

**54:32B-8.55, 54:32B-8.55a, Sec.3 Repealer
LEGISLATIVE HISTORY CHECKLIST**

Compiled by the NJ State Law Library

LAWS OF: 2024 **CHAPTER:** 19

NJSA: 54:32B-8.55, 54:32B-8.55a, Sec.3 Repealer Phases out sales and use tax exemption on zero emission vehicles; repeals annual sales tax holiday for certain school supplies and sport or recreational equipment.

BILL NO: A4702 (Substituted for S3514)

SPONSOR(S) Pintor Marin, Eliana and others

DATE INTRODUCED: 6/26/2024

COMMITTEE: **ASSEMBLY:** Budget

SENATE: --

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 06/28/2024

SENATE: 06/28/2024

DATE OF APPROVAL: 6/28/2024

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (A4702 enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

A4702

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): No

TECHNICAL REVIEW: No

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S3514

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): No

TECHNICAL REVIEW: No

COMMITTEE STATEMENT: ASSEMBLY: No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

CL/MM

P.L. 2024, CHAPTER 19, *approved June 28, 2024*
Assembly, No. 4702

1 AN ACT concerning sales and use tax exemptions, amending
2 P.L.2003, c.266 and P.L.2015, c.24, and repealing P.L.2022,
3 c.21.

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

7
8 1. Section 11 of P.L.2003, c.266 (C.54:32B-8.55) is amended
9 to read as follows:

10 11. a. (1) Receipts from sales of zero emission vehicles sold on
11 or after the first day of the fourth month following the effective date
12 of P.L.2003, c.266 (C.26:2C-8.15 et al.) and before October 1, 2024
13 are exempt from the tax imposed under the "Sales and Use Tax
14 Act," P.L.1966, c.30 (C.54:32B-1 et seq.);

15 (2) There is imposed and there shall be paid a tax of 3.3125
16 percent on the receipts from sales of zero emission vehicles sold on
17 or after October 1, 2024 but before July 1, 2025; and

18 (3) There is imposed and there shall be paid a tax at the rate set
19 forth in section 3 of P.L.1966, c.30 (C.54:32B-3) on the receipts
20 from sales of zero emission vehicles sold on or after July 1, 2025.

21 b. The Commissioner of Environmental Protection shall certify
22 to the State Treasurer the make and model of those motor vehicles
23 that are zero emission vehicles and eligible for the exemption
24 provided pursuant to subsection a. of this section.

25 c. As used in this section, "zero emission vehicle" means a
26 vehicle certified as a zero emission vehicle pursuant to the
27 California Air Resources Board zero emission vehicle standards for
28 the applicable model year, but shall not include any other type of
29 vehicle that may be delivered by a manufacturer for sale or lease to
30 satisfy the zero emission vehicle requirement established by the
31 California Air Resources Board in lieu of a vehicle that qualifies as
32 a pure zero emission vehicle.

33 (cf: P.L.2003, c.266, s.11)

34

35 2. Section 7 of P.L.2015, c.24 (C.54:32B-8.55a) is amended to
36 read as follows:

37 7. Before March 1 annually, all motor vehicle franchisors and
38 motor vehicle franchisees in the State, as defined pursuant to
39 section 1 of P.L.1985, c.361 (C.56:10-26), shall report to the
40 Division of Taxation the number of zero emission vehicles sold in

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 the State each calendar year and **【exempt】** the amounts remitted
2 from the tax imposed under the "Sales and Use Tax Act," P.L.1966,
3 c.30 (C.54:32B-1 et seq.) **【pursuant to section 11 of P.L.2003, c.266**
4 **(C.54:32B-8.55)】** on such vehicles.
5 (cf: P.L.2015, c.24, s.7)

6
7 3. P.L.2022, c.21 (C.54:32B-8.21a and C.54:32B-8.21b) is
8 repealed.

9
10 4. This act shall take effect immediately.

11
12
13 STATEMENT
14

15 This bill eliminates the sales and use tax exemptions provided
16 under current law for the sales of zero emission vehicles, as well as
17 the sales of certain products during the State's annual sales tax
18 holiday.

19 Specifically, the bill phases out the sales and use tax exemption
20 currently provided for sales of zero emission vehicles as follows:
21 (1) a tax rate of 3.3125 percent would be imposed on the sale of
22 zero emission vehicles from October 2024 through June 2025; and
23 (2) beginning on July 1, 2025, the sales and use tax would be
24 imposed at the statutory rate authorized in the "Sales and Use Tax
25 Act," which is currently 6.625 percent.

26 The bill also repeals the annual sales tax holiday established by
27 P.L.2022, c.21 for retail sale of computers, school computer
28 supplies, school supplies, school instructional materials, and sport
29 or recreational equipment. Under current law, the sales tax holiday
30 is in effect during the ten-day period up to and including the first
31 Monday in September.

32 This bill implements certain proposals concerning the sales and
33 use tax that were included in the Governor's Fiscal Year 2025
34 budget recommendations.

35
36
37
38
39 Phases out sales and use tax exemption on zero emission
40 vehicles; repeals annual sales tax holiday for certain school supplies
41 and sport or recreational equipment.

CHAPTER 19

AN ACT concerning sales and use tax exemptions, amending P.L.2003, c.266 and P.L.2015, c.24, and repealing P.L.2022, c.21.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 11 of P.L.2003, c.266 (C.54:32B-8.55) is amended to read as follows:

C.54:32B-8.55 Sales tax, zero-emission vehicles.

11. a. (1) Receipts from sales of zero-emission vehicles sold on or after the first day of the fourth month following the effective date of P.L.2003, c.266 (C.26:2C-8.15 et al.) and before October 1, 2024 are exempt from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.);

(2) There is imposed and there shall be paid a tax of 3.3125 percent on the receipts from sales of zero-emission vehicles sold on or after October 1, 2024 but before July 1, 2025; and

(3) There is imposed and there shall be paid a tax at the rate set forth in section 3 of P.L.1966, c.30 (C.54:32B-3) on the receipts from sales of zero-emission vehicles sold on or after July 1, 2025.

b. The Commissioner of Environmental Protection shall certify to the State Treasurer the make and model of those motor vehicles that are zero-emission vehicles and eligible for the exemption provided pursuant to subsection a. of this section.

c. As used in this section, "zero-emission vehicle" means a vehicle certified as a zero-emission vehicle pursuant to the California Air Resources Board zero-emission vehicle standards for the applicable model year, but shall not include any other type of vehicle that may be delivered by a manufacturer for sale or lease to satisfy the zero-emission vehicle requirement established by the California Air Resources Board in lieu of a vehicle that qualifies as a pure zero-emission vehicle.

2. Section 7 of P.L.2015, c.24 (C.54:32B-8.55a) is amended to read as follows:

C.54:32B-8.55a Report of number of zero-emission vehicles sold.

7. Before March 1 annually, all motor vehicle franchisors and motor vehicle franchisees in the State, as defined pursuant to section 1 of P.L.1985, c.361 (C.56:10-26), shall report to the Division of Taxation the number of zero-emission vehicles sold in the State each calendar year and the amounts remitted from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) on such vehicles.

Repealer.

3. P.L.2022, c.21 (C.54:32B-8.21a and C.54:32B-8.21b) is repealed.

4. This act shall take effect immediately.

Approved June 28, 2024.

ASSEMBLY, No. 4702

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 26, 2024

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex and Hudson)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Co-Sponsored by:

Assemblywomen Reynolds-Jackson and Speight

SYNOPSIS

Phases out sales and use tax exemption on zero emission vehicles; repeals annual sales tax holiday for certain school supplies and sport or recreational equipment.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/28/2024)

A4702 PINTOR MARIN, WIMBERLY

2

1 AN ACT concerning sales and use tax exemptions, amending
2 P.L.2003, c.266 and P.L.2015, c.24, and repealing P.L.2022,
3 c.21.

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

7
8 1. Section 11 of P.L.2003, c.266 (C.54:32B-8.55) is amended
9 to read as follows:

10 11. a. (1) Receipts from sales of zero emission vehicles sold on
11 or after the first day of the fourth month following the effective date
12 of P.L.2003, c.266 (C.26:2C-8.15 et al.) and before October 1, 2024
13 are exempt from the tax imposed under the "Sales and Use Tax
14 Act," P.L.1966, c.30 (C.54:32B-1 et seq.);

15 (2) There is imposed and there shall be paid a tax of 3.3125
16 percent on the receipts from sales of zero emission vehicles sold on
17 or after October 1, 2024 but before July 1, 2025; and

18 (3) There is imposed and there shall be paid a tax at the rate set
19 forth in section 3 of P.L.1966, c.30 (C.54:32B-3) on the receipts
20 from sales of zero emission vehicles sold on or after July 1, 2025.

21 b. The Commissioner of Environmental Protection shall certify
22 to the State Treasurer the make and model of those motor vehicles
23 that are zero emission vehicles and eligible for the exemption
24 provided pursuant to subsection a. of this section.

25 c. As used in this section, "zero emission vehicle" means a
26 vehicle certified as a zero emission vehicle pursuant to the
27 California Air Resources Board zero emission vehicle standards for
28 the applicable model year, but shall not include any other type of
29 vehicle that may be delivered by a manufacturer for sale or lease to
30 satisfy the zero emission vehicle requirement established by the
31 California Air Resources Board in lieu of a vehicle that qualifies as
32 a pure zero emission vehicle.

33 (cf: P.L.2003, c.266, s.11)

34
35 2. Section 7 of P.L.2015, c.24 (C.54:32B-8.55a) is amended to
36 read as follows:

37 7. Before March 1 annually, all motor vehicle franchisors and
38 motor vehicle franchisees in the State, as defined pursuant to
39 section 1 of P.L.1985, c.361 (C.56:10-26), shall report to the
40 Division of Taxation the number of zero emission vehicles sold in
41 the State each calendar year and **【exempt】** the amounts remitted
42 from the tax imposed under the "Sales and Use Tax Act," P.L.1966,
43 c.30 (C.54:32B-1 et seq.) 【pursuant to section 11 of P.L.2003, c.266
44 (C.54:32B-8.55)】 on such vehicles.

45 (cf: P.L.2015, c.24, s.7)

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 3. P.L.2022, c.21 (C.54:32B-8.21a and C.54:32B-8.21b) is
2 repealed.

3

4 4. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This bill eliminates the sales and use tax exemptions provided
10 under current law for the sales of zero emission vehicles, as well as
11 the sales of certain products during the State's annual sales tax
12 holiday.

13 Specifically, the bill phases out the sales and use tax exemption
14 currently provided for sales of zero emission vehicles as follows:
15 (1) a tax rate of 3.3125 percent would be imposed on the sale of
16 zero emission vehicles from October 2024 through June 2025; and
17 (2) beginning on July 1, 2025, the sales and use tax would be
18 imposed at the statutory rate authorized in the "Sales and Use Tax
19 Act," which is currently 6.625 percent.

20 The bill also repeals the annual sales tax holiday established by
21 P.L.2022, c.21 for retail sale of computers, school computer
22 supplies, school supplies, school instructional materials, and sport
23 or recreational equipment. Under current law, the sales tax holiday
24 is in effect during the ten-day period up to and including the first
25 Monday in September.

26 This bill implements certain proposals concerning the sales and
27 use tax that were included in the Governor's Fiscal Year 2025
28 budget recommendations.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4702

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Assembly Budget Committee reports favorably Assembly Bill No. 4702.

This bill eliminates the sales and use tax exemptions provided under current law for the sales of zero emission vehicles, as well as the sales of certain products during the State's annual sales tax holiday.

Specifically, the bill phases out the sales and use tax exemption currently provided for sales of zero emission vehicles as follows: (1) a tax rate of 3.3125 percent would be imposed on the sale of zero emission vehicles from October 2024 through June 2025; and (2) beginning on July 1, 2025, the sales and use tax would be imposed at the statutory rate authorized in the "Sales and Use Tax Act," which is currently 6.625 percent.

The bill also repeals the annual sales tax holiday established by P.L.2022, c.21 for retail sale of computers, school computer supplies, school supplies, school instructional materials, and sport or recreational equipment. Under current law, the sales tax holiday is in effect during the ten-day period up to and including the first Monday in September.

This bill implements certain proposals concerning the sales and use tax that were included in the Governor's Fiscal Year 2025 budget recommendations.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4702
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JULY 8, 2024

SUMMARY

Synopsis: Phases out sales and use tax exemption on zero emission vehicles; repeals annual sales tax holiday for certain school supplies and sport or recreational equipment.

Type of Impact: Annual increase in State revenue collections

Agency Affected: Department of the Treasury

Fiscal Impact	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
State Revenue Increase	\$109,300,000	\$267,800,000	\$368,200,000

- The Office of Legislative Services (OLS) estimates that the bill would increase State sales and use tax collections by \$109.3 million in FY 2025, \$267.8 million in FY 2026, and \$368.2 million in FY 2027. The total is the sum of two distinct components: the two-year phase-out of the existing sales and use tax exemption for sales of zero-emission vehicles and the repeal of the annual school supplies sales tax holiday.
- The OLS projects that, in FY 2025, the bill would grow State sales and use tax collections by \$74.7 million from the first stage of the phase-out of the current sales and use tax exemption for zero-emission vehicles as of October 1, 2024. Following the elimination of the exemption on July 1, 2025, the OLS estimates that State sales and use tax collections would increase by \$232.1 million in FY 2026 and \$331.4 million in FY 2027 over the current law baseline.

The OLS forecasts that repealing the annual school supplies sales tax holiday would increase sales and use tax collections by \$34.6 million in FY 2025, \$35.7 million in FY 2026, and \$36.7 million in FY 2027.

BILL DESCRIPTION

This bill phases out the existing sales and use tax exemption for sales of zero emission vehicles. The tax rate on such sales would be 3.3125 percent from October 1, 2024 through June 30, 2025; and the full statutory rate, which currently equals 6.625 percent, beginning on July 1, 2025.

Furthermore, the bill repeals the annual sales tax holiday for retail sales of computers, school computer supplies, school supplies, school instructional materials, and sport or recreational equipment. Currently, the annual sales tax holiday is in effect during the ten-day period ending on the first Monday in September.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal, written fiscal note on this bill. But in the FY 2025 Budget in Brief, the Executive indicated that eliminating the school supplies sales tax holiday would increase State revenue collections by \$35 million in FY 2025.

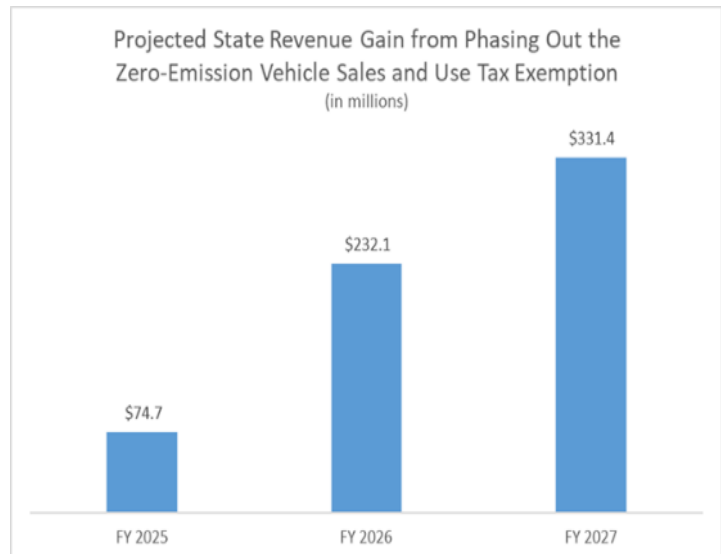
In addition, the Executive estimated in the FY 2025 Budget in Brief that State sales and use tax collections would grow by \$70 million in FY 2025 from phasing out the sales tax exemption for electric vehicles. However, the Executive assumed that the phase-out would apply to all 12 months of FY 2025 and would occur over three years starting in FY 2025. The bill, in contrast, begins to phase out the exemption on October 1, 2024 and accelerates the phase-out schedule.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would increase State sales and use tax collections by \$109.3 million in FY 2025, \$267.8 million in FY 2026, and \$368.2 million in FY 2027. The estimate is the sum of two components: the two-year phase-out of the existing sales and use tax exemption for sales of zero-emission vehicles and the repeal of the annual school supplies sales tax holiday.

Phase-Out of Sales Tax Exemption for Zero-Emission Vehicles: Based on Department of Environmental Protection electric vehicle registration data, the OLS estimates that, in FY 2025, the partial phasing out of the sales and use tax exemption for sales of zero-emission vehicles would increase State sales and use tax collections by \$74.7 million. This estimate takes into account that the first stage of the phase-out would not take effect until October 1, 2024 and that nationwide electric vehicle sales growth slowed markedly in the first quarter of calendar year 2024.

For FY 2026 and FY 2027, the OLS estimates reflect the complete phase-out of the exemption for 12-month periods. The estimates consider current trends in New Jersey and elsewhere (e.g., electric vehicles represent 16.0 percent of total new vehicle registrations in 2025; 18.6 percent in 2026; and 21.3 percent in 2027) and assume that factors such as fiscal incentives and related changes in legislation remain unchanged. In addition, for FY 2026, the OLS assumes a one-time consumer behavior impact of shifting sales from early in FY 2026 when the full statutory tax rate would apply to electric vehicle sales to late in FY 2025, when only half the statutory rate would be imposed.



Repeal of School Supplies Sales Tax Holiday: The OLS projects that repealing the annual school supplies sales tax holiday would increase State sales and use tax revenue by \$34.6 million in FY 2025, \$35.7 million in FY 2026, and \$36.7 million in FY 2027.

Relying on FY 2024 sales and use tax collections as base data, the office uses the following method to arrive at its estimates. The OLS:

- first estimates the average daily revenue during August and September 2023, adjusted for the revenue-lowering impact of the sales tax holiday in FY 2024 (\$38.1 million);
- then applies this average to the ten-day sales and use tax holiday period, which ran from August 26, 2023 through September 4, 2023 (\$381.4 million);
- then adjusts this amount based on the proportion of total sales collections represented by North American Industry Classification System (NAICS) product categories that contain a high proportion of exempted goods (e.g., Electronics and Appliance Stores, General Merchandise Stores, Sporting Goods, etc.) – 8.8 percent – resulting in a tax revenue increase in 2023 of \$33.6 million; and
- finally assumes a three-percent annual growth rate in sales revenue, so that the FY 2025 revenue gain estimate totals \$34.6 million.

Unit: Legislative Budget and Finance Office

*Analyst: Oscar A. Mendez
Juan C. Rodriguez
Revenue and Economic Policy Analysts*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3514

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 24, 2024

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

Phases out sales and use tax exemption on zero emission vehicles; repeals annual sales tax holiday for certain school supplies and sport or recreational equipment.

CURRENT VERSION OF TEXT

As introduced.



S3514 SARLO

2

1 AN ACT concerning sales and use tax exemptions, amending
2 P.L.2003, c.266 and P.L.2015, c.24, and repealing P.L.2022,
3 c.21.

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

7
8 1. Section 11 of P.L.2003, c.266 (C.54:32B-8.55) is amended
9 to read as follows:

10 11. a. (1) Receipts from sales of zero emission vehicles sold on
11 or after the first day of the fourth month following the effective date
12 of P.L.2003, c.266 (C.26:2C-8.15 et al.) and before October 1, 2024
13 are exempt from the tax imposed under the "Sales and Use Tax
14 Act," P.L.1966, c.30 (C.54:32B-1 et seq.);

15 (2) There is imposed and there shall be paid a tax of 3.3125
16 percent on the receipts from sales of zero emission vehicles sold on
17 or after October 1, 2024 but before July 1, 2025; and

18 (3) There is imposed and there shall be paid a tax at the rate set
19 forth in section 3 of P.L.1966, c.30 (C.54:32B-3) on the receipts
20 from sales of zero emission vehicles sold on or after July 1, 2025.

21 b. The Commissioner of Environmental Protection shall certify
22 to the State Treasurer the make and model of those motor vehicles
23 that are zero emission vehicles and eligible for the exemption
24 provided pursuant to subsection a. of this section.

25 c. As used in this section, "zero emission vehicle" means a
26 vehicle certified as a zero emission vehicle pursuant to the
27 California Air Resources Board zero emission vehicle standards for
28 the applicable model year, but shall not include any other type of
29 vehicle that may be delivered by a manufacturer for sale or lease to
30 satisfy the zero emission vehicle requirement established by the
31 California Air Resources Board in lieu of a vehicle that qualifies as
32 a pure zero emission vehicle.

33 (cf: P.L.2003, c.266, s.11)

34
35 2. Section 7 of P.L.2015, c.24 (C.54:32B-8.55a) is amended to
36 read as follows:

37 7. Before March 1 annually, all motor vehicle franchisors and
38 motor vehicle franchisees in the State, as defined pursuant to
39 section 1 of P.L.1985, c.361 (C.56:10-26), shall report to the
40 Division of Taxation the number of zero emission vehicles sold in
41 the State each calendar year and **【exempt】** the amounts remitted
42 from the tax imposed under the "Sales and Use Tax Act," P.L.1966,
43 c.30 (C.54:32B-1 et seq.) 【pursuant to section 11 of P.L.2003, c.266
44 (C.54:32B-8.55)】 on such vehicles.

45 (cf: P.L.2015, c.24, s.7)

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.

S3514 SARLO

1 3. P.L.2022, c.21 (C.54:32B-8.21a and C.54:32B-8.21b) is
2 repealed.

3

4 4. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This bill eliminates the sales and use tax exemptions provided
10 under current law for the sales of zero emission vehicles, as well as
11 the sales of certain products during the State's annual sales tax
12 holiday.

13 Specifically, the bill phases out the sales and use tax exemption
14 currently provided for sales of zero emission vehicles as follows:
15 (1) a tax rate of 3.3125 percent would be imposed on the sale of
16 zero emission vehicles from October 2024 through June 2025; and
17 (2) beginning on July 1, 2025, the sales and use tax would be
18 imposed at the statutory rate authorized in the "Sales and Use Tax
19 Act," which is currently 6.625 percent.

20 The bill also repeals the annual sales tax holiday established by
21 P.L.2022, c.21 for retail sale of computers, school computer
22 supplies, school supplies, school instructional materials, and sport
23 or recreational equipment. Under current law, the sales tax holiday
24 is in effect during the ten-day period up to and including the first
25 Monday in September.

26 This bill implements certain proposals concerning the sales and
27 use tax that were included in the Governor's Fiscal Year 2025
28 budget recommendations.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3514

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3514.

This bill eliminates the sales and use tax exemptions provided under current law for the sales of zero emission vehicles, as well as the sales of certain products during the State's annual sales tax holiday.

Specifically, the bill phases out the sales and use tax exemption currently provided for sales of zero emission vehicles as follows: (1) a tax rate of 3.3125 percent would be imposed on the sale of zero emission vehicles from October 2024 through June 2025; and (2) beginning on July 1, 2025, the sales and use tax would be imposed at the statutory rate authorized in the "Sales and Use Tax Act," which is currently 6.625 percent.

The bill also repeals the annual sales tax holiday established by P.L.2022, c.21 for retail sale of computers, school computer supplies, school supplies, school instructional materials, and sport or recreational equipment. Under current law, the sales tax holiday is in effect during the ten-day period up to and including the first Monday in September.

This bill implements certain proposals concerning the sales and use tax that were included in the Governor's Fiscal Year 2025 budget recommendations.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

Governor Murphy Signs Fiscal Year 2025 Budget into Law

06/28/2024

Budget Provides Significant Property Tax Relief, the Highest Level of School Funding in History, A Fourth Consecutive Full Pension Payment, and a New Dedicated Funding Stream for NJ TRANSIT

\$6.1 Billion Surplus to Help Weather Future Financial Challenges

TRENTON – Governor Phil Murphy today signed the Fiscal Year 2025 Appropriations Act into law, building on the Administration’s commitment to making New Jersey the best place to raise a family by increasing affordability, creating new economic opportunities, promoting fiscal responsibility, and investing in a more equitable future for all New Jerseyans.

The \$56.7 billion Fiscal Year 2025 (FY2025) budget, approved by the Legislature earlier in the day, provides significant direct property tax relief for homeowners and renters, yields the highest level of school funding in history, delivers a fourth consecutive full pension payment, and creates a new, dedicated funding stream – the Corporate Transit Fee – to support NJ TRANSIT, among other investments that improve the health, safety, and economic well-being of New Jersey’s residents. In addition, the budget provides a \$6.1 billion surplus to help the State weather future financial challenges.

“With this budget, we are going to make life more affordable for more families. We are going to create new economic opportunities for our workers and local businesses. And we are going to invest in the potential of every one of our neighbors – from our students to our senior citizens,” **said Governor Phil Murphy**. “But above all, this is a budget that will put the needs of our families ahead of special interests, starting by providing yet another round of record-high tax relief to our state’s working- and middle-class families. In fact, nearly half of this entire budget – more than \$27 billion – will be dedicated toward providing direct and indirect property tax relief.”

“This budget is a recommitment to our administration’s promise to make New Jersey the best state in the nation to live, work, raise a family, and retire. With a focus on our state’s most essential needs – affordability, education, mass transit infrastructure, and more – we are continuing to prioritize everyday New Jerseyans,” **said Lt. Governor Tahesha Way**. “I commend Governor Murphy, Treasurer Muoio, legislative leadership, and all of those involved in getting this critical budget over the finish line for the advancement of our state.”

“This budget makes historic investments in schools, sustained property tax relief, health care, and transportation, all while maintaining our commitment to fiscal responsibility with a healthy surplus,” **said Assembly Speaker Craig J. Coughlin**. “After decades of neglect, we have fully funded aid to local school districts to benefit students, teachers, and communities and will make a full pension payment for the fourth year in a row, ensuring a secure retirement for hundreds of thousands of New Jerseyans. ANCHOR is in its third year, now a benefit that homeowners and renters can count on annually to ease their burdens and make our state more affordable. This budget also delivers more support for Stay NJ so that next year, almost every senior homeowner in our state will be able to use a single, streamlined application for property tax relief to see their bills cut in half. New Jersey will be the best place in the country to find a

job, a home, and a vibrant future for a family, from pre-school to retirement.”

“This year's budget is a holistic plan that puts the well-being of our children and families first. We are making huge investments in education for our youngest and oldest students by continuing on the path toward universal pre-K, fully financing the school funding formula, launching a student literacy initiative, and investing in higher education,” **said Senate Majority Leader M. Teresa Ruiz**. “We are putting money towards vital mental and physical health programs that save lives. Expanding the Universal Newborn Home Nurse Visitation Program will give thousands more new mothers an invaluable resource that will help improve maternal and infant health outcomes. Funding for mental health services for children and adolescents will put us in the best position to combat one of the biggest health crises we face. The budget signed today makes lasting, equitable investments in our communities and I look forward to seeing its impact.”

“This fiscally responsible budget has something for everyone - from prioritizing expanded healthcare coverage for our children and cementing the protection of women’s reproductive rights to ensuring property tax relief remains fully funded while still increasing our investments in education to ensure future minds are equipped for success,” **said Majority Leader Louis D. Greenwald**. “In this budget, we’ve made prudent choices, reduced unnecessary spending and maintained a responsible surplus. By making smart decisions, we are able to lay the foundation for historic things in New Jersey.”

“This budget builds upon our record of fiscal responsibility,” **said Senator Paul Sarlo, Senate Budget Committee Chairman**. “It includes a substantial surplus to protect against a downturn in the economy, a debt reduction fund, a full pension payment to help stabilize state financing, a fully funded school aid formula to aid local taxpayers and record amounts of direct property tax relief. It also makes strategic investments that expand economic opportunities and make the lives of New Jerseyans more affordable. This is a budget that will serve the best interests of the State of New Jersey.”

“The state spending plan for the year ahead showcases our unwavering commitment to making the lives of New Jersey families more affordable through investments in the Anchor program and education while supporting our local economies,” **said Assemblywoman Eliana Pintor Marin, Assembly Budget Committee Chair**. “The most significant reductions in state spending in at least a decade has allowed us to invest in key areas such as school funding, higher education, healthcare, and property tax relief which are all so important to our constituents. This budget is not just about balancing books; it's about balancing the scales of opportunity and equity for all New Jerseyans.”

“This budget invests in New Jerseyans at every stage of life, from record school funding for our children, to significant property tax relief for both homeowners and renters, to a historic contribution to the public pension system,” **said State Treasurer Elizabeth Maher Muoio**. “I would like to thank my staff at the Department of the Treasury, particularly the hardworking teams at the Office of Management and Budget and the Office of Revenue and Economic Analysis, for their tireless efforts behind the scenes to help deliver the State Budget to the people of New Jersey.”

Increasing Affordability

Building on efforts to make the Garden State more affordable for residents and families, the FY2025 budget includes more than \$3.6 billion for direct property tax relief. This includes the third year of the historic ANCHOR Property Tax Relief Program, which provided more than \$2.2 billion to nearly two million residents in the most recent filing season. In total, the ANCHOR program has provided more than \$4 billion in direct tax relief in the past two years.

With a focus on providing relief for seniors, the budget maintains the popular Senior Freeze property tax relief

program, which was expanded last year to include 58,000 new households.

Additionally, the budget provides over \$200 million to pre-fund the Stay NJ property tax relief program that is expected to launch in FY2026. Once fully implemented, Stay NJ is intended to cut property taxes in half for many eligible New Jersey seniors by providing a direct credit of up to \$6,500 on property tax bills.

With the goal to ease the burden on working and middle-class families, this budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit, which was doubled last year to enable families with young children to receive up to \$1,000 per child.

Beyond tax relief, this budget maintains a strong commitment to making life more affordable for New Jerseyans at all stages of life.

The budget includes \$82.5 million to maintain expanded eligibility for the popular Pharmaceutical Assistance for the Aged and Disabled (PAAD) and Senior Gold programs to further cut costs for life-enhancing – and life-saving – prescription drugs.

For working New Jerseyans striving to save for the future, the budget provides funding for the RetireReady NJ program (formerly known as the Secure Choice Savings Program). Following a successful pilot program this spring, RetireReady NJ will launch fully this summer to provide a new option for retirement savings for private sector employees.

Aiming to increase homeownership opportunities, this budget includes more than \$50 million for a multi-faceted investment to boost New Jersey's housing supply and make homeownership more affordable. The FY2025 budget will also support P.L.2024, c.2, which was landmark legislation that the Governor signed in March to help towns meet their affordable housing obligations.

Prioritizing Affordable Education and Protecting Our Youth

The FY2025 budget makes significant investments in the next generation, starting with maintaining New Jersey's status as the best-in-the-nation public school system. It completes the seven-year phase-in of the school aid formula by providing more than \$900 million in direct K-12 aid for public schools, for a total of almost \$12 billion. With this budget, the State has increased overall K-12 support to New Jersey's public schools by more than \$3.5 billion over seven years, a more than 40 percent increase, all of which helps offset local property taxes.

For New Jersey's youngest students, the budget includes an additional \$124 million for pre-K education, of which \$20 million will be used to expand into new districts to create over 1,000 new seats. Since FY2018, pre-K funding has increased by over \$427 million and the State has added over 14,600 seats, pushing the state closer to achieving universal pre-K for all New Jersey families.

Continuing the work to make access to higher education more affordable, the budget includes over \$290 million in aid to community colleges, including over \$169 million in formulaic operating aid. The appropriation for community college operating aid during the final year of the Christie Administration was \$134 million. Additionally, the budget includes more than \$982 million for senior public institution operating support and the outcomes-based allocation. Compared to FY2018, this is a \$290 million increase.

To ensure New Jersey is able to attract, train, and retain the workforce necessary to continue providing a top-quality

education to our students, the budget allocates over \$15 million to teacher training programs. This includes \$10 million for student-teacher stipends to help future educators meet the costs of living while working and studying for their credentials, and \$5 million to fund the Teachers Loan Redemption Program.

In addition to record school funding and initiatives to train teachers, the FY2025 budget allocates more than \$100 million of growth to support Cover All Kids, which provides health coverage for children.

The budget also includes an additional \$30 million to provide free school meals. In addition, New Jersey has joined 37 other states to take part in the Summer EBT program, which will combat child hunger during the summer and bring in over \$60 million in federal funds. More than 550,000 children in New Jersey are already receiving benefits this summer, with more than \$66 million in federal benefits expected to be distributed.

Promoting Fiscal Responsibility

The FY2025 budget makes a record full pension payment of \$7.162 billion, including contributions from the State Lottery, bringing the total contribution to the pension fund under Governor Murphy to \$39.9 billion, or more than triple the total contributions – \$12.2 billion – made by the previous six administrations combined. This budget marks the fourth year in a row funding a full pension payment, making Governor Murphy the first governor in a generation to make payments equal to or greater than 100 percent of the Actuarially Determined Contribution (ADC) four years in a row.

With a commitment to strong fiscal governance, the budget includes a surplus of \$6.1 billion, nearly ten times larger than the average surplus under the previous administration.

Because of the shared concern with addressing the State's structural budget issues, the Governor and legislative leadership have agreed that most of the new spending added to the final FY2025 Appropriations Act will be one-time, non-recurring additions.

Continuing the State's focus on reducing debt, the budget utilizes the Debt Defeasance and Prevention Fund to provide \$120 million to finish the State Police Training Center and \$70 million to support State parks. These funds will be used to revitalize Liberty State Park and break ground on the Garden State Greenway.

Another \$21 million is allocated to convert veterans' homes to single occupancy, while almost \$2 million from the State Fiscal Recovery Fund will be used to provide new beds and medical equipment at all three veterans' homes as part of the Administration's continued effort to provide veterans with the care they deserve.

Investing in NJ TRANSIT

The Murphy Administration inherited an agency in deep crisis after years of underfunding and disinvestment. However, over the past six years, NJ TRANSIT has overcome many operational challenges, with nearly every major metric – reliability, on-time performance, safety, and customer satisfaction – making notable improvement. As evidenced this summer, the agency still faces challenges, and remains in need of an additional dedicated funding source.

The new Corporate Transit Fee included in this budget will create another dedicated funding stream for NJ TRANSIT that will provide fiscal support for the next five years. This funding will ensure service is maintained as ridership continues to recover from the pandemic while building upon major operational improvements.

The fee will affect NJ's wealthiest corporations with net taxable income greater than \$10 million. Small and medium-sized businesses would not be impacted – in fact, nearly 2,500 companies will see their taxes decrease from last year.

The fee will sunset in FY2029.

Investing in Economic Opportunity and Community Growth

New Jersey has become a major player in the innovation, clean energy, and entertainment industries, earlier this year securing the opportunity to host the FIFA World Cup 26TM Final and seven other matches. The FY2025 budget builds upon these accomplishments by combining ambitious investments with important support for local communities.

Furthering the goal of positioning New Jersey atop the innovation economy, the budget includes a suite of initiatives to advance the Governor's AI Moonshot and augment the AI Hub being created at Princeton University. The funding includes \$4 million to establish an innovation challenge to reward innovators for solving public-facing problems with State data; \$400,000 to fund the AI focused Global Entrepreneurs-in-Residence pilot program to help international students at New Jersey universities launch cutting-edge businesses; \$1.5 million to fund AI education in K-12 classrooms and develop new Career and Technical Education programs targeted to AI; and \$2 million to help budding entrepreneurs build out start-ups related to general artificial intelligence and connect with the AI innovation hub.

As New Jersey continues to lead in enacting climate change reforms, this budget includes \$40 million to provide the State match for a federal electric grid modernization program to upgrade our infrastructure to meet our climate goals.

The FY2025 budget also supports small businesses with continued funding for the Main Street Recovery Program, a successful program providing multiple financial assistance products targeted to the growth and success of small businesses in New Jersey. Additionally, the budget also continues support for Manufacturing Initiatives and Strategic Innovation Centers, bringing the total investment in all three to over half a billion dollars over the past five years.

Building on investments in New Jersey's job and small business growth, the budget provides several programs to expand workforce development, including \$5 million to launch a Nursing Workforce Initiative, a suite of workforce programs designed to ensure future nurses have experienced faculty and the resources they need to complete their training; and increasing the Behavioral Healthcare Loan Redemption Program by \$2 million.

Additionally, the FY2025 budget provides over \$30 million in funding for a two-year initiative to end veteran's homelessness through services and interventions to help place over 1,000 homeless veterans in New Jersey into stable housing.

Recognizing the emergent needs residents sometimes face, the budget increases rates for emergency hotel and motel placements to help families in need of emergency housing.

The budget also builds on the successful ARRIVE Together program, which brings police and mental health professionals together to respond to crises, with an additional \$10 million to nearly double last year's investment – to expand the initiative to new municipalities while boosting hours of availability.

This budget also includes new investments in the parole system and the Office of the Public Defender to protect civil

rights and maintain New Jersey's exceptionally low recidivism rate.

The budget builds on the significant youth mental health investments made by Governor Murphy. It includes over \$40 million for the NJ Statewide Student Support Services (NJ4S) network, which stood up its first regional hubs in September. It also includes over \$50 million for cost-of-living increases in the Children's System of Care and new Mental Health Initiatives.

The budget also invests in the State's family and maternal health care programs. This includes a more than \$23 million investment to expand New Jersey's groundbreaking universal home visitation program for new mothers from 2,200 families this year to 16,700 families in the next year; operating funding for the Maternal and Infant Health Innovation Authority; and continued investments in family planning services and reproductive health programs, for a total of over \$216 million since the start of the Murphy Administration, after being completely defunded by the previous administration.

An additional one-page policy summary on the central commitments of the FY2025 budget can be found online [here](#).

Governor Murphy signed the Appropriations Act into law today:

A-4700/S-2025 (Pintor Marin, Wimberly/Sarlo, Greenstein) – w/LINE ITEM - Appropriates \$56,635,803,000 in State funds and \$27,501,993,844 in federal funds for the State budget for fiscal year 2025

[Line Item Veto Message](#)

[Line Item Veto Summary](#)

[Revenue Certification](#)

In addition to the Appropriations Act, Governor Murphy also signed the following bills into law today:

S-2024/A-4701 (Sarlo, Greenstein/Pintor Marin, Wimberly) - Makes FY2024 supplemental appropriations of \$37,430,000; de-appropriates \$24,000,000 in existing FY2024 appropriations; adds and modifies various FY2024 language provisions

S-3511/A-4703 (Sarlo/DeAngelo, Pintor Marin) – Appropriates \$393,480,000 from "New Jersey Debt Defeasance and Prevention Fund"; establishes process for authorizing future appropriations for debt defeasance and capital projects

[Copy of Statement](#)

A-4702/S-3514 (Pintor Marin, Wimberly/Sarlo) - Phases out sales and use tax exemption on zero emission vehicles; repeals annual sales tax holiday for certain school supplies and sport or recreational equipment

A-4704/S-3513 (Haider/Scutari) - Imposes 2.5 percent corporate transit fee on taxpayers with allocated taxable net income in excess of \$10 million under CBT

A-4705/S-3512 (Murphy, Venezia/Scutari) - Increases annual assessment on net written premiums of HMOs from five percent to six percent

S-3519/A-4709 (Sarlo, Johnson/Wimberly, Schaer, Park) - Provides monies for EDA to purchase certain properties from NJT to maximize development potential; appropriates \$65 million

A-1669/S-1287 (Lampitt, Lopez, Bagolie/Beach, Turner) – Removes obstacles to teacher certification for certain teachers; repeals law establishing alternative certificate of eligibility

The Governor also conditionally vetoed the following bills earlier today and signed them later in the day upon concurrence by the Legislature:

S-1446wGR/A-2824 (Ruiz, Singleton/Greenwald, Moen, McCoy) -Modifies down payment assistance program for benefit of first-generation and first-time homebuyers

[Copy of Statement](#)

A-4708wGR/S-3515 (Greenwald, Pintor Marin, Wimberly/Scutari) - Appropriates \$5 million to the Department of State for Cultural Projects

[Copy of Statement](#)