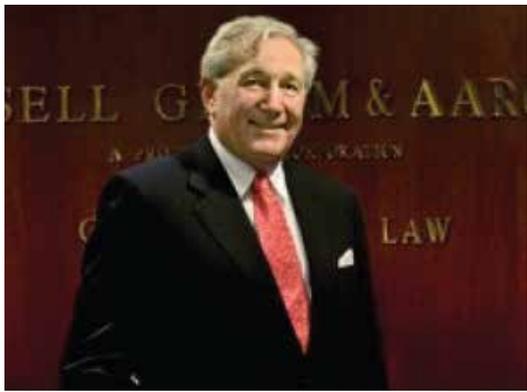


How reward programs for tax payment would work

By James G. Aaron



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Writing in *The Link News*, Ansell Grimm & Aaron Partner James G. Aaron explains how the City of Long Branch tax payment rewards program works.

The purpose of this column is to provide information concerning ordinances and resolutions passed by the Council of the City of Long Branch. On August 8, 2018, Long Branch's Council adopted Ordinance #18-18, an ordinance providing the licensing of reward programs for the payment of taxes.

How does this work?

First, vendors pay a fee to the City and provide in their application to the City on their rules and regulations, all of which are unknown at this time. The vendors provide to qualified residents and taxpayers cards which are akin to credit cards. The taxpayer then uses the card at participating businesses.

The participating businesses pay to the vendor a fee for the technology to process the credit card, as well as a monthly fee. The vendor and the merchant agree on a discount to be provided to the resident. The resident, upon shopping at the participating business, pays the entire bill and the participating business pays the agreed-upon discount to the vendor. The vendor takes its fee and then transfers to the City on a to-be-determined schedule appropriate credits to the taxpayer's tax bill.

How does this work in practice?

Assume the taxpayer takes the credit card to a participating restaurant. Assume the business' discount is 10%. The taxpayer's bill is \$50. The business provides \$5 to the vendor. The vendor, whose fee is usually 25%, takes \$1.25 and \$3.75 is eventually turned over to the City in the name of the taxpayer as a credit to the taxpayer's real estate taxes.

At present, based upon Ordinance #18-18, the requirements for vendors are not yet established. Participating vendors are not yet established, and the taxpayers have no vendors to deal with to obtain the credit card. The ordinance will be successful if there is an increase in the volume of participating business to offset the discounts paid by the business to the vendor as well as a set-up charge and any monthly service charge charged by the vendor.

Stay tuned as further action as suggested by Ordinance 18-18 is taken by the Council.

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