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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-3847

**Date of Introduction:** 4/12/18

**Date of Consideration:** 6/13/18

**Sponsor:** Assemblyman Daniel Benson

**Sponsor:** Assemblywoman Nancy Pinkin

**Sponsor:** Assemblyman James Kennedy

**Identical Bill:** S-2382

**Committee:** Assembly Environmental and Solid Waste Committee

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**Description: Establishes Electric Vehicle Rebate Program**

This bill establishes a "Plug-in Electric Vehicle Rebate and Incentive Fund" in the amount of \$300 million. The goal of the fund is to provide rebates for plug-in electric vehicles until the \$300 million is exhausted.

**Analysis**

It is estimated that the annual disbursements from the fund would range from \$15 million to \$25 million during the first three years of the program. At the conclusion of the first three years, it is estimated that \$60 million in disbursements will have been made, which would leave \$230 million remaining in the fund.

The fiscal impact to the general fund is projected to be a loss of \$1.6 million for fiscal year 2019, a \$2 million loss for fiscal year 2020, and a \$2.4 million loss for fiscal year 2021.

**Public Comment**

An individual identified as Jean Public offered the opinion that this bill diverts unnecessary funds towards a program that would not be utilized by New Jersey residents, as sales of electric vehicles remain low. Jean Public further opined that spending programs, such as this bill, present overly burdensome spending obligations for New Jersey's fiscal budget.

**Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 5

Commission Members **Abstaining:** Appleton

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** S-2382

**Date of Introduction:** 4/5/18

**Date of Consideration:** 6/13/18

**Sponsor:** Senator Bob Smith

**Sponsor:** Senator Linda Greenstein

**Identical Bill:** A-3847

**Committee:** Senate Environment and Energy Committee

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**Description: Establishes Electric Vehicle Rebate Program**

This bill establishes a "Plug-in Electric Vehicle Rebate and Incentive Fund" in the amount of \$300,000,000. The goal of the fund is to provide rebates for plug-in electric vehicles until the \$300,000,000 is exhausted.

**Analysis**

It is estimated that the annual disbursements from the fund would range from \$15 million to \$25 million during the first three years of the program. At the conclusion of the first three years, it is estimated that \$60 million in disbursements will have been made, which would leave \$230,000,000 remaining in the fund.

The fiscal impact to the general fund is projected to be a loss of \$1.6 million for fiscal year 2019, a \$2 million loss for fiscal year 2020, and a \$2.4 million loss for fiscal year 2021.

**Public Comment**

An individual identified as Jean Public offered the opinion that this bill diverts unnecessary funds towards a program that would not be utilized by New Jersey residents, as sales of electric vehicles remain low. Jean Public further opined that spending programs, such as this bill, present overly burdensome spending obligations for New Jersey's fiscal budget.

**Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 5

Commission Members **Abstaining:** Appleton

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-3814

**Date of Introduction:** 4/15/18

**Date of Consideration:** 6/13/18

**Sponsor:** Assemblyman Bob Andrzejczak

**Sponsor:** Assemblyman Eric Houghtaling

**Sponsor:** Assemblyman Adam Taliaferro

**Identical Bill:** None

**Committee:** Assembly Agriculture and Natural Resources Committee

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**Description: Exempt Purchases by Landscapers**

This bill allows certain landscapers to make certain purchases without payment of Sales and Use Tax. Landscapers would be required to collect Sales and Use Tax on charges for materials and supplies used when performing taxable landscaping services.

**Analysis**

Under the current law, landscapers are treated as contractors and are considered the actual consumer of materials and supplies they purchase. Landscapers must therefore pay Sales and Use Tax when purchasing materials and supplies. On the invoice to their customers, landscapers may separately state the charges for materials and supplies, and are not required to collect Sales Tax on those charges. However, if landscapers combine both taxable and nontaxable charges in a single lump sum on the invoice to the customer, the entire invoice is subject to tax.

This bill would allow qualified landscapers to purchase materials and supplies without paying Sales and Use Tax.

The fiscal impact to the general budget is projected to be a loss of \$26 million for fiscal year 2019. Note this loss is projected over a six-month period. The projected loss for fiscal year 2020 is \$52 million.

**Public Comment**

Lori Jenssen submitted a public comment on behalf of the New Jersey Nursey & Landscape Association. Ms. Jenssen expressed her support for the proposed legislation, and explained that many landscapers choose to charge a single lump sum amount on the invoice to customers. This results in the payment of Sales Tax on two transactions: when the Landscaper purchases materials and supplies, and again when the charges for materials and supplies are combined in

a lump sum with other taxable charges on the invoice to the customer. Ms. Jensen voiced her opinion in favor of the bill because it would allow landscapers to charge a single lump sum amount to the customer, and tax would be collected only once on charges for materials and supplies used in taxable landscaping services.

An individual identified as Jean Public also submitted a public comment. Jean Public expressed the opinion that the bill unfairly provides a tax break for landscapers, but provides no similar exemption for other contractors, or even consumers. Jean Public therefore requested that the Commission oppose enactment of the bill.

### **Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 6

Commission Members **Abstaining**: 0

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-4034

**Date of Introduction:** 5/24/18

**Date of Consideration:** 6/13/18

**Sponsor:** Assemblyman Raj Mukherji

**Sponsor:** Assemblywoman BettyLou DeCroce

**Sponsor:** Assemblyman Paul Moriarty

**Identical Bill:** None

**Committee:** Assembly Agriculture and Natural Resources Committee

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**Description: Exemption for Pet Medication**

This bill exempts purchases of certain pet medication from Sales and Use Tax. Included in the exemption is medication that is recognized as a drug, medication that is intended to affect the structure or function of the body of the pet, and medication prescribed by a veterinarian.

**Analysis**

Currently, medication sold for human use is exempt from Sales and Use Tax, but medication sold for animal or pet use is subject to tax.

The fiscal impact to the general fund is projected to be a loss ranging from \$4 million to \$5 million for fiscal year 2019. The projected revenue loss for fiscal year 2020 ranges from \$6 million to \$7 million.

**Public Comment**

No public comment was submitted to the Commission.

**Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 6

Commission Members **Abstaining:** 0

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-4035

**Date of Introduction:** 5/24/18

**Date of Consideration:** 6/13/18

**Sponsor:** Assemblyman Raj Mukherji

**Sponsor:** Assemblywoman Annette Chaparro

**Identical Bill:** S-2567

**Committee:** Assembly Commerce and Economic Development Committee

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**Description: Creates an Urban Enterprise Zone in Hoboken City**

This bill authorizes the creation of an Urban Enterprise Zone (UEZ) in Hoboken City. Qualified businesses in a UEZ can sell products and charge half the Sales and Use Tax rate. Businesses in the zone can also make tax-free purchases related to capital equipment, facility expansion, and upgrades.

**Analysis**

The fiscal impact to the general fund is projected to be a loss of \$5 million for fiscal year 2019, and a \$6 million loss for fiscal year 2020. According to the Department of Community Affairs, Hoboken City would be the 38<sup>th</sup> UEZ in New Jersey.

**Public Comment**

The Commission received a public comment from an individual identified as Jean Public. Jean Public expressed opposition to the proposed legislation, asserting that there is no need for an economic incentive program when the city is already experiencing economic growth and development.

**Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 5

Commission Members **Abstaining:** Harding (as proxy for Dr. Madhusudan)