

S3287

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT:

ASSEMBLY: No

SENATE: Yes Environment &
Energy
Budget &
Appropriations

(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

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

RH/CL

P.L. 2021, CHAPTER 213, *approved September 16, 2021*
Assembly, No. 5121

1 AN ACT concerning provision of energy to certain manufacturing
2 facilities, and amending P.L.2019, c.437.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 1 of P.L.2019, c.437 (C.54:32B-8.47b) is amended
8 to read as follows:

9 1. As used in P.L.2019, c.437 (C.54:32B-8.47b et seq.):

10 "Authority" means the New Jersey Economic Development
11 Authority established by P.L.1974, c.80 (C.34:1B-1 et seq.).

12 "Comprehensive energy audit" means the same as defined in
13 section 2 of P.L.1995, c.180 (C.48:2-21.25).

14 "Director" means the Director of the Division of Taxation in the
15 Department of the Treasury.

16 "Division" means the Division of Taxation in the Department of
17 the Treasury.

18 "Recovered materials" means the same as defined in 40 C.F.R.
19 s.247.3.

20 "Recovered materials manufacturing facility" means a facility
21 that: (1) received service under an electric public utility rate that
22 applied only to the owner of the facility on January 1, 2004; (2)
23 manufactures products made from recovered materials, provided
24 however, that not less than 50 percent of the content of such
25 products produced in this State meet the definition of recovered
26 materials; (3) completed a comprehensive energy audit not more
27 than 48 months before but not later than 90 days after the effective
28 date of P.L.2019, c.437 (C.54:32B-8.47b et seq.); and (4) employed,
29 individually or collectively with an affiliated facility, not less than
30 250 employees in this State on January 1, 2019.

31 "Recycled materials" means any item or commodity which is
32 manufactured or produced in whole or in part from post-consumer
33 waste material.

34 "Recycled materials manufacturing facility" means a facility
35 that: (1) received service under an electric public utility rate that
36 applied only to the owner of the facility on January 1, 2004 at or
37 above 110 kilovolts delivery; (2) manufactures products made from
38 recycled materials, provided however, that not less than 90 percent
39 of the content of such products produced in this State meet the
40 definition of recycled materials; and (3) employed not less than 200
41 employees in this State on January 1, 2020.

42 "Tax exemption period" means:

43 (1) for a recovered materials manufacturing facility, a period of

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 seven years beginning on a date specified by the owner of a
2 recovered materials manufacturing facility following
3 consultation and filing of notice with the division, provided,
4 however, that the beginning date shall be specified to occur after
5 December 31, 2019 and before January 1, 2023; or

6 (2) for a recycled materials manufacturing facility, an initial
7 period of seven years beginning on a date specified by the owner of
8 a recycled materials manufacturing facility following consultation
9 and filing of notice with the division, provided, however, that the
10 beginning date shall be specified to occur after the effective date of
11 P.L. , c (C.) (pending before the Legislature as this bill).
12 (cf: P.L.2019, c.437, s.1)

13
14 2. Section 2 of P.L.2019, c.437 (C.54:32B-8.47c) is amended
15 to read as follows:

16 2. a. Receipts from the sale or use of energy and utility service
17 to or by a recovered materials manufacturing facility or a recycled
18 materials manufacturing facility for use or consumption directly and
19 primarily in the production of tangible personal property shall be
20 exempt from the tax imposed under the "Sales and Use Tax Act,"
21 P.L.1966, c.30 (C.54:32B-1 et seq.), during the tax exemption
22 period.

23 b. Notwithstanding the provisions of subsection a. of this
24 section, a seller of energy and utility service shall charge and
25 collect from a purchaser that is a recovered materials manufacturing
26 facility or a recycled materials manufacturing facility, and remit to
27 the division, the sales and use tax at the rate then in effect, and the
28 tax shall be refunded to the purchaser by the filing, within 30 days
29 of the close of the calendar quarter in which the sale or use is made
30 or rendered, of a claim with the director for a refund of sales and
31 use taxes paid for energy and utility service, which refund shall be
32 paid within 60 days of the filing of a claim for refund. Proof of
33 claim for refund shall be made by the submission of auditable
34 receipts and such other documentation as the director may require.

35 c. (1) If the owner of a recovered materials manufacturing
36 facility or a recycled materials manufacturing facility relocates the
37 facility to a location outside this State during the tax exemption
38 period, the owner of the facility shall pay the director the amount of
39 tax for which an exemption shall have been allowed and refunded in
40 accordance with subsection b. of this section.

41 (2) The State Treasurer shall notify the director of the relocation
42 of a recovered materials manufacturing facility or a recycled
43 materials manufacturing facility to a location outside this State, and
44 the director shall issue a tax assessment for the recapture of tax,
45 equal to the amount of tax for which an exemption shall have been
46 allowed and refunded in accordance with subsection b. of this
47 section.

1 (3) The recapture of tax shall be a State tax subject to the State
2 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and shall be
3 deposited in the General Fund.

4 (cf: P.L.2019, c.437, s.2)

5
6 3. Section 3 of P.L.2019, c.437 (C.54:32B-8.47d) is amended
7 to read as follows:

8 3. a. The division, in consultation with the authority, shall
9 annually review the financial records of a recovered materials
10 manufacturing facility or a recycled materials manufacturing
11 facility that is eligible for a sales and use tax exemption pursuant to
12 section 2 of P.L.2019, c.437 (C.54:32B-8.47c), in order to
13 determine whether it is economically feasible for the State to
14 continue to allow that recovered materials manufacturing facility or
15 recycled materials manufacturing facility to receive that sales and
16 use tax exemption.

17 b. (1) Upon the completion of the review required by this
18 section, the division, in consultation with the authority, shall
19 prepare and submit, pursuant to section 2 of P.L.1991, c.164
20 (C.52:14-19.1), an annual report to the Legislature containing their
21 recommendation as to whether the sales and use tax exemption
22 should be continued or whether the exemption should be altered,
23 terminated, or repealed. **【The】**

24 (2) For a recovered materials manufacturing facility, the
25 division, in consultation with the authority, shall submit the first
26 annual report on the first day of the ninth month following the
27 commencement of the tax exemption period and shall review the
28 period beginning with the first day after the commencement of the
29 tax exemption period and extending for the subsequent six months.
30 Each of the six subsequent annual reports shall review the 12-month
31 period beginning on the first day after the close of the prior
32 reporting period. For a recycled materials manufacturing facility,
33 the division, in consultation with the authority, shall submit the first
34 annual report on the first day of the ninth month following the
35 commencement of the tax exemption period and shall review the
36 period beginning with the first day after the commencement of the
37 tax exemption period. Each subsequent annual report shall review
38 the 12-month period beginning on the first day after the close of the
39 prior reporting period.

40 c. The annual reports shall review the financial records of such
41 a recovered materials manufacturing facility or recycled materials
42 manufacturing facility for the preceding one-year period. As a
43 condition of receiving the sales and use tax exemption, the
44 recovered materials manufacturing facility or recycled materials
45 manufacturing facility shall make its financial records available to
46 the division and the authority and shall provide such other
47 information as may be required by the division and the authority to
48 complete their review and assessment pursuant to this section.

1 d. Related to the sales and use tax exemption for recycled
2 materials manufacturing facilities, if the division, in consultation
3 with the authority, continues to recommend the sales and use tax
4 exemption for recycled materials manufacturing facilities as a part
5 of the seventh annual review, the sales and use tax exemption for
6 recycled materials manufacturing facilities shall remain in effect for
7 an additional year. The provision of the sales and use tax
8 exemption for recycled materials manufacturing facilities shall be
9 extended on a yearly basis and remain in effect until such time that
10 the division, in consultation with the authority, recommends the
11 termination of that sales and use tax exemption.

12 (cf: P.L.2019, c.437, s.3)

13

14 4. This act shall take effect immediately and shall apply to
15 receipts from the sale or use of energy and utility service to or by a
16 recycled materials manufacturing facility made on or after the
17 effective date.

18

19

20

STATEMENT

21

22 This bill concerns the provision of energy to certain recycled
23 materials manufacturing facilities by exempting, for an initial
24 period of seven years, the sale or use of energy utility service to
25 qualifying recycled materials manufacturing facilities from the sales
26 and use tax. The bill requires the Division of Taxation (division) to
27 annually review the economic feasibility of continuing to provide
28 qualifying recycled materials manufacturing facilities with the
29 exemption from the sales and use tax and to submit their
30 recommendations to the Legislature as to whether such exemptions
31 should be continued. The bill provides that the exemption for
32 recycled materials manufacturing facilities are to be continued until
33 such time that the division recommends the termination of that sales
34 and use tax exemption .

35

36

37

38

39 Concerns provision of energy to certain manufacturing facilities
40 by providing exemptions to certain energy related taxes.

CHAPTER 213
(CORRECTED COPY)

AN ACT concerning provision of energy to certain manufacturing facilities, and amending P.L.2019, c.437.

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

1. Section 1 of P.L.2019, c.437 (C.54:32B-8.47b) is amended to read as follows:

C.54:32B-8.47b Definitions relative to provision of energy to certain manufacturing facilities.

1. As used in P.L.2019, c.437 (C.54:32B-8.47b et seq.):

"Authority" means the New Jersey Economic Development Authority established by P.L.1974, c.80 (C.34:1B-1 et seq.).

"Comprehensive energy audit" means the same as defined in section 2 of P.L.1995, c.180 (C.48:2-21.25).

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Division" means the Division of Taxation in the Department of the Treasury.

"Recovered materials" means the same as defined in 40 C.F.R. s.247.3.

"Recovered materials manufacturing facility" means a facility that: (1) received service under an electric public utility rate that applied only to the owner of the facility on January 1, 2004; (2) manufactures products made from recovered materials, provided however, that not less than 50 percent of the content of such products produced in this State meet the definition of recovered materials; (3) completed a comprehensive energy audit not more than 48 months before but not later than 90 days after the effective date of P.L.2019, c.437 (C.54:32B-8.47b et seq.); and (4) employed, individually or collectively with an affiliated facility, not less than 250 employees in this State on January 1, 2019.

"Recycled materials" means any item or commodity which is manufactured or produced in whole or in part from post-consumer waste material.

"Recycled materials manufacturing facility" means a facility that: (1) received service under an electric public utility rate that applied only to the owner of the facility on January 1, 2004 at or above 110 kilovolts delivery; (2) manufactures products made from recycled materials, provided however, that not less than 90 percent of the content of such products produced in this State meet the definition of recycled materials; and (3) employed not less than 200 employees in this State on January 1, 2020.

"Tax exemption period" means:

(1) for a recovered materials manufacturing facility, a period of seven years beginning on a date specified by the owner of a recovered materials manufacturing facility following consultation and filing of notice with the division, provided, however, that the beginning date shall be specified to occur after December 31, 2019 and before January 1, 2023; or

(2) for a recycled materials manufacturing facility, an initial period of seven years beginning on a date specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the division, provided, however, that the beginning date shall be specified to occur after the effective date of P.L.2021, c.213.

2. Section 2 of P.L.2019, c.437 (C.54:32B-8.47c) is amended to read as follows:

C.54:32B-8.47c Exemption for certain receipts.

2. a. Receipts from the sale or use of energy and utility service to or by a recovered materials manufacturing facility or a recycled materials manufacturing facility for use or consumption directly and primarily in the production of tangible personal property shall be exempt from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), during the tax exemption period.

b. Notwithstanding the provisions of subsection a. of this section, a seller of energy and utility service shall charge and collect from a purchaser that is a recovered materials manufacturing facility or a recycled materials manufacturing facility, and remit to the division, the sales and use tax at the rate then in effect, and the tax shall be refunded to the purchaser by the filing, within 30 days of the close of the calendar quarter in which the sale or use is made or rendered, of a claim with the director for a refund of sales and use taxes paid for energy and utility service, which refund shall be paid within 60 days of the filing of a claim for refund. Proof of claim for refund shall be made by the submission of auditable receipts and such other documentation as the director may require.

c. (1) If the owner of a recovered materials manufacturing facility or a recycled materials manufacturing facility relocates the facility to a location outside this State during the tax exemption period, the owner of the facility shall pay the director the amount of tax for which an exemption shall have been allowed and refunded in accordance with subsection b. of this section.

(2) The State Treasurer shall notify the director of the relocation of a recovered materials manufacturing facility or a recycled materials manufacturing facility to a location outside this State, and the director shall issue a tax assessment for the recapture of tax, equal to the amount of tax for which an exemption shall have been allowed and refunded in accordance with subsection b. of this section.

(3) The recapture of tax shall be a State tax subject to the State Uniform Tax Procedure Law, R.S.54:48-1 et seq., and shall be deposited in the General Fund.

3. Section 3 of P.L.2019, c.437 (C.54:32B-8.47d) is amended to read as follows:

C.54:32B-8.47d Annual review of financial records.

3. a. The division, in consultation with the authority, shall annually review the financial records of a recovered materials manufacturing facility or a recycled materials manufacturing facility that is eligible for a sales and use tax exemption pursuant to section 2 of P.L.2019, c.437 (C.54:32B-8.47c), in order to determine whether it is economically feasible for the State to continue to allow that recovered materials manufacturing facility or recycled materials manufacturing facility to receive that sales and use tax exemption.

b. (1) Upon the completion of the review required by this section, the division, in consultation with the authority, shall prepare and submit, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), an annual report to the Legislature containing their recommendation as to whether the sales and use tax exemption should be continued or whether the exemption should be altered, terminated, or repealed.

(2) For a recovered materials manufacturing facility, the division, in consultation with the authority, shall submit the first annual report on the first day of the ninth month following the commencement of the tax exemption period and shall review the period beginning with the first day after the commencement of the tax exemption period and extending for the subsequent six months. Each of the six subsequent annual reports shall review the 12-month period beginning on the first day after the close of the prior reporting period. For a recycled materials manufacturing facility, the division, in consultation with the authority, shall submit the first annual report on the first day of the ninth month following the commencement of the

tax exemption period and shall review the period beginning with the first day after the commencement of the tax exemption period. Each subsequent annual report shall review the 12-month period beginning on the first day after the close of the prior reporting period.

c. The annual reports shall review the financial records of such a recovered materials manufacturing facility or recycled materials manufacturing facility for the preceding one-year period. As a condition of receiving the sales and use tax exemption, the recovered materials manufacturing facility or recycled materials manufacturing facility shall make its financial records available to the division and the authority and shall provide such other information as may be required by the division and the authority to complete their review and assessment pursuant to this section.

d. Related to the sales and use tax exemption for recycled materials manufacturing facilities, if the division, in consultation with the authority, continues to recommend the sales and use tax exemption for recycled materials manufacturing facilities as a part of the seventh annual review, the sales and use tax exemption for recycled materials manufacturing facilities shall remain in effect for an additional year. The provision of the sales and use tax exemption for recycled materials manufacturing facilities shall be extended on a yearly basis and remain in effect until such time that the division, in consultation with the authority, recommends the termination of that sales and use tax exemption.

4. This act shall take effect immediately and shall apply to receipts from the sale or use of energy and utility service to or by a recycled materials manufacturing facility made on or after the effective date.

Approved September 16, 2021.

ASSEMBLY, No. 5121

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED DECEMBER 10, 2020

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Senator TROY SINGLETON

District 7 (Burlington)

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Co-Sponsored by:

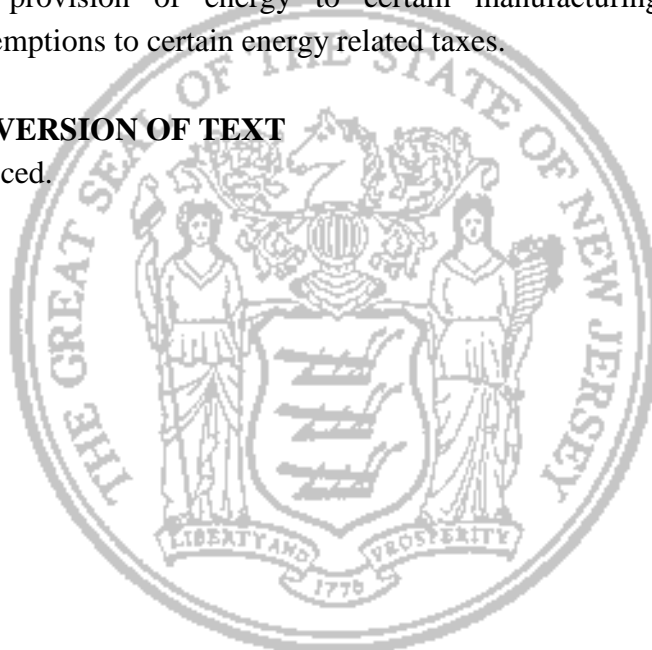
Senators Greenstein, Vitale and Gopal

SYNOPSIS

Concerns provision of energy to certain manufacturing facilities by providing exemptions to certain energy related taxes.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2021)

1 AN ACT concerning provision of energy to certain manufacturing
2 facilities, and amending P.L.2019, c.437.

3

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

6

7 1. Section 1 of P.L.2019, c.437 (C.54:32B-8.47b) is amended
8 to read as follows:

9 1. As used in P.L.2019, c.437 (C.54:32B-8.47b et seq.):

10 "Authority" means the New Jersey Economic Development
11 Authority established by P.L.1974, c.80 (C.34:1B-1 et seq.).

12 "Comprehensive energy audit" means the same as defined in
13 section 2 of P.L.1995, c.180 (C.48:2-21.25).

14 "Director" means the Director of the Division of Taxation in the
15 Department of the Treasury.

16 "Division" means the Division of Taxation in the Department of
17 the Treasury.

18 "Recovered materials" means the same as defined in 40 C.F.R.
19 s.247.3.

20 "Recovered materials manufacturing facility" means a facility
21 that: (1) received service under an electric public utility rate that
22 applied only to the owner of the facility on January 1, 2004; (2)
23 manufactures products made from recovered materials, provided
24 however, that not less than 50 percent of the content of such
25 products produced in this State meet the definition of recovered
26 materials; (3) completed a comprehensive energy audit not more
27 than 48 months before but not later than 90 days after the effective
28 date of P.L.2019, c.437 (C.54:32B-8.47b et seq.); and (4) employed,
29 individually or collectively with an affiliated facility, not less than
30 250 employees in this State on January 1, 2019.

31 "Recycled materials" means any item or commodity which is
32 manufactured or produced in whole or in part from post-consumer
33 waste material.

34 "Recycled materials manufacturing facility" means a facility
35 that: (1) received service under an electric public utility rate that
36 applied only to the owner of the facility on January 1, 2004 at or
37 above 110 kilovolts delivery; (2) manufactures products made from
38 recycled materials, provided however, that not less than 90 percent
39 of the content of such products produced in this State meet the
40 definition of recycled materials; and (3) employed not less than 200
41 employees in this State on January 1, 2020.

42 "Tax exemption period" means:

43 (1) for a recovered materials manufacturing facility, a period of
44 seven years beginning on a date specified by the owner of a
45 recovered materials manufacturing facility following consultation

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 and filing of notice with the division, provided, however, that the
2 beginning date shall be specified to occur after December 31, 2019
3 and before January 1, 2023; or

4 (2) for a recycled materials manufacturing facility, an initial
5 period of seven years beginning on a date specified by the owner of
6 a recycled materials manufacturing facility following consultation
7 and filing of notice with the division, provided, however, that the
8 beginning date shall be specified to occur after the effective date of
9 P.L. , c (C.) (pending before the Legislature as this bill).
10 (cf: P.L.2019, c.437, s.1)

11

12 2. Section 2 of P.L.2019, c.437 (C.54:32B-8.47c) is amended
13 to read as follows:

14 2. a. Receipts from the sale or use of energy and utility
15 service to or by a recovered materials manufacturing facility or a
16 recycled materials manufacturing facility for use or consumption
17 directly and primarily in the production of tangible personal
18 property shall be exempt from the tax imposed under the "Sales and
19 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), during the tax
20 exemption period.

21 b. Notwithstanding the provisions of subsection a. of this
22 section, a seller of energy and utility service shall charge and
23 collect from a purchaser that is a recovered materials manufacturing
24 facility or a recycled materials manufacturing facility, and remit to
25 the division, the sales and use tax at the rate then in effect, and the
26 tax shall be refunded to the purchaser by the filing, within 30 days
27 of the close of the calendar quarter in which the sale or use is made
28 or rendered, of a claim with the director for a refund of sales and
29 use taxes paid for energy and utility service, which refund shall be
30 paid within 60 days of the filing of a claim for refund. Proof of
31 claim for refund shall be made by the submission of auditable
32 receipts and such other documentation as the director may require.

33 c. (1) If the owner of a recovered materials manufacturing
34 facility or a recycled materials manufacturing facility relocates the
35 facility to a location outside this State during the tax exemption
36 period, the owner of the facility shall pay the director the amount of
37 tax for which an exemption shall have been allowed and refunded in
38 accordance with subsection b. of this section.

39 (2) The State Treasurer shall notify the director of the relocation
40 of a recovered materials manufacturing facility or a recycled
41 materials manufacturing facility to a location outside this State, and
42 the director shall issue a tax assessment for the recapture of tax,
43 equal to the amount of tax for which an exemption shall have been
44 allowed and refunded in accordance with subsection b. of this
45 section.

46 (3) The recapture of tax shall be a State tax subject to the State
47 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and shall be
48 deposited in the General Fund.
49 (cf: P.L.2019, c.437, s.2)

1 3. Section 3 of P.L.2019, c.437 (C.54:32B-8.47d) is amended
2 to read as follows:

3 3. a. The division, in consultation with the authority, shall
4 annually review the financial records of a recovered materials
5 manufacturing facility or a recycled materials manufacturing
6 facility that is eligible for a sales and use tax exemption pursuant to
7 section 2 of P.L.2019, c.437 (C.54:32B-8.47c), in order to
8 determine whether it is economically feasible for the State to
9 continue to allow that recovered materials manufacturing facility or
10 recycled materials manufacturing facility to receive that sales and
11 use tax exemption.

12 b. (1) Upon the completion of the review required by this
13 section, the division, in consultation with the authority, shall
14 prepare and submit, pursuant to section 2 of P.L.1991, c.164
15 (C.52:14-19.1), an annual report to the Legislature containing their
16 recommendation as to whether the sales and use tax exemption
17 should be continued or whether the exemption should be altered,
18 terminated, or repealed. **【The】**

19 (2) For a recovered materials manufacturing facility, the
20 division, in consultation with the authority, shall submit the first
21 annual report on the first day of the ninth month following the
22 commencement of the tax exemption period and shall review the
23 period beginning with the first day after the commencement of the
24 tax exemption period and extending for the subsequent six months.
25 Each of the six subsequent annual reports shall review the 12-month
26 period beginning on the first day after the close of the prior
27 reporting period. For a recycled materials manufacturing facility,
28 the division, in consultation with the authority, shall submit the first
29 annual report on the first day of the ninth month following the
30 commencement of the tax exemption period and shall review the
31 period beginning with the first day after the commencement of the
32 tax exemption period. Each subsequent annual report shall review
33 the 12-month period beginning on the first day after the close of the
34 prior reporting period.

35 c. The annual reports shall review the financial records of such
36 a recovered materials manufacturing facility or recycled materials
37 manufacturing facility for the preceding one-year period. As a
38 condition of receiving the sales and use tax exemption, the
39 recovered materials manufacturing facility or recycled materials
40 manufacturing facility shall make its financial records available to
41 the division and the authority and shall provide such other
42 information as may be required by the division and the authority to
43 complete their review and assessment pursuant to this section.

44 d. Related to the sales and use tax exemption for recycled
45 materials manufacturing facilities, if the division, in consultation
46 with the authority, continues to recommend the sales and use tax
47 exemption for recycled materials manufacturing facilities as a part
48 of the seventh annual review, the sales and use tax exemption for
49 recycled materials manufacturing facilities shall remain in effect for

1 an additional year. The provision of the sales and use tax
2 exemption for recycled materials manufacturing facilities shall be
3 extended on a yearly basis and remain in effect until such time that
4 the division, in consultation with the authority, recommends the
5 termination of that sales and use tax exemption.

6 (cf: P.L.2019, c.437, s.3)

7

8 4. This act shall take effect immediately and shall apply to
9 receipts from the sale or use of energy and utility service to or by a
10 recycled materials manufacturing facility made on or after the
11 effective date.

12

13

14

STATEMENT

15

16 This bill concerns the provision of energy to certain recycled
17 materials manufacturing facilities by exempting, for an initial
18 period of seven years, the sale or use of energy utility service to
19 qualifying recycled materials manufacturing facilities from the sales
20 and use tax. The bill requires the Division of Taxation (division) to
21 annually review the economic feasibility of continuing to provide
22 qualifying recycled materials manufacturing facilities with the
23 exemption from the sales and use tax and to submit their
24 recommendations to the Legislature as to whether such exemptions
25 should be continued. The bill provides that the exemption for
26 recycled materials manufacturing facilities are to be continued until
27 such time that the division recommends the termination of that sales
28 and use tax exemption .

ASSEMBLY ENVIRONMENT AND SOLID WASTE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5121

STATE OF NEW JERSEY

DATED: JANUARY 27, 2021

The Assembly Environment and Solid Waste Committee reports favorably Assembly Bill No. 5121.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption.

The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5121

STATE OF NEW JERSEY

DATED: MARCH 17, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5121.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption.

The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

FISCAL IMPACT:

The OLS determines that there will be indeterminate revenue loss to the General Fund and Property Tax Relief Fund (PTRF) due to the exemption from the sales and use tax by qualifying recycled materials manufacturing facilities for minimum a period of seven years. The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties.

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5121

STATE OF NEW JERSEY

DATED: MAY 11, 2021

The Senate Environment and Energy Committee favorably reports Assembly Bill No. 5121.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption. The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

The bill is identical to Senate Bill No. 3287, as also reported by the committee.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5121

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5121.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption. The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

As reported, this bill is identical to Senate Bill No. 3287, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS cannot determine the number of facilities conforming to the bill's stringent eligibility requirements. This restrictiveness, however, leads the OLS to estimate that few manufacturers may qualify for the sales and use tax exemption.

Any revenue loss would occur over seven years unless the exemption is extended, reflecting the bill's sunset provision. The beginning of the tax exemption period will be specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the Division of Taxation. Certain provisions in the bill allow for the State to recover revenues in the event that a facility is relocated outside the State during the seven-year period.

The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their

recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5121
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 24, 2021

SUMMARY

Synopsis: Concerns provision of energy to certain manufacturing facilities by providing exemptions to certain energy related taxes.

Type of Impact: Annual State revenue loss.

Agencies Affected: Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue Loss		Indeterminate	

- The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS cannot determine the number of facilities conforming to the bill’s stringent eligibility requirements. This restrictiveness, however, leads the OLS to estimate that few manufacturers may qualify for the sales and use tax exemption.
- Any revenue loss would occur over seven years unless the exemption is extended, reflecting the bill’s sunset provision. The beginning of the tax exemption period will be specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the Division of Taxation. Certain provisions in the bill allow for the State to recover revenues in the event that a facility is relocated outside the State during the seven-year period.
- The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.



BILL DESCRIPTION

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax for an initial period of seven years beginning at some point after enactment of the bill as specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the division. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the division recommends the termination of the sales and use tax exemption. The provision of the sales and use tax exemption for recycled materials manufacturing facilities can be extended on a yearly basis and remain in effect until such time that the division recommends the termination of that sales and use tax exemption. If the owner of a recycled materials manufacturing facility relocates the facility to a location outside this State during the tax exemption period, the owner of the facility will pay the division the amount of tax for which an exemption had been allowed.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS notes that there can be an extension of the exemption from the sales and use tax if recommended by the division resulting in additional loss of revenue for those years. The amount of revenue loss will depend on the number of qualifying recycled materials manufacturing facilities that apply for the sales and use tax exemption and the amount they would pay if the exemption was not in place. The OLS notes that the stringent requirements of the bill may limit the number of facilities qualifying for the tax exemption. The OLS further notes that the bill requires an owner of an eligible facility that relocates outside this State during the seven-year exemption period to pay back the division the amount of tax for which the exemption was allowed.

The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.

FE to A5121

3

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Neha Patel
Senior Analyst*

*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. 3287

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED DECEMBER 16, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Co-Sponsored by:

Senators Greenstein, Vitale and Gopal

SYNOPSIS

Concerns provision of energy to certain manufacturing facilities by providing exemptions to certain energy related taxes.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2021)

1 AN ACT concerning provision of energy to certain manufacturing
2 facilities, and amending P.L.2019, c.437.

3

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

6

7 1. Section 1 of P.L.2019, c.437 (C.54:32B-8.47b) is amended
8 to read as follows:

9 1. As used in P.L.2019, c.437 (C.54:32B-8.47b et seq.):

10 "Authority" means the New Jersey Economic Development
11 Authority established by P.L.1974, c.80 (C.34:1B-1 et seq.).

12 "Comprehensive energy audit" means the same as defined in
13 section 2 of P.L.1995, c.180 (C.48:2-21.25).

14 "Director" means the Director of the Division of Taxation in the
15 Department of the Treasury.

16 "Division" means the Division of Taxation in the Department of
17 the Treasury.

18 "Recovered materials" means the same as defined in 40 C.F.R.
19 s.247.3.

20 "Recovered materials manufacturing facility" means a facility
21 that: (1) received service under an electric public utility rate that
22 applied only to the owner of the facility on January 1, 2004; (2)
23 manufactures products made from recovered materials, provided
24 however, that not less than 50 percent of the content of such
25 products produced in this State meet the definition of recovered
26 materials; (3) completed a comprehensive energy audit not more
27 than 48 months before but not later than 90 days after the effective
28 date of P.L.2019, c.437 (C.54:32B-8.47b et seq.); and (4) employed,
29 individually or collectively with an affiliated facility, not less than
30 250 employees in this State on January 1, 2019.

31 "Recycled materials" means any item or commodity which is
32 manufactured or produced in whole or in part from post-consumer
33 waste material.

34 "Recycled materials manufacturing facility" means a facility
35 that: (1) received service under an electric public utility rate that
36 applied only to the owner of the facility on January 1, 2004 at or
37 above 110 kilovolts delivery; (2) manufactures products made from
38 recycled materials, provided however, that not less than 90 percent
39 of the content of such products produced in this State meet the
40 definition of recycled materials; and (3) employed not less than 200
41 employees in this State on January 1, 2020.

42 "Tax exemption period" means:

43 (1) for a recovered materials manufacturing facility, a period of
44 seven years beginning on a date specified by the owner of a
45 recovered materials manufacturing facility following consultation
46 and filing of notice with the division, provided, however, that the

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 beginning date shall be specified to occur after December 31, 2019
2 and before January 1, 2023; or

3 (2) for a recycled materials manufacturing facility, an initial
4 period of seven years beginning on a date specified by the owner of
5 a recycled materials manufacturing facility following consultation
6 and filing of notice with the division, provided, however, that the
7 beginning date shall be specified to occur after the effective date of
8 P.L. , c (C.) (pending before the Legislature as this bill).
9 (cf: P.L.2019, c.437, s.1)

10

11 2. Section 2 of P.L.2019, c.437 (C.54:32B-8.47c) is amended
12 to read as follows:

13 2. a. Receipts from the sale or use of energy and utility service
14 to or by a recovered materials manufacturing facility or a recycled
15 materials manufacturing facility for use or consumption directly and
16 primarily in the production of tangible personal property shall be
17 exempt from the tax imposed under the "Sales and Use Tax Act,"
18 P.L.1966, c.30 (C.54:32B-1 et seq.), during the tax exemption
19 period.

20 b. Notwithstanding the provisions of subsection a. of this
21 section, a seller of energy and utility service shall charge and
22 collect from a purchaser that is a recovered materials manufacturing
23 facility or a recycled materials manufacturing facility, and remit to
24 the division, the sales and use tax at the rate then in effect, and the
25 tax shall be refunded to the purchaser by the filing, within 30 days
26 of the close of the calendar quarter in which the sale or use is made
27 or rendered, of a claim with the director for a refund of sales and
28 use taxes paid for energy and utility service, which refund shall be
29 paid within 60 days of the filing of a claim for refund. Proof of
30 claim for refund shall be made by the submission of auditable
31 receipts and such other documentation as the director may require.

32 c. (1) If the owner of a recovered materials manufacturing
33 facility or a recycled materials manufacturing facility relocates the
34 facility to a location outside this State during the tax exemption
35 period, the owner of the facility shall pay the director the amount of
36 tax for which an exemption shall have been allowed and refunded in
37 accordance with subsection b. of this section.

38 (2) The State Treasurer shall notify the director of the relocation
39 of a recovered materials manufacturing facility or a recycled
40 materials manufacturing facility to a location outside this State, and
41 the director shall issue a tax assessment for the recapture of tax,
42 equal to the amount of tax for which an exemption shall have been
43 allowed and refunded in accordance with subsection b. of this
44 section.

45 (3) The recapture of tax shall be a State tax subject to the State
46 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and shall be
47 deposited in the General Fund.

48 (cf: P.L.2019, c.437, s.2)

1 3. Section 3 of P.L.2019, c.437 (C.54:32B-8.47d) is amended
2 to read as follows:

3 3. a. The division, in consultation with the authority, shall
4 annually review the financial records of a recovered materials
5 manufacturing facility or a recycled materials manufacturing
6 facility that is eligible for a sales and use tax exemption pursuant to
7 section 2 of P.L.2019, c.437 (C.54:32B-8.47c), in order to
8 determine whether it is economically feasible for the State to
9 continue to allow that recovered materials manufacturing facility or
10 recycled materials manufacturing facility to receive that sales and
11 use tax exemption.

12 b. (1) Upon the completion of the review required by this
13 section, the division, in consultation with the authority, shall
14 prepare and submit, pursuant to section 2 of P.L.1991, c.164
15 (C.52:14-19.1), an annual report to the Legislature containing their
16 recommendation as to whether the sales and use tax exemption
17 should be continued or whether the exemption should be altered,
18 terminated, or repealed. **【The】**

19 (2) For a recovered materials manufacturing facility, the
20 division, in consultation with the authority, shall submit the first
21 annual report on the first day of the ninth month following the
22 commencement of the tax exemption period and shall review the
23 period beginning with the first day after the commencement of the
24 tax exemption period and extending for the subsequent six months.
25 Each of the six subsequent annual reports shall review the 12-month
26 period beginning on the first day after the close of the prior
27 reporting period. For a recycled materials manufacturing facility,
28 the division, in consultation with the authority, shall submit the first
29 annual report on the first day of the ninth month following the
30 commencement of the tax exemption period and shall review the
31 period beginning with the first day after the commencement of the
32 tax exemption period. Each subsequent annual report shall review
33 the 12-month period beginning on the first day after the close of the
34 prior reporting period.

35 c. The annual reports shall review the financial records of such
36 a recovered materials manufacturing facility or recycled materials
37 manufacturing facility for the preceding one-year period. As a
38 condition of receiving the sales and use tax exemption, the
39 recovered materials manufacturing facility or recycled materials
40 manufacturing facility shall make its financial records available to
41 the division and the authority and shall provide such other
42 information as may be required by the division and the authority to
43 complete their review and assessment pursuant to this section.

44 d. Related to the sales and use tax exemption for recycled
45 materials manufacturing facilities, if the division, in consultation
46 with the authority, continues to recommend the sales and use tax
47 exemption for recycled materials manufacturing facilities as a part
48 of the seventh annual review, the sales and use tax exemption for

1 recycled materials manufacturing facilities shall remain in effect for
2 an additional year. The provision of the sales and use tax
3 exemption for recycled materials manufacturing facilities shall be
4 extended on a yearly basis and remain in effect until such time that
5 the division, in consultation with the authority, recommends the
6 termination of that sales and use tax exemption.
7 (cf: P.L.2019, c.437, s.3)

8
9 4. This act shall take effect immediately and shall apply to
10 receipts from the sale or use of energy and utility service to or by a
11 recycled materials manufacturing facility made on or after the
12 effective date.

13
14
15 STATEMENT

16
17 This bill concerns the provision of energy to certain recycled
18 materials manufacturing facilities by exempting, for an initial
19 period of seven years, the sale or use of energy utility service to
20 qualifying recycled materials manufacturing facilities from the sales
21 and use tax. The bill requires the Division of Taxation (division) to
22 annually review the economic feasibility of continuing to provide
23 qualifying recycled materials manufacturing facilities with the
24 exemption from the sales and use tax and to submit their
25 recommendations to the Legislature as to whether such exemptions
26 should be continued. The bill provides that the exemption for
27 recycled materials manufacturing facilities are to be continued until
28 such time that the division recommends the termination of that sales
29 and use tax exemption.

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 3287

STATE OF NEW JERSEY

DATED: MAY 11, 2021

The Senate Environment and Energy Committee favorably reports Senate Bill No. 3287.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption. The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

The bill is identical to Assembly Bill No. 5121, as also reported by the committee.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3287

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3287.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption. The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

As reported, this bill is identical to Assembly Bill No. 5121, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS cannot determine the number of facilities conforming to the bill's stringent eligibility requirements. This restrictiveness, however, leads the OLS to estimate that few manufacturers may qualify for the sales and use tax exemption.

Any revenue loss would occur over seven years unless the exemption is extended, reflecting the bill's sunset provision. The beginning of the tax exemption period will be specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the Division of Taxation. Certain provisions in the bill allow for the State to recover revenues in the event that a facility is relocated outside the State during the seven-year period.

The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their

recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3287
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 25, 2021

SUMMARY

Synopsis: Concerns provision of energy to certain manufacturing facilities by providing exemptions to certain energy related taxes.

Type of Impact: Annual State revenue loss.

Agencies Affected: Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue Loss		Indeterminate	

- The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS cannot determine the number of facilities conforming to the bill’s stringent eligibility requirements. This restrictiveness, however, leads the OLS to estimate that few manufacturers may qualify for the sales and use tax exemption.
- Any revenue loss would occur over seven years unless the exemption is extended, reflecting the bill’s sunset provision. The beginning of the tax exemption period will be specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the Division of Taxation. Certain provisions in the bill allow for the State to recover revenues in the event that a facility is relocated outside the State during the seven-year period.
- The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.



BILL DESCRIPTION

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax for an initial period of seven years beginning at some point after enactment of the bill as specified by the owner of a recycled materials manufacturing facility following consultation and filing of notice with the division. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the division recommends the termination of the sales and use tax exemption. The provision of the sales and use tax exemption for recycled materials manufacturing facilities can be extended on a yearly basis and remain in effect until such time that the division recommends the termination of that sales and use tax exemption. If the owner of a recycled materials manufacturing facility relocates the facility to a location outside this State during the tax exemption period, the owner of the facility will pay the division the amount of tax for which an exemption had been allowed.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill will result in an indeterminate annual State revenue loss by exempting, for an initial period of seven years, the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax. The OLS notes that there can be an extension of the exemption from the sales and use tax if recommended by the division resulting in additional loss of revenue for those years. The amount of revenue loss will depend on the number of qualifying recycled materials manufacturing facilities that apply for the sales and use tax exemption and the amount they would pay if the exemption was not in place. The OLS notes that the stringent requirements of the bill may limit the number of facilities qualifying for the tax exemption. The OLS further notes that the bill requires an owner of an eligible facility that relocates outside this State during the seven-year exemption period to pay back the division the amount of tax for which the exemption was allowed.

The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties of current staff.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Christina Denney
Assistant Research Analyst*

*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.).

Governor Murphy Takes Action on Legislation

09/16/2021

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

A-5121/S-3287 (Coughlin, Zwicker, Karabinchak/Singleton, Smith) – Concerns provision of energy to certain manufacturing facilities by providing exemptions to certain energy related taxes

A-5849/S-3918 (Carter, Tucker, Vainieri Huttle/Lagana, Turner) – Requires Adjutant General of DMVA send weekly reports to Commissioner of DOH on status of veterans' homes in State during every future public health emergency; requires such reports through December 31, 2021

A-5850/S-3906 (Armato, Mazzeo, Conaway/Gopal, Lagana) – Requires DMVA veterans' memorial homes to hold quarterly town hall meetings with veterans' guardians

A-5851/S-3905 (Swain, Tully, Freiman/Gopal, Lagana) – Allows veteran's guardian to remove veteran from DMVA veterans' memorial home under certain emergency circumstances

A-5852/S-3904 (Houghtaling, Johnson, Chaparro/Gopal, Lagana) – Requires DMVA veterans' memorial homes to communicate with veterans' guardians via at least two communication means

A-5853/S-3903 (Danielsen, Mejia, Jimenez/Diegnan, Vitale) – Requires administrator and assistant administrator at State veterans' memorial home have prior work experience in clinical setting

A-5854/S-3907 (Mazzeo, Armato, Chaparro/Gopal, Lagana) – Requires position of resident advocate at each State veterans' memorial home

A-5855/S-3908 (Tucker, Speight, Vainieri Huttle/Cruz-Perez) – Requires DMVA veterans' facilities provide payroll-based journal information to NJ Long-Term Care Ombudsman

A-5856/S-3909 (Zwicker, Jimenez, Conaway/Vitale, Diegnan) – Requires Director of Division of Veterans' Healthcare Services in DMVA to have prior clinical and long-term care experience