

P.L. 2025, CHAPTER 314, *approved January 20, 2026*
Senate, No. 4219 (*Third Reprint*)

1 AN ACT concerning administration of employer payroll tax ³[and]
2 ³amending ³and supplementing³ P.L.1970, c.326 ³₂ ²and
3 ³amending³ R.S.54:50-9².
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

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

10 15. a. Any municipality may by ordinance impose and collect an
11 employer payroll tax for general municipal purposes of the
12 municipality, or for the purposes set forth in subsection d. of this
13 section, at a rate of up to one percent of the employer's payroll.
14 Notwithstanding any provision of this section to the contrary, a
15 municipality may, by ordinance, elect to retain up to three percent
16 of employer payroll tax collected annually to pay for costs related
17 to the administration of this article (C.40:48C-14 through ³[40:48C-
18 19] 40:48C-18³).

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

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

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

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:

¹Senate SSG committee amendments adopted May 29, 2025.

²Senate floor amendments adopted June 30, 2025.

³Assembly ACE committee amendments adopted January 5, 2026.

(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.¹

(cf: P.L.2018, c.68, s.1)

¹**[1.] 2.** Section 16 of P.L.1970, c.326 (C.40:48C-16) is amended to read as follows:

16. Any ordinance adopted pursuant to this article shall:

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

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

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

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

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

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

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

Any ordinance adopted pursuant to this article (C.40:48C-14 through ³**[40:48C-19]** 40:48C-18³) also may require the payment of interest by an employer on delinquent payroll taxes. Payroll taxes shall be considered delinquent when the amount due to the

1 municipality is not paid by the employer on or before the dates
2 specified in subsection b. of this section. Any ordinance so adopted
3 may fix the rate of interest to be charged on the delinquent payroll
4 taxes; however, the rate so fixed shall not exceed ³~~8%~~ eight
5 percent³ per annum on the first \$1,500 of the delinquency and 18
6 ³~~%~~ percent³ per annum on any amount in excess of \$1,500, to be
7 calculated from the date the tax was payable until the date that
8 actual payment to the municipality is made.

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

10
11 ¹~~2.~~ 3.¹ Section 18 of P.L.1970, c.326 (C.40:48C-18) is
12 amended to read as follows:

13 a. No employer shall be obligated to report and pay an employer
14 payroll tax, or any interest, penalty or costs with respect thereto, to
15 more than one municipality with respect to remuneration paid to an
16 employee for services performed. Where any dispute as to the
17 liability for an employer payroll tax to more than one municipality
18 for services performed by an employee is not resolved by agreement
19 between the employer and the municipalities, all of said
20 municipalities shall be joined in a proceeding in the tax court to
21 collect the tax alleged to be due.

22 b. If an out-of-State municipality or other out-of-State state or
23 out-of-State local entity imposes an employer payroll tax on any
24 employee with respect to remuneration paid to an employee for
25 service performed out-of-State, an employer payroll tax imposed
26 pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15) shall not
27 apply to that employee. In such case, the employer shall submit
28 documentation in a manner prescribed by ³~~Division of Local~~
29 ~~Government Services in the Department of Community Affairs~~ the
30 municipality³ regarding the employee's residency status, the
31 location and description of services performed out-of-State, and the
32 applicable out-of-State employer payroll tax, to the taxing
33 municipality before any employer payroll tax obligation, imposed
34 pursuant to section 15 of P.L.1970, c.326 (C.40:48C-15), shall be
35 waived.

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

37
38 ²4. R.S.54:50-9 is amended to read as follows:

39 54:50-9. Nothing herein contained shall be construed to prevent:

40 a. The delivery to a taxpayer or the taxpayer's duly authorized
41 representative of a copy of any report or any other paper filed by
42 the taxpayer pursuant to the provisions of this subtitle or of any
43 such State tax law;

44 b. The publication of statistics so classified as to prevent the
45 identification of a particular report and the items thereof;

46 c. The director, in the director's discretion and subject to
47 reasonable conditions imposed by the director, from disclosing the

- 1 name and address of any licensee under any State tax law, unless
2 expressly prohibited by such State tax law;
- 3 d. The inspection by the Attorney General or other legal
4 representative of this State of the reports or files relating to the
5 claim of any taxpayer who shall bring an action to review or set
6 aside any tax imposed under any State tax law or against whom an
7 action or proceeding has been instituted in accordance with the
8 provisions thereof;
- 9 e. The examination of said records and files by the
10 Comptroller, State Auditor or State Commissioner of Finance, or by
11 their respective duly authorized agents;
- 12 f. The furnishing, at the discretion of the director, of any
13 information contained in tax reports or returns or any audit thereof
14 or the report of any investigation made with respect thereto, filed
15 pursuant to the tax laws, to the taxing officials of any other state,
16 the District of Columbia, the United States and the territories
17 thereof, providing said jurisdictions grant like privileges to this
18 State and providing such information is to be used for tax purposes
19 only;
- 20 g. The furnishing, at the discretion of the director, of any
21 material information disclosed by the records or files to any law
22 enforcing authority of this State who shall be charged with the
23 investigation or prosecution of any violation of the criminal
24 provisions of this subtitle or of any State tax law;
- 25 h. The furnishing by the director to the State agency
26 responsible for administering the Child Support Enforcement
27 program pursuant to Title IV-D of the federal Social Security Act,
28 Pub.L.93-647 (42 U.S.C. s.651 et seq.), with the names, home
29 addresses, social security numbers and sources of income and assets
30 of all absent parents who are certified by that agency as being
31 required to pay child support, upon request by the State agency and
32 pursuant to procedures and in a form prescribed by the director;
- 33 i. The furnishing by the director to the Board of Public
34 Utilities any information contained in tax information statements,
35 reports or returns or any audit thereof or a report of any
36 investigation made with respect thereto, as may be necessary for the
37 administration of P.L.1991, c.184 (C.54:30A-18.6 et al.) and
38 P.L.1997, c.162 (C.54:10A-5.25 et al.);
- 39 j. The furnishing by the director to the Director of the Division
40 of Alcoholic Beverage Control in the Department of Law and
41 Public Safety any information contained in tax information
42 statements, reports or returns or any audit thereof or a report of any
43 investigation made with respect thereto, as may be relevant, in the
44 discretion of the director, in any proceeding conducted for the
45 issuance, suspension or revocation of any license authorized
46 pursuant to Title 33 of the Revised Statutes;
- 47 k. The inspection by the Attorney General or other legal
48 representative of this State of the reports or files of any tobacco
49 product manufacturer, as defined in section 2 of P.L.1999, c.148

1 (C.52:4D-2), for any period in which that tobacco product
2 manufacturer was not or is not in compliance with subsection a. of
3 section 3 of P.L.1999, c.148 (C.52:4D-3), or of any licensed
4 distributor as defined in section 102 of P.L.1948, c.65 (C.54:40A-
5 2), for the purpose of facilitating the administration of the
6 provisions of P.L.1999, c.148 (C.52:4D-1 et seq.);

7 l. The furnishing, at the discretion of the director, of
8 information as to whether a contractor or subcontractor holds a
9 valid business registration as defined in section 1 of P.L.2001, c.134
10 (C.52:32-44);

11 m. The furnishing by the director to a State agency as defined in
12 section 1 of P.L.1995, c.158 (C.54:50-24) the names of licensees
13 subject to suspension for non-payment of State tax indebtedness
14 pursuant to P.L.2004, c.58 (C.54:50-26.1 et al.);

15 n. The release to the United States Department of the Treasury,
16 Bureau of Financial Management Service, or its successor of
17 relevant taxpayer information for purposes of implementing a
18 reciprocal collection and offset of indebtedness agreement entered
19 into between the State of New Jersey and the federal government
20 pursuant to section 1 of P.L.2006, c.32 (C.54:49-12.7);

21 o. The examination of said records and files by the
22 Commissioner of Health and Senior Services, the Commissioner of
23 Human Services, the Medicaid Inspector General, or their
24 respective duly authorized agents, pursuant to section 5 of
25 P.L.2007, c.217 (C.26:2H-18.60e), section 3 of P.L.1968, c.413
26 (C.30:4D-3), or section 5 of P.L.2005, c.156 (C.30:4J-12);

27 p. ³**【The】** As required pursuant to section 5 of P.L. , c.
28 (C.) (pending before the Legislature as this bill), the³
29 furnishing 【at the discretion of the director】 of employer-provided
30 wage and tax withholding information contained in tax reports or
31 returns filed pursuant to N.J.S.54A:7-2, 54A:7-4 and 54A:7-7, or
32 such other tax return information as may be necessary, to the
33 designated municipal officer of a municipality authorized to impose
34 an employer payroll tax pursuant to the provisions of Article 5
35 (Employer Payroll Tax) of the "Local Tax Authorization Act,"
36 P.L.1970, c.326 (C.40:48C-14 et seq.), for the following limited
37 【purpose of】 purposes: (1) verifying the payroll information
38 reported by employers subject to the employer payroll tax; and (2)
39 identifying each employer in the municipality that is subject to the
40 employer payroll tax, and which did not report payroll information
41 for a preceding calendar quarter;

42 q. The furnishing by the director to the Commissioner of Labor
43 and Workforce Development of any information, including, but not
44 limited to, tax information statements, reports, audit files, returns,
45 or reports of any investigation for the purpose of labor market
46 research or assisting in investigations pursuant to any State wage,
47 benefit or tax law as enumerated in section 1 of P.L.2009, c.194

1 (C.34:1A-1.11); or pursuant to P.L.1940, c.153 (C.34:2-21.1 et
2 seq.).

3 r. The furnishing by the director to the New Jersey Economic
4 Development Authority any information contained in tax
5 information statements, reports or returns, or any audit thereof or a
6 report of any investigation made with respect thereto, as may be
7 relevant to assist the authority in the implementation of programs
8 through which grants, loans, tax credits, or other forms of financial
9 assistance are provided. The director shall provide to the New
10 Jersey Economic Development Authority, upon request, such
11 information.

12 s. The furnishing by the director to the Commissioner of
13 Banking and Insurance of any information, including, but not
14 limited to, tax information statements, reports, audit files, returns,
15 or reports of any investigation for the purpose of assisting in
16 investigations pursuant to any insurance fraud investigation as
17 enumerated in P.L.1983, c.320 (C.17:33A-1 et seq.).

18 t. The furnishing by the director to the Commissioner of
19 Banking and Insurance or the Commissioner of Human Services of
20 any information contained in tax reports or returns for the purpose
21 of determining a taxpayer's eligibility for insurance affordability
22 assistance, the State Medicaid program, or the NJ FamilyCare
23 Program and to otherwise support minimum essential coverage
24 outreach and enrollment efforts.²

25 (cf: P.L.2022, c.39, s.10)

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27 ³5. (New section) The Director of the Division of Taxation in
28 the Department of the Treasury shall furnish employer-provided
29 wage and tax withholding information contained in tax reports or
30 returns filed pursuant to N.J.S.54A:7-2, 54A:7-4 and 54A:7-7, or
31 such other tax return information as may be necessary, to the
32 designated municipal officer of a municipality authorized to impose
33 an employer payroll tax pursuant to the provisions of Article 5
34 (Employer Payroll Tax) of the "Local Tax Authorization Act,"
35 P.L.1970, c.326 (C.40:48C-14 et seq.), upon request, for the
36 following limited purposes: (1) verifying the payroll information
37 reported by employers subject to the employer payroll tax; and (2)
38 identifying each employer in the municipality that is subject to the
39 employer payroll tax, and which did not report payroll information
40 for a preceding calendar quarter.³

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42 ¹[3.] ²[4.1] ³[5.2] ^{6.3} This act shall take effect immediately.

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47 Concerns administration of employer payroll tax and requires
48 disclosures of certain State taxpayer information.