SENATE, No. 563

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Senator FRED H. MADDEN, JR.
District 4 (Camden and Gloucester)
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District 3 (Cumberland, Gloucester and Salem)
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District 7 (Burlington)

Co-Sponsored by:
Senators Cruz-Perez and Beach

SYNOPSIS

Restricts authority to terminate reciprocal personal income tax agreements with other states.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning reciprocal personal income tax agreements and amending N.J.S.54A:9-7.

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

1. N.J.S.54A:9-7 is amended to read as follows:

54A:9-17. General powers of the director.

(a) General. The director shall administer and enforce the tax imposed by this act and is authorized to make such rules and regulations, and to require such facts and information to be reported as he may deem necessary to enforce the provisions of this act. The director may divide the State into districts in each of which a branch office may be maintained by him, but in no case shall a county be divided in forming a district.

(b) Delegation of powers. The director may delegate to any officer or employee of his division such of his powers as he may deem necessary to carry out efficiently the provisions of this act, and the person or persons to whom such power has been delegated shall possess and may exercise all of the power and perform all of the duties herein conferred and imposed upon the director.

(c) Examination of books and witnesses. The director for the purpose of ascertaining the correctness of any return, or for the purpose of making an estimate of taxable income of any person, shall have power to examine or to cause to have examined, by any agent or representative designated by him for that purpose, any books, papers, records or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take testimony and require proof material for his information, with power to administer oaths to such person or persons.

(d) Abatement authority. The director, on his own motion, may abate any small unpaid balance of an assessment of income tax, or any liability in respect thereof, if the director determines under uniform rules prescribed by him that the administration and collection costs involved would not warrant collection of the amount due. He may also abate, on his own motion, the unpaid portion of the assessment of any tax or any liability in respect thereof, which is excessive in amount, or is assessed after the expiration of the period of limitation properly applicable thereto, or is erroneously or illegally assessed. No claim for abatement under this subsection shall be filed by a taxpayer.

(e) The Department of the Treasury, Division of Taxation, may enter into an agreement with the taxing authorities of any state which imposes a tax on or is measured by income to provide that

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 <u>thus</u> is new matter.

compensation paid in such state to residents of this State shall be exempt from such tax; in such case any compensation paid in this State to residents of such state shall be exempt from New Jersey personal income tax. The Division, in such agreements, may provide for reciprocal withholding, employer liability, exchange of information and all other matters relating to cooperation between the states. Notwithstanding the provisions of this section to the contrary, any agreement heretofore or hereinafter entered into, notwithstanding the terms thereof concerning termination of the agreement, shall not be terminated unless the termination thereof is by enactment of a law directing the director to terminate the agreement.

(N.J.S.54A:9-7)

2. This act shall take effect immediately and shall be retroactive to October 19, 1977.

STATEMENT

This bill requires that the authority of the Director of the Division of Taxation in the Department of the Treasury to enter into reciprocal personal income tax agreements with other states is to be limited by restricting the termination of any such agreement to the enactment by the Legislature and the Governor of a law directing the termination of an agreement.

This bill is retroactive to October 19, 1977, the effective date of the Reciprocal Personal Income Tax Agreement between the Commonweatlh of Pennsylvania and the State of New Jersey.