

ASSEMBLY, No. 227

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Assemblywoman Reynolds-Jackson

SYNOPSIS

Increases State appropriations to Energy Tax Receipts Property Tax Relief Fund by \$387 million to restore municipal aid reductions from Fiscal Years 2009, 2010, and 2011.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning Energy Tax Receipts Property Tax Relief Aid
2 and amending P.L.1997, c.167.

3

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

6

7 1. Section 2 of P.L.1997, c.167 (C.52:27D-439) is amended to
8 read as follows:

9 2. a. Commencing July 1, 1997 there is established the
10 "Energy Tax Receipts Property Tax Relief Fund" as a special
11 dedicated fund in the State Treasury into which there shall be
12 credited annually, commencing in State fiscal year 1998, the sum of
13 \$740,000,000 or the amount determined pursuant to subsection e. of
14 this section from the following: net payments under the "Sales and
15 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from sales and
16 use of energy or utility services, net payments under the
17 Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1
18 et seq.) from gas, electric, and gas and electric public utilities,
19 whether municipal or otherwise, that were subject to tax pursuant to
20 the provisions of P.L.1940, c.5 (C.54:30A-49 et seq.) prior to
21 January 1, 1998, net payments under the Corporation Business Tax
22 Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.) from
23 telecommunications public utilities that were subject to tax pursuant
24 to the provisions of P.L.1940, c.4 (C.54:30A-16 et seq.) as of April
25 1, 1997, net payments under P.L.1940, c.5 (C.54:30A-49 et seq.)
26 from sewerage and water corporations, net payments under the
27 "Transitional Energy Facility Assessment Act," P.L.1997,
28 c.162 (C.54:30A-100 through C.54:30A-113), and such sums from
29 the General Fund as may be necessary to provide that the annual
30 amount credited to the fund shall equal \$740,000,000 or the amount
31 determined pursuant to subsection e. of this section.

32 b. Notwithstanding the provisions of P.L.1940, c.4 (C.54:30A-
33 16 et seq.), P.L.1940, c.5 (C.54:30A-49 et seq.) and any other
34 provision of law concerning the apportionment and distribution by
35 the State of taxes paid by public utilities,

36 (1) There shall be paid during the State fiscal year 1998 and
37 during each fiscal year thereafter from the "Energy Tax Receipts
38 Property Tax Relief Fund" to the municipalities of the State the sum
39 of \$740,000,000 or the amount determined pursuant to subsection e.
40 of this section.

41 (2) A portion of the \$740,000,000 or the amount determined
42 pursuant to subsection e. of this section shall be allocated in a
43 manner that provides that each municipality shall receive an amount
44 not less than the largest annual amount received or to be received
45 by the municipality from:

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 (a) the distribution of \$685,000,000 from the proceeds of the
2 public utilities franchise and gross receipts taxes under P.L.1940,
3 c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.)
4 in calendar year 1994, 1995 or 1996; or
- 5 (b) the distribution of \$685,000,000 from the proceeds of the
6 public utilities franchise and gross receipts taxes under P.L.1940,
7 c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.)
8 or from taxes and assessments collected in replacement of such
9 taxes as released by the Division of Local Government Services in
10 the Department of Community Affairs as fiscal year 1998 estimated
11 franchise and gross receipts taxes State aid distributions by
12 municipality prior to the certification of apportionment of such
13 funds by the Director of the Division of Taxation and the amounts
14 required pursuant to subsection d. of this section.
- 15 (3) A portion of the \$740,000,000 or the amount determined
16 pursuant to subsection e. of this section shall be allocated in a
17 manner that provides that each municipality shall receive an amount
18 equal to the difference, if any, between the amount it received
19 pursuant to paragraph (2) of this subsection and the sum of the
20 amounts that the municipality received pursuant to the certification
21 made in the 1997 calendar year released by the Division of Local
22 Government Services in the Department of Community Affairs as
23 the fiscal year 1998 estimated franchise and gross receipts taxes
24 State aid distribution of \$685,000,000 and the certification of the
25 1997 fiscal year distribution of \$45,000,000.
- 26 (4) The portion of the \$740,000,000 or the amount, not more
27 than \$755,000,000, determined pursuant to subsection e. of this
28 section remaining after the allocations pursuant to paragraphs (2)
29 and (3) of this subsection shall be distributed in proportion to the
30 amounts distributed pursuant to paragraph (2) of this subsection.
- 31 c. (1) The funds distributed pursuant to paragraphs (2) and (4)
32 of subsection b. of this section shall be distributed annually to
33 municipalities on the following schedule: July 15, 35% of the total
34 amount due; August 1, 10% of the total amount due; September 1,
35 30% of the total amount due; October 1, 15% of the total amount
36 due; November 1, 5% of the total amount due; and December 1, 5%
37 of the total amount due.
- 38 (2) The funds distributed pursuant to paragraph (3) of
39 subsection b. of this section, prior to January 1, 2002 for all
40 municipalities, and distributed after January 1, 2002 for
41 municipalities operating on a State fiscal year basis, shall be
42 distributed annually to those municipalities on or before June 30.
43 The funds distributed after January 1, 2002 pursuant to paragraph
44 (3) of subsection b. of this section to calendar year municipalities
45 shall be distributed annually on or before July 15.

1 d. The allocation set forth in paragraph (2) of subsection b. of
2 this section shall be adjusted to increase each appropriate municipal
3 distribution by the amount necessary to:

4 (1) make corrections to apportionment valuations or distribution
5 values made by the Director of the Division of Taxation in the
6 Department of the Treasury pursuant to R.S.54:30-2; and

7 (2) correct equitable distortions, as determined by the State
8 Treasurer, resulting from the application of section 2 of P.L.1980,
9 c.10 (C.54:30A-24.1) and section 4 of P.L.1980, c.11 (C.54:30A-
10 61.1).

11 The director shall report to the Legislature, on or before July 15,
12 1997, the amount and distribution of the corrections pursuant to
13 paragraphs (1) and (2) of this subsection.

14 e. (1) The amount credited to the "Energy Tax Receipts
15 Property Tax Relief Fund" shall be \$745,000,000 for State fiscal
16 year 1999, \$750,000,000 for each of State fiscal years 2000 and
17 2001, \$755,000,000 for State fiscal year 2002, and for each fiscal
18 year thereafter the amount equal to the amount credited in the prior
19 fiscal year multiplied by the sum of 1.0 and the index rate or zero,
20 whichever is greater. As used in this section, "index rate" means
21 the rate of annual percentage increase, rounded to the nearest half-
22 percent, in the Implicit Price Deflator for State and Local
23 Government Purchases of Goods and Services, computed and
24 published quarterly by the United States Department of Commerce,
25 Bureau of Economic Analysis, calculating the annual increase
26 therein at the second calendar quarter which occurred in the next
27 preceding State fiscal year. The Director of the Division of Local
28 Government Services shall promulgate annually the index rate to
29 apply in the next following State fiscal year which shall be the same
30 as the index rate determined pursuant to section 4 of P.L.1983,
31 c.49 (C.40A:4-45.1a). Any amount of aid distributed to a
32 municipality in excess of the amount distributed to the municipality
33 from the "Energy Tax Receipts Property Tax Relief Fund" during
34 the State fiscal year 2002 shall be used solely and exclusively by
35 each municipality for the purpose of reducing the amount the
36 municipality is required to raise by local property tax levy for
37 municipal purposes.

38 (2) In addition to the amount credited in paragraph (1) of this
39 section, there shall be paid annually to the municipalities of the
40 State from the General Fund, in the same manner as under
41 subsection b. of this section, the sum of \$387,000,000; provided,
42 however, that 50% of the annual amount due shall be paid in Fiscal
43 Year 2013, 75% shall be paid in Fiscal Year 2014, and 100% shall
44 be paid in Fiscal Year 2015 in each fiscal year thereafter. No
45 municipality shall be paid an additional amount pursuant to this
46 paragraph that is greater than its combined Fiscal Year 2008

1 payment of Consolidated Municipal Property Tax Relief Aid and
2 Energy Tax Receipts Property Tax Relief Aid.

3 f. Notwithstanding any other provision of this section or any
4 other provision of law to the contrary, if any municipality paid a
5 county for an amount for county purposes from the amount it
6 received from its apportionment of taxes according to the
7 limitations on the municipalities apportionment under section 4 of
8 P.L.1980, c.11 (C.54:30A-61.1), the highest amount of that
9 payment during calendar years 1994, 1995, and 1996 shall be paid
10 annually directly to that county by the State Treasurer and be
11 deducted from that municipality's distribution otherwise determined
12 pursuant to paragraph (2) of subsection b. of this section.
13 (cf: P.L.2002, c.3, s.1)

14
15 2. This act shall take effect immediately.

16
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18 STATEMENT

19
20 This bill amends P.L.1997, c.167, the “Energy Tax Receipts
21 Property Tax Relief Act,” (C.52:27D-438 et seq.) to require the
22 distribution of an additional \$387 million in State aid that would be
23 paid to municipalities as Energy Tax Receipts Property Tax Relief
24 Aid (ETR Aid). This supplemental funding would restore \$331
25 million in State aid reductions to Consolidated Municipal Property
26 Tax Relief Aid (CMPTRA) in Fiscal Years 2009, 2010, and 2011
27 and provide the inflation-based increase in CMPTRA required by
28 current law. Although current law provides for annual inflation-
29 based increases in both CMPTRA and ETR Aid, budget constraints
30 required reductions in the amount of CMPTRA distributed to all
31 municipalities in Fiscal Years 2009, 2010, and 2011.

32 Half of the State aid appropriated by this bill, \$193.5 million,
33 would be distributed to municipalities in Fiscal Year 2013 and
34 additional 25%, \$96.75 million, would be distributed in Fiscal
35 Years 2014 and 2015 respectively. The full amount would be
36 distributed beginning in Fiscal Year 2016 and in each fiscal year
37 thereafter. Municipalities are required to use ETR Aid to reduce the
38 property tax levy for municipal purposes. No municipality is
39 permitted to receive an additional amount of aid that is greater than
40 its combined Fiscal Year 2008 payment of CMPTRA and ETR Aid.

41 CMPTRA was established in Fiscal Year 1996 Appropriations
42 Act. The State froze aid payments to municipalities provided
43 through 15 separate programs and combined them into one amount
44 distributed to each municipality. The State created the “Energy Tax
45 Receipts Property Tax Receipts Property Tax Relief Fund” as a
46 dedicated fund to replace the Gross Receipts and Franchise Tax on
47 electric, natural gas, and telecommunications utilities in 1997.

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1 Certain revenues generated by the Corporation Business Tax, Sales
2 and Use Tax, and the Transitional Energy Facilities Assessment are
3 deposited into the fund. Amounts distributed through both
4 programs are used by municipalities means of reducing the
5 municipal property tax levy.