

MTA/NJ Legislative Update

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The Legislature began their Summer Recess after passing the State Budget on June 24, 2004. Prior to starting their break, the Senate and Assembly passed several bills that impact on the marine industry and recreational boating. The Marine Trades Association of New Jersey (MTA/NJ) was very active in the movement, amendment, opposition and/or consideration of these bills and the MTA/NJ continues to become an important resource for Legislators and staff in Trenton and throughout the State.

Assembly Bill 2624/Senate Bill 1512 – “Boating Safety Bill”

With language drafted and provided to the sponsors by the Marine Trades Association, the Senate and Assembly were quickly moving on passing legislation to amend New Jersey’s boat safety laws. The MTA/NJ language in the bills would have for the first time defined “Approved Boat Safety Courses” and “Approved Boat Safety Instructors”. The bill as amended would have included power vessels and sailboats. The bill was also amended at the request of the MTA/NJ to delete an appropriation from the “I Boat NJ” fund that would have depleted the account.

The bill was passed by the Assembly and was to be considered by the Senate when a late attempt to amend the bill was made by the Attorney General’s Office at the request of the Marine Police. The bills were amended by the Senate without debate to eliminate much of the MTA language, including the definitions on Courses and Instructors. The bill passed by the Senate would allow the State Police to approve courses that fall well below the standard proposed by the MTA language.

Fortunately, we were successful in stopping the bill from being passed by the Assembly at their last Voting Session before the recess by pointing out that the Marine Police language made the bill substantially weaker. We intend to meet over the summer with the Assembly sponsor, Assemblyman Robert J. Smith, to discuss the deficiencies in the amended bill and will request that the definitions be returned to the legislation.

Senate Bill 852 – Dredging Project funding

The bill appropriates \$1,080,000 to the Department of Environmental Protection (DEP) from the "1996 Dredging and Containment Facility Fund," for the remaining portion of the State share of the cost of the Intracoastal Waterway Feasibility Study. The funds will go towards the State Channel Dredging Program. The MTA/NJ testified in favor of the legislation. The bill has passed both houses of the Legislature and has been referred to the Governor for action.

Assembly Bill 3080 – Liability Insurance Mandate

The MTA/NJ has identified this legislation as a serious concern for the Association. The bill requires that every owner of power vessels registered in this State shall maintain liability insurance coverage insuring against loss for bodily injury or death sustained by any person arising out of the ownership, maintenance, operation or use of a boat or watercraft. Under the bill, coverage shall be maintained in an amount or limit of \$100,000 on account of injury to, or death of, one person, in any one accident; and \$200,000, on account of injury to, or death of, more than one person, in any one accident. Under the bill, a person who fails to carry liability insurance on a boat or watercraft is subject, for the first offense, to a fine of not less than \$300 nor more than \$1,000 and his license to operate a vessel on the waters of this State shall be suspended for a period of one year. Subsequent convictions subject the person to a fine of up to \$5,000 and imprisonment for 14 days.

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We had met with the sponsor of the legislation, Assemblyman Wisniewski, prior to his introduction of the bill to express our concerns and the practical problems with implementation. Unfortunately, the sponsor chose to proceed with the bill. Assembly Bill 3080 has been referred to the Assembly Financial Institutions Committee.

Senate Bill 1511 – Reduces Blood Alcohol Content

Senate Bill 1511 (1R) revises the law governing “drunk boating” to conform to the new standard established under the State’s motor vehicle drunk driving law and to impose sanctions consistent with this new law.

Specifically the bill reduces the blood alcohol content (BAC) at which a person is considered guilty of operating a vessel while under the influence from 0.10% to 0.08% or more, but less than 0.10%, would be fined \$250 to \$400 and lose their driver’s license for three months. If their BAC was 0.10% or more, they would be fined \$300 to \$500 and would lose their driver’s license for seven months to one year. This bill was signed into law on July 2, 2004.

Budget Analysis

Several bills critical to the funding of Governor McGreevey’s FY 2005 Budget are expected to have an impact on business owners throughout New Jersey. The following is a review of several of those bills:

Assembly Bill 3110 – Net Operating Losses

The legislation permits corporations to write off 50% of their net operating loss (NOL) when filing their corporation business tax (CBT) in 2004 and 2005. The bill also provides that in 2006, the *full* value of a company’s net operating loss can be deducted from their CBT. The bill was signed into law by the Governor.

Assembly Bill 3111 – Decoupling of Federal Depreciation

Assembly bill number 3111 provides for certain tax exemptions to businesses. The first provision of the bill decouples New Jersey from federal law regarding tax deductions for the depreciation of property used for trade or business purposes. The legislation returns depreciation rules as they stood before the enactment of the federal “Jobs and Growth Tax Relief Reconciliation Act of 2003”. The bill gives the Director of the Division of Taxation authority to formulate rules and regulations to carry out the decoupling, including the necessary basis adjustments. In addition, the bill establishes a program of grants of corporation business tax credits and insurance premiums tax credits to businesses to assist them in developing projects relocating manufacturing and research and development full-time jobs to new facilities in New Jersey. The bill was signed into law by Governor McGreevey.

Assembly Bill 100 – “The Millionaires Tax”

The legislation imposes an adjustment in the rate of gross income tax for taxpayers with taxable incomes in excess of \$500,000 retroactive to January 1, 2004. For taxable income above \$500,000 the bill adds a new marginal tax rate of 8.97%. The bill imposes a withholding tax rate of 12% on salary and wage income paid in excess of \$500,000 during taxable year 2004, beginning as soon as practicable but no later than September 1, 2004. The bill applies to individuals and certain corporations. The bill was signed into law by the Governor.

The Legislature is expected to remain in recess until September. The Senate and Assembly have yet to release a meeting schedule for the Fall, however, and specific dates for legislative activity are not available. We will advise the MTA/NJ as soon as a schedule has been released.