

July 1, 2018

**ASSEMBLY BILL NO. 3438  
(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3438 (First Reprint) with my recommendations for reconsideration.

This bill would require the Director of the Division of Taxation to establish a tax amnesty period for unpaid taxes due and owing between 2009 and the present, and would appropriate \$25 million to carry out and administer the program. While the notion of a one-time tax amnesty program was not included among the long-term revenue solutions described in my budget recommendations presented to the Legislature in March, in the spirit of compromise and mutual cooperation I have agreed to accept this legislative priority.

I do, however, recommend some changes proposed by the Division of Taxation so that it is able to administer the program in a manner consistent with similar past programs. These recommendations are intended to ensure that the program operates efficiently, promotes maximum eligible taxpayer participation, and provides the Division of Taxation with adequate resources to effectuate the goals of the bill, consistent with the terms of the Fiscal Year 2019 budget deal struck with legislative leadership.

Therefore, I herewith return Assembly Bill No. 3438 (First Reprint) and recommend that it be amended as follows:

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| <u>Page 2, Section 1, Line 11:</u> | Delete "six months" and insert "not to exceed 90 days"  |
| <u>Page 2, Section 1, Line 12:</u> | Delete "December 31, 2018" and insert "January 15, 2019"  |
| <u>Page 2, Section 1, Line 16:</u> | Delete "May" and insert "November"  |
| <u>Page 2, Section 1, Line 18:</u> | Delete "May 1, 2018, without the" and insert "November 1, 2018, and without any late payment penalty, late filing |

penalty, cost of collection, delinquency penalty or"

- Page 2, Section 1, Lines 20-21: Delete ", and without the imposition of any civil or criminal penalties" and insert ". The taxpayer shall be required to pay any civil fraud or criminal penalty"
- Page 2, Section 1, Line 23: Delete "January 1, 2012" and insert "February 1, 2009"
- Page 2, Section 1, Line 24: Delete "January 1, 2018" and insert "September 1, 2017"
- Page 2, Section 1, Line 30: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 2, Section 1, Line 32: Delete "May 1, 2018" and insert "November 1, 2018"
- Page 3, Section 1, Line 16: After "e." insert:  
 "No person shall be eligible for amnesty under this program if the person has been notified by the Office of Criminal Investigation in the Division of Taxation that he or she is under criminal investigation for a State tax matter, unless the Office of Criminal Investigation certifies to the director that the State tax matter involving that person was resolved.  
 f. Notwithstanding any provision of law to the contrary, no taxpayer shall be eligible for amnesty under this program unless that taxpayer pays the full amount of the tax, reduced interests, and applicable penalty, if any, in accordance with rules and procedures established by the Director. If the taxpayer has not previously filed a tax return to report the tax due for which the taxpayer is seeking amnesty, the taxpayer must file the required return or returns on or before the last day of the amnesty period.  
 g."
- Page 3, Section 2, Line 28: Delete "\$10,000,000" and insert "\$25,000,000"
- Page 3, Section 2, Line 31: Delete "provision" and insert "provisions"
- Page 3, Line 32: Insert new section:  
 "3. Notwithstanding the provisions of any other law to the contrary, a contract for advertising services for the State tax amnesty program shall be procured in an

expedited manner. The Division of Taxation may, to the extent necessary, waive or modify any other law or regulation that may interfere with the expeditious procurement of these services."

Page 3, Line 33:

Delete "3." and insert "4."

Page 3, Section 3, Line 33:

After "act" delete "shall take effect"

Page 3, Section 3, Line 33:

After "immediately." insert "Section 3 shall expire after award of the advertising services contract."

Respectfully,

[seal]

/s/Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Deputy Chief Counsel to the Governor