

[First Reprint]

**SENATE, No. 330**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator NICHOLAS P. SCUTARI**

**District 22 (Middlesex, Somerset and Union)**

**Co-Sponsored by:**

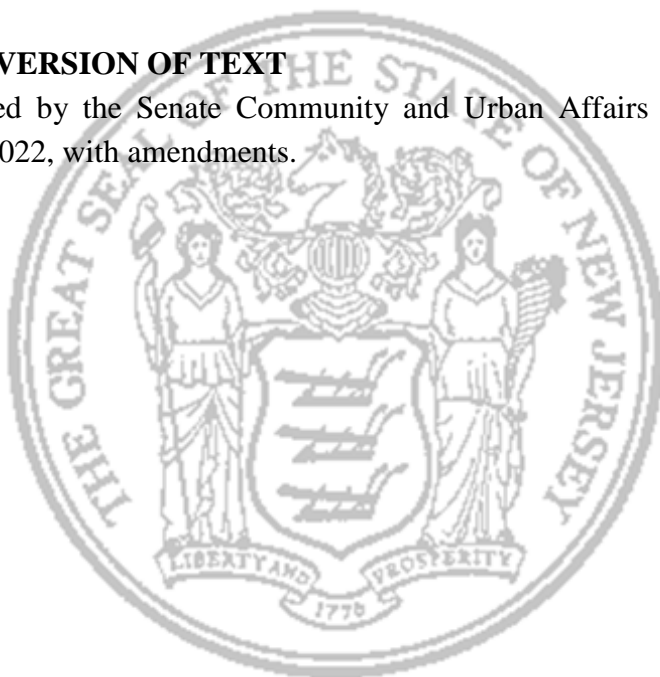
**Senators Connors, O'Scanlon, Polistina, Sarlo, Schepisi, Stanfield, Gill,  
Bramnick, A.M.Bucco, Johnson and Ruiz**

**SYNOPSIS**

Increases distribution to municipalities from Energy Tax Receipts Property Tax Relief Fund over five years to restore municipal aid reductions; requires additional aid to be subtracted from municipal property tax levy.

**CURRENT VERSION OF TEXT**

As reported by the Senate Community and Urban Affairs Committee on January 27, 2022, with amendments.



**(Sponsorship Updated As Of: 2/28/2022)**

1 AN ACT concerning State aid to municipalities and amending  
2 P.L.1997, c.167 and P.L.2007, c.62.

3

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

6

7 1. Section 9 of P.L.2007, c.62 (C.40A:4-45.44) is amended to  
8 read as follows:

9 9. For the purposes of sections 9 through 13 of P.L.2007, c.62  
10 (C.40A:4-45.44 through C.40A:4-45.47 and C.40A:4-45.3e):

11 "Adjusted tax levy" means an amount not greater than the  
12 amount to be raised by taxation of the previous fiscal year, less  
13 **【any waivers from a prior fiscal year required to be deducted by the**  
14 **Local Finance Board pursuant to section 11 of P.L.2007, c.62**  
15 **(C.40A:4-45.46)】** the difference between any amount distributed to,  
16 or anticipated by a local unit pursuant to paragraph (2) of  
17 subsection e. of section 2 of P.L.1997, c.167 (C.52:27D-439) in its  
18 current fiscal year and its previous fiscal year, that result multiplied  
19 by 1.02, to which the sum of exclusions defined in subsection b. of  
20 section 10 of P.L.2007, c.62 (C.40A:4-45.45) shall be added.

21 "Amount to be raised by taxation" means the property tax levy  
22 set in the annual budget of a local unit.

23 "Local unit" means a municipality, county, fire district, or solid  
24 waste collection district, but shall not include a municipality that  
25 had a municipal purposes tax rate of \$0.10 or less per \$100 for the  
26 previous tax year.

27 "New ratables" means the product of the taxable value of any  
28 new construction or improvements times the tax rate of a local unit  
29 for its previous tax year.

30 "County entity budget authority" means the county tax  
31 administrator, county superintendent of election, county board of  
32 election, county register of deeds and mortgages, county clerk,  
33 county surrogate, county prosecutor, and county sheriff, in their role  
34 as the appointing authority of their respective offices.

35 "County entity" means a county board of taxation, office of the  
36 county superintendent of election, office of the county board of  
37 election, office of the county register of deeds and mortgages, office  
38 of the county clerk, office of the county surrogate, office of the  
39 county prosecutor, and county sheriff's department.

40 (cf: P.L.2015, c.249, s.2)

41

42 2. Section 2 of P.L.1997, c.167 (C.52:27D-439) is amended to  
43 read as follows:

44 2. a. **【Commencing July 1, 1997 there】** There is established  
45 the "Energy Tax Receipts Property Tax Relief Fund" as a special  
46 dedicated fund in the State Treasury into which there shall be

**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.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup>Senate SCU committee amendments adopted January 27, 2022.**

1 credited annually, commencing in State fiscal year 1998, the sum of  
2 \$740,000,000 or the amount determined pursuant to subsection e. of  
3 this section from the following: net payments under the "Sales and  
4 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from sales and  
5 use of energy or utility services, net payments under the  
6 Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1  
7 et seq.) from gas, electric, and gas and electric public utilities,  
8 whether municipal or otherwise, that were subject to tax pursuant to  
9 the provisions of P.L.1940, c.5 (C.54:30A-49 et seq.) prior to  
10 January 1, 1998, net payments under the Corporation Business Tax  
11 Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.) from  
12 telecommunications public utilities that were subject to tax pursuant  
13 to the provisions of P.L.1940, c.4 (C.54:30A-16 et seq.) as of April  
14 1, 1997, net payments under P.L.1940, c.5 (C.54:30A-49 et seq.)  
15 from sewerage and water corporations, net payments under the  
16 "Transitional Energy Facility Assessment Act," P.L.1997, c.162  
17 (C.54:30A-100 through C.54:30A-113), and such sums from the  
18 General Fund as may be necessary to provide that the annual  
19 amount credited to the fund shall equal \$740,000,000 or the amount  
20 determined pursuant to subsection e. of this section.

21 b. Notwithstanding the provisions of P.L.1940, c.4 (C.54:30A-  
22 16 et seq.), P.L.1940, c.5 (C.54:30A-49 et seq.) and any other  
23 provision of law concerning the apportionment and distribution by  
24 the State of taxes paid by public utilities,

25 (1) There shall be paid during the State fiscal year 1998 and  
26 during each fiscal year thereafter from the "Energy Tax Receipts  
27 Property Tax Relief Fund" to the municipalities of the State the sum  
28 of \$740,000,000 or the amount determined pursuant to subsection e.  
29 of this section.

30 (2) A portion of the \$740,000,000 or the amount determined  
31 pursuant to subsection e. of this section shall be allocated in a  
32 manner that provides that each municipality shall receive an amount  
33 not less than the largest annual amount received or to be received  
34 by the municipality from:

35 (a) the distribution of \$685,000,000 from the proceeds of the  
36 public utilities franchise and gross receipts taxes under P.L.1940,  
37 c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.)  
38 in calendar year 1994, 1995 or 1996; or

39 (b) the distribution of \$685,000,000 from the proceeds of the  
40 public utilities franchise and gross receipts taxes under P.L.1940,  
41 c.4 (C.54:30A-16 et seq.) and P.L.1940, c.5 (C.54:30A-49 et seq.)  
42 or from taxes and assessments collected in replacement of such  
43 taxes as released by the Division of Local Government Services in  
44 the Department of Community Affairs as fiscal year 1998 estimated  
45 franchise and gross receipts taxes State aid distributions by  
46 municipality prior to the certification of apportionment of such

1 funds by the Director of the Division of Taxation and the amounts  
2 required pursuant to subsection d. of this section.

3 (3) A portion of the \$740,000,000 or the amount determined  
4 pursuant to subsection e. of this section shall be allocated in a  
5 manner that provides that each municipality shall receive an amount  
6 equal to the difference, if any, between the amount it received  
7 pursuant to paragraph (2) of this subsection and the sum of the  
8 amounts that the municipality received pursuant to the certification  
9 made in the 1997 calendar year released by the Division of Local  
10 Government Services in the Department of Community Affairs as  
11 the fiscal year 1998 estimated franchise and gross receipts taxes  
12 State aid distribution of \$685,000,000 and the certification of the  
13 1997 fiscal year distribution of \$45,000,000.

14 (4) The portion of the \$740,000,000 or the amount, not more  
15 than \$755,000,000, determined pursuant to subsection e. of this  
16 section remaining after the allocations pursuant to paragraphs (2)  
17 and (3) of this subsection shall be distributed in proportion to the  
18 amounts distributed pursuant to paragraph (2) of this subsection.

19 c. (1) The funds distributed pursuant to paragraphs (2) and (4)  
20 of subsection b. of this section shall be distributed annually to  
21 municipalities on the following schedule: July 15, 35% of the total  
22 amount due; August 1, 10% of the total amount due; September 1,  
23 30% of the total amount due; October 1, 15% of the total amount  
24 due; November 1, 5% of the total amount due; and December 1, 5%  
25 of the total amount due.

26 (2) The funds distributed pursuant to paragraph (3) of  
27 subsection b. of this section, prior to January 1, 2002 for all  
28 municipalities, and distributed after January 1, 2002 for  
29 municipalities operating on a State fiscal year basis, shall be  
30 distributed annually to those municipalities on or before June 30.  
31 The funds distributed after January 1, 2002 pursuant to paragraph  
32 (3) of subsection b. of this section to calendar year municipalities  
33 shall be distributed annually on or before July 15.

34 d. The allocation set forth in paragraph (2) of subsection b. of  
35 this section shall be adjusted to increase each appropriate municipal  
36 distribution by the amount necessary to:

37 (1) make corrections to apportionment valuations or distribution  
38 values made by the Director of the Division of Taxation in the  
39 Department of the Treasury pursuant to R.S.54:30-2; and

40 (2) correct equitable distortions, as determined by the State  
41 Treasurer, resulting from the application of section 2 of P.L.1980,  
42 c.10 (C.54:30A-24.1) and section 4 of P.L.1980, c.11 (C.54:30A-  
43 61.1).

44 The director shall report to the Legislature, on or before July 15,  
45 1997, the amount and distribution of the corrections pursuant to  
46 paragraphs (1) and (2) of this subsection.

1 e. (1) The amount credited to the "Energy Tax Receipts  
2 Property Tax Relief Fund" shall be \$745,000,000 for State fiscal  
3 year 1999, \$750,000,000 for each of State fiscal years 2000 and  
4 2001, \$755,000,000 for State fiscal year 2002, and for each fiscal  
5 year thereafter the amount equal to the amount credited in the prior  
6 fiscal year multiplied by the sum of 1.0 and the index rate or zero,  
7 whichever is greater. As used in this section, "index rate" means  
8 the rate of annual percentage increase, rounded to the nearest half-  
9 percent, in the Implicit Price Deflator for State and Local  
10 Government Purchases of Goods and Services, computed and  
11 published quarterly by the United States Department of Commerce,  
12 Bureau of Economic Analysis, calculating the annual increase  
13 therein at the second calendar quarter which occurred in the next  
14 preceding State fiscal year. The Director of the Division of Local  
15 Government Services shall promulgate annually the index rate to  
16 apply in the next following State fiscal year which shall be the same  
17 as the index rate determined pursuant to section 4 of P.L.1983, c.49  
18 (C.40A:4-45.1a). Any amount of aid distributed to a municipality  
19 in excess of the amount distributed to the municipality from the  
20 "Energy Tax Receipts Property Tax Relief Fund" during the State  
21 fiscal year 2002 shall be used solely and exclusively by each  
22 municipality for the purpose of reducing the amount the  
23 municipality is required to raise by local property tax levy for  
24 municipal purposes.

25 (2) In additional to the amount credited in paragraph (1) of this  
26 subsection, there shall be an amount sufficient to provide to each  
27 municipality from the " Energy Tax Receipts Property Tax Relief  
28 Fund" an additional amount to be determined as follows: in fiscal  
29 year <sup>1</sup>~~2017~~ <sup>1</sup>2023<sup>1</sup> an amount equal to 20% of the difference  
30 between the sum of Consolidated Municipal Property Tax Relief  
31 Aid and Energy Tax Receipts Property Tax Relief Aid paid to that  
32 municipality in fiscal year 2008 and the sum of Consolidated  
33 Municipal Property Tax Relief Aid and Energy Tax Receipts  
34 Property Tax Relief Aid paid to that municipality in fiscal year  
35 2012; 40% of that difference amount shall be paid in fiscal year  
36 <sup>1</sup>~~2018~~ <sup>1</sup>2024<sup>1</sup> , 60% of that difference amount shall be paid fiscal  
37 year <sup>1</sup>~~2019~~ <sup>1</sup>2025<sup>1</sup> ; 80% of that difference amount shall be paid in  
38 fiscal year <sup>1</sup>~~2020~~ <sup>1</sup>2026<sup>1</sup> ; and 100% of that difference amount  
39 shall be paid in fiscal year <sup>1</sup>~~2021~~ <sup>1</sup>2027<sup>1</sup> and in each fiscal year  
40 thereafter. The amounts determined herein shall be distributed to  
41 municipalities annually pursuant to the schedule under paragraph  
42 (1) of subsection c. of this section.

43 f. Notwithstanding any other provision of this section or any  
44 other provision of law to the contrary, if any municipality paid a  
45 county for an amount for county purposes from the amount it  
46 received from its apportionment of taxes according to the  
47 limitations on the municipalities apportionment under section 4 of

1 P.L.1980, c.11 (C.54:30A-61.1), the highest amount of that  
2 payment during calendar years 1994, 1995, and 1996 shall be paid  
3 annually directly to that county by the State Treasurer and be  
4 deducted from that municipality's distribution otherwise determined  
5 pursuant to paragraph (2) of subsection b. of this section.  
6 (cf: P.L.2002, c.3, s.1)

7  
8 3. Section 4 of P.L.1997, c.167 (C.52:27D-441) is amended to  
9 read as follows:

10 4. a. (1) The annual appropriations act for each State fiscal  
11 year commencing with fiscal year 1998 shall appropriate and  
12 distribute during the fiscal year an amount not less than  
13 \$740,000,000 or the amount determined pursuant to subsection e. of  
14 section 2 of P.L.1997, c.167 (C.52:27D-439) from the "Energy Tax  
15 Receipts Property Tax Relief Fund" pursuant to the provisions of  
16 that section [2 of P.L.1997, c.167 (C.52:27D-439), for the purposes  
17 of that fund].

18 (2) The annual appropriations act for each State fiscal year  
19 commencing with fiscal year <sup>1</sup>[2017] <sup>1</sup>2023<sup>1</sup> shall appropriate and  
20 distribute to each municipality an amount not less than (a) the sum  
21 of Consolidated Municipal Property Tax Relief Aid and Energy Tax  
22 Receipts Property Tax Relief Aid paid to that municipality in fiscal  
23 year 2012 and (b) the amount distributed to each municipality  
24 pursuant to paragraph (2) of subsection e. of section 2 of P.L.1997,  
25 c.167 (C.52:27D-439).

26 b. If the provisions of subsection a. of this section are not met  
27 on the effective date of an annual appropriations act for the State  
28 fiscal year, or if an amendment or supplement to an annual  
29 appropriations act for the State fiscal year should violate the  
30 provisions of subsection a. of this section, the Director of the  
31 Division of Budget and Accounting in the Department of the  
32 Treasury shall, not later than five days after the enactment of the  
33 annual appropriations act, or an amendment or supplement thereto,  
34 that violates the provisions of subsection a. of this section, certify to  
35 the Director of the Division of Taxation that the requirements of  
36 subsection a. of this section have not been met.

37 c. The Director of the Division of Taxation shall, no later than  
38 five days after certification by the Director of the Division of  
39 Budget and Accounting in the Department of the Treasury pursuant  
40 to subsection b. of this section that the provisions of subsection a.  
41 of this section have not been met or have been violated by an  
42 amendment or supplement to the annual appropriations act, notify  
43 all taxpayers that have filed a return under the Corporation Business  
44 Tax (1946), P.L.1945, c.162 (C.54:10A-1 et seq.) during the  
45 previous calendar year, other than taxpayers that are gas, electric,  
46 and gas and electric, or telecommunications public utilities as  
47 defined pursuant to subsection (q) of section 4 of P.L.1945, c.162

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7

1 (C.54:10A-4) pursuant to the amendment to that section 4 made in  
2 section 2 of P.L.1997, c.162, that the taxpayer shall have no  
3 liability pursuant to the provisions of P.L.1945, c.162 for any  
4 corporation business tax for the taxpayer's current privilege period,  
5 notwithstanding any other provision of law to the contrary.

6 (cf: P.L.1997, c.167, s.4)

7

8 4. This act shall take effect immediately.