

ASSEMBLY BILL NO. 4587
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 4587 (Second Reprint) without my approval.

This bill levies a new tax on owners of so-called transient accommodations in New Jersey. As I have said many times before, I strongly believe that levying new taxes on our already overtaxed residents is not the answer to the State's fiscal challenges. The tax increase proposed in this bill would not only impact New Jersey property owners who have - for generations - made their homes available for short-term rentals, but would also disproportionately increase the cost of visiting New Jersey shore towns and other tourist destinations. This area and its economy cannot and should not be jeopardized.

This bill, in short, would do real harm to New Jersey's economy. First, it would unfairly and inequitably favor some taxpayers over others. Hotels and motels that book their rooms via online marketplaces, could avoid paying the 6% tax that they currently pay. That disparate treatment is as nonsensical as it is unfair and poses substantial hurdles to the Division of Taxation's ability to conduct audits of those businesses. In addition, owners of short-term rentals would be left holding the bag with an unfair choice of either enlisting the services of a New Jersey licensed real estate broker to rent their property for a fee or paying the taxes and fees that would be charged by listing directly through an online marketplace. Either way they lose. Finally, this bill goes too far in ceding taxation authority to private, for-profit third party vendors. Any one of these outcomes alone is problematic, to say nothing of their pernicious cumulative effect.

As I have said before, I do not support levying new taxes on already overly taxed New Jersey property owners. I cannot sign a bill increasing taxes on our citizens and, most particularly, our tourism areas.

Accordingly, I herewith return Assembly Bill No. 4587 (Second Reprint) without my approval.

[seal]

Respectfully,
/s/ Chris Christie
Governor

Attest:

/s/ James J. DiGiulio
Chief Counsel to the Governor