

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2991
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 17, 2021

SUMMARY

Synopsis: Concerns local taxation of business personal property of local exchange telephone companies.

Type of Impact: Recurring State and county revenue and expenditure decreases.
Recurring municipal expenditure decrease and revenue increase.

Agencies Affected: Municipalities, Counties, and State Judiciary.

Office of Legislative Services Estimate

Fiscal Impact	
State Expenditures	Indeterminate Recurring Decrease
State Revenue	Indeterminate Recurring Decrease
Municipal and County Expenditures	Indeterminate Recurring Decrease
County Revenue	Indeterminate Recurring Decrease
Municipal Revenue	Indeterminate Recurring Increase

- The Office of Legislative Services (OLS) anticipates that the bill’s more restrictive standard for business personal property of local exchange telephone companies to be exempt from local property taxation will cause these companies to file fewer business personal property tax appeals. As a result of the anticipated reduction in the number of appeal filings, counties and the State Judiciary will incur indeterminate recurring declines in filing fee revenue. Fewer tax appeals will also reduce the related caseloads of municipalities, county boards of taxation, and the State Judiciary. The lower caseloads, in turn, have the potential to decrease recurring municipal, county, and State operating expenditures by indeterminate amounts.
- Municipal revenues will increase by an indeterminate recurring amount from the awarding of attorney fees to any municipality that prevails in a tax appeal concerning the business personal property of a local exchange telephone company.
- Any growth in a jurisdiction’s property tax base does not increase the property tax revenue of affected units of local government but reallocates the property tax levy of the units of local government among property taxpayers.

BILL DESCRIPTION

The bill expands the local property tax base to generally taxable categories of business personal property owned by a telecommunications company that held the regional monopoly on landline service before the enactment of the federal Telecommunications Act of 1996, or the corporate successor of such company. Currently, that company's affected business personal property is only taxable in a municipality in which it provides dial tone and access to not less than 51 percent of the local telephone exchange.

The bill also requires a concerned telecommunications company to pay a municipality's attorney fees if the municipality prevails in legal action involving a business personal property tax appeal filed by the company.

The bill takes effect immediately and is retroactive to January 1, 2007.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS anticipates that the bill's more restrictive standard for business personal property of local exchange telephone companies to be exempt from local property taxation will cause these companies to file fewer business personal property tax appeals. As a result of the anticipated reduction in the number of appeal filings, counties and the State Judiciary will incur indeterminate recurring declines in filing fee revenue. Fewer tax appeals will also reduce the related caseloads of municipalities, county boards of taxation, and the State Judiciary. The lower caseloads, in turn, have the potential to decrease recurring municipal, county, and State operating expenditures by indeterminate amounts.

In addition, the OLS determines that municipal revenues will increase by an indeterminate recurring amount from the awarding of attorney fees to any municipality that prevails in a tax appeal concerning the business personal property of a local exchange telephone company.

Lastly, the OLS notes that any growth in a jurisdiction's property tax base does not increase the property tax revenue of affected units of local government but reallocates the property tax levy of the units of local government among property taxpayers.

Section: *Revenue, Finance, and Appropriations*
Analyst: *Joseph A. Pezzulo*
 Senior Research Analyst
Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).