

ASSEMBLY, No. 2593

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman PARKER SPACE

District 24 (Morris, Sussex and Warren)

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Exempts fuel used for operation of certain school buses from petroleum products gross receipts tax and motor fuel tax; clarifies tax treatment of certain dyed fuel thereunder; clarifies determination of taxable estates of certain decedents.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/16/2020)

1 AN ACT providing an exemption from the petroleum products gross
2 receipts tax and the motor fuel tax for fuel used for the operation
3 of certain school buses, clarifying the tax treatment of certain dyed
4 fuel thereunder, and clarifying the determination of taxable estates
5 of certain resident decedents, amending various parts of the
6 statutory law.

7
8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

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

13 7. a. "Gross receipts," as otherwise defined by section 2 of
14 P.L.1990, c.42 (C.54:15B-2), shall not include: (1) receipts from
15 sales of petroleum products used by marine vessels engaged in
16 interstate or foreign commerce **【and】** ; (2) receipts from sales of
17 aviation fuels used by common carriers in interstate or foreign
18 commerce other than the "burnout" portion which shall be taxable
19 pursuant to rules promulgated by the director; and (3) receipts from
20 sales of dyed fuel as defined by section 2 of P.L.2010, c.22
21 (C.54:39-102), unless used in a motor vehicle for operation on the
22 public highways.

23 b. Highway fuel used for the following purposes is exempt from
24 the tax imposed by section 3 of P.L.1990, c.42 (C.54:15B-3), and a
25 refund of the tax imposed by that section may be claimed by the
26 consumer providing proof the tax has been paid and no refund has
27 been previously issued:

28 (1) autobuses while being operated over the highways of this
29 State in those municipalities to which the operator has paid a
30 monthly franchise tax for the use of the streets therein under the
31 provisions of R.S.48:16-25 and autobuses while being operated over
32 the highways of this State in a regular route bus operation as
33 defined in R.S.48:4-1 and under operating authority conferred
34 pursuant to R.S.48:4-3, or while providing bus service under a
35 contract with the New Jersey Transit Corporation or under a
36 contract with a county for special or rural transportation bus service
37 subject to the jurisdiction of the New Jersey Transit Corporation
38 pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses
39 providing commuter bus service which receive or discharge
40 passengers in New Jersey. For the purpose of this paragraph
41 "commuter bus service" means regularly scheduled passenger
42 service provided by motor vehicles whether within or across the
43 geographical boundaries of New Jersey and utilized by passengers
44 using reduced fare, multiple ride, or commutation tickets and shall
45 not include charter bus operations for the transportation of enrolled

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 children and adults referred to in subsection c. of R.S.48:4-1 and
2 "regular route service" does not mean a regular route in the nature
3 of special bus operation or a casino bus operation;

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

5 (3) farm machinery;

6 (4) ambulances;

7 (5) rural free delivery carriers in the dispatch of their official
8 business;

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

11 (7) highway motor vehicles that are operated exclusively on
12 private property;

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

16 (9) motor boats or motor vessels used exclusively for
17 commercial fishing;

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

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

21 (12) stationary machinery and vehicles or implements not
22 designed for the use of transporting persons or property on the
23 public highways;

24 (13) heating and lighting devices;

25 (14) motor boats or motor vessels used exclusively for Sea
26 Scout training by a duly chartered unit of the Boy Scouts of
27 America; **[and]**

28 (15) emergency vehicles used exclusively by volunteer first-aid
29 or rescue squads; and

30 (16) school buses operated for the transportation of pupils to or
31 from school or a school-sponsored activity or event by a religious
32 or other charitable organization or corporation or by a person under
33 contract with a public or governmental agency or a religious or
34 other charitable organization or corporation. For the purpose of this
35 paragraph "school buses" means "school bus" as that term is
36 defined by R.S.39:1-1.

37 (cf: P.L.2016, c.57, s.13)

38
39 2. Section 12 of P.L.2010, c.22 (C.54:39-112) is amended to
40 read as follows:

41 12. a. Fuel used for the following purposes is exempt from the
42 tax imposed by the "Motor Fuel Tax Act," P.L.2010, c.22 (C.54:39-
43 101 et seq.), and a refund of the tax imposed by subsection a. of
44 section 3 of P.L.2010, c.22 (C.54:39-103) may be claimed by the
45 consumer providing proof the tax has been paid and no refund has
46 been previously issued:

47 (1) Autobuses while being operated over the highways of this
48 State in those municipalities to which the operator has paid a

1 monthly franchise tax for the use of the streets therein under the
2 provisions of R.S.48:16-25 and autobuses while being operated over
3 the highways of this State in a regular route bus operation as
4 defined in R.S.48:4-1 and under operating authority conferred
5 pursuant to R.S.48:4-3, or while providing bus service under a
6 contract with the New Jersey Transit Corporation or under a
7 contract with a county for special or rural transportation bus service
8 subject to the jurisdiction of the New Jersey Transit Corporation
9 pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses
10 providing commuter bus service which receive or discharge
11 passengers in New Jersey. For the purpose of this paragraph
12 "commuter bus service" means regularly scheduled passenger
13 service provided by motor vehicles whether within or across the
14 geographical boundaries of New Jersey and utilized by passengers
15 using reduced fare, multiple ride or commutation tickets and shall
16 not include charter bus operations for the transportation of enrolled
17 children and adults referred to in subsection c. of R.S.48:4-1 and
18 "regular route service" does not mean a regular route in the nature
19 of special bus operation or a casino bus operation,

20 (2) agricultural tractors not operated on a public highway,

21 (3) farm machinery,

22 (4) aircraft,

23 (5) ambulances,

24 (6) rural free delivery carriers in the dispatch of their official
25 business,

26 (7) vehicles that run only on rails or tracks, and such vehicles as
27 run in substitution therefor,

28 (8) highway motor vehicles that are operated exclusively on
29 private property,

30 (9) motor boats or motor vessels used exclusively for or in the
31 propagation, planting, preservation and gathering of oysters and
32 clams in the tidal waters of this State,

33 (10) motor boats or motor vessels used exclusively for
34 commercial fishing,

35 (11) motor boats or motor vessels, while being used for hire for
36 fishing parties or being used for sightseeing or excursion parties,

37 (12) cleaning,

38 (13) fire engines and fire-fighting apparatus,

39 (14) stationary machinery and vehicles or implements not
40 designed for the use of transporting persons or property on the
41 public highways,

42 (15) heating and lighting devices,

43 (16) motor boats or motor vessels used exclusively for Sea Scout
44 training by a duly chartered unit of the Boy Scouts of America,

45 (17) emergency vehicles used exclusively by volunteer first-aid
46 or rescue squads, **【and】**

47 (18) three cents per gallon, the difference between the rate of tax
48 on diesel fuel and the rate of tax on gasoline, for diesel fuel used by

1 passenger automobiles and motor vehicles of less than 5,000 pounds
2 gross weight, and

3 (19) school buses operated for the transportation of pupils to or
4 from school or a school-sponsored activity or event by a religious
5 or other charitable organization or corporation or by a person under
6 contract with a public or governmental agency or a religious or
7 other charitable organization or corporation. For the purpose of this
8 paragraph "school buses" means "school bus" as that term is
9 defined by R.S.39:1-1.

10 b. Subject to the procedural requirements and conditions set
11 out in the "Motor Fuel Tax Act," P.L.2010, c.22 (C.54:39-101 et
12 seq.), the following uses are exempt from the tax imposed by
13 section 3 of P.L.2010, c.22 (C.54:39-103) on fuel, and a deduction
14 or a refund may be claimed by the supplier, permissive supplier or
15 licensed distributor:

16 (1) fuel for which proof of export, satisfactory to the director, is
17 available and is either:

18 (a) removed by a licensed supplier for immediate export to a
19 state in which the supplier has a valid license;

20 (b) removed from a terminal by a licensed distributor for
21 immediate export as evidenced by the terminal issued shipping
22 papers; or

23 (c) acquired by a licensed distributor and which the tax imposed
24 by P.L.2010, c.22 (C.54:39-101 et al.) has previously been paid or
25 accrued either as a result of being stored outside of the terminal
26 transfer system immediately prior to loading or as a diversion
27 across state boundaries properly reported in conformity with
28 P.L.2010, c.22 (C.54:39-101 et al.) and was subsequently exported
29 from this State on behalf of the distributor.

30 The exemption pursuant to subparagraphs (a) and (b) of this
31 paragraph shall be claimed by a deduction on the report of the
32 supplier which is otherwise responsible for remitting the tax upon
33 removal of the product from a terminal or refinery in this State. The
34 exemption pursuant to subparagraph (c) of this paragraph shall be
35 claimed by the distributor, upon a refund application made to the
36 director within six months of the licensed distributor's acquisition of
37 the fuel;

38 (2) undyed kerosene sold to a licensed ultimate vendor - blocked
39 pumps; if the licensed ultimate vendor - blocked pumps does not
40 sell the kerosene through dispensers that have been designed and
41 constructed to prevent delivery directly from the dispenser into a
42 motor vehicle fuel supply tank, the ultimate vendor - blocked
43 pumps shall be responsible for the tax imposed by section 3 of
44 P.L.2010, c.22 (C.54:39-103) at the diesel fuel rate. Exempt use of
45 undyed kerosene shall be governed by rules and regulations of the
46 director. If rules or regulations are not promulgated by the director,
47 then the exempt use of undyed kerosene shall be governed by rules
48 and regulations of the Internal Revenue Service. An ultimate

1 vendor-blocked pumps who obtained undyed kerosene upon which
2 the tax levied by section 3 of P.L.2010, c.22 (C.54:39-103) had
3 been paid and makes sales qualifying pursuant to this subsection
4 may apply for a refund of the tax pursuant to an application, as
5 provided by section 14 of P.L.2010, c.22 (C.54:39-114), to the
6 director provided the ultimate vendor-blocked pumps did not charge
7 that tax to the consumer;

8 (3) fuel sold to the United States or any agency or
9 instrumentality thereof, and to the State of New Jersey and its
10 political subdivisions, departments and agencies;

11 (4) aviation fuel sold to a licensed aviation fuel dealer;

12 (5) liquefied petroleum gas except when delivered to the tank of
13 a highway vehicle;

14 (6) motor fuel on which tax has been paid under this act that is
15 later contaminated in a manner making it unsuitable for taxable use.
16 This credit or refund is limited to the remaining portion of taxed
17 fuel in the contaminated mixture and is conditioned upon
18 submitting to the director adequate documentation that the
19 contaminated mixture was subsequently used in an exempt manner;

20 (7) fuel on which tax has been paid pursuant to P.L.2010, c.22
21 (C.54:39-101 et al.) that is either subsequently delivered back into
22 the terminal transfer system for further distribution or delivered to a
23 refinery for further processing;

24 (8) fuel on which tax has been previously imposed and paid
25 pursuant to section 3 of P.L.2010, c.22 (C.54:39-103) and which is
26 either subsequently exported, sold or distributed in this State in a
27 manner which would result in a second tax being owed. If there is a
28 second taxable distribution or sale, the party responsible for
29 remittance of the second tax shall be the party eligible for claiming
30 the refund or deduction;

31 (9) Fuel grade alcohol, biobased liquid fuel, or biodiesel fuel
32 when sold to a licensed supplier and delivered to a qualified
33 terminal.

34 (cf: P.L.2015, c.101, s.2)

35
36 3. R.S.54:38-1 is amended to read as follows:

37 54:38-1. a. In addition to the inheritance, succession or legacy
38 taxes imposed by this State under authority of chapters 33 to 36 of
39 this title (R.S.54:33-1 et seq.), or hereafter imposed under authority
40 of any subsequent enactment, there is hereby imposed an estate or
41 transfer tax:

42 (1) Upon the transfer of the estate of every resident decedent
43 dying before January 1, 2002 which is subject to an estate tax
44 payable to the United States under the provisions of the federal
45 revenue act of one thousand nine hundred and twenty-six and the
46 amendments thereof and supplements thereto or any other federal
47 revenue act in effect as of the date of death of the decedent, the
48 amount of which tax shall be the sum by which the maximum credit

1 allowable against any federal estate tax payable to the United States
2 under any federal revenue act on account of taxes paid to any state
3 or territory of the United States or the District of Columbia, shall
4 exceed the aggregate amount of all estate, inheritance, succession or
5 legacy taxes actually paid to any state or territory of the United
6 States or the District of Columbia, including inheritance, succession
7 or legacy taxes actually paid this State, in respect to any property
8 owned by such decedent or subject to such taxes as a part of or in
9 connection with the estate; and

10 (2) (a) Upon the transfer of the estate of every resident decedent
11 dying after December 31, 2001, but before January 1, 2017, which
12 would have been subject to an estate tax payable to the United
13 States under the provisions of the federal Internal Revenue Code of
14 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001, the
15 amount of which tax shall be, at the election of the person or
16 corporation liable for the payment of the tax under this chapter,
17 either

18 (i) the maximum credit that would have been allowable under
19 the provisions of that federal Internal Revenue Code in effect on
20 that date against the federal estate tax that would have been payable
21 under the provisions of that federal Internal Revenue Code in effect
22 on that date on account of taxes paid to any state or territory of the
23 United States or the District of Columbia, or

24 (ii) determined pursuant to the simplified tax system as may be
25 prescribed by the Director of the Division of Taxation in the
26 Department of the Treasury to produce a liability similar to the
27 liability determined pursuant to clause (i) of this paragraph reduced
28 pursuant to paragraph (b) of this subsection.

29 (b) The amount of tax liability determined pursuant to
30 subparagraph (a) of this paragraph shall be reduced by the
31 aggregate amount of all estate, inheritance, succession or legacy
32 taxes actually paid to any state or territory of the United States or
33 the District of Columbia, including inheritance, succession or
34 legacy taxes actually paid this State, in respect to any property
35 owned by such decedent or subject to such taxes as a part of or in
36 connection with the estate; provided however, that the amount of
37 the reduction shall not exceed the proportion of the tax otherwise
38 due under this subsection that the amount of the estates's property
39 subject to tax by other jurisdictions bears to the entire estate taxable
40 under this chapter.

41 (3) (a) Upon the transfer of the estate of each resident decedent
42 dying on or after January 1, 2017, whether or not subject to an
43 estate tax payable to the United States under the provisions of the
44 federal Internal Revenue Code (26 U.S.C. s.1 et seq.), the amount of
45 the taxable estate, determined pursuant to section 2051 of the
46 federal Internal Revenue Code (26 U.S.C. s.2051), but without the
47 deduction of any estate inheritance, legacy, or succession taxes
48 actually paid to any state or territory of the United States or the

1 District of Columbia pursuant to the provisions of section 2058 of
2 the federal Internal Revenue Code (26 U.S.C. s. 2058) in effect on
3 January 1, 2017, shall be subject to tax pursuant to the following
4 schedule:
5 On any amount up to \$100,0000.0%
6 On any amount in excess of \$100,000, up to \$150,000
7 0.8% of the excess over \$100,000
8 On any amount in excess of \$150,000, up to \$200,000.
9 \$400 plus 1.6% of the excess over \$150,000
10 On any amount in excess of \$200,000, up to \$300,000.
11 \$1,200 plus 2.4% of the excess over \$200,000
12 On any amount in excess of \$300,000, up to \$500,000.
13 \$3,600 plus 3.2% of the excess over \$300,000
14 On any amount in excess of \$500,000, up to \$700,000.
15 \$10,000 plus 4.0% of the excess over \$500,000
16 On any amount in excess of \$700,000, up to \$900,000.
17 \$18,000 plus 4.8% of the excess over \$700,000
18 On any amount in excess of \$900,000, up to \$1,100,000.
19 \$27,600 plus 5.6% of the excess over \$900,000
20 On any amount in excess of \$1,100,000, up to \$1,600,000. . . .
21 \$38,800 plus 6.4% of the excess over \$1,100,000
22 On any amount in excess of \$1,600,000, up to \$2,100,000. . . .
23 \$70,800 plus 7.2% of the excess over \$1,600,000
24 On any amount in excess of \$2,100,000, up to \$2,600,000. . . .
25 \$106,800 plus 8.0% of the excess over \$2,100,000
26 On any amount in excess of \$2,600,000, up to \$3,100,000. . . .
27 \$146,800 plus 8.8% of the excess over \$2,600,000
28 On any amount in excess of \$3,100,000, up to \$3,600,000. . . .
29 \$190,800 plus 9.6% of the excess over \$3,100,000
30 On any amount in excess of \$3,600,000, up to \$4,100,000. . . .
31 \$238,800 plus 10.4% of the excess over \$3,600,000
32 On any amount in excess of \$4,100,000, up to \$5,100,000. . . .
33 \$290,800 plus 11.2% of the excess over \$4,100,000
34 On any amount in excess of \$5,100,000, up to \$6,100,000
35 \$402,800 plus 12.0% of the excess over \$5,100,000
36 On any amount in excess of \$6,100,000, up to \$7,100,000
37 \$522,800 plus 12.8% of the excess over \$6,100,000
38 On any amount in excess of \$7,100,000, up to \$8,100,000
39 \$650,800 plus 13.6% of the excess over \$7,100,000
40 On any amount in excess of \$8,100,000, up to \$9,100,000
41 \$786,800 plus 14.4% of the excess over \$8,100,000
42 On any amount in excess of \$9,100,000, up to \$10,100,000
43 \$930,800 plus 15.2% of the excess over \$9,100,000
44 On any amount in excess of \$10,100,000.
45 \$1,082,800 plus 16.0% of the excess over \$10,100,000
46 (b) A credit shall be allowed against the tax imposed pursuant to
47 subparagraph (a) of this paragraph equal to the amount of tax which

1 would be determined by subparagraph (a) of this paragraph if the
2 amount of the taxable estate were equal to the exclusion amount.

3 For the transfer of the estate of each resident decedent dying on
4 or after January 1, 2017, but before January 1, 2018, the exclusion
5 amount is \$2,000,000.

6 (c) The amount of tax liability of a resident decedent determined
7 pursuant to subparagraphs (a) and (b) of this paragraph shall be
8 reduced by the aggregate amount of all estate, inheritance,
9 succession or legacy taxes actually paid to any state or territory of
10 the United States or the District of Columbia, including inheritance
11 taxes actually paid this State, in respect to any property owned by
12 that decedent or subject to those taxes as a part of or in connection
13 with the estate; provided however, that the amount of the reduction
14 shall not exceed the proportion of the tax otherwise due under this
15 subsection that the amount of the estate's property subject to tax by
16 other jurisdictions bears to the entire estate taxable under this
17 chapter.

18 (4) For the transfer of the estate of each resident decedent dying
19 on or after January 1, 2018, there shall be no tax imposed.

20 b. (1) In the case of the estate of a decedent dying before
21 January 1, 2002 where no inheritance, succession or legacy tax is
22 due this State under the provisions of chapters 33 to 36 of this title
23 or under authority of any subsequent enactment imposing taxes of a
24 similar nature, but an estate tax is due the United States under the
25 provisions of any federal revenue act in effect as of the date of
26 death, wherein provision is made for a credit on account of taxes
27 paid the several states or territories of the United States, or the
28 District of Columbia, the tax imposed by this chapter shall be the
29 maximum amount of such credit less the aggregate amount of such
30 estate, inheritance, succession or legacy taxes actually paid to any
31 state or territory of the United States or the District of Columbia.

32 (2) In the case of the estate of a decedent dying after December
33 31, 2001, but before January 1, 2017, where no inheritance,
34 succession or legacy tax is due this State under the provisions of
35 chapters 33 to 36 of this title or under authority of any subsequent
36 enactment imposing taxes of a similar nature, the tax imposed by
37 this chapter shall be determined pursuant to paragraph (2) of
38 subsection a. of this section.

39 (3) In the case of the estate of a decedent dying on or after
40 January 1, 2017 the tax imposed by this chapter shall be determined
41 pursuant to paragraphs (3) and (4) of subsection a. of this section.

42 c. For the purposes of this section, a "simplified tax system" to
43 produce a liability similar to the liability determined pursuant to
44 clause (i) of subparagraph (a) of paragraph (2) of subsection a. of
45 this section is a tax system that is based upon the \$675,000 unified
46 estate and gift tax applicable exclusion amount in effect under the
47 provisions of the federal Internal Revenue Code of 1986 (26 U.S.C.
48 s.1 et seq.) in effect on December 31, 2001, and results in general in

1 the determination of a similar amount of tax but which will enable
2 the person or corporation liable for the payment of the tax to
3 calculate an amount of tax notwithstanding the lack or paucity of
4 information for compliance due to such factors as the absence of an
5 estate valuation made for federal estate tax purposes, the absence of
6 a measure of the impact of gifts made during the lifetime of the
7 decedent in the absence of federal gift tax information, and any
8 other information compliance problems as the director determines
9 are the result of the phased repeal of the federal estate tax.

10 (cf: P.L.2016, c.57, s.7)

11
12 4. Section 19 of P.L.2016, c.57 (C.52:18A-257) is amended to
13 read as follows:

14 19. a. The State Treasurer, and the Legislative Budget and
15 Finance Officer, together with a third public member who shall be
16 jointly selected thereby, shall constitute the review council.

17 b. The review council shall, on or before January 15, 2020,
18 provide the Governor and the Legislature with an advisory report of
19 their consensus estimate of the increase or decrease in State
20 revenues pursuant to each section of P.L.2016, c.57 (C.54:15B-13 et
21 al.), and pursuant to this act as a whole, during the preceding three
22 State fiscal years, including a comparison of those estimates to the
23 legislative fiscal estimate or fiscal note published contemporaneous
24 with the enactment of this act prepared pursuant to P.L.1980, c.67
25 (C.52:13B-6 et seq.).

26 c. The review council shall conduct an ongoing review of the
27 application of each section of P.L.2016, c.57 (C.54:15B-13 et al.).

28 The review council shall, not later than five days after any
29 Legislative action that halts, delays, or reverses the implementation
30 of those sections as scheduled on the date of enactment of P.L.2016,
31 c.57 (C.54:15B-13 et al.), certify for the purposes of subparagraph
32 (h) of paragraph (1) of subsection a. of section 3 of P.L.1990, c.42
33 (C.54:15B-3) to the Director of the Division of Taxation that the
34 scheduled implementation of P.L.2016, c.57 (C.54:15B-13 et al.)
35 had been impeded.

36 The provisions of this subsection shall not apply to sections 1, 2,
37 and 3 of P.L. , c. (C.) (pending before the Legislature as this
38 bill.

39 (cf: P.L.2016, c.57, s.19)

40
41 5. This act shall take effect immediately; provided however
42 that sections 1 and 2 shall apply to highway fuel and fuel used on or
43 after the first day of the first month next following the date of
44 enactment and section 3 shall apply retroactively to the estate of
45 each resident decedent dying on or after January 1, 2017.

STATEMENT

This bill provides an exemption from the petroleum products gross receipts tax (PPGRT) and the motor fuel tax for fuel used for the operation of certain school buses clarifies the tax treatment of certain dyed fuel under the PPGRT, and clarifies the determination of taxable estates of certain resident decedents for purposes of the estate tax. The bill also excludes the exemptions and these clarifying changes from the review of legislative actions by the three-member review council established by P.L.2016, c.57, to prevent a cessation in the imposition of one of the components of the petroleum products gross receipts tax.

Fuel Used for Certain School Buses. The bill provides an exemption from the petroleum products gross receipts tax and the motor fuel tax for fuel used for the operation of certain school buses. Under the bill, the exemption applies to fuel used for school buses operated for the transportation of pupils to or from school or a school-sponsored activity or event by a religious or charitable organization or corporation or by a person under contract with a public or governmental agency or a religious or other charitable organization or corporation.

To receive the benefit of the exemption, purchasers of fuel used to operate a school bus for the transportation of pupils to or from school or a school-sponsored activity or event must pay tax at the point of purchase and seek a refund of the taxes paid by the filing of a claim with the Director of the Division of Taxation in the Department of the Treasury. As is required under current law for certain other exempt uses of fuel, the claim for refund must be filed with the director by the purchaser providing proof that the tax has been paid, and the director must confirm that a refund has not been previously issued.

The bill defines “school buses” by reference to the definition of “school bus” under R.S.39:1-1. Under that section of law, a “school bus” is any motor vehicle operated by, or under contract with, a public or governmental agency, or religious or other charitable organization or corporation, or privately operated for the transportation of children to or from school for secular or religious education, which complies with the regulations of the New Jersey Motor Vehicle Commission affecting school buses, and includes “School Vehicle Type I” and “School Vehicle Type II.”

Under current law, consumers of fuel that are eligible for an exemption from the petroleum products gross receipts tax and the motor fuel tax must pay the tax at the point of purchase and seek a refund of the taxes paid by the filing of a claim with the Director of the Division of Taxation in the Department of the Treasury. The law provides that the claim for refund must be filed by the consumer providing proof that the tax has been paid and a refund has not been previously issued.

1 *Treatment of Dyed Fuel under PPGRT.* The bill clarifies the tax
2 treatment of certain dyed fuel under the petroleum products gross
3 receipts tax. Under the bill, dyed fuel is excluded from the
4 definition of “gross receipts” so that receipts from sales of dyed fuel
5 (unless used in a motor vehicle for operation on the public
6 highways) are explicitly exempt from tax and recognized in a
7 similar form and manner as dyed fuel is recognized for purposes of
8 the motor fuel tax.

9 Under the motor fuel tax, dyed fuel is dyed diesel fuel or dyed
10 kerosene that is required to be dyed pursuant to United States
11 Environmental Protection Agency rules or is dyed pursuant Internal
12 Revenue Service rules or any other requirements set by those
13 federal agencies. Fuel is dyed to easily identify fuel that has not
14 been subjected to federal highway tax. The motor fuel tax
15 recognizes that dyed fuel can generally only be used for an exempt
16 public purpose, and prohibits dyed fuel sold for an exempt purpose
17 from being used in a taxable manner through the imposition of
18 certain fines and penalties.

19 *Determination of Taxable Estates of Resident Decedents.* The
20 bill clarifies the determination of taxable estates of certain resident
21 decedents for purposes of the estate tax. Under the bill, the taxable
22 estate of each resident decedent dying on or after January 1, 2017,
23 but before January 1, 2018, is to be determined based upon the
24 taxable estate of the decedent for federal estate tax purposes but
25 without the deduction of any estate, inheritance, legacy, or
26 succession taxes actually paid to any state or territory of the United
27 States or the District of Columbia as is otherwise allowed pursuant
28 to section 2058 of the federal Internal Revenue Code in effect on
29 January 1, 2017.

30 The disallowance of the deduction will limit the potential of a
31 tax benefit that estates of resident decedents dying on or after
32 January 1, 2017, but before January 1, 2018, might claim for any
33 estate, inheritance, legacy, or succession taxes actually paid to any
34 state or (territory of the United States or District of Columbia).
35 Currently, the law directs the estate tax to be determined based
36 upon the federal taxable estate (which is the decedent’s gross estate
37 minus certain deductions, including the deduction for estate,
38 inheritance, legacy, or succession taxes actually paid to any state or
39 territory of the United States or the District of Columbia), and
40 provides that the resident decedent’s tax liability is to further be
41 reduced by a credit for a proportion of those same taxes actually
42 paid to any state in respect to property in another state owned by the
43 decedent or subject to those taxes as part of or in connection with
44 the estate.

45 *Exclusion from Review by the Review Council.* The bill excludes
46 the exemptions and the clarifying changes from the review of the
47 three member review council established by P.L.2016, c.57 to
48 prevent a cessation in the imposition of one of the components of

1 the PPGRT. Under the bill, the provisions of current law that direct
2 the three-member review council to review legislative actions and
3 issue certifications to the Director of the Division of Taxation and
4 the scheduled implementation of P.L.2016, c.57 might otherwise be
5 impeded will not apply to those sections of the bill that exempt fuel
6 used for certain school buses and clarify treatment of dyed fuel and
7 the determination of taxable estates of resident decedents.

8 Under current law, the three member review council (i.e. the
9 State Treasurer, Legislative Budget and Finance Officer, and a third
10 public member) is directed to monitor the actions of the Legislature
11 on an ongoing basis for interference with the implementation of
12 P.L.2016, c.57. If the implementation is impeded, the council is to
13 certify this interference to the Director of the Division of Taxation
14 and the director is to effectuate the cessation of the imposition of
15 one of the components of the PPGRT.

16 *Effective Date.* The bill is scheduled to take effect immediately
17 upon enactment, but provides for the exemption and clarification to
18 the treatment of dyed fuel to apply to the fuel used on or after the
19 first day of the first month next following enactment. The bill
20 provides for the clarification of the determination of taxable estates
21 to apply retroactively to estates of resident decedents dying on or
22 after January 1, 2017.