

ASSEMBLY, No. 2931

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblyman JAY WEBBER
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Allows residents of certain Highlands municipalities to designate on gross income tax returns that a portion of gross income tax paid be returned to municipality of residence.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** allowing residents of certain Highlands municipalities to
2 designate on gross income tax returns that a portion of gross
3 income tax paid be returned to municipality of residence,
4 supplementing chapter 9 of Title 54A of the New Jersey Statutes.

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

8
9 1. a. There is established in the Department of the Treasury a
10 revolving and non-lapsing special fund to be known as the “NJ
11 Highlands Tax Fairness Fund.”

12 b. A taxpayer who is a resident of an eligible municipality as
13 determined by the county/municipal code on the taxpayer’s gross
14 income tax return may designate on the taxpayer’s New Jersey
15 gross income tax return that a portion of the taxpayer’s gross
16 income tax due for the taxable year be deposited in the special fund.
17 The portion shall be ten percent of the balance of tax due after
18 credit for income taxes paid to other jurisdictions.

19 An eligible municipality shall be a municipality in which 95
20 percent or more of the land area is within the Highlands
21 preservation area designated in P.L.2004, c.120 (C.13:20-1 et seq.).

22 c. Any costs incurred by the Division of Taxation for collection
23 or administration attributable to this section may be deducted from
24 receipts collected pursuant to this section, as determined by the
25 Director of the Division of Budget and Accounting. The State
26 Treasurer shall deposit net designations collected pursuant to this
27 section into the “NJ Highlands Tax Fairness Fund.”

28 d. (1) The Legislature shall annually appropriate all funds
29 deposited in the “NJ Highlands Tax Fairness Fund,” established
30 pursuant to this section, to the municipalities of residence of the
31 taxpayers who made the designations.

32 (2) Funds appropriated pursuant to paragraph (1) of this
33 subsection shall be distributed to the eligible municipalities in direct
34 proportion to the amount deposited into the fund by residents of the
35 respective municipalities. The funds distributed pursuant to this
36 section shall be designated as municipal aid and be used solely and
37 exclusively by each municipality for the purpose of reducing the
38 amount the municipality is required to raise by local property tax
39 levy for municipal purposes.

40 e. Funds appropriated under subsection d. of this section shall
41 be in addition to any other State aid that an eligible municipality is
42 entitled to receive and shall not be used to offset aid from any other
43 program or fund.

44
45 2. This act shall take effect immediately and apply to taxable
46 years beginning on or after January 1 next following the date of
47 enactment.

STATEMENT

This bill establishes the “NJ Highlands Tax Fairness Fund” and provides for a designation on the State gross income tax return to allow taxpayers in certain municipalities in the Highlands in the northern part of the State to indicate that ten percent of their income tax be returned to their municipality of residence.

The money in the fund would be appropriated and returned to eight municipalities which are 95 percent or more within the Highland’s preservation zone, pursuant to the Highlands Water Protection and Planning Act, P.L.2004, c.120 (C.13:20-1 et seq.). This refunded amount must be used to directly reduce property taxes of residents. Further, aid received by an eligible municipality from the "NJ Highlands Tax Fairness Fund" would be in addition to any other State aid received by the municipality and could not be used to offset aid from another State program.

The restrictions of the Highlands Act fall hard on the eight watershed host municipalities where no development is permitted. These municipalities are prevented from improving their ratables base to control and reduce property taxes. An additional burden on the resident taxpayers is lost property values.

The eight municipalities are Bloomsbury Borough, Byram Township, Califon Borough, Glen Gardner Borough, Kinnelon Borough, Lebanon Township, Ringwood Borough and West Milford Township.

The Highlands yields approximately 379 million gallons of water daily and is a vital source of drinking water for over five million residents of New Jersey.