

## CHAPTER 68

**AN ACT** concerning the local employer payroll tax, amending P.L.1970, c.326 and P.L.1995, c.426, and repealing section 19 of P.L.1970, c.326.

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

1. Section 15 of P.L.1970, c.326 (C.40:48C-15) is amended to read as follows:

C.40:48C-15 Collection of employer payroll tax by municipality.

15. a. Any municipality may by ordinance impose and collect an employer payroll tax for general municipal purposes of the municipality, or for the purposes set forth in subsection d. of this section, at a rate of up to one percent of the employer's payroll.

b. A municipality may by ordinance adjust the rate of an employer payroll tax imposed and collected pursuant to subsection a. of this section, provided that the rate does not exceed one percent. Any reduction in an employer payroll tax while the municipality is in receipt of aid provided through the Transitional Aid to Localities program, or any other discretionary aid program for municipalities in fiscal distress, shall be subject to approval by the Department of Community Affairs.

c. An ordinance adopted pursuant to subsection a. of this section may provide that the employer payroll tax shall not apply to the remuneration paid by employers to employees who are residents of the municipality.

d. (1) If a municipality adopts an ordinance pursuant to subsection a. of this section and the municipality has a median household income of \$55,000 or greater according to the most recent American Community Survey five-year estimate by the United States Census Bureau, all employer payroll tax revenues collected by the municipality pursuant to the ordinance shall be deposited into a trust fund to be used exclusively for school purposes, inclusive of charter schools.

(2) The governing body of the municipality shall monthly pay employer payroll tax revenues deposited in the trust fund over to the board secretary or treasurer of school moneys, as appropriate, of the school district coextensive with the municipality or of which the municipality comprises a part, in an amount equal to one-twelfth of the difference in State school aid provided to that school district, pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) and P.L.2018, c.67 (C.18A:7F-67 et al.), between the current State fiscal year and State fiscal year 2018, for use in lieu of adjustment aid and all other categories of State school aid.

(3) Any balance remaining in the trust fund shall be reserved for use toward making payments pursuant to paragraph (2) of this subsection in the event the employer payroll tax revenues collected in a year are insufficient to pay the full amount provided for under that paragraph.

2. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended to read as follows:

C.18A:36A-12 Per pupil payments to charter schools.

12. a. (Deleted by amendment, P.L.2007, c.260).

b. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil, the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation, and the employer payroll tax per pupil that is transferred to the school district pursuant to subsection d. of section 1 of P.L.2018, c.68. In addition, the school district of residence shall pay directly to the charter school the security categorical aid attributable to the student and a percentage of

the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school and, if applicable, 100% of preschool education aid. The district of residence shall also pay directly to the charter school any federal funds attributable to the student.

c. (Deleted by amendment, P.L.2007, c.260).

d. Notwithstanding the provisions of subsection b. of this section, in the case of a student who was not included in the district's projected resident enrollment for the school year, the State shall pay 100% of the amount required pursuant to subsection b. of this section for the first year of the student's enrollment in the charter school.

e. The State shall make payments required pursuant to subsection d. of this section directly to the charter school.

Repealer.

3. Section 19 of P.L.1970, c.326 (C.40:48C-19) is repealed.

4. This act shall take effect upon the enactment into law of P.L.2018, c.67 (C.18A:7F-67 et al.).

Approved July 24, 2018.