

## CHAPTER 189

**AN ACT** requiring a State tax expenditure report be included in the Governor's annual budget message and supplementing Title 52 of the Revised Statutes.

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

C.52:27B-20a State tax expenditure report included in Governor's budget message.

1. a. In addition to the requirements of section 11 of article 3 of P.L.1944, c.112 (C.52:27B-20), and any other provisions of law, the Governor's budget message transmitted annually to the Legislature shall include a State tax expenditure report setting forth estimates of the tax expenditures under existing State law for the last completed fiscal year, the current fiscal year and the fiscal year to which the budget message applies. The tax expenditures report shall take into account projected economic factors, and any changes in State tax expenditures as may be enacted or reasonably expected to be enacted for any fiscal year.

b. The State tax expenditures report shall:

- (1) list each State tax expenditure,
- (2) identify the statutory authority for each State tax expenditure, and the year in which it was enacted or the tax year or tax period in which it became effective,
- (3) describe the objective of each State tax expenditure,
- (4) detail in columnar enumeration for each State tax expenditure an estimate of the amount of State revenue loss for the last completed fiscal year, the current fiscal year and the fiscal year to which the budget message applies,
- (5) determine whether each State tax expenditure has been effective in achieving the purpose for which the tax expenditure was enacted and currently serves, including an analysis of the persons, including corporations, individuals or other entities, benefited by the expenditure,
- (6) the effect of each State tax expenditure on the fairness and equity of the distribution of the tax burden, and
- (7) the public and private costs of administering the State tax expenditures.

c. As used in this section:

"State tax expenditure" means those revenue losses attributable to provisions of State tax law which establish special tax treatment, including but not limited to tax law definition, deduction, exclusion, exemption, deferral, credit, preferential tax rate or other special tax provision resulting in a reduced tax liability for certain persons, individuals, types of income, transactions or property from the liability which would be presumed to exist without the State tax expenditure.

d. The Division of Taxation in the Department of the Treasury shall advise and assist the Governor in the preparation of the State tax expenditure report.

2. This act shall take effect immediately and apply to budget messages transmitted on and after enactment.

Approved January 12, 2010.