

# ASSEMBLY, No. 5371

## STATE OF NEW JERSEY

### 221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2025

**Sponsored by:**

**Assemblyman WILLIAM B. SAMPSON, IV**

**District 31 (Hudson)**

**Assemblywoman TENNILLE R. MCCOY**

**District 14 (Mercer and Middlesex)**

**Assemblywoman JESSICA RAMIREZ**

**District 32 (Hudson)**

**SYNOPSIS**

Concerns administration of employer payroll tax.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 11/13/2025)

1 AN ACT concerning administration of employer payroll tax and  
2 amending P.L.1970, c.326.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. Section 16 of P.L.1970, c.326 (C.40:48C-16) is amended to  
8 read as follows:

9 16. Any ordinance adopted pursuant to this article shall:

10 a. Require each employer to report his payroll for the  
11 preceding calendar quarter to an officer of the municipality  
12 designated therein to receive the same and to collect the tax  
13 together with such other related information as shall be required by  
14 the ordinance and regulations issued pursuant thereto;

15 b. Require the report and payment of the tax imposed for the  
16 preceding calendar quarter on or before the last day of April, July,  
17 October and January, respectively;

18 c. Provide methods for enforcement of, and for the imposition  
19 of penalties for failure to report and pay, the tax imposed;

20 d. Provide a procedure for claims for refunds, and repayment of  
21 overpayment of taxes;

22 e. Prohibit any employer from deducting or withholding any  
23 amount from remuneration payable to an employee on account of  
24 the tax imposed by the ordinance;

25 f. Provide that information contained in any employer's report  
26 or received by the municipality or any of its officers or employees  
27 as a result of any investigation, hearing or verification of a report  
28 shall be confidential except for official purposes and shall not be  
29 disclosed except in accordance with an order of court or as  
30 otherwise provided by law.

31 g. Require certain employers to provide additional information  
32 to assist in the administration of the local tax, as requested by the  
33 municipality.

34 Any ordinance adopted pursuant to this article (C.40:48C-14  
35 through 40:48C-19) also may require the payment of interest by an  
36 employer on delinquent payroll taxes. Payroll taxes shall be  
37 considered delinquent when the amount due to the municipality is  
38 not paid by the employer on or before the dates specified in  
39 subsection b. of this section. Any ordinance so adopted may fix the  
40 rate of interest to be charged on the delinquent payroll taxes;  
41 however, the rate so fixed shall not exceed 8% per annum on the  
42 first \$1,500 of the delinquency and 18% per annum on any amount  
43 in excess of \$1,500, to be calculated from the date the tax was  
44 payable until the date that actual payment to the municipality is  
45 made.

46 (cf: P.L.2007, c.294, s.1)

**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.

1       2. Section 18 of P.L.1970, c.326 (C.40:48C-18) is amended to  
2 read as follows:

3       a. No employer shall be obligated to report and pay an employer  
4 payroll tax, or any interest, penalty or costs with respect thereto, to  
5 more than one municipality with respect to remuneration paid to an  
6 employee for services performed. Where any dispute as to the liability  
7 for an employer payroll tax to more than one municipality for services  
8 performed by an employee is not resolved by agreement between the  
9 employer and the municipalities, all of said municipalities shall be  
10 joined in a proceeding in the tax court to collect the tax alleged to be  
11 due.

12       b. If an out-of-State municipality or other out-of-State state or  
13 out-of-State local entity imposes an employer payroll tax on any  
14 employee with respect to remuneration paid to an employee for  
15 service performed out-of-State, an employer payroll tax imposed  
16 pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15) shall not  
17 apply to that employee. In such case, the employer shall submit  
18 documentation in a manner prescribed by Division of Local  
19 Government Services in the Department of Community Affairs  
20 regarding the employee's residency status, the location and  
21 description of services performed out-of-State, and the applicable  
22 out-of-State employer payroll tax, to the taxing municipality before  
23 any employer payroll tax obligation, imposed pursuant to section 15  
24 of P.L.1970, c.326 (C.40:48C-15), shall be waived.

25 (cf: P.L.1983, c.36, s.4)

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27       3. This act shall take effect immediately.

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STATEMENT

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32       This bill amends the local payroll tax law to require certain  
33 employers, which employ persons within any municipality that  
34 imposes a local payroll tax, to provide additional information to  
35 assist in the administration of the local tax, as requested by the  
36 municipality collecting the tax. The bill further provides that if an  
37 out-of-State municipality, or other out-of-State entity, imposes an  
38 employer payroll tax on a New Jersey resident employee, an  
39 employer payroll tax imposed pursuant to section 15 of P.L.1970,  
40 c.326 (C.40:48C-15) would not apply to that employee. The bill  
41 also establishes a reporting mechanism by which employers and  
42 municipalities may address multiple taxation concerns regarding  
43 out-of-State resident employees.