

CHAPTER 171

AN ACT concerning certain local tax proceeds and amending P.L.2009, c.90.

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

1. Section 20 of P.L.2009, c.90 (C.40:48H-2) is amended to read as follows:

C.40:48H-2 Municipalities permitted to impose tax on rental of motor vehicles; definitions.

20. a. A municipality having a population in excess of 100,000 and within which is located a commercial airport which provides for a minimum of 10 regularly scheduled commercial airplane flights per day, or a municipality in which any portion of such an airport is located, by ordinance, may impose a tax on the rental of motor vehicles on such rental transactions that occur within a designated industrial zone of the municipality. Such tax shall be imposed on the person, corporation, or other legal entity that is permitted the use of a motor vehicle that it does not own for a period of time that is less than one year, in exchange for the payment of a fee, and shall be collected on behalf of the municipality by the person collecting such rental fee, in accordance with such procedures as shall be established in the ordinance imposing the tax.

The local motor vehicle rental tax rate imposed under an ordinance adopted pursuant to this section shall not exceed five percent of the total amount of the fee charged for the rental of the motor vehicle, excluding any taxes and surcharges. After the adoption of an ordinance, a municipality may subsequently amend the ordinance from time to time to adjust the boundaries of the industrial zone or, subject to the provisions of section 26 of P.L.2009, c.90 (C.40:48H-8), to modify the tax rate; however, the modified rate shall not exceed five percent of the total amount of the fee charged for the rental of the motor vehicle, excluding any taxes and surcharges.

An ordinance establishing a local motor vehicle rental tax, or modifying the rate of that tax, shall take effect on the first day of the month immediately following the date on which the ordinance becomes legally in force and effect.

- b. As used in this section:

"Eligible purposes" means (1) the payment or reimbursement of costs of any "redevelopment project" or other undertaking in furtherance of a "redevelopment plan" in any "area in need of redevelopment" or "area in need of rehabilitation" within the municipality (including, but not limited to, redevelopment projects and undertakings located within the industrial zone), as such terms are defined in the "Local Redevelopment and Housing Law", P.L.1992, c.79 (C.40A:12A-1 et al.), (2) the making of municipal subsidies or contributions as authorized by P.L.1992, c.79, (3) the payment or reimbursement, within or relating to any urban enterprise zone located within the municipality, of such costs as are enumerated in the definition of "project" as contained in subsection c. of section 29 of P.L.1983, c.303 (C.52:27H-88), without reference to the zone assistance fund or the zone development corporation, (4) the payment of bonds issued for any of the foregoing purposes, (5) planning, evaluation, negotiation, and other preliminary expenses relating to any of the foregoing purposes, and (6) costs of administration and enforcement, including costs and expenses of the municipality incurred in collecting the tax.

"Industrial zone" means such portion or portions of the municipality, which may be identified by reference to zoning districts, census tracts, or both, not exceeding in the aggregate 50 percent of the territory of the municipality, as is determined by the municipality to be an area having, or intended to have, predominantly industrial, port, airport, and related uses.

"Motor vehicle" means any automobile, truck, van, bus, or similar conveyance that is intended primarily for passenger (as distinct from cargo) use, and meeting the requirements of the State for operation on public roads.

"Rental of motor vehicle" means any contract or agreement by which a person, corporation, or other legal entity is permitted the use of a motor vehicle that it does not own for a period of time that is less than one year in exchange for the payment of a fee. A rental transaction is deemed to occur at the location at which such person, corporation, or other legal entity takes possession of the motor vehicle.

"Rental tax account" means the dedicated trust account established by a municipality pursuant to subsection c. of this section.

"Tax proceeds" means amounts collected pursuant to any tax imposed pursuant to sections 19 through 27 of P.L.2009, c.90 (C.40:48H-1 et seq.).

c. The Director of the Division of Taxation in the Department of the Treasury may require, by regulation, that all taxes collected pursuant to sections 19 through 27 of P.L.2009, c.90 (C.40:48H-1 et seq.) be collected in the same manner as surcharges are collected under section 28 of P.L.2009, c.90 (C.40:48G-2). Except as provided hereinafter, revenues that are collected and distributed back to the municipality shall be deposited into a trust account established by the municipality and dedicated exclusively to the purpose of funding one or more eligible purposes. Revenues that are collected during tax years 2015 through 2017 for distribution back to a municipality having a population in excess of 270,000, according to the 2010 federal decennial census, may be deposited into the current fund of that municipality and may, to the extent not already allocated for eligible purposes, be used to reduce the appropriation for "cash deficit of preceding year" pursuant to N.J.S.40A:4-42, or to address its operational deficit identified at the beginning of the local budget year or through the annual financial statement. In tax year 2018 and thereafter, up to 50 percent of the revenues annually collected may be deposited into the current fund and used to reduce the appropriation for "cash deficit for preceding year" or to address its operational deficit, and the remainder shall be deposited into the municipality's trust account for eligible purposes. In the case of any assignment pursuant to section 23 of P.L.2009, c.90 (C.40:48H-5), the terms of such assignment shall include the agreement of the municipality to enforce collection of the taxes in such manner as provided therein, and may provide for direct payment of all or a portion of the tax proceeds to a bond trustee. In addition to tax proceeds, there shall be deposited into the rental tax account such other moneys as may, from time to time, be directed by law to be deposited therein.

2. This act shall take effect immediately.

Approved December 9, 2015.