

S1234

SPONSORS STATEMENT: (Begins on page 2 of original bill) Yes

Bill and Sponsors Statement identical to A2381

COMMITTEE STATEMENT: **ASSEMBLY:** No

Growth)

SENATE: Yes 11-13-00(Econ.

2-26-2001(Budget)

Identical to Senate Statement for

A2381

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL NOTE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

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REPORTS: No

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ASSEMBLY, No. 2381

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MAY 8, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman JOSEPH SULIGA

District 20 (Union)

Co-Sponsored by:

Assemblyman LeFevre

SYNOPSIS

Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/26/2000)

A2381 BAGGER, SULIGA

2

1 AN ACT concerning treatment equipment, and amending P.L.1981,
2 c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
10 from the tax imposed under the "Sales and Use Tax Act." For
11 purposes of this [section] subsection "recycling equipment" means any
12 equipment which is used exclusively to sort and prepare solid waste
13 for recycling or in the recycling of solid waste. "Recycling equipment"
14 does not include conventional motor vehicles, or any equipment used
15 in a process after the first marketable product is produced, or in the
16 case of recycling iron or steel, any equipment used to reduce the waste
17 to molten state and in any process thereafter.

18 b. Receipts from the sales of treatment equipment that is used
19 exclusively for the treatment of effluent from a wastewater treatment
20 system are exempt from the tax imposed under the "Sales and Use Tax
21 Act." For purposes of this subsection "treatment equipment" means
22 any equipment that is used to take effluent from a wastewater
23 treatment system about to be discharged into the waters of the State
24 for purposes of further treatment and reuse in an industrial process
25 thereafter.

26 (cf: P.L.1981, c.546, s.1)

27
28 2. This act shall take effect immediately.

29
30
31 STATEMENT

32
33 This bill would exempt sales of so-called "treatment equipment"
34 from the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
35 seq.).

36 Specifically, receipts from the sales of treatment equipment that is
37 used exclusively for the treatment of effluent from a wastewater
38 treatment system would be eligible for the exemption proposed under
39 this bill. Treatment equipment refers to equipment that is used to take
40 effluent from a wastewater treatment system about to be discharged
41 into a waterway for purposes of additional treatment and subsequent
42 reuse in an industrial process.

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.

ASSEMBLY SOLID AND HAZARDOUS WASTE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2381

STATE OF NEW JERSEY

DATED: JUNE 8, 2000

The Assembly Solid and Hazardous Waste Committee favorably reports Assembly Bill No. 2381.

Assembly Bill No. 2381 would exempt sales of so-called "treatment equipment" from the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

Specifically, receipts from the sales of treatment equipment that is used exclusively for the treatment of effluent from a wastewater treatment system would be eligible for the exemption proposed under this bill. Treatment equipment refers to equipment that is used to take effluent from a wastewater treatment system about to be discharged into a waterway for purposes of additional treatment and subsequent reuse in an industrial process.

FISCAL NOTE
ASSEMBLY, No. 2381
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: JULY 26, 2000

SUMMARY

Synopsis: Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."
Type of Impact: Reduction in State Sales and Use Tax revenues.
Agencies Affected: No specific agencies.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Undetermined revenue loss.		

- ! The Office of Legislative Services (OLS) concurs with Executive Branch statements.
- ! Undetermined revenue loss will be **continuous**.
- ! The bill provides an exemption from paying the State sales tax on the purchase of equipment that takes effluent from a wastewater treatment system so it can be further treated and reused in other industrial processes instead of being discharged into waterways.
- ! The bill amends Section 1 of P.L. 1981, c.546 (C.54:32B-8.36) by adding a new subsection (b) that provides the stated exemption; P.L. 1981, c.546 amended the "Sales and Use Tax Act," P.L. 1966, c.30, by exempting the purchase of recycling equipment from this tax.
- ! The reuse of effluent for industrial purposes not only prevents the effluent from being discharged into waterways, it replaces potable water that might otherwise be needed by the industrial user.

BILL DESCRIPTION

Assembly Bill No. 2381 of 2000 amends P.L. 1981, c.546 by exempting sales of certain types of effluent treatment equipment from the State sales tax. Specifically, the sale of treatment equipment that is used to take effluent from a wastewater treatment system, prior to being discharged into a waterway, for purposes of additional treatment and subsequent reuse in an industrial process would be eligible for the exemption proposed under this bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation certifies that the bill's enactment will result in a loss of sales tax revenues to the State Treasury, and that the loss will be continuous. It cannot, however, provide an estimate of such losses due to the absence of relevant data. The Division also states that any additional administrative costs resulting from the bill will be absorbed into its annual operating budget.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Division of Taxation's statements.

Section: *Environment, Agriculture, Energy and Natural Resources*

Analyst: *Richard M. Handelman*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

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

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2381

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 21, 2000

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2381 with committee amendments.

Assembly Bill No. 2381, as amended, exempts sales of certain water treatment equipment from the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

The bill exempts receipts from the sales of treatment equipment is used exclusively for the treatment of effluent from a wastewater treatment system from sales and use taxation. "Treatment equipment" means to equipment that is used to take effluent from a wastewater treatment system about to be discharged into a waterway for purposes of additional treatment and subsequent reuse in an industrial process.

Because of the technical qualifications for the exemption, the bill requires that the purchaser pay any applicable tax and then apply for a refund after a showing that the purchased equipment has been put to an exempt use. To simplify this procedure for taxpayers, the bill allows the certification pursuant to another tax incentive under the corporation business tax (pending as Assembly Bill No. 2380 of 2000) to serve as proof of qualification for the sales tax exemption under this bill. The bill also gives the Director of the Division of Taxation authority to require certain further information, such as proof of sales taxes paid.

The Sales and Use Tax Review Commission has recommended this bill for enactment.

FISCAL IMPACT:

The Division of Taxation has noted that the bill will result in a loss of sales and use tax revenue, and that the loss will be continuous, but that an estimate of such losses cannot be made due to the absence of relevant data.

COMMITTEE AMENDMENTS:

The amendments provide the refund process for accomplishing the exemption under the bill.

[First Reprint]

ASSEMBLY, No. 2381

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 8, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman JOSEPH SULIGA

District 20 (Union)

Co-Sponsored by:

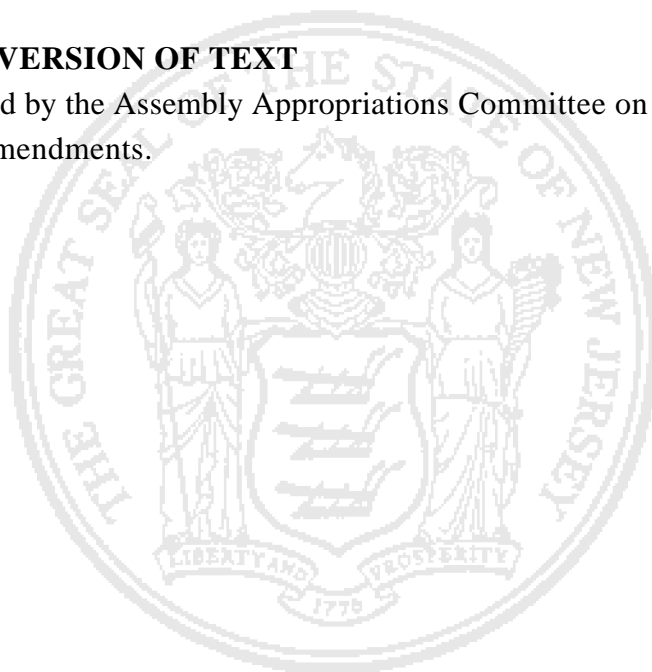
Assemblyman LeFevre

SYNOPSIS

Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on September 21, 2000, with amendments.



(Sponsorship Updated As Of: 6/26/2000)

A2381 [1R] BAGGER, SULIGA

2

1 AN ACT concerning treatment equipment, and amending P.L.1981,
2 c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
10 from the tax imposed under the "Sales and Use Tax Act." For
11 purposes of this [section] subsection "recycling equipment" means any
12 equipment which is used exclusively to sort and prepare solid waste
13 for recycling or in the recycling of solid waste. "Recycling equipment"
14 does not include conventional motor vehicles, or any equipment used
15 in a process after the first marketable product is produced, or in the
16 case of recycling iron or steel, any equipment used to reduce the waste
17 to molten state and in any process thereafter.

18 b. ¹(1)¹ Receipts from the sales of treatment equipment that is
19 used exclusively for the treatment of effluent from a wastewater
20 treatment system are exempt from the tax imposed under the "Sales
21 and Use Tax Act." For purposes of this subsection "treatment
22 equipment" means any equipment that is used to take effluent from a
23 wastewater treatment system about to be discharged into the waters
24 of the State for purposes of further treatment and reuse in an industrial
25 process thereafter.

26 ¹(2) Notwithstanding the provisions of paragraph (1) of this
27 subsection, the vendor shall charge and collect from the purchaser on
28 such sales at the rate then in effect, and the tax shall be refunded to
29 the purchaser by the filing of a claim, within three years of the date of
30 purchase, with the New Jersey Division of Taxation for a refund of
31 sales and taxes paid. Proof of claim for refund shall be demonstrated
32 by a copy of the certification prepared by the Commissioner of the
33 Department of Environmental Protection pursuant to section 1
34 of P.L. , c. (C.)(pending before the Legislature as Assembly
35 Bill No. 2380 of 2000), and by any additional information as the
36 director may require, including but not limited to proof of tax paid.¹
37 (cf: P.L.1981, c.546, s.1)

38
39 2. This act shall take effect immediately ¹and apply to sales made
40 after enactment ¹.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted September 21, 2000.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2381

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 2381 (1R).

This bill exempts sales of certain equipment for use in the treatment of wastewater from the sales and use tax.

The exemption allowed under the bill applies to receipts from the sale of (1) treatment equipment used exclusively to take wastewater effluent, already sufficiently treated that it can be discharged into a waterway, and subject it to further treatment sufficient to allow its reuse in an industrial process, and (2) conveyance equipment (generally, pipe conduits) used to transport the effluent to and from the re-treatment facility. The bill requires a taxpayer wishing to receive the exemption to obtain a determination from the Department of Environmental Protection (DEP) that the system comprising the equipment in question would benefit the environment.

The bill requires that the equipment purchaser pay any applicable tax, and then apply for a refund after showing that the equipment has been put to an exempt use. The bill allows for proof of claim of such use by the presentation of a DEP determination of environmental benefit issued under separate legislation (Senate Bill No. 1209 (1R) and Assembly Bill No. 2380 (2R) of 2000) allowing another tax incentive under the corporation business tax. The bill also authorizes the Director of the Division of Taxation to require certain further information, such as proof of sales tax paid.

The Sales and Use Tax Review Commission has recommended this bill for enactment.

The provisions of this bill are identical to those of Senate Bill No. 1234 (1R) Sca, which the committee also reports this day.

COMMITTEE AMENDMENTS

Committee amendments to this bill (1) extend application of the sales tax exemption to purchases of equipment used to convey wastewater effluent to and from a re-treatment facility, (2) condition

allowance of the exemption upon the DEP's determination of environmental benefit, and (3) make minor technical corrections.

FISCAL IMPACT

The Division of Taxation has noted that the bill will result in a loss of sales tax revenue and that the loss will be continuous, but is unable to estimate the amount of that loss.

A survey by a trade association for New Jersey's independent power producers indicates that four potential operators are considering the establishment of re-treatment facilities, with treatment equipment costs estimated at roughly \$5 million each at three of those plants and \$4 million at the fourth, for a total of \$19 million. The loss of State revenue that would result from application of the proposed exemption to such equipment would be \$1.14 million.

[Second Reprint]

ASSEMBLY, No. 2381

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 8, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman JOSEPH SULIGA

District 20 (Union)

Co-Sponsored by:

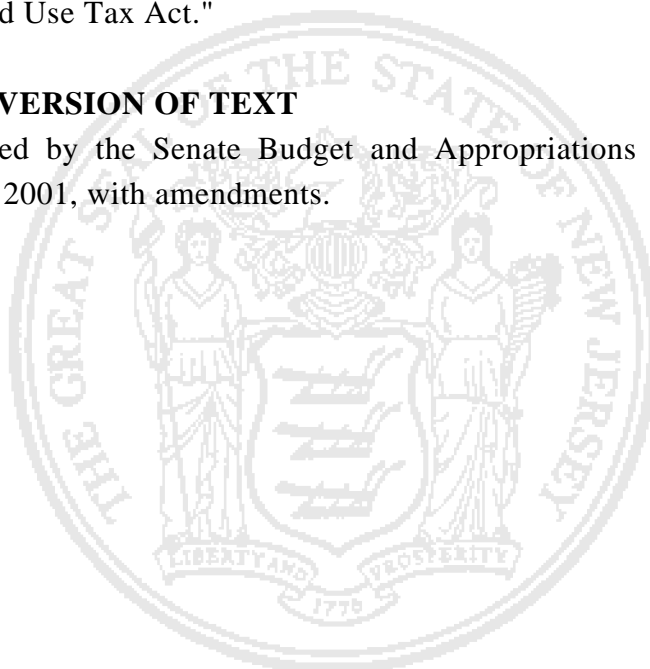
Assemblyman LeFevre, Senators Singer, Kenny and Ciesla

SYNOPSIS

Exempts sales of certain effluent treatment or conveyance equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on February 26, 2001, with amendments.



(Sponsorship Updated As Of: 12/7/2001)

1 AN ACT concerning ²[treatment] certain² equipment, ²[and]²
 2 amending P.L.1981, c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
 8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
 10 from the tax imposed under the "Sales and Use Tax Act." For
 11 purposes of this [section] subsection "recycling equipment" means any
 12 equipment which is used exclusively to sort and prepare solid waste
 13 for recycling or in the recycling of solid waste. "Recycling equipment"
 14 does not include conventional motor vehicles, or any equipment used
 15 in a process after the first marketable product is produced, or in the
 16 case of recycling iron or steel, any equipment used to reduce the waste
 17 to molten state and in any process thereafter.

18 b. ¹(1)¹ Receipts from the sales of treatment equipment ²[that is
 19 used exclusively for the treatment of effluent from a wastewater
 20 treatment system] or conveyance equipment² are exempt from the tax
 21 imposed under the "Sales and Use Tax ²[Act."] Act," provided that
 22 the Commissioner of the Department of Environmental Protection has
 23 determined that the operation of the system in which the equipment is
 24 being or is to be used, and the reuse of wastewater effluent that results
 25 from that operation, are or will be beneficial to the environment.² For
 26 purposes of this subsection ²,² "treatment equipment" means any
 27 equipment that is used ²exclusively² to ²[take] treat² effluent from a
 28 ²primary² wastewater treatment ²[system about to be] facility, which
 29 effluent would otherwise have been² discharged into the waters of the
 30 State ²,² for purposes of ²[further treatment and]² reuse in an
 31 industrial process thereafter ², and "conveyance equipment" means any
 32 equipment that is used exclusively to transport that effluent to the
 33 facility in which the treatment equipment has been or is to be installed
 34 and to transport the product of that further treatment to the site of that
 35 reuse².

36 ¹(2) Notwithstanding the provisions of paragraph (1) of this
 37 subsection, the vendor shall charge and collect ²the tax² from the
 38 purchaser on such sales at the rate then in effect, and the tax shall be
 39 refunded to the purchaser by the filing of a claim, within three years of
 40 the date of purchase, with the New Jersey Division of Taxation for a

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted September 21, 2000.

² Senate SBA committee amendments adopted February 26, 2001.

1 refund of sales ²[and taxes] or use tax² paid. Proof of claim for
2 refund shall be demonstrated by a copy of ²[the certification
3 prepared] a determination of environmental benefit issued to the
4 purchaser² by the Commissioner of the Department of Environmental
5 Protection pursuant to section 1 of P.L. , c. (C.)(pending
6 before the Legislature as Senate Bill No. 1209 ²(1R) and Assembly
7 Bill No. 2380 (2R)² of 2000), and by any additional information as the
8 director may require, including but not limited to proof of tax paid.¹
9 (cf: P.L.1981, c.546, s.1)

10

11 2. This act shall take effect immediately ¹and apply to sales made
12 after enactment¹.

SENATE, No. 1234

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 11, 2000

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Monmouth and Ocean)

Senator BERNARD F. KENNY

District 33 (Hudson)

SYNOPSIS

Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/19/2000)

1 AN ACT concerning treatment equipment, and amending P.L.1981,
2 c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
10 from the tax imposed under the "Sales and Use Tax Act." For
11 purposes of this [section] subsection "recycling equipment" means any
12 equipment which is used exclusively to sort and prepare solid waste
13 for recycling or in the recycling of solid waste. "Recycling equipment"
14 does not include conventional motor vehicles, or any equipment used
15 in a process after the first marketable product is produced, or in the
16 case of recycling iron or steel, any equipment used to reduce the waste
17 to molten state and in any process thereafter.

18 b. Receipts from the sales of treatment equipment that is used
19 exclusively for the treatment of effluent from a wastewater treatment
20 system are exempt from the tax imposed under the "Sales and Use Tax
21 Act." For purposes of this subsection "treatment equipment" means
22 any equipment that is used to take effluent from a wastewater
23 treatment system about to be discharged into the waters of the State
24 for purposes of further treatment and reuse in an industrial process
25 thereafter.

26 (cf: P.L.1981, c.546, s.1)

27
28 2. This act shall take effect immediately.

29
30
31 STATEMENT

32
33 This bill would exempt sales of so-called "treatment equipment"
34 from the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
35 seq.).

36 Specifically, receipts from the sales of treatment equipment that is
37 used exclusively for the treatment of effluent from a wastewater
38 treatment system would be eligible for the exemption proposed under
39 this bill. Treatment equipment refers to equipment that is used to take
40 effluent from a wastewater treatment system about to be discharged
41 into a waterway for purposes of additional treatment and subsequent
42 reuse in an industrial process.

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.

FISCAL NOTE
SENATE, No. 1234
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: JULY 10, 2000

SUMMARY

Synopsis: Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."
Type of Impact: Reduction in State Sales and Use Tax revenues.
Agencies Affected: No specific agencies.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Undetermined revenue loss.		

- ! The Office of Legislative Services (OLS) concurs with Executive Branch statements.
- ! Undetermined revenue loss will be **continuous**.
- ! The bill provides an exemption from paying the State sales tax on the purchase of equipment that takes effluent from a wastewater treatment system so it can be further treated and reused in other industrial processes instead of being discharged into waterways.
- ! The bill amends Section 1 of P.L. 1981, c.546 (C.54:32B-8.36) by adding a new subsection (b) that provides the stated exemption; P.L. 1981, c.546 amended the "Sales and Use Tax Act," P.L. 1966, c.30, by exempting the purchase of recycling equipment from this tax.
- ! The reuse of effluent for industrial purposes not only prevents the effluent from being discharged into waterways, it replaces potable water that might otherwise be needed by the industrial user.

BILL DESCRIPTION

Senate Bill No. 1234 of 2000 amends P.L. 1981, c.546 by exempting sales of certain types of effluent treatment equipment from the State sales tax. Specifically, the sale of treatment equipment that is used to take effluent from a wastewater treatment system, prior to being discharged into a waterway, for purposes of additional treatment and subsequent reuse in an industrial process would be eligible for the exemption proposed under this bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation certifies that the bill's enactment will result in a loss of sales tax revenues to the State Treasury, and that the loss will be continuous. It cannot, however, provide an estimate of such losses due to the absence of relevant data. The Division also states that any additional administrative costs resulting from the bill will be absorbed into its annual operating budget.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Division of Taxation's statements.

Section: *Environment, Agriculture, Energy and Natural Resources*

Analyst: *Richard M. Handelman*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

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

SENATE ECONOMIC GROWTH, AGRICULTURE AND
TOURISM COMMITTEE

STATEMENT TO

SENATE, No. 1234

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 2000

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably Senate Bill No. 1234 with committee amendments.

This bill, as amended, would exempt sales of so-called "treatment equipment" from the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

Specifically, the bill exempts receipts from the sales of treatment equipment, used exclusively for the treatment of effluent from a wastewater treatment system, from sales and use taxation. "Treatment equipment" means equipment that is used to take effluent from a wastewater treatment system about to be discharged into a waterway for purposes of additional treatment and subsequent reuse in an industrial process.

Because of the technical qualifications for the exemption, the bill requires that the purchaser pay any applicable tax and then apply for a refund after a showing that the purchased equipment has been put to an exempt use. To simplify this procedure for taxpayers, the bill allows the certification pursuant to another tax incentive under the corporation business tax (pending as Senate Bill No. 1209 of 2000) to serve as proof of qualification for the sales tax exemption under this bill. The bill also gives the Director of the Division of Taxation authority to require certain further information, such as proof of sales taxes paid.

The Sales and Use Tax Review Commission has recommended this bill for enactment.

The committee amended the bill to provide the refund process for accomplishing the exemption under the bill.

This bill, as amended, is identical to Assembly Bill No. 2381 (1R).

[First Reprint]

SENATE, No. 1234

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 11, 2000

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Monmouth and Ocean)

Senator BERNARD F. KENNY

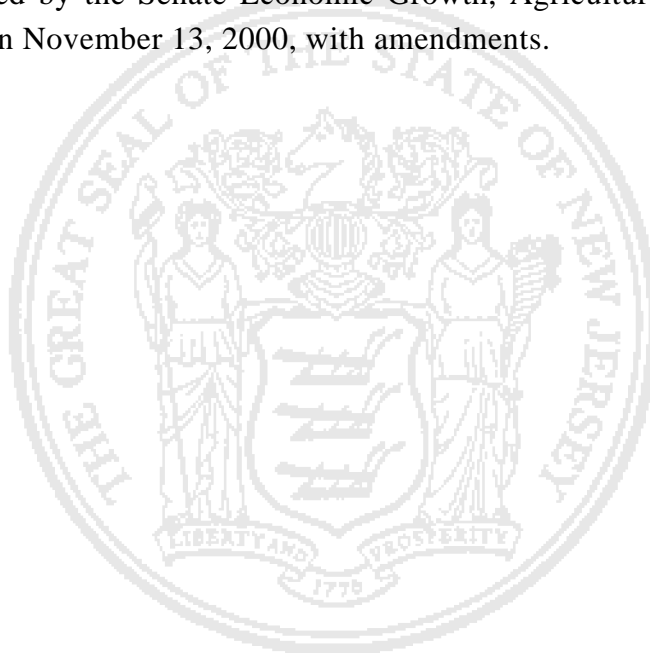
District 33 (Hudson)

SYNOPSIS

Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As reported by the Senate Economic Growth, Agriculture and Tourism Committee on November 13, 2000, with amendments.



(Sponsorship Updated As Of: 5/19/2000)

1 AN ACT concerning treatment equipment, and amending P.L.1981,
2 c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
10 from the tax imposed under the "Sales and Use Tax Act." For
11 purposes of this [section] subsection "recycling equipment" means any
12 equipment which is used exclusively to sort and prepare solid waste
13 for recycling or in the recycling of solid waste. "Recycling equipment"
14 does not include conventional motor vehicles, or any equipment used
15 in a process after the first marketable product is produced, or in the
16 case of recycling iron or steel, any equipment used to reduce the waste
17 to molten state and in any process thereafter.

18 b. ¹(1)¹ Receipts from the sales of treatment equipment that is
19 used exclusively for the treatment of effluent from a wastewater
20 treatment system are exempt from the tax imposed under the "Sales
21 and Use Tax Act." For purposes of this subsection "treatment
22 equipment" means any equipment that is used to take effluent from a
23 wastewater treatment system about to be discharged into the waters
24 of the State for purposes of further treatment and reuse in an industrial
25 process thereafter.

26 ¹(2) Notwithstanding the provisions of paragraph (1) of this
27 subsection, the vendor shall charge and collect from the purchaser on
28 such sales at the rate then in effect, and the tax shall be refunded to
29 the purchaser by the filing of a claim, within three years of the date of
30 purchase, with the New Jersey Division of Taxation for a refund of
31 sales and taxes paid. Proof of claim for refund shall be demonstrated
32 by a copy of the certification prepared by the Commissioner of the
33 Department of Environmental Protection pursuant to section 1
34 of P.L. , c. (C.)(pending before the Legislature as Senate Bill
35 No. 1209 of 2000), and by any additional information as the director
36 may require, including but not limited to proof of tax paid.¹

37 (cf: P.L.1981, c.546, s.1)

38
39 2. This act shall take effect immediately ¹and apply to sales made
40 after enactment ¹.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SEG committee amendments adopted November 13, 2000.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1234

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 26, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1234 (1R).

This bill exempts sales of certain equipment for use in the treatment of wastewater from the sales and use tax.

The exemption allowed under the bill applies to receipts from the sale of (1) treatment equipment used exclusively to take wastewater effluent, already sufficiently treated that it can be discharged into a waterway, and subject it to further treatment sufficient to allow its reuse in an industrial process, and (2) conveyance equipment (generally, pipe conduits) used to transport the effluent to and from the re-treatment facility. The bill requires a taxpayer wishing to receive the exemption to obtain a determination from the Department of Environmental Protection (DEP) that the system comprising the equipment in question would benefit the environment.

The bill requires that the equipment purchaser pay any applicable tax, and then apply for a refund after showing that the equipment has been put to an exempt use. The bill allows for proof of claim of such use by the presentation of a DEP determination of environmental benefit issued under separate legislation (Senate Bill No. 1209 (1R) and Assembly Bill No. 2380 (2R) of 2000) allowing another tax incentive under the corporation business tax. The bill also authorizes the Director of the Division of Taxation to require certain further information, such as proof of sales tax paid.

The Sales and Use Tax Review Commission has recommended this bill for enactment.

The provisions of this bill are identical to those of Assembly Bill No. 2381 (1R) Sca, which the committee also reports this day.

COMMITTEE AMENDMENTS

Committee amendments to this bill (1) extend application of the sales tax exemption to purchases of equipment used to convey wastewater effluent to and from a re-treatment facility, (2) condition allowance of the exemption upon the DEP's determination of

environmental benefit, and (3) make minor technical corrections.

FISCAL IMPACT

The Division of Taxation has noted that the bill will result in a loss of sales tax revenue and that the loss will be continuous, but is unable to estimate the amount of that loss.

A survey by a trade association for New Jersey's independent power producers indicates that four potential operators are considering the establishment of re-treatment facilities, with treatment equipment costs estimated at roughly \$5 million each at three of those plants and \$4 million at the fourth, for a total of \$19 million. The loss of State revenue that would result from application of the proposed exemption to such equipment would be \$1.14 million.

[Second Reprint]

SENATE, No. 1234

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 11, 2000

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Monmouth and Ocean)

Senator BERNARD F. KENNY

District 33 (Hudson)

Co-Sponsored by:

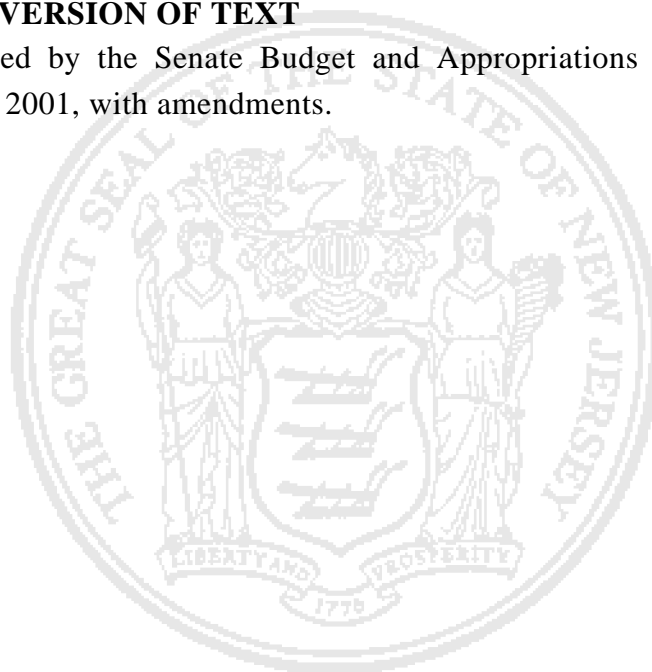
Senator Ciesla

SYNOPSIS

Exempts sales of certain effluent treatment or conveyance equipment from the "Sales and Use Tax Act."

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on February 26, 2001, with amendments.



(Sponsorship Updated As Of: 3/30/2001)

1 AN ACT concerning ²[treatment] certain² equipment, ²[and]²
 2 amending P.L.1981, c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
 8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
 10 from the tax imposed under the "Sales and Use Tax Act." For
 11 purposes of this [section] subsection "recycling equipment" means any
 12 equipment which is used exclusively to sort and prepare solid waste
 13 for recycling or in the recycling of solid waste. "Recycling equipment"
 14 does not include conventional motor vehicles, or any equipment used
 15 in a process after the first marketable product is produced, or in the
 16 case of recycling iron or steel, any equipment used to reduce the waste
 17 to molten state and in any process thereafter.

18 b. ¹(1)¹ Receipts from the sales of treatment equipment ²[that is
 19 used exclusively for the treatment of effluent from a wastewater
 20 treatment system] or conveyance equipment² are exempt from the tax
 21 imposed under the "Sales and Use Tax ²[Act."] Act," provided that
 22 the Commissioner of the Department of Environmental Protection has
 23 determined that the operation of the system in which the equipment is
 24 being or is to be used, and the reuse of wastewater effluent that results
 25 from that operation, are or will be beneficial to the environment.² For
 26 purposes of this subsection ^{2,2} "treatment equipment" means any
 27 equipment that is used ²exclusively² to ²[take] treat² effluent from a
 28 ²primary² wastewater treatment ²[system about to be] facility, which
 29 effluent would otherwise have been² discharged into the waters of the
 30 State ^{2,2} for purposes of ²[further treatment and]² reuse in an
 31 industrial process thereafter ², and "conveyance equipment" means any
 32 equipment that is used exclusively to transport that effluent to the
 33 facility in which the treatment equipment has been or is to be installed
 34 and to transport the product of that further treatment to the site of that
 35 reuse² .

36 ¹(2) Notwithstanding the provisions of paragraph (1) of this
 37 subsection, the vendor shall charge and collect ²the tax² from the
 38 purchaser on such sales at the rate then in effect, and the tax shall be
 39 refunded to the purchaser by the filing of a claim, within three years of
 40 the date of purchase, with the New Jersey Division of Taxation for a
 41 refund of sales ²[and taxes] or use tax² paid. Proof of claim for

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

² Senate SBA committee amendments adopted February 26, 2001.

1 refund shall be demonstrated by a copy of ²[the certification
2 prepared] a determination of environmental benefit issued to the
3 purchaser² by the Commissioner of the Department of Environmental
4 Protection pursuant to section 1 of P.L. , c. (C.)(pending
5 before the Legislature as Senate Bill No. 1209 ²(1R) and Assembly
6 Bill No. 2380 (2R)² of 2000), and by any additional information as the
7 director may require, including but not limited to proof of tax paid.¹
8 (cf: P.L.1981, c.546, s.1)
9
10 2. This act shall take effect immediately ¹and apply to sales made
11 after enactment ¹.

P.L. 2001, CHAPTER 322, *approved January 4, 2002*
Assembly, No. 2381 (*Second Reprint*)

1 AN ACT concerning ²[treatment] certain² equipment, ²[and]²
2 amending P.L.1981, c.546.

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.1981, c.546 (C.54:32B-8.36) is amended to
8 read as follows:

9 1. a. Receipts from the sales of recycling equipment are exempt
10 from the tax imposed under the "Sales and Use Tax Act." For
11 purposes of this [section] subsection "recycling equipment" means any
12 equipment which is used exclusively to sort and prepare solid waste
13 for recycling or in the recycling of solid waste. "Recycling equipment"
14 does not include conventional motor vehicles, or any equipment used
15 in a process after the first marketable product is produced, or in the
16 case of recycling iron or steel, any equipment used to reduce the waste
17 to molten state and in any process thereafter.

18 b. ¹(1)¹ Receipts from the sales of treatment equipment ²[that is
19 used exclusively for the treatment of effluent from a wastewater
20 treatment system] or conveyance equipment² are exempt from the tax
21 imposed under the "Sales and Use Tax ²[Act.] Act," provided that
22 the Commissioner of the Department of Environmental Protection has
23 determined that the operation of the system in which the equipment is
24 being or is to be used, and the reuse of wastewater effluent that results
25 from that operation, are or will be beneficial to the environment.² For
26 purposes of this subsection ^{2,2} "treatment equipment" means any
27 equipment that is used ²exclusively² to ²[take] treat² effluent from a
28 ²primary² wastewater treatment ²[system about to be] facility, which
29 effluent would otherwise have been² discharged into the waters of the
30 State ^{2,2} for purposes of ²[further treatment and]² reuse in an
31 industrial process thereafter ², and "conveyance equipment" means any
32 equipment that is used exclusively to transport that effluent to the
33 facility in which the treatment equipment has been or is to be installed
34 and to transport the product of that further treatment to the site of that
35 reuse².

36 ¹(2) Notwithstanding the provisions of paragraph (1) of this
37 subsection, the vendor shall charge and collect ²the tax² from the
38 purchaser on such sales at the rate then in effect, and the tax shall be
39 refunded to the purchaser by the filing of a claim, within three years 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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted September 21, 2000.

² Senate SBA committee amendments adopted February 26, 2001.

1 the date of purchase, with the New Jersey Division of Taxation for a
2 refund of sales ²[and taxes] or use tax² paid. Proof of claim for
3 refund shall be demonstrated by a copy of ²[the certification
4 prepared] a determination of environmental benefit issued to the
5 purchaser² by the Commissioner of the Department of Environmental
6 Protection pursuant to section 1 of P.L. , c. (C.)(pending
7 before the Legislature as Senate Bill No. 1209 ²(1R) and Assembly
8 Bill No. 2380 (2R)² of 2000), and by any additional information as the
9 director may require, including but not limited to proof of tax paid.¹
10 (cf: P.L.1981, c.546, s.1)

11

12 2. This act shall take effect immediately ¹and apply to sales made
13 after enactment¹.

14

15

16

17

18 Exempts sales of certain effluent treatment or conveyance equipment
19 from the "Sales and Use Tax Act."

CHAPTER 322

AN ACT concerning certain equipment, amending P.L.1981, c.546.

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

1. Section 1 of P.L.1981, c.546 (C.54:32B-8.36) is amended to read as follows:

C.54:32B-8.36 Recycling, effluent treatment, conveyance equipment; exemption from sales and use tax.

1. a. Receipts from the sales of recycling equipment are exempt from the tax imposed under the "Sales and Use Tax Act." For purposes of this subsection "recycling equipment" means any equipment which is used exclusively to sort and prepare solid waste for recycling or in the recycling of solid waste. "Recycling equipment" does not include conventional motor vehicles, or any equipment used in a process after the first marketable product is produced, or in the case of recycling iron or steel, any equipment used to reduce the waste to molten state and in any process thereafter.

b. (1) Receipts from the sales of treatment equipment or conveyance equipment are exempt from the tax imposed under the "Sales and Use Tax Act," provided that the Commissioner of the Department of Environmental Protection has determined that the operation of the system in which the equipment is being or is to be used, and the reuse of wastewater effluent that results from that operation, are or will be beneficial to the environment. For purposes of this subsection, "treatment equipment" means any equipment that is used exclusively to treat effluent from a primary wastewater treatment facility, which effluent would otherwise have been discharged into the waters of the State, for purposes of reuse in an industrial process thereafter, and "conveyance equipment" means any equipment that is used exclusively to transport that effluent to the facility in which the treatment equipment has been or is to be installed and to transport the product of that further treatment to the site of that reuse.

(2) Notwithstanding the provisions of paragraph (1) of this subsection, the vendor shall charge and collect the tax from the purchaser on such sales at the rate then in effect, and the tax shall be refunded to the purchaser by the filing of a claim, within three years of the date of purchase, with the New Jersey Division of Taxation for a refund of sales or use tax paid. Proof of claim for refund shall be demonstrated by a copy of a determination of environmental benefit issued to the purchaser by the Commissioner of the Department of Environmental Protection pursuant to section 1 of P.L.2001, c.321 (C.54:10A-5.31), and by any additional information as the director may require, including but not limited to proof of tax paid.

2. This act shall take effect immediately and apply to sales made after enactment

Approved January 4, 2002.