

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:32B-8.22

(Sales Tax exemption--certain materials & services used by contractors in housing projects)

LAWS OF: 1988

CHAPTER: 83

Bill No: A1610

Sponsor(s): Kelly and Loveys

Date Introduced: Pre-filed

Committee: Assembly: Appropriations

Senate: Revenue, Finance & Appropriations

Amended during passage: No

Date of Passage: Assembly: February 8, 1988

Senate: June 20, 1988

Date of Approval: August 2, 1988

Following statements are attached if available:

Sponsor statement: No

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: Yes

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

P.L. 1988, CHAPTER 83, approved August 2, 1988
1988 Assembly No. 1610

1 AN ACT exempting certain retail sales from the sales and use
tax, amending and supplementing P.L. 1980, c. 105.

3

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

1. Section 34 of P.L. 1980, c. 105 (C. 54:32B-8.22) is amended
7 to read as follows:

34. Receipts from sales made to contractors or repairmen of
9 materials, supplies or services for exclusive use in erecting
structures or building on, or otherwise improving, altering or
11 repairing real property of:

[organizations] a. Organizations described in subsections (a)
13 and (b) of section 9 of the "Sales and Use Tax Act," P.L. 1966,
c. 30 (C. 54:32B-9)[. and of];

[qualified] b. Qualified businesses within an enterprise zone
15 as authorized in section 20 of the "New Jersey Urban Enterprise
Zones Act," P.L. 1983, c. 303 (C. 52:27H-79) [.] and

c. Housing sponsors who have obtained financing for housing
19 projects pursuant to the "New Jersey Housing and Mortgage
Finance Agency Law of 1983." P.L. 1983, c. 530 (C. 55:14K-1 et
21 seq.), which projects have received other federal, State, or local
subsidies in order to achieve financial feasibility are exempt
23 from the tax imposed under [that act,] the "Sales and Use Tax
Act," provided any person seeking to qualify for the exemption
25 shall do so pursuant to such rules and regulations and upon such
forms as shall be prescribed by the director.

(cf: P.L. 1983, c. 303, s. 31)

2. (New section) Notwithstanding the two-year period
29 provided for applications for refunds in subsection (a) of section
20 of P.L. 1966, c. 30 (C. 54:32B-20) and notwithstanding the
31 provisions of subsection (b) of that section, applications for

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 **refunds of tax paid on or after January 17, 1984, and before the**
3 **effective date of this act, on receipts from sales or uses exempt**
5 **under the provisions of this amendatory and supplementary act,**
 P.L., c. shall be made not later than the 90th day after
 enactment.

7 **3. This act shall take effect immediately and be retroactive**
 to January 17, 1984.

9

HOUSING

11

Taxation-Sales

13 **Exempts from sales and use tax sales made to contractors of**
 certain materials and services used in housing projects financed
15 **by the New Jersey Housing and Mortgage Finance Agency and**
 other government subsidies.

ASSEMBLY, No. 1610
STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblymen KELLY and LOVEYS

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5 *State of New Jersey:*

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1610

STATE OF NEW JERSEY

DATED: January 21, 1988

The Assembly Appropriations Committee favorably reports Assembly Bill No. 1610.

Assembly Bill No. 1610 provides an exemption from New Jersey sales and use tax for sales of materials, supplies or services made to contractors or repairmen for exclusive use in erecting structures or building on, or otherwise improving, altering or repairing real property of housing sponsors who finance housing projects through a loan program under the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L. 1983, c. 530 (C. 55:14K-1 et seq.), if the project has received other governmental subsidies in order to achieve financial feasibility.

The bill is retroactive to January 17, 1984, the effective date of the "New Jersey Housing and Mortgage Finance Agency Law of 1983," to permit those who paid sales tax in relation to a housing project to obtain a refund of sales and use tax paid, but limits the application period for such refunds to a 90 day period after the enactment of the bill.

FISCAL IMPACT

A fiscal note for a similar bill in the prior Legislative session estimated a revenue loss of \$700,000.00 in FY 1988, which includes the retroactive provision of approximately \$500,000.00. The estimated revenue loss for FY1989 and FY1990 would be \$212,000.00 and \$225,000.00 respectively.

This bill was pre-filed for introduction in the 1988 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1610

STATE OF NEW JERSEY

DATED: MAY 19, 1988

The Senate Revenue, Finance and Appropriations Committee reported Assembly Bill 1610 favorably.

Assembly Bill No. 1610 provides an exemption the from New Jersey sales and use tax for sales of materials, supplies or services made to contractors or repairmen for exclusive use in erecting structures or building on, or otherwise improving, altering or repairing real property of housing sponsors who finance housing projects through a loan program under the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L. 1983, c. 530 (C. 55:14K-1 et seq.). To be eligible for the exemption, the project must have received other federal, State or local subsidies in order to achieve financial feasibility.

The bill is retroactive to January 17, 1984, the effective date of the "New Jersey Housing and Mortgage Finance Agency Law of 1983," to permit those who paid sales tax in relation to a housing project to obtain a refund of sales and use tax paid, but limits the application period for such refunds to a 90 day period after the enactment of the bill.

This bill is identical to Senate Bill 1375.

FISCAL IMPACT

The Division of Taxation estimates the loss in sales tax revenue to be \$1,100,000 in fiscal year 1988. This is based on three housing projects, (two of which are already completed), that would qualify under this sales tax exemption.

FISCAL NOTE TO
ASSEMBLY, No. 1610
STATE OF NEW JERSEY

DATED: June 3, 1988

Assembly Bill No. 1610 of 1988 provides an exemption from the sales and use tax for sales of materials, supplies or services made to contractors or repairmen for use on property of housing sponsors for projects financed under the "New Jersey Housing and Mortgage Finance Agency Law of 1983." The eligible projects must have received other governmental subsidies. The bill is retroactive to January 17, 1984 to permit those who paid a sales and use tax while contracting on eligible projects to obtain a refund. The application period to apply for such refunds would be limited to 90 days following enactment of the bill.

The Division of Taxation estimates a revenue loss of approximately \$1.1 million based on the contract costs of three projects that would be eligible, according to information from the New Jersey Housing and Mortgage Finance Agency. The Division has assumed that 50% of the contract cost is attributable to the purchase of materials, supplies and services that would be exempt from sales taxation.

The Office of Legislative Services concurs with the estimated costs, but notes that the total cost would occur only if applications are filed timely within the 90 day period.

This fiscal note has been prepared pursuant to P.L. 1980, c. 67.