

SENATE, No. 986

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 30, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Establishes surplus revenue reserve account in the Property Tax Relief Fund if certain levels of unanticipated gross income tax revenue are collected.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** establishing a surplus revenue reserve account from certain
2 levels of unanticipated gross income tax revenue collections,
3 supplementing Title 54A of the New Jersey Statutes.

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

7
8 1. There is established within the Property Tax Relief Fund a
9 restricted reserve account to be known as the Surplus Gross Income
10 Tax Revenue Account. The State Treasurer shall credit to the
11 Surplus Gross Income Tax Revenue Account, on or before
12 December 31, 2020 and annually on or before December 31
13 thereafter, and in addition to any amount appropriated to the
14 Surplus Gross Income Tax Revenue Account, the amounts
15 determined pursuant to section 2 of this act. Monies credited to the
16 Surplus Gross Income Tax Revenue Account may be invested in the
17 same manner as assets of the Property Tax Relief Fund and any
18 investment earnings on the Surplus Gross Income Tax Revenue
19 Account shall accrue to the account and shall be available subject to
20 the same terms and conditions as other balances under this act. The
21 State Treasurer may determine the amount of earnings to be
22 credited to the Surplus Gross Income Tax Revenue Account to
23 reflect the average rate of return on the State of New Jersey Cash
24 Management Fund. The State Treasurer shall provide a report of
25 the status of the Surplus Gross Income Tax Revenue Account to the
26 Governor and to the Legislature through the Joint Budget Oversight
27 Committee, or its successor, periodically, but not less often than
28 annually on or about January 15.

29
30 2. a. As used in this section "anticipated revenue" means the
31 amount of revenue estimated to be realized in a fiscal year as New
32 Jersey gross income tax resources to support appropriations made,
33 but not including revenue transfers to the Property Tax Relief Fund
34 from other funds in the State Treasury.

35 b. The amount to be annually credited to the Surplus Gross
36 Income Tax Revenue Account shall be determined by the State
37 Treasurer in the following manner:

38 (1) The State Treasurer shall identify the amount of anticipated
39 revenue from the New Jersey gross income tax certified by the
40 Governor upon approval of the annual appropriation act for the
41 fiscal year immediately preceding the fiscal year in which a credit
42 to the Surplus Gross Income Tax Revenue Account is required.

43 (2) The State Treasurer shall determine, from the annual
44 financial report of the Property Tax Relief Fund for the fiscal year
45 immediately preceding the fiscal year in which a credit to the
46 Surplus Gross Income Tax Revenue Account is required, the
47 amount of gross income revenue actually deposited in the Property
48 Tax Relief Fund in that fiscal year. If in any preceding fiscal year

1 for which a determination under this subsection is to be made, there
2 is a State law enacted which will increase the gross income tax
3 revenue to the Property Tax Relief Fund, the yield from that
4 increase for that preceding fiscal year in which the increase is in
5 effect shall be disregarded in determining the amount to be credited
6 to the Surplus Gross Income Tax Revenue Account.

7 (3) The amount of the credit to the Surplus Gross Income Tax
8 Revenue Account shall be an amount equivalent to one-half of the
9 excess, if there be any, of the amount determined in paragraph (2)
10 of this subsection that exceeds by more than six percent the amount
11 determined in paragraph (1) of this subsection.

12 c. The Governor shall include in the annual budget message to
13 the Legislature an estimate of the credit to be made to the Surplus
14 Gross Income Tax Revenue Account as a reduction of the estimated
15 undesignated fund balance in the Property Tax Relief Fund as of
16 July 1 of the fiscal year for which the Governor is making the
17 budget recommendations.

18
19 3. Balances in the Surplus Gross Income Tax Revenue Account
20 shall not be available for appropriation except as provided in this
21 act. Balances in the Surplus Gross Income Tax Revenue Account
22 may be appropriated by the Legislature only:

23 a. upon separate certification by the Governor that anticipated
24 gross income tax revenues in the Property Tax Relief Fund are
25 estimated to be less than those certified by the Governor upon
26 approval of the annual appropriation act; or

27 b. upon a finding by the Legislature, based on its research, that
28 to offset gross income tax revenue declines anticipated in the
29 Property Tax Relief Fund an appropriation from the Surplus Gross
30 Income Tax Revenue Account is a more prudent fiscal policy than
31 increasing any rate of gross income tax imposed or otherwise
32 modifying the gross income tax, including elimination or
33 modification of deductions, exclusions or exemptions, in a manner
34 that will increase gross income tax collections or reduce taxpayer
35 gross income tax refunds

36 The provisions of this section shall not be construed to render
37 balances in the Surplus Gross Income Tax Revenue Account
38 unavailable for meeting the costs of any emergency identified by
39 the Governor that is within the purposes of the Property Tax Relief
40 Fund. Balances in the account are appropriated for that purpose,
41 provided however, that the Governor shall notify the Joint Budget
42 Oversight Committee, or its successor, of his determination that
43 balances in the account are required to meet an emergency,
44 describing the nature of the emergency and the intended use of the
45 funds in meeting the emergency. Upon notice to the Governor that
46 such expenditures have been approved by the committee, or its
47 successor, the expenditure of such funds shall be lawful. As used in
48 this section, "emergency" means any condition or occurrence which

1 requires an immediate response in the protection of the life, safety
2 or well-being of the citizens of this State, or any of them, or in the
3 protection or restoration of property, public or private, endangered,
4 damaged, or destroyed as a result, actual or potential, of such
5 condition or occurrence.

6
7 4. a. If in any fiscal year there is enacted an appropriation
8 from the Surplus Gross Income Tax Revenue Account pursuant to
9 section 3 of this act, there shall not be enacted any imposition of
10 increases in existing gross income tax rates or gross income tax
11 modifications having the effect of increasing gross income tax
12 revenues except as provided in subsection b. of this section.

13 b. If the amount of the decline in gross income tax revenue
14 collections in the Property Tax Relief Fund is greater than the
15 equivalent of two percent of the total available gross income tax
16 resources in the Property Tax Relief Fund as certified by the
17 Governor upon approval of the annual appropriation act for the
18 fiscal year in which that revenue decline is anticipated, the
19 restrictions of subsection a. of this section shall not apply and the
20 balances in the Surplus Gross Income Tax Revenue Account may be
21 appropriated in any other manner as found to be in the best interests
22 of the fiscal condition of the Property Tax Relief Fund.

23
24 5. This act shall take effect immediately.

25 26 27 STATEMENT

28
29 This bill establishes a Surplus Gross Income Tax Revenue
30 Account in the Property Tax Relief Fund to serve as a “rainy day
31 fund” for property tax relief programs and State Aid programs that
32 offset local property taxes. The State Treasurer is required to credit
33 to the Surplus Gross Income Tax Revenue Account, on or before
34 December 31, 2020 and annually on or before December 31
35 thereafter, an amount equal to one-half of the excess gross income
36 tax revenue collected during the preceding fiscal year if actual gross
37 income tax revenues exceed the Governor’s certified revenues by
38 more than six percent.

39 Balances in the Surplus Gross Income Tax Revenue Account
40 may be appropriated by the Legislature: 1) if anticipated gross
41 income tax revenues are estimated to be less than the Governor’s
42 certification; 2) to offset gross income tax revenue declines instead
43 of increasing the gross income tax rate or modifying the gross
44 income tax; or 3) for meeting the costs of any emergency identified
45 by the Governor that is within the purposes of the Property Tax
46 Relief Fund.

47 If in any fiscal year there is enacted an appropriation from the
48 Surplus Gross Income Tax Revenue Account, the Legislature is

1 prohibited from imposing any increases in existing gross income tax
2 rates or gross income tax modifications having the effect of
3 increasing gross income tax revenues. However, if gross income
4 tax revenues decline by at least two percent of the total available
5 gross income tax revenues as certified by the Governor, the
6 Legislature may increase gross income tax rates or modify the gross
7 income tax, and the balances in the Surplus Gross Income Tax
8 Revenue Account may be appropriated in any other manner as
9 found to be in the best interests of the fiscal condition of the
10 Property Tax Relief Fund.