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PUBLIC HEARING

before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

ASSEMBLY CONCURRENT RESOLUTION NO. 30 (2R)

(Amends State Constitution by dedicating sales tax revenue from telecommunication equipment sales for costs of Statewide Enhanced 9-1-1 telephone network and compensating municipalities for loss of certain business tax revenues)

June 23, 1988
Room 403
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

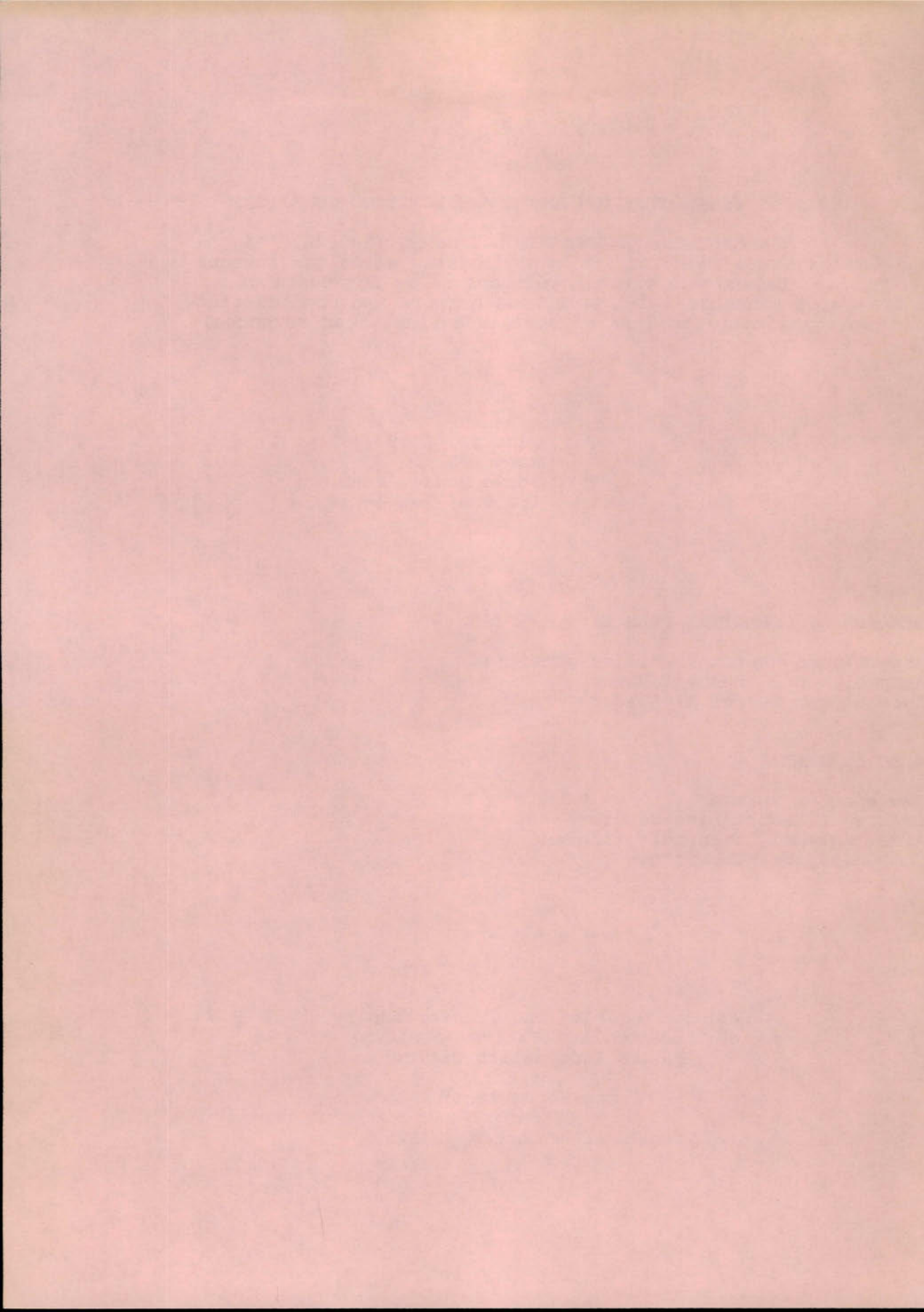
Assemblyman Newton E. Miller, Chairman
Assemblyman D. Bennett Mazur
Assemblyman George A. Spadaro

ALSO PRESENT:

Laurence A. Gurman
Office of Legislative Services
Aide, Assembly Transportation and
Communications Committee

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625





NEWTON E. MILLER
CHAIRMAN
J. PENN
CHAIRMAN
T. E. LITTELL
NETT MAZUR
IE A. SPADARO

New Jersey State Legislature
ASSEMBLY TRANSPORTATION
AND COMMUNICATIONS COMMITTEE

STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
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MEMORANDUM

June 20, 1988

TO: MEMBERS OF THE COMMITTEE

FROM: ASSEMBLYMAN NEWTON E. MILLER, CHAIRMAN

SUBJECT: PUBLIC HEARING - JUNE 23, 1988

(Address comments and questions to Laurence A. Gurman, Committee Aide, at 609-984-7381.)

PUBLIC HEARING

The Assembly Transportation and Communications Committee will hold a public hearing on Thursday, June 23, 1988 at 9:00 A.M. in Room 403 of the State House Annex in Trenton, concerning the following legislation:

ACR 30(2R) Amends State Constitution by dedicating sales tax revenue from telecommunication equipment sales for costs of Statewide Enhanced 9-1-1 telephone network and compensating municipalities for loss of certain business tax revenues.

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblyman MAZUR

1 A **CONCURRENT RESOLUTION** proposing an amendment to
Article VIII, Section II of the Constitution of the State of New
3 Jersey.

5 BE IT RESOLVED by the General Assembly of the State of
New Jersey (the Senate concurring):

7 1. The following proposed amendment to the Constitution of
the State of New Jersey is agreed to:

PROPOSED AMENDMENT

11 Amend Article VIII, Section II by adding the following
paragraph:

13 5. There shall be credited ¹[annually]¹ to a special account in
the General Fund an amount ¹substantially¹ equivalent to the
15 revenue derived from ¹[any tax imposed on the sale of
telephones, related equipment or apparatus, or comparable
17 telegraph equipment, for use directly and primarily in receiving
at destination or initiating, transmitting and switching telephone
19 or telegraph communication, as provided by law] any sales and
use tax imposed on certain telecommunications equipment, as
21 may be defined by the Legislature from time to time, for the
purpose of funding a Statewide enhanced 9-1-1 emergency
23 telephone network, and for the other purposes provided herein¹,
provided, however, the dedication and use of such revenues as
25 provided in this paragraph shall be subject and subordinate to (a)
all appropriations of revenues from such taxes made by laws
27 previously enacted in accordance with Article VIII, Section II,
paragraph 3 of this Constitution in order to provide the ways and
29 means to pay the principal and interest on ¹[debts or liabilities]
bonds¹ of the State ¹presently¹ outstanding or authorized to be
31 issued under such laws ¹[enacted prior to the adoption of this
paragraph] or (b) any other use of these revenues previously

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:

¹ Assembly ATC committee amendments adopted January 21, 1988.

² Assembly AAP committee amendments adopted May 23, 1988.

1 enacted into law¹. This amount shall be appropriated from time
2 to time by the Legislature only for the ²following² purposes ²[of]
3 : first,² paying or financing the cost of the installation, operation
4 and maintenance of a Statewide enhanced 9-1-1 emergency
5 telephone network and ²second², after the foregoing cost is met,
6 ²from any amount remaining,² compensating municipalities ²[,
7 according to a formula established] for the loss of revenue
8 resulting from the elimination of public utility gross receipts
9 taxes and local business personal property taxes on certain
10 business of long distance telecommunications carriers, as may be
11 provided² by law ²[, in an amount equal to the amount by which
12 receipts from local personal property tax assessments were
13 reduced in the tax year ¹[1985] 1988 and any tax year thereafter¹
14 due to a reduction in the total net value of machinery,
15 implements and equipment of telephone, telegraph and messenger
16 system companies in the municipality for tax year ¹[1985] 1988
17 and any tax year thereafter¹ from the total net value for the tax
18 year 1984 as a result of the 1982 decision of the federal district
19 court for the District of Columbia in the matter of United States
20 v. AT&T ¹, and compensating municipalities, according to a
21 formula established by law, for a reduction in local tax revenues
22 collected in any tax year compared to the amount of the revenues
23 collected from that tax in tax year 1988, as a result of a repeal
24 of any law imposing taxes upon telephone and telegraph
25 companies¹². It shall not be competent for the Legislature to
26 borrow, appropriate or use these amounts or any part thereof for
27 any other purpose, under any pretense whatever, except that
28 after amounts are appropriated for the purposes hereinabove, any
29 amount not appropriated from the special fund at the conclusion
30 of any fiscal year shall lapse to the General Fund and be available
31 for appropriation by the Legislature for any lawful purpose.

32 2. When this proposed amendment to the Constitution is finally
33 agreed to, pursuant to Article IX, paragraph 1 of the
34 Constitution, it shall be submitted to the people at the next
35 general election occurring more than three months after such
36 final agreement and shall be published at least once in at least
37 one newspaper of each county designated by the President of the
38 Senate and the Speaker of the General Assembly and the
39 Secretary of State, not less than three months prior to the

1 general election.

3 3. This proposed amendment to the Constitution shall be
submitted to the people at that election in the following manner
and form:

5 There shall be printed on each official ballot to be used at the
general election, the following:

7 a. In every municipality in which voting machines are not used,
a legend which shall immediately precede the question as follows:

9 If you favor the proposition printed below make a cross (x), plus
(+) or check (✓) in the square opposite the word "Yes." If you are
11 opposed thereto make a cross (x), plus (+), or check (✓) in the
square opposite the word "No."

13 b. In every municipality the following question and
interpretive statement:

DEDICATION OF SALES TAX ON ²[TELEPHONES AND RELATED] TELECOMMUNICATIONS² EQUIPMENT FOR THE PAYMENT OF COSTS OF A STATEWIDE ENHANCED 9-1-1 TELEPHONE NETWORK AND COMPENSATION TO MUNICIPALITIES FOR LOSS OF CERTAIN TAX REVENUES

YES. Do you approve amending Article VIII, Section II of the Constitution of the State of New Jersey to dedicate an amount equivalent to the revenue derived from ¹[a] any¹ sales ¹and use¹ tax on ¹[telephones and related] telecommunications¹ equipment, which has not been previously dedicated by law, to a special account in the General Fund, and authorizing the Legislature to enact laws appropriating these moneys only for the purposes of ²first,² paying or financing the cost of the installation, operation and maintenance of a Statewide enhanced 9-1-1 emergency telephone network and ²second,² for compensating municipalities for the ¹[loss of personal property] ²[reduction in collection of local¹ tax revenues resulting from the divestiture of the American Telephone and Telegraph Company, Inc., pursuant to the decision of the federal district court for the District of Columbia in the matter of United States v. AT&T ¹and resulting from the repeal of any law imposing taxes upon telephone and telegraph companies¹?

Any] loss of revenues resulting from the elimination of public utility gross receipts taxes and local business personal property taxes on certain business of long distance telecommunications carriers, as may be provided by law, and any² amount remaining in the special account after these costs are met ²[would] to² revert to the General Fund at the end of a fiscal year²[.]?²

INTERPRETIVE STATEMENT

NO. If this proposed constitutional amendment is adopted, the revenue derived from the ²sales and use² tax levied on ²[the sale of]² ¹[telephones and related] telecommunications¹ equipment will ²[be deposited in] go into² a special account in the General Fund to be appropriated by the Legislature only for the purposes of paying or financing the cost of installation, operation and maintenance of a Statewide enhanced 9-1-1 emergency telephone network ¹[and] ²[¹] and² for compensating municipalities for the ¹[loss of personal property] ²[reduction in collections of local¹ tax revenues resulting from the divestiture of the American Telephone and Telegraph Company, Inc ¹and resulting from the repeal of any laws imposing taxes upon telephone and telegraph companies¹] loss of certain business tax revenue resulting from the elimination of certain long distance telecommunications business from the imposition of those taxes, as may be provided by law².

Any amount remaining in the special account after these costs are met would revert to the General Fund ²[, as does other sales tax revenue] and be available for general appropriation².

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TAXATION-SALES

Communications and Broadcasting

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Dedicates certain sales tax revenues from telecommunications equipment sales for costs of Statewide enhanced 9-1-1 telephone network and to compensate municipalities for loss of certain business tax revenues.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY CONCURRENT RESOLUTION No. 30

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 23, 1988

The Assembly Appropriations Committee favorably reports Assembly Concurrent Resolution No. 30 (1R) with committee amendments.

Assembly Concurrent Resolution No. 30 (1R), as amended, would, after voter approval, amend the State Constitution to provide for appropriations to be made for the purposes of paying for or financing the cost of the installation, operation and maintenance of a statewide 9-1-1 emergency telephone network. Moneys for these appropriations would be from a dedication of the sales tax on telephones and related telephone equipment. In addition, the amendment provides for compensation to be paid to municipalities according to a formula established by law, for any reduction in public utility tax and local tax revenue collections on telephone and telegraph companies.

COMMITTEE AMENDMENTS

The committee amendments clarify that compensation would be paid to municipalities according to a formula established by law, for any reduction in public utility tax and local tax revenue collections on telephone and telegraph companies.

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| Martin J. Ford Legislative Agent AT&T | 3 |

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di: 1-3

ASSEMBLYMAN NEWTON E. MILLER (Chairman): The special meeting of the Assembly Transportation and Communications Committee is being called this morning for the purpose of a public hearing on the amendment to the State Constitution. The said amendment is to dedicate sales tax revenue from telecommunication equipment sales for cost of Statewide enhanced 9-1-1 telephone network and compensating municipalities for loss of certain business tax revenues. This bill has been heard, and the ACR No. 30 has been heard, but we will like to have a public hearing on this, in order to comply with the law.

So, I'll open up by asking is there anyone here who would care to testify on behalf or against? Jon -- Mr. Spinnager?

J O N A. S P I N N A G E R: (speaks from audience) My name is Jon Spinnager, I'm with New Jersey Bell Telephone Company. I'd like to simply say that ACR-30 is an integral part of the 9-1-1 system that has been studied for several years, and as a company, New Jersey Bell fully supports ACR-30, and we urge its adoption by the Legislature. Thank you very much.

ASSEMBLYMAN MILLER: Are you able to pick that up? (speaking to hearing reporter) Okay, why don't you come up to the table fellows, so we can put it on the mikes, all right? (next witness approaches witness table)

W I L L I A M G. D R E S S E L, J R.: Thank you, Mr. Chairman. My name is Bill Dressel, I'm Assistant Executive Director of the New Jersey State League of Municipalities.

The League of Municipalities supports ACR-30, which would dedicate by Constitutional Amendment, an annual disbursement of \$16.5 million to municipalities.

The enhanced 9-1-1 emergency telephone network will undoubtedly be a lifesaving measure, and the League has gone on record as supporting such an initiative. Further, given the fact that New Jersey is one of only two states which exclude

telephone and telegraph equipment from sales taxes, we agree that the funding source for this problem is appropriate and just.

The additional \$16.5 million, which will be distributed according to the formula set forth in the State Revenue Sharing Act of 1977, represents welcome relief from the series of fiscal reverses which have beset municipal government in recent years. That string of setbacks, of course, includes revenue losses resulting from the divestiture of AT&T. The fact that this money will be constitutionally guaranteed will protect municipalities from the vagaries of the annual appropriations process. Municipal budget makers will know, for sure, that at least this much money will not be skimmed, retained, or redirected. This assurance is important, not only to local officials, but also to the continuing viability of enhanced 9-1-1.

We, therefore, strongly support ACR-30, and we urge you to release this resolution from your Committee today. Thank you, Mr. Chairman.

ASSEMBLYMAN MILLER: Thank you. Yes? (responding to a witness' indication that he would like to testify)

TIMOTHY L. WRIGHT: I'm Tim Wright, from United Telecommunications, operating in New Jersey as United Telephone of New Jersey. Our company is in support of the resolution, and we feel that there are going to be three areas in which final adoption of a Statewide 9-1-1 are going to have to work themselves out in. That would be technological implementation, political issues, and fiscal issues. The adoption of ACR-30 would help place a greater degree of security on the fiscal issue, and therefore, helping to have a more comfortable implementation of the 9-1-1. You're going to have to have local municipalities and counties determining their PSAP, you're going to have the phone companies working to make sure all the technology's in place. For the State's portion of the

fiscal end, ACR-30 will help there to be a greater degree of control and security on everybody's part that this is all going to go smoothly eventually. And therefore, we see ACR-30 as good public policy. Thank you.

ASSEMBLYMAN MILLER: Thank you. Mr. Ford?

M A R T I N J. F O R D: My name is Marty Ford. I'm Legislative Agent for AT&T, and I'll be extremely brief. I just want to say that we also wish to go on record as supporting the goals enhanced in ACR-30, and think it's a vital part of this whole package. Thank you.

ASSEMBLYMAN MILLER: Thank you, Marty. Is there anyone else who would care to be heard on this at this public hearing? (no response) This bill has been released, and as I said, the purpose of this public hearing is to comply with the law which states that the hearing must be held 20 days minimum before it can be voted upon by the General Assembly.

If no one else wishes to be heard we'll consider this session concluded, and ask that this be typed up by OLS so we can have it on the desks 20 days hence. Thank you.

(HEARING CONCLUDED)

