

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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HEARINGS: No

NEWSPAPER ARTICLES: Yes

Manufacturing bill cutting taxes becomes law
NJBIZ (New Brunswick, NJ) - May 13, 2019

RWH/JA

P.L. 2019, CHAPTER 98, *approved May 10, 2019*
Senate, No. 515

1 AN ACT exempting sales of certain materials used in industrial sand
2 casting processes from the sales and use tax, supplementing
3 P.L.1966, c.30 (C.54:32B-1 et seq.).
4

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

8 1. Receipts from sales of sands, binders, washes, and other
9 similar materials used to create a mold or core in an industrial sand
10 casting process, if those sands, binders, washes, and other similar
11 materials are an integral or essential part of the processing
12 operation, are exempt from the tax imposed by the “Sales and Use
13 Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.).
14

15 2. This act shall take effect immediately and apply to receipts
16 received from all sales made on or after the first day of the fourth
17 month next following the date of enactment.
18
19

20 _____
21
22 Exempts sales of certain materials used in industrial sand casting
23 processes from sales and use tax.

SENATE, No. 515

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

Exempts sales of certain materials used in industrial sand casting processes from sales and use tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT exempting sales of certain materials used in industrial sand
2 casting processes from the sales and use tax, supplementing
3 P.L.1966, c.30 (C.54:32B-1 et seq.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
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11 materials are an integral or essential part of the processing
12 operation, are exempt from the tax imposed by the "Sales and Use
13 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).
14

15 2. This act shall take effect immediately and apply to receipts
16 received from all sales made on or after the first day of the fourth
17 month next following the date of enactment.
18

19

20 STATEMENT

21

22 This bill provides an exemption from the sales and use tax for
23 sales of certain materials used in industrial sand casting processes
24 to provide tax relief to foundries and other metalworking businesses
25 in this State that rely on sands, binders, washes, and other similar
26 materials to create molds and cores in the production of saleable
27 metal castings.

28 In general, sand casting is a metal casting process in which
29 molten metal is poured into a mold and allowed to solidify into a
30 tangible object, typically called a casting. As part of this process,
31 different types of sands, binders, washes, and other similar
32 materials are used in various proportions to define the cavity inside
33 a mold and to make any cores contained in the mold until the metal
34 returns to a solid state and the materials are separated from the
35 finished casting.

36 Currently, these sands, binders, washes, and other similar
37 materials used to create a mold or core in an industrial sand casting
38 process are subject to the sales and use tax as tangible personal
39 property. The Division of Taxation in the Department of the
40 Treasury has previously determined that the materials are not
41 eligible for the sale for resale exemption because the materials do
42 not become a component part of the product produced for sale by
43 the purchaser, and are not eligible for any other exemption allowed
44 under current law.

45 This bill supplements current law to provide a stand-alone
46 exemption for these materials when used in an industrial sand
47 casting process. Under the bill, sales of sands, binders, washes, and
48 other similar materials used to create a mold or core in an industrial

S515 T.KEAN, SARLO

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1 sand casting process, if those sands, binders, washes, and other
2 similar materials are an integral or essential part of the processing
3 operation, are exempt from the sales and use tax.

4 The bill takes effect immediately, but provides for the exemption
5 to apply to receipts received from all sales made on or after the first
6 day of the fourth month next following the date of enactment.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

SENATE, No. 515

STATE OF NEW JERSEY

DATED: DECEMBER 3, 2018

The Assembly Commerce and Economic Development Committee reports favorably Senate Bill No. 515.

This bill would exempt the sale of certain materials used in industrial sand casting processes from the sales and use tax. Sand casting is a metal casting process in which molten metal is poured into a mold and allowed to solidify into a tangible object, typically called a casting.

Currently, sands and other materials used to create a mold or core in an industrial sand casting process are subject to the sales and use tax as tangible personal property. The materials are not eligible for the “sale for resale” exemption from the sales and use tax because the materials do not become a component part of the product produced for sale by the purchaser. The materials are not eligible for any other exemption allowed under current law.

Under the bill, sales of sands, binders, washes, and other similar materials which are used to create a mold or core in an industrial sand casting process and which are an integral or essential part of the processing operation, would be exempt from the sales and use tax.

As reported, this bill is identical to Assembly Bill No. 4060, also as reported by the committee.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 515

STATE OF NEW JERSEY

DATED: JANUARY 28, 2019

The Assembly Appropriations Committee reports favorably Senate Bill No. 515.

This bill provides an exemption from the sales and use tax for sales of certain materials used in industrial sand casting processes to provide tax relief to foundries and other metalworking businesses in the State that rely on sands, binders, washes, and other similar materials to create molds and cores in the production of saleable metal castings.

The bill takes effect immediately, but provides for the exemption to apply to receipts received from all sales made on or after the first day of the fourth month next following the date of enactment.

As reported, this bill is identical to Assembly Bill No. 4060, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects the bill to produce an annual decrease in State sales and use tax revenues deposited in the General Fund and the Property Tax Relief Fund. However, the OLS lacks sufficient data to quantify the magnitude of the loss in the fiscal years following enactment. The Office of Revenue and Economic Analysis in the Department of the Treasury estimates that enactment of the bill will result in an annual revenue loss of \$266,000 to \$288,000.

At least four other states provide a sales tax exemption for sand-handling equipment or equipment used in the sand casting process. Estimates of the value of this tax expenditure range from less than \$100,000 to \$1.2 million.

Data available through the 2012 Economic Census indicates that there are four iron foundries and eight nonferrous metal die-casting foundries in New Jersey. Information on the total value of capital expenditures made by these businesses, which would include purchases of sand-handling equipment or equipment used in the sand casting process, is not publicly available.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 515

STATE OF NEW JERSEY

DATED: MAY 14, 2018

The Senate Economic Growth Committee reports favorably Senate Bill No. 515.

As reported, this bill provides an exemption from the sales and use tax for sales of certain materials used in industrial sand casting processes to provide tax relief to foundries and other metalworking businesses in this State that rely on sands, binders, washes, and other similar materials to create molds and cores in the production of saleable metal castings.

The bill takes effect immediately, but provides for the exemption to apply to receipts received from all sales made on or after the first day of the fourth month next following the date of enactment.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 515

STATE OF NEW JERSEY

DATED: JUNE 4, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 515.

This bill provides an exemption from the sales and use tax for sales of certain materials used in industrial sand casting processes to provide tax relief to foundries and other metalworking businesses in this State that rely on sands, binders, washes, and other similar materials to create molds and cores in the production of saleable metal castings.

The bill takes effect immediately, but provides for the exemption to apply to receipts received from all sales made on or after the first day of the fourth month next following the date of enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects the bill to produce an annual decrease in State sales and use tax revenues deposited in the General Fund and the Property Tax Relief Fund. However, the OLS lacks sufficient data to quantify the magnitude of the loss in the fiscal years following enactment.

At least four other states provide a sales tax exemption for sand-handling equipment or equipment used in the sand casting process. Estimates of the value of this tax expenditure range from less than \$100,000 to \$1.2 million.

Data available through the 2012 Economic Census indicates that there are four iron foundries and eight nonferrous metal die-casting foundries in New Jersey. Information on the total value of capital expenditures made by these businesses, which would include purchases of sand-handling equipment or equipment used in the sand casting process, is not publicly available.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 515
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 6, 2018

SUMMARY

Synopsis: Exempts sales of certain materials used in industrial sand casting processes from sales and use tax.

Type of Impact: Annual State revenue loss to the General Fund and the Property Tax Relief Fund.

Agencies Affected: Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2019 and Thereafter</u>
State Revenue	Indeterminate Annual Loss

- The Office of Legislative Services (OLS) expects the bill to produce an annual decrease in State sales and use tax revenues deposited in the General Fund and the Property Tax Relief Fund. However, the OLS lacks sufficient data to quantify the magnitude of the loss in the fiscal years following enactment.
- At least four other states provide a sales tax exemption for sand-handling equipment or equipment used in the sand casting process. Estimates of the value of this tax expenditure range from less than \$100,000 to \$1.2 million.
- Data available through the 2012 Economic Census indicates that there are 4 iron foundries and 8 nonferrous metal die-casting foundries in New Jersey. Information on the total value of capital expenditures made by these businesses, which would include purchases of sand-handling equipment or equipment used in the sand casting process, is not publicly available.

BILL DESCRIPTION

The bill provides an exemption from the sales and use tax for sales of certain materials used in industrial sand casting processes to provide tax relief to foundries and other metal working businesses in this State that rely on sands, binders, washes, and other similar materials to create molds and cores in the production of saleable metal castings. In general, sand casting is a metal casting process in which molten metal is poured into a mold and allowed to solidify into a

tangible object, typically called a casting. As part of this process, different types of sands, binders, washes, and other similar materials are used in various proportions to define the cavity inside a mold and to make any cores contained in the mold until the metal returns to a solid state and the materials are separated from the finished casting.

Currently, these sands, binders, washes, and other similar materials used to create a mold or core in an industrial sand casting process are subject to the sales and use tax as tangible personal property. The Division of Taxation in the Department of the Treasury has previously determined that the materials are not eligible for the sale or resale exemption because the materials do not become a component part of the product produced for sale by the purchaser, and are not eligible for any other exemption allowed under current law. The bill provides a stand-alone exemption for these materials when used in an industrial sand casting process if they are an integral or essential part of the processing operation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS expects the bill to produce an annual decrease in State sales and use tax revenues deposited in the General Fund and the Property Tax Relief Fund. However, the OLS lacks sufficient data to quantify the magnitude of the loss in the fiscal years following enactment. OLS research indicates that at least four other states (Connecticut, Iowa, New York, and Ohio) provide a sales tax exemption for sand-handling equipment or equipment used in the sand casting process, but there is limited information available on the value of these tax expenditures.

Connecticut exempts the purchase and sale by metal casting foundries of molds, dies, patterns, and sand handling equipment from its sales and use tax. The Connecticut Tax Expenditure Report, revised by the Connecticut General Assembly Office of Fiscal Analysis in February 2018, estimates the value of this expenditure at less than \$100,000 per year in Fiscal Years 2018 and 2019. Iowa exempts the sale or rental of core-making, mold-making and sand-handling equipment, including replacement parts, directly and primarily used in the mold-making process by a foundry, from the sales and use tax. The furnishing of the design and installation, including electrical and electronic installation, of core-making, mold-making, and sand-handling equipment used directly and primarily in the mold-making process by a foundry is also exempt from the sales and use tax. The 2015 Iowa Tax Expenditure Report, released in February 2017, estimates the value of this tax expenditure at \$1.2 million. The tax expenditure reports published by Ohio and New York did not provide detailed data on the value of the sales and use tax exemption for sand-handling equipment or equipment used in the sand casting process.

Information available through the 2012 Economic Census indicates that there are 4 iron foundries and 8 nonferrous metal die-casting foundries in New Jersey. The total value of capital expenditures made by these businesses, which includes the value of new and used machinery and equipment used for replaced and additions to plant capacity (e.g. equipment used in industrial sand casting processes), was not included in the Census data available to the public. According to the U.S. Census Bureau, these data were withheld to avoid disclosing data for individual companies.

FE to S515

3

Section: Revenue, Finance, and Appropriations

Analyst: Scott A. Brodsky
Lead Fiscal Analyst

Approved: Frank W. Haines III
Legislative Budget and Finance Officer

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

ASSEMBLY, No. 4060

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 4, 2018

Sponsored by:

Assemblywoman NANCY F. MUNOZ

District 21 (Morris, Somerset and Union)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblyman ANTHONY M. BUCCO

District 25 (Morris and Somerset)

Co-Sponsored by:

Assemblymen Space and Wirths

SYNOPSIS

Exempts sales of certain materials used in industrial sand casting processes from sales and use tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/26/2019)

1 AN ACT exempting sales of certain materials used in industrial sand
2 casting processes from the sales and use tax, supplementing
3 P.L.1966, c.30 (C.54:32B-1 et seq.).
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8 1. Receipts from sales of sands, binders, washes, and other
9 similar materials used to create a mold or core in an industrial sand
10 casting process, if those sands, binders, washes, and other similar
11 materials are an integral or essential part of the processing
12 operation, are exempt from the tax imposed by the "Sales and Use
13 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).
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20 STATEMENT
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23 sales of certain materials used in industrial sand casting processes
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36 Currently, these sands, binders, washes, and other similar
37 materials used to create a mold or core in an industrial sand casting
38 process are subject to the sales and use tax as tangible personal
39 property. The Division of Taxation in the Department of the
40 Treasury has previously determined that the materials are not
41 eligible for the sale for resale exemption because the materials do
42 not become a component part of the product produced for sale by
43 the purchaser, and are not eligible for any other exemption allowed
44 under current law.

45 This bill supplements current law to provide a stand-alone
46 exemption for these materials when used in an industrial sand
47 casting process. Under the bill, sales of sands, binders, washes, and
48 other similar materials used to create a mold or core in an industrial

1 sand casting process, if those sands, binders, washes, and other
2 similar materials are an integral or essential part of the processing
3 operation, are exempt from the sales and use tax.

4 The bill takes effect immediately, but provides for the exemption
5 to apply to receipts received from all sales made on or after the first
6 day of the fourth month next following the date of enactment.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4060

STATE OF NEW JERSEY

DATED: DECEMBER 3, 2018

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 4060.

This bill would exempt the sale of certain materials used in industrial sand casting processes from the sales and use tax. Sand casting is a metal casting process in which molten metal is poured into a mold and allowed to solidify into a tangible object, typically called a casting.

Currently, sands and other materials used to create a mold or core in an industrial sand casting process are subject to the sales and use tax as tangible personal property. The materials are not eligible for the “sale for resale” exemption from the sales and use tax because the materials do not become a component part of the product produced for sale by the purchaser. The materials are not eligible for any other exemption allowed under current law.

Under the bill, sales of sands, binders, washes, and other similar materials which are used to create a mold or core in an industrial sand casting process and which are an integral or essential part of the processing operation, would be exempt from the sales and use tax.

As reported, this bill is identical to Senate Bill No. 515, also as reported by the committee.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4060

STATE OF NEW JERSEY

DATED: JANUARY 28, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4060.

This bill provides an exemption from the sales and use tax for sales of certain materials used in industrial sand casting processes to provide tax relief to foundries and other metalworking businesses in the State that rely on sands, binders, washes, and other similar materials to create molds and cores in the production of saleable metal castings.

The bill takes effect immediately, but provides for the exemption to apply to receipts received from all sales made on or after the first day of the fourth month next following the date of enactment.

As reported, this bill is identical to Senate Bill No. 515, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects the bill to produce an annual decrease in State sales and use tax revenues deposited in the General Fund and the Property Tax Relief Fund. However, the OLS lacks sufficient data to quantify the magnitude of the loss in the fiscal years following enactment. The Office of Revenue and Economic Analysis in the Department of the Treasury estimates that enactment of the bill will result in an annual revenue loss of \$266,000 to \$288,000.

At least four other states provide a sales tax exemption for sand-handling equipment or equipment used in the sand casting process. Estimates of the value of this tax expenditure range from less than \$100,000 to \$1.2 million.

Data available through the 2012 Economic Census indicates that there are four iron foundries and eight nonferrous metal die-casting foundries in New Jersey. Information on the total value of capital expenditures made by these businesses, which would include purchases of sand-handling equipment or equipment used in the sand casting process, is not publicly available.



Newark, N.J.

Governor Murphy Takes Action on Legislation

05/10/2019

TRENTON – Today, Governor Phil Murphy signed the following bills and resolutions into law:

A2810 (Greenwald, Murphy/Pou) - Requires active supervision of certain professional and occupational licensing boards.

A4285 (Lopez, Quijano, Armato/Vitale, Singleton) - Requires Commissioner of Health to develop voluntary registry to collect cancer incidence data from firefighters.

A4416 (Swain, Karabinchak, Timberlake/Kean, Greenstein) - Prohibits sale or distribution of products containing asbestos.

A4500 (Verrelli, Mejia, Speight/Ruiz, Greenstein) - Directs NJ State Council on Arts to create and disseminate best practices guide for at-risk youth arts programs; requires council to assist government entities creating programs that adopt best practices.

A4578 (Land, Andrzejczak, McKeon/Smith, Greenstein) - Makes supplemental appropriation of \$50 million from General Fund to DEP and adds language provisions concerning use of certain environmental settlement monies for natural resource restoration projects.

A4612 (Jimenez, Mejia, Giblin/Cryan) - Codifies State-specific exam requirement for land surveyor license.

A4799 (Lopez, Coughlin, Benson/Vitale, Ruiz) - Permits self-administration of hydrocortisone sodium succinate by students for adrenal insufficiency and requires that school districts and nonpublic schools establish policy for emergency administration of medication.

A5034 (Pinkin/Smith) - Authorizes sale and conveyance of certain State-owned real property in Stafford Township, Ocean County to US Fish and Wildlife Service.

S52 (Singleton, Gill/Caputo, Webber, Murphy) - Requires disclosure of breach of security of online account.

S455 (Addiego, Singleton/Murphy, Dancer, Rooney) - Requires disclosure of identifying information prior to sale of horse at auction.

S515 (Kean, Sarlo/Munoz, Johnson, Bucco) - Exempts sales of certain materials used in industrial sand casting processes from sales and use tax.

S542 (Oroho, Singleton/Tucker, Wirths, Space) - Designates High Point State Park as High Point State Park and New Jersey Veterans Memorial.

S604 (Smith/Pinkin) - Provides that electric power supplier license issued by BPU may be renewed without expiring if certain conditions are met.

S605 (Smith/Pinkin, McKeon) - Provides that natural gas supplier license issued by BPU may be renewed without expiring if certain conditions are met.

S875 (Sweeney, Greenstein/Vainieri Huttle, Munoz, Murphy) - Establishes the "Sexual Assault Victim's Bill of Rights."

S1729 (Thompson, Quijano/Jones, Barclay) - Designates Streptomyces griseus as New Jersey State Microbe.

S2676 (Bucco, Lagana/Schaer, Calabrese, Tully) - Requires boards of education and nonpublic schools to provide law enforcement authorities with copies of blueprints and maps of schools and school grounds.

S2707 (Ruiz, Madden/Lampitt, Vainieri Huttle, Armato) - Establishes task force within DOE on prevention of sexual abuse of children.

S2709 (Ruiz, Madden/Mukherji, Lampitt, Chiaravalloti, Vainieri Huttle, Armato) - Provides that certain persons who commit act of sexual penetration or sexual contact with students who are at least 18 but less than 22 years old are guilty of sexual assault or criminal sexual assault.

S2711 (Ruiz, Madden/Lampitt, Vainieri Huttle, Jones) - Mandates child abuse and sexual abuse training for all candidates for teaching certification.

S2720 (Diegnan, Scutari/Johnson, Quijano, Murphy) - Requires autocycles to be insured by PIP coverage to pedestrians.

SJR101 (Gopal/Pintor Marin, Houghtaling, Downey) - Designates March 15 of each year as Peter Francisco Day in New Jersey.

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Governor Phil Murphy

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