him
23 for resale, upon which such services are performed.

24 (2) Installing tangible personal property or a specified digital
25 product, or maintaining, servicing, repairing tangible personal
26 property or a specified digital product not held for sale in the
27 regular course of business, whether or not the services are
28 performed directly or by means of coin-operated equipment or by
29 any other means, and whether or not any tangible personal property
30 or specified digital product is transferred in conjunction therewith,
31 except (i) such services rendered by an individual who is engaged
32 directly by a private homeowner or lessee in or about his residence
33 and who is not in a regular trade or business offering his services to
34 the public, (ii) such services rendered with respect to personal
35 property exempt from taxation hereunder pursuant to section 13 of
36 P.L.1980, c.105 (C.54:32B-8.1), (iii) (Deleted by amendment,
37 P.L.1990, c.40), (iv) any receipts from laundering, dry cleaning,
38 tailoring, weaving, or pressing clothing, and shoe repairing and
39 shoeshining and (v) services rendered in installing property which,
40 when installed, will constitute an addition or capital improvement to
41 real property, property or land, other than landscaping services and
42 other than installing carpeting and other flooring.

43 (3) Storing all tangible personal property not held for sale in the
44 regular course of business; the rental of safe deposit boxes or
45 similar space; and the furnishing of space for storage of tangible

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 personal property by a person engaged in the business of furnishing
2 space for such storage.

3 "Space for storage" means secure areas, such as rooms, units,
4 compartments or containers, whether accessible from outside or
5 from within a building, that are designated for the use of a customer
6 and wherein the customer has free access within reasonable
7 business hours, or upon reasonable notice to the furnisher of space
8 for storage, to store and retrieve property. Space for storage shall
9 not include the lease or rental of an entire building, such as a
10 warehouse or airplane hangar.

11 (4) Maintaining, servicing or repairing real property, other than
12 a residential heating system unit serving not more than three
13 families living independently of each other and doing their cooking
14 on the premises, whether the services are performed in or outside of
15 a building, as distinguished from adding to or improving such real
16 property by a capital improvement, but excluding services rendered
17 by an individual who is not in a regular trade or business offering
18 his services to the public, and excluding garbage removal and sewer
19 services performed on a regular contractual basis for a term not less
20 than 30 days.

21 (5) Mail processing services for printed advertising material,
22 except for mail processing services in connection with distribution
23 of printed advertising material to out-of-State recipients.

24 (6) (Deleted by amendment, P.L.1995, c.184).

25 (7) Utility service provided to persons in this State, any right or
26 power over which is exercised in this State.

27 (8) Tanning services, including the application of a temporary
28 tan provided by any means.

29 (9) Massage, bodywork or somatic services, except such
30 services provided pursuant to a doctor's prescription.

31 (10) Tattooing, including all permanent body art and permanent
32 cosmetic make-up applications, except such services provided
33 pursuant to a doctor's prescription in conjunction with
34 reconstructive breast surgery.

35 (11) Investigation and security services.

36 (12) Information services.

37 (13) Transportation services originating in this State and
38 provided by a limousine operator, as permitted by law, except such
39 services provided in connection with funeral services.

40 (14) Telephone answering services.

41 (15) Radio subscription services.

42 Wages, salaries and other compensation paid by an employer to
43 an employee for performing as an employee the services described
44 in this subsection are not receipts subject to the taxes imposed
45 under this subsection (b).

46 Services otherwise taxable under paragraph (1) or (2) of this
47 subsection (b) are not subject to the taxes imposed under this
48 subsection, where the tangible personal property or specified digital

1 product upon which the services were performed is delivered to the
2 purchaser outside this State for use outside this State.

3 (c) (1) Receipts from the sale of prepared food in or by
4 restaurants, taverns, or other establishments in this State, or by
5 caterers, including in the amount of such receipts any cover,
6 minimum, entertainment or other charge made to patrons or
7 customers, except for meals especially prepared for and delivered to
8 homebound elderly, age 60 or older, and to disabled persons, or
9 meals prepared and served at a group-sitting at a location outside of
10 the home to otherwise homebound elderly persons, age 60 or older,
11 and otherwise homebound disabled persons, as all or part of any
12 food service project funded in whole or in part by government or as
13 part of a private, nonprofit food service project available to all such
14 elderly or disabled persons residing within an area of service
15 designated by the private nonprofit organization; and

16 (2) Receipts from sales of food and beverages sold through
17 vending machines, at the wholesale price of such sale, which shall
18 be defined as 70% of the retail vending machine selling price,
19 except sales of milk, which shall not be taxed. Nothing herein
20 contained shall affect other sales through coin-operated vending
21 machines taxable pursuant to subsection (a) above or the exemption
22 thereto provided by section 21 of P.L.1980, c.105 (C.54:32B-8.9).

23 The tax imposed by this subsection (c) shall not apply to food or
24 drink which is sold to an airline for consumption while in flight.

25 (3) For the purposes of this subsection:

26 "Food and beverages sold through vending machines" means
27 food and beverages dispensed from a machine or other mechanical
28 device that accepts payment; and

29 "Prepared food" means:

30 (i) A. food sold in a heated state or heated by the seller; or

31 B. two or more food ingredients mixed or combined by the
32 seller for sale as a single item, but not including food that is only
33 cut, repackaged, or pasteurized by the seller, and eggs, fish, meat,
34 poultry, and foods containing these raw animal foods requiring
35 cooking by the consumer as recommended by the Food and Drug
36 Administration in Chapter 3, part 401.11 of its Food Code so as to
37 prevent food borne illnesses; or

38 C. food sold with eating utensils provided by the seller,
39 including plates, knives, forks, spoons, glasses, cups, napkins, or
40 straws. A plate does not include a container or packaging used to
41 transport the food;

42 provided however, that

43 (ii) "prepared food" does not include the following sold without
44 eating utensils:

45 A. food sold by a seller whose proper primary NAICS
46 classification is manufacturing in section 311, except subsector
47 3118 (bakeries);

1 B. food sold in an unheated state by weight or volume as a
2 single item; or

3 C. bakery items, including bread, rolls, buns, biscuits, bagels,
4 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
5 muffins, bars, cookies, and tortillas.

6 (d) The rent for every occupancy of a room or rooms in a hotel
7 in this State, except that the tax shall not be imposed upon a
8 permanent resident.

9 (e) (1) Any admission charge to or for the use of any place of
10 amusement in the State, including charges for admission to race
11 tracks, baseball, football, basketball or exhibitions, dramatic or
12 musical arts performances, motion picture theaters, except charges
13 for admission to boxing, wrestling, kick boxing or combative sports
14 exhibitions, events, performances or contests which charges are
15 taxed under any other law of this State or under section 20 of
16 P.L.1985, c.83 (C.5:2A-20), and, except charges to a patron for
17 admission to, or use of, facilities for sporting activities in which
18 such patron is to be a participant, such as bowling alleys and
19 swimming pools. For any person having the permanent use or
20 possession of a box or seat or lease or a license, other than a season
21 ticket, for the use of a box or seat at a place of amusement, the tax
22 shall be upon the amount for which a similar box or seat is sold for
23 each performance or exhibition at which the box or seat is used or
24 reserved by the holder, licensee or lessee, and shall be paid by the
25 holder, licensee or lessee.

26 (2) The amount paid as charge of a roof garden, cabaret or other
27 similar place in this State, to the extent that a tax upon such charges
28 has not been paid pursuant to subsection (c) hereof.

29 (f) (1) The receipts from every sale, except for resale, of
30 intrastate, interstate, or international telecommunications services
31 and ancillary services sourced to this State in accordance with
32 section 29 of P.L.2005, c.126 (C.54:32B-3.4).

33 (2) (Deleted by amendment, P.L.2008, c.123)

34 (g) (Deleted by amendment, P.L.2008, c.123)

35 (h) Charges in the nature of initiation fees, membership fees or
36 dues for access to or use of the property or facilities of a health and
37 fitness, athletic, sporting or shopping club or organization in this
38 State, except for: (1) membership in a club or organization whose
39 members are predominantly age 18 or under; and (2) charges in the
40 nature of membership fees or dues for access to or use of the
41 property or facilities of a health and fitness, athletic, sporting or
42 shopping club or organization that is exempt from taxation pursuant
43 to paragraph (1) of subsection (a) of section 9 of P.L.1966, c.30
44 (C.54:32B-9), or that is exempt from taxation pursuant to paragraph
45 (1) or (2) of subsection (b) of section 9 of P.L.1966, c.30 and that
46 has complied with subsection (d) of section 9 of P.L.1966, c.30.

47 (i) The receipts from parking, storing or garaging a motor
48 vehicle, excluding charges for the following: residential parking;

1 employee parking, when provided by an employer or at a facility
 2 owned or operated by the employer; municipal parking, storing or
 3 garaging; receipts from charges or fees imposed pursuant to section
 4 3 of P.L.1993, c.159 (C.5:12-173.3) or pursuant to an agreement
 5 between the Casino Reinvestment Development Authority and a
 6 casino operator in effect on the date of enactment of P.L.2007,
 7 c.105; and receipts from parking, storing or garaging a motor
 8 vehicle subject to tax pursuant to any other law or ordinance.

9 For the purposes of this subsection, "municipal parking, storing
 10 or garaging" means any motor vehicle parking, storing or garaging
 11 provided by a municipality or county, or a parking authority
 12 thereof.

13 (cf: P.L.2013, c.193, s.1)

14

15 2. Section 4 of P.L.1966, c.30 (C.54:32B-4) is amended to read
 16 as follows:

17 4. a. For the purpose of adding and collecting the tax imposed
 18 by this act, or an amount equal as nearly as possible or practicable
 19 to the average equivalent thereof, to be reimbursed to the seller by
 20 the purchaser, a seller shall use one of the two following options:

21 (1) (a) on or before December 31, 2016, a tax shall be calculated
 22 based on the following formula:

Amount of Sale	Amount of Tax
\$0.01 to \$0.10	No Tax
0.11 to 0.19	\$0.01
0.20 to 0.32	0.02
0.33 to 0.47	0.03
0.48 to 0.62	0.04
0.63 to 0.77	0.05
0.78 to 0.90	0.06
0.91 to \$1.10	0.07

32 and in addition to a tax of \$0.07 on each full dollar, a tax shall be
 33 collected on each part of a dollar in excess of a full dollar, in
 34 accordance with the above formula;

35 (b) on and after January 1, 2017, but before January 1, 2018, a
 36 tax shall be calculated based on the following formula:

<u>Amount of Sale</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.06</u>	<u>No Tax</u>
<u>0.07 to 0.22</u>	<u>\$0.01</u>
<u>0.23 to 0.37</u>	<u>0.02</u>
<u>0.38 to 0.53</u>	<u>0.03</u>
<u>0.54 to 0.68</u>	<u>0.04</u>
<u>0.69 to 0.83</u>	<u>0.05</u>
<u>0.84 to 0.99</u>	<u>0.06</u>
<u>1.00 to 1.14</u>	<u>0.07</u>
<u>1.15 to 1.29</u>	<u>0.08</u>
<u>1.30 to 1.45</u>	<u>0.09</u>
<u>1.46 to 1.60</u>	<u>0.10</u>

48

1	<u>1.61 to 1.76</u>	<u>0.11</u>
2	<u>1.77 to 1.91</u>	<u>0.12</u>
3	<u>1.92 to 2.06</u>	<u>0.13</u>

4 and in addition to a tax of \$0.13 on each two dollars, a tax shall
 5 be collected on each part of a dollar in excess of a full dollar, in
 6 accordance with the above formula;

7 (c) on and after January 1, 2018, a tax shall be calculated based
 8 on the following formula:

9	<u>Amount of Sale</u>	<u>Amount of Tax</u>
10	<u>\$0.01 to \$0.10</u>	<u>No Tax</u>
11	<u>0.11 to 0.22</u>	<u>\$0.01</u>
12	<u>0.23 to 0.38</u>	<u>0.02</u>
13	<u>0.39 to 0.56</u>	<u>0.03</u>
14	<u>0.57 to 0.72</u>	<u>0.04</u>
15	<u>0.73 to 0.88</u>	<u>0.05</u>
16	<u>0.89 to 1.10</u>	<u>0.06</u>

17 and in addition to a tax of \$0.06 on each full dollar, a tax shall be
 18 collected on each part of a dollar in excess of a full dollar, in
 19 accordance with the above formula; or

20 (2) tax shall be calculated to the third decimal place. One-half
 21 cent (\$0.005) or higher shall be rounded up to the next cent; less
 22 than \$0.005 shall be dropped in order to round the result down.

23 Sellers may compute the tax due on a transaction on either an
 24 item or an invoice basis.

25 b. (Deleted by amendment, P.L.2008, c.123)
 26 (cf: P.L. 2008, c.123, s.4)

28 3. Section 5 of P.L.1966, c.30 (C.54:32B-5) is amended to read
 29 as follows:

30 5. a. (1) Except as otherwise provided in this act, receipts
 31 received from all sales made and services rendered on and after
 32 January 3, 1983 but prior to July 1, 1990, are subject to the taxes
 33 imposed under subsections (a), (b), (c), and (f) of section 3 of this
 34 act at the rate, if any, in effect for such sales and services on June
 35 30, 1990, except if the property so sold is delivered or the services
 36 so sold are rendered on or after July 1, 1990 but prior to July 1,
 37 1992, in which case the tax shall be computed and paid at the rate
 38 of 7%; provided, however, that if a service or maintenance
 39 agreement taxable under this act covers any period commencing on
 40 or after January 3, 1983 and ending after June 30, 1990 but prior to
 41 July 1, 1992, the receipts from such agreement are subject to tax at
 42 the rate, if any, applicable to each period as set forth hereinabove
 43 and shall be apportioned on the basis of the ratio of the number of
 44 days falling within each of the said periods to the total number of
 45 days covered thereby.

46 (2) Except as otherwise provided in this act, receipts received
 47 from all sales made and services rendered on and after July 1, 1990
 48 but prior to July 1, 1992, are subject to the taxes imposed under

1 subsections (a), (b), (c) and (f) of section 3 of this act at the rate of
2 7%, except if the property so sold is delivered or the services so
3 sold are rendered on or after July 1, 1992 but prior to July 15, 2006,
4 in which case the tax shall be computed and paid at the rate of 6%,
5 provided, however, that if a service or maintenance agreement
6 taxable under this act covers any period commencing on or after
7 July 1, 1990, and ending after July 1, 1992, the receipts from such
8 agreement are subject to tax at the rate applicable to each period as
9 set forth hereinabove and shall be apportioned on the basis of the
10 ratio of the number of days falling within each of the said periods to
11 the total number of days covered thereby.

12 (3) Except as otherwise provided in this act, receipts received
13 from all sales made and services rendered on and after July 1, 1992
14 but prior to July 15, 2006, are subject to the taxes imposed under
15 subsections (a), (b), (c), (f) and (g) of section 3 of P.L.1966, c.30
16 (C.54:32B-3) at the rate of 6%, except if the property so sold is
17 delivered or the services so sold are rendered on or after July 15,
18 2006, in which case the tax shall be computed and paid at the rate
19 of 7%, provided, however, that if a service or maintenance
20 agreement taxable under this act covers any period commencing on
21 or after July 1, 1992, and ending after July 15, 2006, the receipts
22 from such agreement are subject to tax at the rate applicable to each
23 period as set forth hereinabove and shall be apportioned on the
24 basis of the ratio of the number of days falling within each of the
25 said periods to the total number of days covered thereby; provided
26 however, if a service or maintenance agreement in effect on July 14,
27 2006 covers billing periods ending after July 15, 2006, the seller
28 shall charge and collect from the purchaser a tax on such sales at
29 the rate of 6%, unless the billing period starts on or after July 15,
30 2006 in which case the seller shall charge and collect a tax at the
31 rate of 7%.

32 b. (1) The tax imposed under subsection (d) of section 3 shall
33 be paid at the rate of 7% upon any occupancy on and after July 1,
34 1990 but prior to July 1, 1992, although such occupancy is pursuant
35 to a prior contract, lease or other arrangement. If an occupancy,
36 taxable under this act, covers any period on or after January 3, 1983
37 but prior to July 1, 1990, the rent for the period of occupancy prior
38 to July 1, 1990 shall be taxed at the rate of 6%. If rent is paid on a
39 weekly, monthly or other term basis, the rent applicable to each
40 period as set forth hereinabove shall be apportioned on the basis of
41 the ratio of the number of days falling within each of the said
42 periods to the total number of days covered thereby.

43 (2) The tax imposed under subsection (d) of section 3 shall be
44 paid at the rate of 6% upon any occupancy on and after July 1, 1992
45 but prior to July 15, 2006, although such occupancy is pursuant to a
46 prior contract, lease or other arrangement. If an occupancy, taxable
47 under this act, covers any period on or after July 1, 1990 but prior
48 to July 1, 1992, the rent for the period of occupancy prior to July 1,

1 1992 shall be taxed at the rate of 7%. If rent is paid on a weekly,
2 monthly or other term basis, the rent applicable to each period as set
3 forth hereinabove shall be apportioned on the basis of the ratio of
4 the number of days falling within each of the said periods to the
5 total number of days covered thereby.

6 (3) The tax imposed under subsection (d) of section 3 shall be
7 paid at the rate of 7% upon any occupancy on and after July 15,
8 2006, although such occupancy is pursuant to a prior contract, lease
9 or other arrangement. If an occupancy, taxable under this act,
10 covers any period on or after July 1, 1992 but prior to July 15,
11 2006, the rent for the period of occupancy prior to July 15, 2006
12 shall be taxed at the rate of 6%. If rent is paid on a weekly,
13 monthly or other term basis, the rent applicable to each period as set
14 forth hereinabove shall be apportioned on the basis of the ratio of
15 the number of days falling within each of the said periods to the
16 total number of days covered thereby.

17 c. (1) Except as otherwise hereinafter provided, the tax imposed
18 under subsection (e) of section 3 shall be applicable at the rate of
19 7% to any admission to or for the use of facilities of a place of
20 amusement occurring on or after July 1, 1990 but prior to July 1,
21 1992, whether or not the admission charge has been paid prior to
22 July 1, 1990, unless the tickets were actually sold and delivered,
23 other than for resale, prior to July 1, 1990 and the tax imposed
24 under this act during the period January 3, 1983 through June 30,
25 1990 shall have been paid.

26 (2) Except as otherwise hereinafter provided, the tax imposed
27 under subsection (e) of section 3 shall be applicable at the rate of
28 6% to any admission to or for the use of facilities of a place of
29 amusement occurring on or after July 1, 1992 but prior to July 15,
30 2006, whether or not the admission charge has been paid prior to
31 July 1, 1992, unless the tickets were actually sold and delivered,
32 other than for resale, prior to July 1, 1992 and the tax imposed
33 under this act during the period July 1, 1990 through December 31,
34 1990 shall have been paid.

35 (3) Except as otherwise hereinafter provided, the tax imposed
36 under subsection (e) of section 3 shall be applicable at the rate of
37 7% to any admission to or for the use of facilities of a place of
38 amusement occurring on or after July 15, 2006, whether or not the
39 admission charge has been paid prior to that date, unless the tickets
40 were actually sold and delivered, other than for resale, prior to July
41 15, 2006 and the tax imposed under this act during the period July
42 1, 1992 through July 14, 2006 shall have been paid.

43 d. (1) Sales made on and after July 1, 1990 but prior to July 1,
44 1992 to contractors, subcontractors or repairmen of materials,
45 supplies, or services for use in erecting structures for others, or
46 building on, or otherwise improving, altering or repairing real
47 property of others shall be subject to the taxes imposed by
48 subsections (a) and (b) of section 3 and section 6 hereof at the rate

1 of 7%; provided, however, that if such sales are made for use in
2 performance of a contract which is either of a fixed price not
3 subject to change or modification, or entered into pursuant to the
4 obligation of a formal written bid which cannot be altered or
5 withdrawn, and, in either case, such contract was entered into or
6 such bid was made on or after January 3, 1983 but prior to July 1,
7 1990, such sales shall be subject to tax at the rate of 6%, but the
8 vendor shall charge and collect from the purchaser a tax on such
9 sales at the rate of 7%.

10 (2) Sales made on or after July 1, 1992 but prior to July 15,
11 2006 to contractors, subcontractors or repairmen of materials,
12 supplies, or services for use in erecting structures for others, or
13 building on, or otherwise improving, altering or repairing real
14 property of others shall be subject to the taxes imposed by
15 subsections (a) and (b) of section 3 and section 6 hereof at the rate
16 of 6%; provided, however, that if such sales are made for use in
17 performance of a contract which is either of a fixed price not
18 subject to change or modification, or entered into pursuant to the
19 obligation of a formal written bid which cannot be altered or
20 withdrawn, and, in either case, such contract was entered into or
21 such bid was made on or after July 1, 1990, but prior to July 1,
22 1992, such sales shall be subject to tax at the rate of 7%.

23 (3) Sales made on or after July 15, 2006 to contractors,
24 subcontractors or repairmen of materials, supplies, or services for
25 use in erecting structures for others, or building on, or otherwise
26 improving, altering or repairing real property of others shall be
27 subject to the taxes imposed by subsections (a) and (b) of section 3
28 and section 6 hereof at the rate of 7%; provided, however, that if
29 such sales are made for use in performance of a contract which is
30 either of a fixed price not subject to change or modification, or
31 entered into pursuant to the obligation of a formal written bid which
32 cannot be altered or withdrawn, and, in either case, such contract
33 was entered into or such bid was made on or after July 1, 1992, but
34 prior to July 15, 2006, such sales shall be subject to tax at the rate
35 of 6%, but the seller shall charge and collect from the purchaser a
36 tax on such sales at the rate of 7%.

37 e. (1) As to sales other than those referred to in d. above, the
38 taxes imposed under subsections (a) and (b) of section 3 and section
39 6 hereof, and the taxes imposed under subsection (f) of section 3
40 and section 6 hereof, upon receipts received on or after July 1, 1990
41 and on or before December 31, 1990, shall be at the rate in effect on
42 June 30, 1990, in case of sales made or services rendered pursuant
43 to a written contract entered on or after January 3, 1983 but prior to
44 July 1, 1990, and accompanied by a deposit or partial payment of
45 the contract price, except in the case of a contract which, in the
46 usage of trade, is not customarily accompanied by a deposit or
47 partial payment of the contract price, but the vendor shall charge
48 and collect from the purchaser on such sales at the rate of 7%,

1 which tax shall be reduced to the rate, if any, in effect on June 30,
2 1990, only by a claim for refund filed by the purchaser with the
3 director within 90 days after receipt of said receipts and otherwise
4 pursuant to the provisions of section 20 of P.L.1966, c.30
5 (C.54:32B-20). A claim for refund shall not be allowed if there has
6 been no deposit or partial payment of the contract price unless the
7 claimant shall establish by clear and convincing evidence that, in
8 the usage of trade, such contracts are not customarily accompanied
9 by a deposit or partial payment of the contract price.

10 (2) As to sales other than those referred to in d. above, the taxes
11 imposed under subsections (a) and (b) of section 3 and section 6
12 hereof, and the taxes imposed under subsections (f) and (g) of
13 section 3 and section 6 hereof, upon receipts received on or after
14 July 15, 2006 and on or before December 31, 2006, shall be at the
15 rate in effect on July 14, 2006, in case of sales made or services
16 rendered pursuant to a written contract entered on or after July 1,
17 1992 but prior to July 15, 2006, and accompanied by a deposit or
18 partial payment of the contract price, except in the case of a
19 contract which, in the usage of trade, is not customarily
20 accompanied by a deposit or partial payment of the contract price,
21 but the seller shall charge and collect from the purchaser on such
22 sales at the rate of 7%, which tax shall be reduced to the rate, if any,
23 in effect on July 14, 2006, only by a claim for refund filed by the
24 purchaser with the director within 90 days after receipt of said
25 receipts and otherwise pursuant to the provisions of section 20 of
26 P.L.1966, c.30 (C.54:32B-20). A claim for refund shall not be
27 allowed if there has been no deposit or partial payment of the
28 contract price unless the claimant shall establish by clear and
29 convincing evidence that, in the usage of trade, such contracts are
30 not customarily accompanied by a deposit or partial payment of the
31 contract price.

32 f. (1) The taxes imposed under subsections (a), (b), (c) and (f)
33 of section 3 upon receipts received on or after July 1, 1990 but prior
34 to July 1, 1992 shall be at the rate, if any, in effect on June 30, 1990
35 in the case of sales made or services rendered, if delivery of the
36 property which was the subject matter of the sale has been
37 completed or such services have been entirely rendered prior to July
38 1, 1990.

39 (2) The taxes imposed under subsections (a), (b), (c) and (f) of
40 section 3 upon receipts received on or after July 1, 1992 but prior to
41 July 15, 2006 shall be at the rate of 7% in the case of sales made or
42 services rendered, where delivery of the property which was the
43 subject matter of the sale has been completed or such services have
44 been entirely rendered on or after July 1, 1990 but prior to July 1,
45 1992.

46 (3) The taxes imposed under subsections (a), (b), (c), (f) and (g)
47 of section 3 upon receipts received on or after July 15, 2006 shall be
48 at the rate of 6% in the case of sales made or services rendered,

1 where delivery of the property which was the subject matter of the
2 sale has been completed or such services have been entirely
3 rendered on or after July 1, 1992 but prior to July 15, 2006.

4 g. The director is empowered to promulgate rules and
5 regulations to implement the provisions of this section.

6 h. The transitional provisions for sales made and services rendered
7 on and after the rate decrease to 6.5 percent on and after January 1,
8 2017, but before January 1, 2018 and the rate decrease to 6 percent on
9 and after January 1, 2018 pursuant to P.L. , c. (C.)(pending
10 before the Legislature as this bill), shall be implemented in a manner
11 analogous to each paragraph (2) of subsection a., b., c., d., and f. of
12 this section.

13 (cf: P.L. 2011, c.49, s.3)

14

15 4. Section 6 of P.L.1966, c.30 (C.54:32B-6) is amended to read
16 as follows:

17 6. Unless property or services have already been or will be
18 subject to the sales tax under this act, there is hereby imposed on
19 and there shall be paid by every person a use tax for the use within
20 this State of **【7%】** 7 percent on or before December 31, 2016, 6.5
21 percent on and after January 1, 2017 but before January 1, 2018,
22 and 6 percent on and after January 1, 2018, except as otherwise
23 exempted under this act, (A) of any tangible personal property or
24 specified digital product purchased at retail, including energy,
25 provided however, that electricity consumed by the generating
26 facility that produced it shall not be subject to tax, (B) of any
27 tangible personal property or specified digital product
28 manufactured, processed or assembled by the user, if items of the
29 same kind of tangible personal property or specified digital
30 products are offered for sale by him in the regular course of
31 business, or if items of the same kind of tangible personal property
32 are not offered for sale by him in the regular course of business and
33 are used as such or incorporated into a structure, building or real
34 property, (C) of any tangible personal property or specified digital
35 product, however acquired, where not acquired for purposes of
36 resale, upon which any taxable services described in paragraphs (1)
37 and (2) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-
38 3) have been performed, (D) of intrastate, interstate, or international
39 telecommunications services described in subsection (f) of section 3
40 of P.L.1966, c.30, (E) (Deleted by amendment, P.L.1995, c.184),
41 (F) of utility service provided to persons in this State for use in this
42 State, provided however, that utility service used by the facility that
43 provides the service shall not be subject to tax, (G) of mail
44 processing services described in paragraph (5) of subsection (b) of
45 section 3 of P.L.1966, c.30 (C.54:32B-3), (H) (Deleted by
46 amendment, P.L.2008, c.123), (I) of any services subject to tax
47 pursuant to subsection (11), (12), (13), (14) or (15) of subsection
48 (b) of section 3 of P.L.1966, c.30 (C.54:32B-3), and (J) of access to

1 or use of the property or facilities of a health and fitness, athletic,
2 sporting or shopping club or organization in this State. For
3 purposes of clause (A) of this section, the tax shall be at the
4 applicable rate, as set forth hereinabove, of the consideration given
5 or contracted to be given for such property or for the use of such
6 property including delivery charges made by the seller, but
7 excluding any credit for property of the same kind accepted in part
8 payment and intended for resale. For the purposes of clause (B) of
9 this section, the tax shall be at the applicable rate, as set forth
10 hereinabove, of the price at which items of the same kind of
11 tangible personal property or specified digital products are offered
12 for sale by the user, or if items of the same kind of tangible personal
13 property are not offered for sale by the user in the regular course of
14 business and are used as such or incorporated into a structure,
15 building or real property the tax shall be at the applicable rate, as
16 set forth hereinabove, of the consideration given or contracted to be
17 given for the tangible personal property manufactured, processed or
18 assembled by the user into the tangible personal property the use of
19 which is subject to use tax pursuant to this section, and the mere
20 storage, keeping, retention or withdrawal from storage of tangible
21 personal property or specified digital products by the person who
22 manufactured, processed or assembled such property shall not be
23 deemed a taxable use by him. For purposes of clause (C) of this
24 section, the tax shall be at the applicable rate, as set forth
25 hereinabove, of the consideration given or contracted to be given
26 for the service, including the consideration for any tangible personal
27 property or specified digital product transferred in conjunction with
28 the performance of the service, including delivery charges made by
29 the seller. For the purposes of clause (D) of this section, the tax
30 shall be at the applicable rate on the charge made by the
31 telecommunications service provider; provided however, that for
32 prepaid calling services and prepaid wireless calling services the tax
33 shall be at the applicable rate on the consideration given or
34 contracted to be given for the prepaid calling service or prepaid
35 wireless calling service or the recharge of the prepaid calling
36 service or prepaid wireless calling service. For purposes of clause
37 (F) of this section, the tax shall be at the applicable rate on the
38 charge made by the utility service provider. For purposes of clause
39 (G) of this section, the tax shall be at the applicable rate on that
40 proportion of the amount of all processing costs charged by a mail
41 processing service provider that is attributable to the service
42 distributed in this State. For purposes of clause (I) of this section,
43 the tax shall be at the applicable rate on the charge made by the
44 service provider. For purposes of clause (J) of this section, the tax
45 shall be at the applicable rate on the charges in the nature of
46 initiation fees, membership fees or dues.
47 (cf: P.L.2011, c.49, s.4)

1 5. Section 31 of P.L.1980, c.105 (C.54:32B-8.19) is amended to
2 read as follows:

3 31. Receipts from sales of tangible personal property and
4 services taxable under any municipal ordinance which was adopted
5 pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) and was in effect
6 on April 27, 1966 are exempt from the tax imposed under the Sales
7 and Use Tax Act, subject to the following conditions:

8 a. To the extent that the tax that is or would be imposed under
9 section 3 of P.L.1966, c.30 (C.54:32B-3) is greater than the tax
10 imposed by such ordinance, such sales shall not be exempt under
11 this section; and

12 b. Irrespective of the rate of tax imposed by such ordinance,
13 such sales shall be exempt only to the extent that the rate of taxation
14 imposed by the ordinance exceeds 6%, except that the combined
15 rate of taxation imposed under the ordinance and under this section
16 shall not exceed **【13%】** 13 percent on or before December 31,
17 2016, 12.5 percent on and after January 1, 2017 but before January
18 1, 2018, and 12 percent on and after January 1, 2018.

19 (cf: P.L.2006, c.44, s.10)

20

21 6. Section 1 of P.L.2003, c.114 (C.54:32D-1) is amended to read
22 as follows:

23 1. a. In addition to any other tax, assessment or use fee
24 authorized by law, there is imposed and shall be paid a hotel and
25 motel occupancy fee of 7% for occupancies on and after August 1,
26 2003 but before July 1, 2004, and of 5% for occupancies on and
27 after July 1, 2004, upon the rent for every occupancy of a room or
28 rooms in a hotel subject to taxation pursuant to subsection (d) of
29 section 3 of P.L. 1966, c.30 (C.54:32B-3), which every person
30 required to collect tax shall collect from the customer when
31 collecting the rent to which it applies; provided however, that on
32 and after the tenth day following a certification by the Director of
33 the Division of Budget and Accounting in the Department of the
34 Treasury pursuant to subsection d. of section 2 of P.L.2003, c.114
35 (C.54:32D-2), no such fee shall be paid or collected; and provided
36 further that:

37 (1) the combined rates of the fee imposed under this section,
38 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
39 c.30 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947,
40 c.71 (C.40:48-8.15 et seq.), shall not exceed a total rate of 14% on
41 or before December 31, 2016, 13.5% on and after January 1, 2017
42 but before January 1, 2018, and 13% on and after January 1, 2018,
43 and to the extent that the total combined rate of taxation for the
44 listed fees and taxes would exceed 14% on or before December 31,
45 2016, 13.5% on and after January 1, 2017 but before January 1,
46 2018, and 13% on and after January 1, 2018, the fee imposed under
47 this section shall be reduced so that the total combined rate equals
48 14% on or before December 31, 2016, 13.5% on and after January

1 1, 2017 but before January 1, 2018, and 13% on and after January 1,
2 2018;

3 (2) the combined rates of the fee imposed under this section,
4 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
5 c.30 (C.54:32B-1 et seq.), plus any tax and assessment imposed
6 under section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a
7 total rate of 14% on or before December 31, 2016, 13.5% on and
8 after January 1, 2017 but before January 1, 2018, and 13% on and
9 after January 1, 2018, and to the extent that the total combined rate
10 of taxation for the listed fees and taxes would exceed 14% on or
11 before December 31, 2016, 13.5% on and after January 1, 2017 but
12 before January 1, 2018, and 13% on and after January 1, 2018, the
13 fee imposed under this section shall be reduced so that the total
14 combined rate equals 14% on or before December 31, 2016, 13.5%
15 on and after January 1, 2017 but before January 1, 2018, and 13%
16 on and after January 1, 2018; and

17 (3) the fee imposed under this section shall be at the rate of 1%
18 in a city in which the tax authorized under P.L.1981, c. 77
19 (C.40:48E-1 et seq.) is imposed.

20 b. The hotel and motel occupancy fee imposed by subsection a.
21 of this section shall not be imposed on the rent for an occupancy if
22 the purchaser, user or consumer is an entity exempt from the tax
23 imposed on an occupancy under the "Sales and Use Tax Act"
24 pursuant to subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-
25 9).

26 c. Terms used in this section shall have the meaning given
27 those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).
28 (cf: P.L.2006, c.44, s.18)

29

30 7. N.J.S.54A:6-10 is amended to read as follows:

31 54A:6-10. Pensions and annuities.

32 a. Gross income shall not include that part of any amount
33 received as an annuity under an annuity, endowment, or life
34 insurance contract which bears the same ratio to such amount as the
35 investment in the contract as of the annuity starting date bears to the
36 expected return under the contract as of such date. Where (1) part
37 of the consideration for an annuity, endowment, or life insurance
38 contract is contributed by the employer, and (2) during the three-
39 year period beginning on the date on which an amount is first
40 received under the contract as an annuity, the aggregate amount
41 receivable by the employee under the terms of the contract is equal
42 to or greater than the consideration for the contract contributed by
43 the employee, then all amounts received as an annuity under the
44 contract shall be excluded from gross income until there has been so
45 excluded an amount equal to the consideration for the contract
46 contributed by the employee.

- 1 b. (1) In addition to that part of any amount received as an
2 annuity which is excludable from gross income as herein provided,
3 gross income shall not include payments:
- 4 for taxable years beginning before January 1, 2000, of up to
5 \$10,000 for a married couple filing jointly, \$5,000 for a married
6 person filing separately, or \$7,500 for an individual filing as a
7 single taxpayer or an individual determining tax pursuant to
8 subsection a. of N.J.S.54A:2-1;
- 9 for the taxable year beginning on or after January 1, 2000, but
10 before January 1, 2001, of up to \$12,500 for a married couple filing
11 jointly, \$6,250 for a married person filing separately, or \$9,375 for
12 an individual filing as a single taxpayer or an individual
13 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 14 for the taxable year beginning on or after January 1, 2001, but
15 before January 1, 2002, of up to \$15,000 for a married couple filing
16 jointly, \$7,500 for a married person filing separately, or \$11,250 for
17 an individual filing as a single taxpayer or an individual
18 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 19 for the taxable year beginning on or after January 1, 2002, but
20 before January 1, 2003, of up to \$17,500 for a married couple filing
21 jointly, \$8,750 for a married person filing separately, or \$13,125 for
22 an individual filing as a single taxpayer or an individual
23 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 24 for taxable years beginning on or after January 1, 2003, but
25 before January 1, 2017 of up to \$20,000 for a married couple filing
26 jointly, \$10,000 for a married person filing separately, or \$15,000
27 for an individual filing as a single taxpayer or an individual
28 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 29 for taxable years beginning on or after January 1, 2017, but
30 before January 1, 2018, of up to \$40,000 for a married couple filing
31 jointly, \$20,000 for a married person filing separately, or \$30,000
32 for an individual filing as a single taxpayer or an individual
33 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 34 for taxable years beginning on or after January 1, 2018, but
35 before January 1, 2019, gross income shall not include income of up
36 to \$60,000 for a married couple filing jointly, \$30,000 for a married
37 person filing separately, or \$50,000 for an individual filing as a
38 single taxpayer or an individual determining tax pursuant to
39 subsection a. of N.J.S.54A:2-1;
- 40 for taxable years beginning on or after January 1, 2019, but
41 before January 1, 2020, of up to \$80,000 for a married couple filing
42 jointly, \$40,000 for a married person filing separately, or \$60,000
43 for an individual filing as a single taxpayer or an individual
44 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
- 45 for taxable years beginning on or after January 1, 2020, of up to
46 \$100,000 for a married couple filing jointly, \$50,000 for a married
47 person filing separately, or \$75,000 for an individual filing as a

1 single taxpayer or an individual determining tax pursuant to
2 subsection a. of N.J.S.54A:2-1,

3 which are received as an annuity, endowment or life insurance
4 contract, or payments of any such amounts which are received as
5 pension, disability, or retirement benefits, under any public or
6 private plan, whether the consideration therefor is contributed by
7 the employee or employer or both, by any person who is 62 years of
8 age or older or who, by virtue of disability, is or would be eligible
9 to receive payments under the federal Social Security Act [, but
10 for] .

11 (2) For taxable years beginning on or after January 1, 2005, but
12 before January 1, 2021, the exclusion provided by this subsection
13 shall only be allowed if the taxpayer has gross income for the
14 taxable year of not more than \$100,000;

15 for taxable years beginning on or after January 1, 2021, if the
16 taxpayer has gross income for the taxable year of not more than
17 \$100,000 the exclusion provided by this subsection shall be fully
18 allowed, if the taxpayer has gross income for the taxable year in
19 excess of \$100,000 but not more than \$125,000 then the taxpayer
20 may exclude 50 percent of the amount otherwise allowed, and if the
21 taxpayer has gross income for the taxable year in excess of
22 \$125,000 but not more than \$150,000 then the taxpayer may
23 exclude 25 percent of the amount otherwise allowed.

24 c. Gross income shall not include any amount received under
25 any public or private plan by reason of a permanent and total
26 disability.

27 d. Gross income shall not include distributions from an
28 employees' trust described in section 401(a) of the Internal Revenue
29 Code of 1986, as amended (hereinafter referred to as "the Code"),
30 which is exempt from tax under section 501(a) of the Code if the
31 distribution, except the portion representing the employees'
32 contributions, is rolled over in accordance with section 402(a)(5) or
33 section 403(a)(4) of the Code. The distribution shall be paid in one
34 or more installments which constitute a lump-sum distribution
35 within the meaning of section 402(e)(4)(A) (determined without
36 reference to subsection (e)(4)(B)), or be on account of a termination
37 of a plan of which the trust is a part or, in the case of a profit-
38 sharing or stock bonus plan, a complete discontinuance of
39 contributions under such plan.

40 (cf: P.L.2005, c.130, s.1)

41

42 8. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read
43 as follows:

44 3. Other retirement income. a. (1) Gross income shall not
45 include income:

46 for taxable years beginning before January 1, 2000, of up to
47 \$10,000 for a married couple filing jointly, \$5,000 for a married
48 person filing separately, or \$7,500 for an individual filing as a

1 single taxpayer or an individual determining tax pursuant to
2 subsection a. of N.J.S.54A:2-1;
3 for the taxable year beginning on or after January 1, 2000, but
4 before January 1, 2001, of up to \$12,500 for a married couple filing
5 jointly, \$6,250 for a married person filing separately, or \$9,375 for
6 an individual filing as a single taxpayer or an individual
7 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
8 for the taxable year beginning on or after January 1, 2001, but
9 before January 1, 2002, of up to \$15,000 for a married couple filing
10 jointly, \$7,500 for a married person filing separately, or \$11,250 for
11 an individual filing as a single taxpayer or an individual
12 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
13 for the taxable year beginning on or after January 1, 2002, but
14 before January 1, 2003, of up to \$17,500 for a married couple filing
15 jointly, \$8,750 for a married person filing separately, or \$13,125 for
16 an individual filing as a single taxpayer or an individual
17 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
18 for taxable years beginning on or after January 1, 2003, but
19 before January 1, 2017, gross income shall not include income of up
20 to \$20,000 for a married couple filing jointly, \$10,000 for a married
21 person filing separately, or \$15,000 for an individual filing as a
22 single taxpayer or an individual determining tax pursuant to
23 subsection a. of N.J.S.54A:2-1;
24 for taxable years beginning on or after January 1, 2017 but
25 before January 1, 2018, gross income shall not include income of up
26 to \$40,000 for a married couple filing jointly, \$20,000 for a married
27 person filing separately, or \$30,000 for an individual filing as a
28 single taxpayer or an individual determining tax pursuant to
29 subsection a. of N.J.S.54A:2-1;
30 for taxable years beginning on or after January 1, 2018, but
31 before January 1, 2019, gross income shall not include income of up
32 to \$60,000 for a married couple filing jointly, \$30,000 for a married
33 person filing separately, or \$50,000 for an individual filing as a
34 single taxpayer or an individual determining tax pursuant to
35 subsection a. of N.J.S.54A:2-1;
36 for taxable years beginning on or after January 1, 2019, but
37 before January 1, 2020, gross income shall not include income of up
38 to \$80,000 for a married couple filing jointly, \$40,000 for a married
39 person filing separately, or \$60,000 for an individual filing as a
40 single taxpayer or an individual determining tax pursuant to
41 subsection a. of N.J.S.54A:2-1;
42 for taxable years beginning on or after January 1, 2020, gross
43 income shall not include income of up to \$100,000 for a married
44 couple filing jointly, \$50,000 for a married person filing separately,
45 or \$75,000 for an individual filing as a single taxpayer or an
46 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
47 1,

1 when received in any tax year by a person aged 62 years or older
2 who received no income in excess of \$3,000 from one or more of
3 the sources enumerated in subsections a., b., k. and p. of
4 N.J.S.54A:5-1 **], but for]** .

5 (2) For taxable years beginning on or after January 1, 2005, but
6 before January 1, 2021, the exclusion provided by this subsection
7 shall only be allowed if the taxpayer has gross income for the
8 taxable year of not more than \$100,000 **], provided, however, that**
9 the**]** :

10 for taxable years beginning on or after January 1, 2021, if the
11 taxpayer has gross income for the taxable year of not more than
12 \$100,000 the exclusion provided by this subsection shall be fully
13 allowed, if the taxpayer has gross income for the taxable year in
14 excess of \$100,000 but not more than \$125,000 then the taxpayer
15 may exclude 50 percent of the amount otherwise allowed, and if the
16 taxpayer has gross income for the taxable year in excess of
17 \$125,000 but not more than \$150,000 then the taxpayer may
18 exclude 25 percent of the amount otherwise allowed.

19 (3) The total exclusion under this subsection and that allowable
20 under N.J.S.54A:6-10 shall not exceed the amounts of the
21 exclusions set forth in this subsection.

22 b. In addition to the exclusion provided under N.J.S.54A:6-10
23 and subsection a. of this section, gross income shall not include
24 income of up to \$6,000 for a married couple filing jointly or an
25 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
26 1, or \$3,000 for a single person or a married person filing
27 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
28 3, but who would be eligible in any year to receive payments under
29 either section if he or she were covered thereby.

30 (cf: P.L.2005, c.130, s.2)

31
32 9. Section 2 of P.L.1990, c. 42 (C.54:15B-2) is amended to read
33 as follows:

34 2. For the purposes of this act:

35 "Aviation fuel" means aviation gasoline or aviation grade
36 kerosene or any other fuel that is used in aircraft.

37 "Aviation gasoline" means fuel specifically compounded for use
38 in reciprocating aircraft engines.

39 "Aviation grade kerosene" means any kerosene type jet fuel
40 covered by ASTM Specification D 1655 or meeting specification
41 MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8).

42 "Blended fuel" means a mixture composed of gasoline, diesel
43 fuel, kerosene or blended fuel and another liquid, including blend
44 stock other than a de minimis amount of a product such as
45 carburetor detergent or oxidation inhibitor, that can be used as a
46 fuel in a highway vehicle. "Blended fuel" includes but is not
47 limited to gasohol, biobased liquid fuel, biodiesel fuel, ethanol,

1 methanol, fuel grade alcohol, diesel fuel enhancers and resulting
2 blends.

3 "Company" includes a corporation, partnership, limited
4 partnership, limited liability company, association, individual, or
5 any fiduciary thereof.

6 "Diesel fuel" means a liquid that is commonly or commercially
7 known or sold as a fuel that is suitable for use in a diesel-powered
8 highway vehicle. A liquid meets this requirement if, without
9 further processing or blending, the liquid has practical and
10 commercial fitness for use in the propulsion engine of a diesel-
11 powered highway vehicle. "Diesel fuel" includes biobased liquid
12 fuel, biodiesel fuel, and number 1 and number 2 diesel.

13 "Director" means the Director of the Division of Taxation in the
14 Department of the Treasury.

15 "First sale of petroleum products within this State" means the
16 initial sale of a petroleum product delivered to a location in this
17 State. A "first sale of petroleum products within this State" does
18 not include a book or exchange transfer of petroleum products if
19 such products are intended to be sold in the ordinary course of
20 business.

21 "Gasoline" means all products commonly or commercially
22 known or sold as gasoline that are suitable for use as a motor fuel.
23 "Gasoline" does not include products that have an ASTM octane
24 number of less than 75 as determined by the "motor method,"
25 ASTM D2700-92. The term does not include racing gasoline or
26 aviation gasoline, but for administrative purposes does include fuel
27 grade alcohol.

28 "Gross receipts" means all consideration derived from the first
29 sale of petroleum products within this State except sales of:

30 a. asphalt;

31 b. petroleum products sold pursuant to a written contract
32 extending one year or longer to nonprofit entities qualifying under
33 subsection (b) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
34 evidenced by an invoice in form prescribed by subsection b. of
35 section 3 of P.L.1991, c.19 (C.54:15B-10);

36 c. petroleum products sold to governmental entities qualifying
37 under subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
38 evidenced by an invoice in form prescribed by subsection b. of
39 section 3 of P.L.1991, c.19 (C.54:15B-10); and

40 d. polymer grade propylene used in the manufacture of
41 polypropylene.

42 "Highway fuel" means gasoline, blended fuel that contains
43 gasoline or is intended for use as gasoline, liquefied petroleum gas,
44 and diesel fuel, blended fuel that contains diesel fuel or is intended
45 for use as diesel fuel, and kerosene, other than aviation grade
46 kerosene.

1 "Kerosene" means the petroleum fraction containing
2 hydrocarbons that are slightly heavier than those found in gasoline
3 and naphtha, with a boiling range of 149 to 300 degrees Celsius.

4 "Petroleum products" means refined products made from crude
5 petroleum and its fractionation products, through straight
6 distillation of crude oil or through redistillation of unfinished
7 derivatives, but shall not mean the products commonly known as
8 number 2 heating oil, number 4 heating oil, number 6 heating oil,
9 kerosene and propane gas to be used exclusively for residential use.

10 "Quarterly period" means a period of three calendar months
11 commencing on the first day of January, April, July or October and
12 ending on the last day of March, June, September or December,
13 respectively.

14 **["Retail gasoline price survey" means a Statewide representative**
15 **random sample of retail gasoline prices conducted by the Board of**
16 **Public Utilities, Office of the Economist, or its successor, that shall**
17 **be completed for the month of November and May of each year.]**

18 "Retail price per gallon" means the price **[posted by gasoline]**
19 charged by retailers in the State for **[unleaded regular gasoline]** a
20 gallon of the petroleum product dispensed into the fuel tanks of
21 motor vehicles without State or federal tax included.

22 "Unleaded regular gasoline" means gasoline of the octane rating
23 equal to the lowest octane rated gasoline offered for sale at a
24 majority of the gasoline retailers in the State.

25 (cf: P.L.1991, c.181, s.1)

26

27 10. Section 7 of P.L.1991, c.181 (C.54:15B-2.1) is amended to
28 read as follows:

29 7. a. "Gross receipts," as otherwise defined by section 2 of
30 P.L.1990, c.42 (C.54:15B-2), shall not include receipts from sales
31 of petroleum products used by marine vessels engaged in interstate
32 or foreign commerce and sales of aviation fuels used by common
33 carriers in interstate or foreign commerce other than the "burnout"
34 portion which shall be taxable pursuant to rules promulgated by the
35 director.

36 b. Motor fuel used for the following purposes is exempt from
37 the tax imposed by section 3 of P.L.1990, c.42 (C.54:15B-3), and a
38 refund of the tax imposed by that section may be claimed by the
39 consumer providing proof the tax has been paid and no refund has
40 been previously issued:

41 (1) autobuses while being operated over the highways of this
42 State in those municipalities to which the operator has paid a
43 monthly franchise tax for the use of the streets therein under the
44 provisions of R.S.48:16-25 and autobuses while being operated over
45 the highways of this State in a regular route bus operation as
46 defined in R.S.48:4-1 and under operating authority conferred
47 pursuant to R.S.48:4-3, or while providing bus service under a
48 contract with the New Jersey Transit Corporation or under a

1 contract with a county for special or rural transportation bus service
2 subject to the jurisdiction of the New Jersey Transit Corporation
3 pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses
4 providing commuter bus service which receive or discharge
5 passengers in New Jersey. For the purpose of this paragraph
6 "commuter bus service" means regularly scheduled passenger
7 service provided by motor vehicles whether within or across the
8 geographical boundaries of New Jersey and utilized by passengers
9 using reduced fare, multiple ride, or commutation tickets and shall
10 not include charter bus operations for the transportation of enrolled
11 children and adults referred to in subsection c. of R.S.48:4-1 and
12 "regular route service" does not mean a regular route in the nature
13 of special bus operation or a casino bus operation;

14 (2) agricultural tractors not operated on a public highway;

15 (3) farm machinery;

16 (4) ambulances;

17 (5) rural free delivery carriers in the dispatch of their official
18 business;

19 (6) vehicles that run only on rails or tracks, and such vehicles as
20 run in substitution therefor;

21 (7) highway motor vehicles that are operated exclusively on
22 private property;

23 (8) motor boats or motor vessels used exclusively for or in the
24 propagation, planting, preservation and gathering of oysters and
25 clams in the tidal waters of this State;

26 (9) motor boats or motor vessels used exclusively for
27 commercial fishing;

28 (10) motor boats or motor vessels, while being used for hire for
29 fishing parties or being used for sightseeing or excursion parties;

30 (11) fire engines and fire-fighting apparatus;

31 (12) stationary machinery and vehicles or implements not
32 designed for the use of transporting persons or property on the
33 public highways;

34 (13) heating and lighting devices;

35 (14) motor boats or motor vessels used exclusively for Sea Scout
36 training by a duly chartered unit of the Boy Scouts of America; and

37 (15) emergency vehicles used exclusively by volunteer first-aid
38 or rescue squads.

39 (cf: P.L.1991, c.181, s.7)

40
41 11. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read
42 as follows:

43 3. a. (1) (a) There is imposed on each company which is
44 engaged in the refining or distribution, or both, of petroleum
45 products other than highway fuel and aviation fuel and which
46 distributes such products in this State a tax at the rate of **two and**
47 **three-quarters percent (2 3/4%)** seven percent of its gross receipts
48 derived from the first sale of petroleum products within this State

1 and there is imposed on each company which is engaged in the
2 refining or distribution, or both, of highway fuel a tax at the rate of
3 12.5 percent, as adjusted pursuant to subsection c. of this section, of
4 its gross receipts derived from the first sale of those products within
5 this State. [; provided however, that the]

6 (b) The applicable tax rate for [fuel oils, aviation fuels and
7 motor fuels subject to tax under R.S.54:39-1 et seq.] gasoline,
8 blended fuel that contains gasoline or is intended for use as
9 gasoline, and liquefied petroleum gas, which are taxed as a highway
10 fuel pursuant to subparagraph (a) of this paragraph, shall be
11 converted to a cents-per-gallon rate, rounded to the nearest tenth of
12 a cent, [that shall be calculated by the use of] and adjusted
13 quarterly by the director, effective on July 1, October 1, January 1,
14 and April 1, based on the average retail price per gallon of unleaded
15 regular gasoline [in December 1990,] in the State, as determined in
16 [a] the most recent survey of the retail price per gallon of gasoline
17 [prices] that [included] includes a Statewide representative
18 random sample conducted [in December 1990 for that month] by
19 the Board of Public Utilities, Office of the Economist, [and shall be
20 effective for the tax due for months ending after that date; and] or
21 its successor.

22 (c) The cents-per-gallon rate determined pursuant to
23 subparagraph (b) of this paragraph shall not be less than the rate
24 determined for the quarter beginning July 1, 2016.

25 (d) The applicable tax rate for diesel fuel, blended fuel that
26 contains diesel fuel or is intended for use as diesel fuel, and
27 kerosene, other than aviation grade kerosene, which are taxed as a
28 highway fuel pursuant to subparagraph (a) of this paragraph, shall
29 be converted to a cents-per-gallon rate, rounded to the nearest tenth
30 of a cent, and adjusted quarterly by the director, effective on July 1,
31 October 1, January 1, and April 1, based on the average retail price
32 per gallon of number 2 diesel in the State, as determined in the most
33 recent survey of retail diesel fuel prices that includes a Statewide
34 representative random sample conducted by the Board of Public
35 Utilities, Office of the Economist, or its successor.

36 Notwithstanding the provisions of subparagraph (a) of this
37 paragraph to the contrary, for the period from July 1, 2016 through
38 December 31, 2016, no rate of tax shall be applied to diesel fuel,
39 blended fuel that contains diesel fuel or is intended for use as diesel
40 fuel, or kerosene, other than aviation grade kerosene; for the period
41 from January 1, 2017 through June 30, 2017, the applicable rate for
42 those fuels shall be 70 percent of the rate otherwise determined
43 pursuant to subparagraph (a) of this paragraph, and for July 1, 2017
44 and thereafter the applicable rate for those fuels determined
45 pursuant to subparagraph (a) of this paragraph.

1 (e) The cents-per-gallon rate determined pursuant to
2 subparagraph (d) of this paragraph shall not be less than the rate
3 determined for the quarter beginning July 1, 2016.

4 (f) The applicable tax rate for fuel oil determined pursuant to
5 subparagraph (a) of this paragraph shall be converted to a cents-per-
6 gallon rate, rounded to the nearest tenth of a cent, and adjusted
7 quarterly by the director, effective on July 1, October 1, January 1,
8 and April 1, to reflect the average price per gallon, without State or
9 federal tax included, of retail sales of number 2 fuel oil in the State,
10 as determined in the most recent survey of retail diesel fuel prices
11 that included a Statewide representative random sample conducted
12 by the Board of Public Utilities, Office of the Economist, or its
13 successor.

14 (g) The cents-per-gallon rate determined pursuant to
15 subparagraph (f) of this paragraph shall not be less than the rate
16 determined for the quarter beginning July 1, 2016.

17 (h) On and after the 10th day following a certification by the
18 review council pursuant to subsection c. of section 16 of P.L. , c.
19 (C.) (pending before the Legislature as this bill), no tax shall be
20 imposed pursuant to this paragraph.

21 (2) (a) In addition to the tax, if any, imposed by paragraph (1)
22 of this subsection, a cents-per-gallon tax is imposed on each
23 company's gross receipts derived from the first sale of petroleum
24 products within this State on gasoline, blended fuel that contains
25 gasoline or that is intended for use as gasoline, liquefied petroleum
26 gas and aviation fuel at the rate of four cents per gallon; and

27 (b) In addition to the tax, if any, imposed by paragraph (1) of
28 this subsection, a cents-per-gallon tax is imposed on each
29 company's gross receipts derived from the first sale of petroleum
30 products within this State on diesel fuel, blended fuel that contains
31 diesel fuel or is intended for use as diesel fuel, and kerosene other
32 than aviation grade kerosene at the rate of four cents per gallon
33 before July 1, 2017 and at the rate of eight cents per gallon on and
34 after July 1, 2017.

35 b. There is imposed on each company that imports or causes to
36 be imported, other than by a company subject to and having paid
37 the tax on those imported petroleum products that have generated
38 gross receipts taxable under subsection a. of this section, petroleum
39 products for use or consumption by it within this State a tax at the
40 rate **【of two and three-quarters percent (2 3/4%)】** or rates of the
41 consideration given or contracted to be given and the gallonage,
42 determined pursuant to subsection a. of this section, for such
43 petroleum products if the consideration given or contracted to be
44 given for all such deliveries made during a quarterly period exceeds
45 \$5,000**【**; provided however, that the applicable tax rate for fuel oils,
46 aviation fuels and motor fuels subject to tax under R.S.54:39-1 et
47 seq. shall be converted to a cents per gallon rate, rounded to the
48 nearest cent, that shall be calculated by the use of the average retail

1 price per gallon of unleaded regular gasoline in December 1990, as
2 determined in a survey of retail gasoline prices that included a
3 Statewide representative random sample conducted in December
4 1990 for that month by the Board of Public Utilities, Office of the
5 Economist, and shall be effective for the tax due for months ending
6 after that date】.

7 c. (1) For State fiscal years 2018 through 2026, the rate of tax
8 imposed on highway fuel pursuant to subsection a. of this section
9 shall be adjusted annually so that the total revenue derived from
10 highway fuel shall not exceed the highway fuel cap amount.

11 (2) The State Treasurer shall, on or before December 31, 2016,
12 determine the highway fuel cap amount as the sum of:

13 (a) the taxes collected for State Fiscal Year 2016 pursuant to
14 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
15 c.22 (C.54:39-103) on highway fuel,

16 (b) the amount derived from taxing the gallonage of highway
17 fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of
18 four cents per gallon, and

19 (c) the amount that would have been derived from taxing the
20 gallonage of highway fuel subject to motor fuel tax in State Fiscal
21 Year 2016 at the rate of 23 cents per gallon.

22 (3) On or before August 15 of each State Fiscal Year following
23 State Fiscal Year 2017, the State Treasurer and the Legislative
24 Budget and Finance Officer shall determine the total revenue
25 derived from:

26 (a) the taxes collected for the prior State Fiscal Year pursuant to
27 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
28 c.22 (C.54:39-103) on highway fuel,

29 (b) the revenue that would be derived from imposing the tax
30 pursuant to paragraph (2) of subsection a. of this section on
31 highway fuel at the rate of four cents per gallon, and

32 (c) the revenue derived from the taxation of highway fuel
33 pursuant to paragraph (1) of subsection a. of this section.

34 (4) Upon consideration of the result of the determination
35 pursuant to paragraph (3) of this subsection, and consultation with
36 the Legislative Budget and Finance Officer, the State Treasurer
37 shall determine the rate of tax to be imposed on highway fuel
38 pursuant to subsection a. of this section that will result in revenue
39 from:

40 (a) the taxes collected on highway fuel for the current State
41 Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of
42 section 3 of P.L.2010, c.22 (C.54:39-103),

43 (b) the revenue derived from the tax imposed pursuant to
44 paragraph (2) of subsection a. of this section on highway fuel at the
45 rate of four cents per gallon for the current State Fiscal Year, and

46 (c) the revenue derived from the taxation of highway fuel
47 pursuant to paragraph (1) of subsection a. of this section

1 equaling the highway fuel cap amount determined pursuant to
2 paragraph (2) of this subsection, as adjusted pursuant to paragraph
3 (5) of this subsection;

4 and that rate shall take effect on the October 1 of that year.

5 (5) If the actual revenue determined pursuant to paragraph (3) of
6 this subsection exceeds the highway fuel cap amount determined
7 pursuant to paragraph (2) of this subsection, then the highway fuel
8 cap amount for the succeeding year shall be decreased by the
9 amount of the excess in setting the rate pursuant to paragraph (4) of
10 this subsection. If the actual revenue determined pursuant to
11 paragraph (3) of this subsection is less than the highway fuel cap
12 amount determined pursuant to paragraph (2) of this subsection,
13 then the highway fuel cap amount for the succeeding year shall be
14 increased by the amount of the shortfall in setting the rate pursuant
15 to paragraph (4) of this subsection.

16 (cf: P.L.2000, c.48, s.1)

17
18 12. Section 2 of P.L.1991, c.19 (C.54:15B-9) is amended to read
19 as follows:

20 2. a. A person who shall purchase or otherwise acquire
21 petroleum products, upon which the petroleum products gross
22 receipts tax has not been paid and is not due pursuant to subsection
23 b. of section 5 of P.L.1990, c.42 (C.54:15B-5) or upon which a
24 reimbursement payment has been paid pursuant to section 3 of **【this**
25 **act】** P.L.1991, c.19 (C.54:15B-10), from a federal government
26 department, agency or instrumentality, or any agent or officer
27 thereof, for use not specifically associated with any federal
28 government function or operation, shall pay to the State a tax
29 **【equivalent to two and three-quarters percent (2 3/4%)】** at the rate
30 or rates of the consideration given or contracted to be given for the
31 purchase or acquisition of the petroleum products and the
32 gallorage, determined pursuant to subsection a. of section 3 of
33 P.L.1990, c.42 (C.54:15B-3) in accordance with the procedures set
34 forth in the "Petroleum Products Gross Receipts Tax Act,"
35 P.L.1990, c.42 (C.54:15B-1 et seq.).

36 b. A person who knowingly uses, or who conspires with an
37 official, agent or employee of a federal government department,
38 agency or instrumentality, for the use of, a requisition, purchase
39 order, or a card or an authority to which the person is not
40 specifically entitled by government regulations, with the intent to
41 obtain petroleum products from a federal government department,
42 agency or instrumentality for a use not specifically associated with
43 a federal government function or operation, upon which the
44 petroleum products gross receipts tax has not been paid, is guilty of
45 a crime of the fourth degree.

46 (cf: P.L.1991, c.19, s.2)

1 13. Section 3 of P.L.1991, c.19 (C.54:15B-10) is amended to
2 read as follows:

3 a. A federal government department, agency or instrumentality,
4 that purchases petroleum products other than by the first sale of that
5 product in this State for use in a federal government function or
6 operation, upon which petroleum products the petroleum products
7 gross receipts tax has been paid or is due and payable, shall be
8 reimbursed and paid an amount **【equivalent to two and three-**
9 **quarters percent (2 3/4%)】** at the rate or rates of the consideration
10 given or contracted to be given **【by the federal government**
11 **department, agency or instrumentality for the purchase of the**
12 **petroleum products】** , and the gallonage, determined pursuant to
13 subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3).

14 b. The reimbursement shall be claimed by presenting to the
15 Director of the Division of Taxation in the Department of the
16 Treasury an application for the reimbursement, on a form prescribed
17 by the director, which application shall be verified by a declaration
18 of the applicant that the statements contained therein are true. Such
19 application for reimbursement shall be supported by an invoice, or
20 invoices, showing the name and address of the person from whom
21 the petroleum products were purchased, the name of the purchaser,
22 the date of purchase, the quantity of the product purchased, the
23 price paid for the purchase of the product, and an acknowledgment
24 by the seller that payment of the cost of the product to the seller,
25 including the petroleum gross receipts tax due thereon, has been
26 made. Such invoice, or invoices, shall be legibly written and shall
27 be void if any corrections or erasures shall appear on the face
28 thereof.

29 c. If petroleum products are sold to a federal government
30 department, agency or instrumentality that shall be entitled to a
31 reimbursement under this act, the seller of the petroleum products
32 shall supply the purchaser with an invoice that conforms with the
33 requirements of subsection b. of this section.

34 (cf: P.L.1991, c.19, s.3)

35

36 14. (New section) a. There is levied a tax on persons, other
37 than licensed companies pursuant to section 6 of P.L.1991, c.181
38 (C.54:15B-12), holding the fuels enumerated in subparagraph (a) of
39 paragraph (2) of subsection a. of section 3 of P.L.1990, c.42
40 (C.54:15B-3) in storage for sale as of the close of the first business
41 day following the date of enactment of P.L. , c. (C.) (pending
42 before the Legislature as this bill) by fifteen days on which tax has
43 previously been paid. The amount of tax shall be the difference
44 between the tax per gallon specified by subsection a. of section 3 of
45 P.L.1990, c.42 (C.54:15B-3) for the type of fuel and the tax
46 previously paid per gallon, multiplied by the gallons in storage of
47 that type of fuel as of the close of the business day on that day.

1 b. Persons in possession of those fuels in storage as of the close
2 of the first business day following the date of enactment of P.L. ,
3 c. (C.) (pending before the Legislature as this bill) by fifteen
4 days shall:

5 (1) take an inventory at the close of the business day on that
6 day;

7 (2) report the gallons listed in paragraph (1) of this subsection
8 on forms provided by the director, not later than 45 days following
9 the date of enactment of P.L. , c. (C.) (pending before the
10 Legislature as this bill) by fifteen days; and

11 (3) Remit the tax levied under this section to the director no
12 later than February 1, 2017.

13 c. Fuel not reflected in the inventory taken pursuant to
14 subsection b. of this section is deemed to be previously untaxed,
15 except to the extent that it is invoiced as delivered tax-paid on or
16 after July 1, 2016.

17 d. There is levied a tax on persons, other than licensed
18 companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12),
19 holding the fuels enumerated in subparagraph (b) of paragraph (2)
20 of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in
21 storage for sale as of the close of the business day on December 31,
22 2016 on which tax has previously been paid. The amount of tax
23 shall be the difference between the tax per gallon specified by
24 subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the
25 type of fuel and the tax previously paid per gallon, multiplied by the
26 gallons in storage of that type of fuel as of the close of the business
27 day on December 31, 2016.

28 e. Persons in possession of those fuels in storage as of the close
29 of the business day on December 31, 2016 shall:

30 (1) take an inventory at the close of the business day on
31 December 31, 2016;

32 (2) report the gallons listed in paragraph (1) of this subsection
33 on forms provided by the director, not later than January 31, 2017;
34 and

35 (3) Remit the tax levied under this section to the director no
36 later than August 1, 2017.

37 f. Fuel not reflected in the inventory taken pursuant to
38 subsection b. of this section is deemed to be previously untaxed,
39 except to the extent that it is invoiced as delivered tax-paid on or
40 after January 1, 2017.

41 g. In determining the amount of tax due under this section, a
42 person may exclude the amount of fuel in dead storage in each
43 storage tank

44 h. As used in this section:

45 "Close of the business day" means the time at which the last
46 transaction has occurred for that day.

47 "Dead storage" means the amount of fuel that cannot be pumped
48 out of a fuel storage tank because the motor fuel is below the mouth

1 of the draw pipe. The amount of motor fuel in dead storage is 200
2 gallons for a tank with a capacity of less than 10,000 gallons and
3 400 gallons for a tank with a capacity of 10,000 gallons or more.

4
5 15. (New section) Notwithstanding any provision of the
6 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
7 seq.) to the contrary, the director may adopt immediately upon
8 filing with the Office of Administrative Law such regulations as the
9 director deems necessary to implement the provisions of sections
10 through 14 of P.L. , c. (pending before the Legislature as this
11 bill), which regulations shall be effective for a period not to exceed
12 360 days following the date of enactment of P.L. , c. (pending
13 before the Legislature as this bill) and may thereafter be amended,
14 adopted, or readopted by the director in accordance with the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
16 seq.).

17
18 16. (New section) a. The State Treasurer, and the Legislative
19 Budget and Finance Officer, together with a third public member
20 who shall be jointly selected thereby, shall constitute the review
21 council.

22 b. The review council shall, on or before January 15, 2020,
23 provide the Governor and the Legislature with an advisory report of
24 their consensus estimate of the increase or decrease in State
25 revenues pursuant to each section of P.L. , c. (C.) (pending
26 before the Legislature as this bill), and pursuant to this act as a
27 whole, during the preceding three State fiscal years, including a
28 comparison of those estimates to the legislative fiscal estimate or
29 fiscal note published contemporaneous with the enactment of this
30 act prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

31 c. The review council shall conduct an ongoing review of the
32 application of each section of P.L. , c. (C.) (pending before
33 the Legislature as this bill).

34 The review council shall, not later than five days after any
35 Legislative action that halts, delays, or reverses the implementation
36 of those sections as scheduled on the date of enactment of P.L. , c.
37 (C.) (pending before the Legislature as this bill), certify for the
38 purposes of subparagraph (h) of paragraph (1) of subsection a. of
39 section 3. of P.L.1990, c.42 (C.54:15B-3) to the Director of the
40 Division of Taxation that the scheduled implementation of P.L. ,
41 c. (C.) had been impeded.

42
43 17. This act shall take effect immediately, and sections 9
44 through 14 shall apply to first sales of petroleum products within
45 this State and to deliveries of petroleum products for use or
46 consumption within this State made on or after July 1, 2016.

STATEMENT

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This bill adjusts certain State taxes. The various changes in State taxes are described as follows:

The bill reduces the New Jersey sales and use tax rate from 7% to 6.5% on January 1, 2017 and to 6% on January 1, 2018. The bill includes special transition provisions for taxing sales transactions which in one way or another stretch across the tax change date (e.g., contractor purchases, installment purchases, leases, and goods or services with delayed delivery or payment).

The bill provides for increases in the petroleum products gross receipts tax rates, which, either by statutory or constitutional dedication, will finance funding for the State's transportation infrastructure.

Currently, the petroleum products tax is imposed at the rate of $2\frac{3}{4}$ percent on gross receipts from the first sale of petroleum products in New Jersey. In the case of motor fuels, aviation fuels, and heating fuels (home heating fuels are exempt) this rate is converted to \$0.04 per gallon.

This bill increases the base rate on petroleum products, other than highway fuel and other than aviation fuel, to 7 percent of gross receipts, and increases the base rate on highway fuel to 12.5 percent of gross receipts.

The 12.5 percent tax on gasoline (which excludes aviation gasoline), gasoline equivalents and liquefied petroleum gas is converted to a cents-per-gallon rate based on the retail price of gasoline before the imposition of State and federal tax. The 12.5 percent tax on diesel fuel, diesel fuel equivalents and kerosene (other than aviation grade kerosene), is converted to a cents-per-gallon rate based on the retail price of number 2 diesel before tax. Initially, the diesel and kerosene rate will be zero; on and after January 1, 2017 it will be 70 percent of the 12.5 percent rate, and on and after July 1, 2017 it will be taxed at the 12.5 percent rate. These cents-per-gallon rates can be adjusted quarterly, but cannot fall below the rates determined for the quarter beginning July 1, 2016.

The bill provides a cap for the total tax on highway fuel, under the petroleum products gross receipts tax and the motor fuel tax. The State Treasurer and the Legislative Budget and Finance Officer calculate an amount based on actual sales data from FY2016 as if taxed at the new tax rates; the 2016 motor fuel tax collections of highway fuel, plus the four cents per gallon petroleum products tax now in effect, plus the 23 cents per gallon new imposition under the petroleum products tax. This is the highway fuel cap amount.

Each 2017 through 2026 the Treasurer, using U.S. Energy Administration projections for gasoline price and consumption in New Jersey and other data, determines what tax rate should be imposed under the petroleum products tax on highway fuel so that the revenues from the motor fuels tax on highway fuel, the 4 cent

1 per gallon petroleum tax and the percentage rate petroleum tax will
 2 result in the State receiving the highway fuel cap amount for the
 3 fiscal year, and the new rate takes effect on October 1. The bill also
 4 has a “true-up” provision: if the rate is too high and the State
 5 overcollects, then in the next year the rate must be adjusted down to
 6 account for the overcollection, and if the State undercollects then
 7 the rate is increased to account for the undercollection.

8 The 7 percent tax on fuel oil is converted to a cents-per-gallon
 9 rate based on the pretax retail price of number 2 fuel oil. These
 10 rates can be adjusted quarterly, but cannot fall below the rates
 11 determined for the quarter beginning July 1, 2016.

12 Initially, the highway fuels will be subject to an additional cents-
 13 per-gallon rate of four cents. On and after July 1, 2017 the
 14 additional rate on diesel fuel and kerosene will be raised to eight
 15 cents per gallon.

16 Aviation fuel will be subject to a 4 cents per gallon tax, and
 17 taxation of common carriers in interstate and foreign commerce will
 18 be limited to the “burnout” portion, both of which are identical to
 19 practice under current law.

20 The bill increases the New Jersey gross income tax pension and
 21 retirement income exclusions fivefold over four years. This is
 22 intended to reduce the capacity of the State’s personal income tax to
 23 diminish the after-tax retirement income available to retired
 24 taxpayers in this State.

25 Generally under current law, taxpayers with \$100,000 or less of
 26 annual income, who are at least 62 years old, may claim a pension
 27 and retirement income exclusion of up to \$20,000 for joint filers,
 28 \$15,000 for individuals, and \$10,000 for married but filing
 29 separately.

30 This bill increases the personal income tax’s pension and
 31 retirement income exclusion to \$100,000 for joint filers, \$75,000
 32 for individuals, and \$50,000 for married but filing separately. The
 33 bill phases in the five-fold exclusion increase over four years as
 34 follows:

Filer Type	Present	2017	2018	2019	2020
<i>Joint</i>	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000
<i>Individual</i>	\$15,000	\$30,000	\$50,000	\$60,000	\$75,000
<i>Separate</i>	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000

35
 36 Currently, the pension and retirement income exclusions are not
 37 allowed to a taxpayer who has gross income of more than \$100,000
 38 for the taxable year. For taxable years beginning on or after
 39 January 1, 2021, the bill allows a taxpayer with income of more
 40 than \$100,000 but not over \$125,000 to exclude 50 percent of the
 41 amount of pension and retirement income otherwise allowed and a
 42 taxpayer with more than \$125,000 but not more than \$150,000 of
 43 gross income to exclude 25 percent of the amount otherwise
 44 allowed.

1 The bill establishes a three-member review council, composed of
2 the State Treasurer, the Legislative Budget and Finance Officer, and
3 a third public member selected by both. The review council will
4 report to the Governor and the Legislature by January 15, 2020, on
5 the council's consensus estimate of the increase or decrease in State
6 revenues caused by each section of this bill during the three prior
7 fiscal years compared to the estimates at the time of enactment.

8 The review council will monitor the actions of the Legislature on
9 an ongoing basis for interference with the implementation of the
10 provisions of the bill. If implementation is impeded, (by, for
11 example, delaying a phase-in of an increased tax exclusion, freezing
12 a scheduled rate reduction, or repealing one of the bill's
13 provisions), the council will certify this interference to the Director
14 of the Division of Taxation. This certification triggers the cessation
15 of imposition of one of the components of the petroleum products
16 gross receipts tax, and collection of that part of the tax ends.