

S1484 (2R)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S)	Yes	SCU 01/25/24 1R SBA 03/11/24 2R
TECHNICAL REVIEW OF BILL	No	
COMMITTEE STATEMENT:		
ASSEMBLY:	No	
SENATE:	Yes	Community & Urban Affairs 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	02/06/2024 03/21/2024

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:	Yes

Matthew Fazelpoor, 'TTF legislation with gas tax increase clears Legislature', *NJBIZ* (online), 19 Mar 2024

CL/MM

P.L. 2024, CHAPTER 3, *approved March 20, 2024*
Assembly, No. 1495 (*Second Reprint*)

1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.
4

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

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

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

14 a. Organizations described in subsections (a) and (b) of section 9
15 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are
16 exempt from the tax imposed under the "Sales and Use Tax Act";

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

20 c. Housing sponsors who have obtained financing for housing
21 projects pursuant to the "New Jersey Housing and Mortgage Finance
22 Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which
23 projects have received other federal, State or local subsidies in order to
24 achieve financial feasibility; and

25 d. Housing sponsors engaged in affordable housing projects where
26 all of the units are ¹**intended** restricted¹ for occupants with
27 moderate, low, or very low incomes as defined in P.L.1985, c.222
28 (C.52:27D-301 et al.) are exempt from the tax imposed under the
29 "Sales and Use Tax Act," provided any person seeking to qualify for
30 the exemption shall do so pursuant to such rules and regulations and
31 upon forms as shall be prescribed by the director.

32 For the purposes of this section, a qualified business within an
33 enterprise zone shall include any urban renewal entity established
34 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however,
35 that the entity is the sole owner of an operating company which is a
36 qualified business pursuant to subsection c. of section 3 of P.L.1983,
37 c.303 (C.52:27H-62), and that the entity and its operating company are
38 situated within the same zone.
39 (cf: P.L.2006, c.34, s.2)

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:

¹Assembly AHO committee amendments adopted January 29, 2024.

²Assembly AAP committee amendments adopted February 8, 2024.

1 2. This act shall take effect ²**【immediately】** on the first day of the
2 second month next following the date of enactment² and shall apply to
3 sales made on or after the ²**【date of enactment】** effective date².

4

5

6

7

8 Exempts receipts from sales of materials, supplies, and services for
9 certain affordable housing projects from sales and use tax.

CHAPTER 3

AN ACT exempting receipts from the sales of materials, supplies, and services for certain affordable housing projects from taxation under the sales and use tax, and amending P.L.1980, c.105.

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

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

C.54:32B-8.22 Sales tax exemption for certain services, supplies to certain exempt organizations.

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

a. Organizations described in subsections (a) and (b) of section 9 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are exempt from the tax imposed under the "Sales and Use Tax Act";

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

c. Housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which projects have received other federal, State or local subsidies in order to achieve financial feasibility; and

d. Housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes as defined in P.L.1985, c.222 (C.52:27D-301 et al.) are exempt from the tax imposed under the "Sales and Use Tax Act," provided any person seeking to qualify for the exemption shall do so pursuant to such rules and regulations and upon forms as shall be prescribed by the director.

For the purposes of this section, a qualified business within an enterprise zone shall include any urban renewal entity established pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however, that the entity is the sole owner of an operating company which is a qualified business pursuant to subsection c. of section 3 of P.L.1983, c.303 (C.52:27H-62), and that the entity and its operating company are situated within the same zone.

2. This act shall take effect on the first day of the second month next following the date of enactment and shall apply to sales made on or after the effective date.

Approved March 20, 2024.

ASSEMBLY, No. 1495

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman LISA SWAIN

District 38 (Bergen)

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A1495 KARABINCHAK, LOPEZ

2

1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.
4

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

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

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

14 a. Organizations described in subsections (a) and (b) of section
15 9 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that
16 are exempt from the tax imposed under the "Sales and Use Tax
17 Act";

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

21 c. Housing sponsors who have obtained financing for housing
22 projects pursuant to the "New Jersey Housing and Mortgage
23 Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et
24 seq.), which projects have received other federal, State or local
25 subsidies in order to achieve financial feasibility; and

26 d. Housing sponsors engaged in affordable housing projects
27 where all of the units are intended for occupants with moderate,
28 low, or very low incomes as defined in P.L.1985, c.222
29 (C.52:27D-301 et al.) are exempt from the tax imposed under the
30 "Sales and Use Tax Act," provided any person seeking to qualify
31 for the exemption shall do so pursuant to such rules and regulations
32 and upon forms as shall be prescribed by the director.

33 For the purposes of this section, a qualified business within an
34 enterprise zone shall include any urban renewal entity established
35 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided,
36 however, that the entity is the sole owner of an operating company
37 which is a qualified business pursuant to subsection c. of section 3
38 of P.L.1983, c.303 (C.52:27H-62), and that the entity and its
39 operating company are situated within the same zone.
40 (cf: P.L.2006, c.34, s.2)

41
42 2. This act shall take effect immediately and shall apply to sales
43 made on or after the date of enactment.

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
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

STATEMENT

This bill would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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 (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are intended for occupants with moderate, low, or very low incomes.

[First Reprint]

ASSEMBLY, No. 1495

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman LISA SWAIN

District 38 (Bergen)

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

As reported by the Assembly Housing Committee on January 29, 2024 with amendments.



1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.
4

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

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

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

14 a. Organizations described in subsections (a) and (b) of section 9
15 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are
16 exempt from the tax imposed under the "Sales and Use Tax Act";

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

20 c. Housing sponsors who have obtained financing for housing
21 projects pursuant to the "New Jersey Housing and Mortgage Finance
22 Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which
23 projects have received other federal, State or local subsidies in order to
24 achieve financial feasibility; and

25 d. Housing sponsors engaged in affordable housing projects where
26 all of the units are ¹**[intended]** restricted¹ for occupants with
27 moderate, low, or very low incomes as defined in P.L.1985, c.222
28 (C.52:27D-301 et al.) are exempt from the tax imposed under the
29 "Sales and Use Tax Act," provided any person seeking to qualify for
30 the exemption shall do so pursuant to such rules and regulations and
31 upon forms as shall be prescribed by the director.

32 For the purposes of this section, a qualified business within an
33 enterprise zone shall include any urban renewal entity established
34 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however,
35 that the entity is the sole owner of an operating company which is a
36 qualified business pursuant to subsection c. of section 3 of P.L.1983,
37 c.303 (C.52:27H-62), and that the entity and its operating company are
38 situated within the same zone.

39 (cf: P.L.2006, c.34, s.2)
40

41 2. This act shall take effect immediately and shall apply to sales
42 made on or after the date of enactment.

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:

¹Assembly AHO committee amendments adopted January 29, 2024.

[Second Reprint]

ASSEMBLY, No. 1495

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman LISA SWAIN

District 38 (Bergen)

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Co-Sponsored by:

**Assemblywoman Speight, Assemblyman Wimberly, Assemblywoman Hall
and Senator Pou**

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on February 8, 2024, with amendments.



(Sponsorship Updated As Of: 3/18/2024)

1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.
4

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

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

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

14 a. Organizations described in subsections (a) and (b) of section 9
15 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are
16 exempt from the tax imposed under the "Sales and Use Tax Act";

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

20 c. Housing sponsors who have obtained financing for housing
21 projects pursuant to the "New Jersey Housing and Mortgage Finance
22 Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which
23 projects have received other federal, State or local subsidies in order to
24 achieve financial feasibility; and

25 d. Housing sponsors engaged in affordable housing projects where
26 all of the units are ¹**[intended]** restricted¹ for occupants with
27 moderate, low, or very low incomes as defined in P.L.1985, c.222
28 (C.52:27D-301 et al.) are exempt from the tax imposed under the
29 "Sales and Use Tax Act," provided any person seeking to qualify for
30 the exemption shall do so pursuant to such rules and regulations and
31 upon forms as shall be prescribed by the director.

32 For the purposes of this section, a qualified business within an
33 enterprise zone shall include any urban renewal entity established
34 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however,
35 that the entity is the sole owner of an operating company which is a
36 qualified business pursuant to subsection c. of section 3 of P.L.1983,
37 c.303 (C.52:27H-62), and that the entity and its operating company are
38 situated within the same zone.

39 (cf: P.L.2006, c.34, s.2)
40

41 2. This act shall take effect ²**[immediately]** on the first day of the
42 second month next following the date of enactment² and shall apply to
43 sales made on or after the ²**[date of enactment]** effective date².

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:

¹Assembly AHO committee amendments adopted January 29, 2024.

²Assembly AAP committee amendments adopted February 8, 2024.

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1495

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 29, 2024

The Assembly Housing Committee reports favorably and with committee amendments Assembly Bill No. 1495.

As amended, this bill would exempt certain affordable housing projects from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen.

Under current law, 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: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are intended for occupants with moderate, low, or very low incomes.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to specify that the additional sales and use tax exemption applies to affordable housing projects where all of the units are restricted, rather than intended, for occupants with moderate, low, or very low incomes.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1495

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 2024

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 1495 (1R).

As amended, this bill would exempt from the State's sales and use tax receipts from sales made to contractors or repairmen of materials, supplies, or services used in certain affordable housing projects.

Under current law, 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: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983" and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are intended for occupants with moderate, low, or very low incomes.

COMMITTEE AMENDMENTS:

The committee amended the bill to revise the effective date of the bill. The amendments provide that the bill would take effect on the first day of the second month next following enactment. The amendments also provide that the sales and use tax exemption established by the bill would apply to sales made on or after the effective date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the

sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 1495

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1495 (2R).

This bill would exempt from the State's sales and use tax receipts from sales made to contractors or repairmen of materials, supplies, or services used in certain affordable housing projects.

Under current law, 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: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983" and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are intended for occupants with moderate, low, or very low incomes.

As reported by the committee, Assembly Bill No. 1495 (2R) is identical to Senate Bill No. 1484 (1R), which was amended and reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1495

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: FEBRUARY 6, 2024

SUMMARY

- Synopsis:** Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.
- Type of Impact:** Annual State revenue loss.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

BILL DESCRIPTION

This bill would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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, the real property of: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate annual loss in State revenue from the sales and use tax.

The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, or services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes. Moreover, the State Tax Expenditure Report that is published annually by the Department of the Treasury does not contain comparable cost estimates related to the existing sales and use tax exemption for the materials, supplies, and services used to construct certain other housing projects. The OLS, therefore, does not have sufficient information to project revenue losses as a result of the bill.

However, the OLS notes that for every \$50 million in retail sales for the materials, supplies, or services of a contractor or repairman engaged in the construction, improvement, or repair of a qualified affordable housing project, this bill would be expected to reduce State revenues by approximately \$3.3 million.

Section: Revenue, Finance, & Appropriations
Analyst: Patrick Walsh
Assistant Fiscal 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.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 1495

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: FEBRUARY 15, 2024

SUMMARY

- Synopsis:** Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.
- Type of Impact:** Annual State revenue loss.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

BILL DESCRIPTION

This bill would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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, the real property of: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate annual loss in State revenue from the sales and use tax.

The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, or services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes. Moreover, the State Tax Expenditure Report that is published annually by the Department of the Treasury does not contain comparable cost estimates related to the existing sales and use tax exemption for the materials, supplies, and services used to construct certain other housing projects. The OLS, therefore, does not have sufficient information to project revenue losses as a result of the bill.

However, the OLS notes that for every \$50 million in retail sales for the materials, supplies, or services of a contractor or repairman engaged in the construction, improvement, or repair of a qualified affordable housing project, this bill would be expected to reduce State revenues by approximately \$3.3 million.

Section: Revenue, Finance, & Appropriations

*Analyst: Patrick Walsh
Assistant Fiscal 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. 1484

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.

4

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

7

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

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

14 a. Organizations described in subsections (a) and (b) of section
15 9 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that
16 are exempt from the tax imposed under the "Sales and Use Tax
17 Act";

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

21 c. Housing sponsors who have obtained financing for housing
22 projects pursuant to the "New Jersey Housing and Mortgage
23 Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et
24 seq.), which projects have received other federal, State or local
25 subsidies in order to achieve financial feasibility; and

26 d. Housing sponsors engaged in affordable housing projects
27 where all of the units are intended for occupants with moderate,
28 low, or very low incomes as defined in P.L.1985, c.222
29 (C.52:27D-301 et al.) are exempt from the tax imposed under the
30 "Sales and Use Tax Act," provided any person seeking to qualify
31 for the exemption shall do so pursuant to such rules and regulations
32 and upon forms as shall be prescribed by the director.

33 For the purposes of this section, a qualified business within an
34 enterprise zone shall include any urban renewal entity established
35 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided,
36 however, that the entity is the sole owner of an operating company
37 which is a qualified business pursuant to subsection c. of section 3
38 of P.L.1983, c.303 (C.52:27H-62), and that the entity and its
39 operating company are situated within the same zone.

40 (cf: P.L.2006, c.34, s.2)

41

42 2. This act shall take effect immediately and shall apply to sales
43 made on or after the date of enactment.

44

45 STATEMENT

46 This bill would exempt from the State's sales and use tax
47 receipts from the sales of materials, supplies, and services made to
48 contractors or repairmen for certain affordable housing projects.

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 Under current law, sales of materials, supplies, or services made
2 to contractors or repairmen for exclusive use in erecting structures
3 or building on, or otherwise improving, altering or repairing real
4 property of (1) certain governmental, international, and charitable
5 organizations; (2) qualifying businesses located within an urban
6 enterprise zone; and (3) housing sponsors who have obtained
7 financing for housing projects pursuant to the "New Jersey Housing
8 and Mortgage Finance Agency Law of 1983," P.L.1983, c.530
9 (C.55:14K-1 et seq.), and have received other federal, State, or local
10 subsidies in order to achieve financial feasibility, are exempt from
11 the sales and use tax.

12 This bill would provide an additional sales and use tax
13 exemption for receipts from sales made to contractors or repairmen
14 of materials, supplies, or services for exclusive use in erecting
15 structures or building on, or otherwise improving, altering, or
16 repairing real property of housing sponsors engaged in affordable
17 housing projects where all of the units are intended for occupants
18 with moderate, low, or very low incomes.

[First Reprint]

SENATE, No. 1484

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on January 25, 2024, with amendments.



1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.

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

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

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

14 a. Organizations described in subsections (a) and (b) of section 9
15 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are
16 exempt from the tax imposed under the "Sales and Use Tax Act";

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

20 c. Housing sponsors who have obtained financing for housing
21 projects pursuant to the "New Jersey Housing and Mortgage Finance
22 Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which
23 projects have received other federal, State or local subsidies in order to
24 achieve financial feasibility; and

25 d. Housing sponsors engaged in affordable housing projects where
26 all of the units are ¹**[intended]** restricted¹ for occupants with
27 moderate, low, or very low incomes as defined in P.L.1985, c.222
28 (C.52:27D-301 et al.) are exempt from the tax imposed under the
29 "Sales and Use Tax Act," provided any person seeking to qualify for
30 the exemption shall do so pursuant to such rules and regulations and
31 upon forms as shall be prescribed by the director.

32 For the purposes of this section, a qualified business within an
33 enterprise zone shall include any urban renewal entity established
34 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however,
35 that the entity is the sole owner of an operating company which is a
36 qualified business pursuant to subsection c. of section 3 of P.L.1983,
37 c.303 (C.52:27H-62), and that the entity and its operating company are
38 situated within the same zone.

39 (cf: P.L.2006, c.34, s.2)

40
41 2. This act shall take effect immediately and shall apply to sales
42 made on or after the date of enactment.

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:

¹Senate SCU committee amendments adopted January 25, 2024.

[Second Reprint]

SENATE, No. 1484

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Co-Sponsored by:

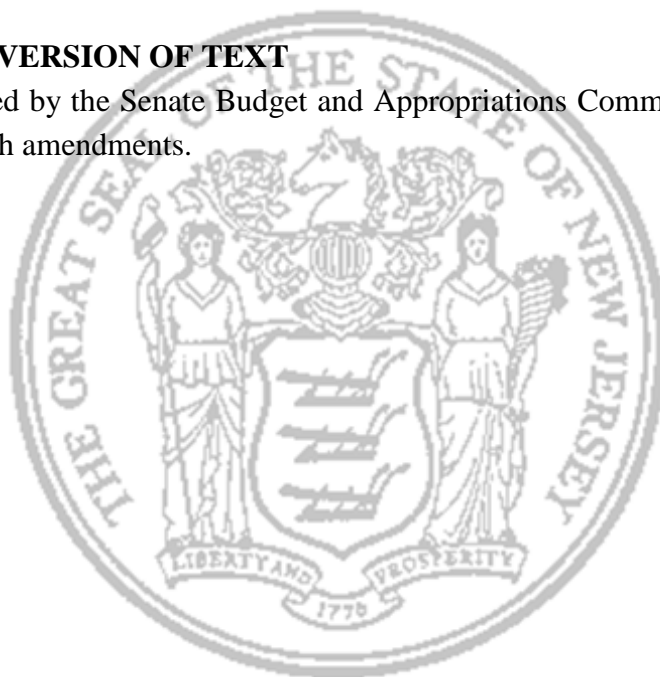
Senator Pou

SYNOPSIS

Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 11, 2024, with amendments.



(Sponsorship Updated As Of: 3/18/2024)

1 AN ACT exempting receipts from the sales of materials, supplies,
2 and services for certain affordable housing projects from taxation
3 under the sales and use tax, and amending P.L.1980, c.105.

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

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

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

14 a. Organizations described in subsections (a) and (b) of section 9
15 of the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-9) that are
16 exempt from the tax imposed under the "Sales and Use Tax Act";

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

20 c. Housing sponsors who have obtained financing for housing
21 projects pursuant to the "New Jersey Housing and Mortgage Finance
22 Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), which
23 projects have received other federal, State or local subsidies in order to
24 achieve financial feasibility; and

25 d. Housing sponsors engaged in affordable housing projects where
26 all of the units are ¹**[intended]** restricted¹ for occupants with
27 moderate, low, or very low incomes as defined in P.L.1985, c.222
28 (C.52:27D-301 et al.) are exempt from the tax imposed under the
29 "Sales and Use Tax Act," provided any person seeking to qualify for
30 the exemption shall do so pursuant to such rules and regulations and
31 upon forms as shall be prescribed by the director.

32 For the purposes of this section, a qualified business within an
33 enterprise zone shall include any urban renewal entity established
34 pursuant to P.L.1961, c.40 (C.40:55C-40 et seq.), provided, however,
35 that the entity is the sole owner of an operating company which is a
36 qualified business pursuant to subsection c. of section 3 of P.L.1983,
37 c.303 (C.52:27H-62), and that the entity and its operating company are
38 situated within the same zone.

39 (cf: P.L.2006, c.34, s.2)

40
41 2. This act shall take effect ²**[immediately]** on the first day of
42 the second month next following the date of enactment² and shall
43 apply to sales made on or after the ²**[date of enactment]** effective
44 date².

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:
¹Senate SCU committee amendments adopted January 25, 2024.
²Senate SBA committee amendments adopted March 11, 2024.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1484

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 25, 2024

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 1484.

This bill, as amended, would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.), and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to specify that the additional sales and use tax exemption applies to affordable housing projects where all of the units are restricted, rather than intended, for occupants with moderate, low, or very low incomes.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1484

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1484 (1R).

As amended, this bill would exempt from the State's sales and use tax receipts from sales made to contractors or repairmen of materials, supplies, or services used in certain affordable housing projects.

Under current law, 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: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the "New Jersey Housing and Mortgage Finance Agency Law of 1983" and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are intended for occupants with moderate, low, or very low incomes.

As amended and reported by the committee, Senate Bill No. 1484 (1R) is identical to Assembly Bill No. 1495 (2R), which was also reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments revise the effective date of the bill to provide that the bill would take effect on the first day of the second month next following enactment. The amendments also provide that the sales and use tax exemption established by the bill would apply to sales made on or after the effective date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1484 STATE OF NEW JERSEY 221st LEGISLATURE

DATED: FEBRUARY 6, 2024

SUMMARY

- Synopsis:** Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.
- Type of Impact:** Annual State revenue loss.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

BILL DESCRIPTION

This bill would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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, the real property of: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate annual loss in State revenue from the sales and use tax.

The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, or services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes. Moreover, the State Tax Expenditure Report that is published annually by the Department of the Treasury does not contain comparable cost estimates related to the existing sales and use tax exemption for the materials, supplies, and services used to construct certain other housing projects. The OLS, therefore, does not have sufficient information to project revenue losses as a result of the bill.

However, the OLS notes that for every \$50 million in retail sales for the materials, supplies, or services of a contractor or repairman engaged in the construction, improvement, or repair of a qualified affordable housing project, this bill would be expected to reduce State revenues by approximately \$3.3 million.

Section: Revenue, Finance, & Appropriations
Analyst: Patrick Walsh
Assistant Fiscal 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.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 1484 STATE OF NEW JERSEY 221st LEGISLATURE

DATED: MARCH 21, 2024

SUMMARY

- Synopsis:** Exempts receipts from sales of materials, supplies, and services for certain affordable housing projects from sales and use tax.
- Type of Impact:** Annual State revenue loss.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, and services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

BILL DESCRIPTION

This bill would exempt from the State's sales and use tax receipts from the sales of materials, supplies, and services made to contractors or repairmen for certain affordable housing projects.

Under current law, 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, the real property of: (1) certain governmental, international, and charitable organizations; (2) qualifying businesses located within an urban enterprise zone; and (3) housing sponsors who have obtained financing for housing projects pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, and have received other federal, State, or local subsidies in order to achieve financial feasibility, are exempt from the sales and use tax.

This bill would provide an additional sales and use tax exemption for receipts from sales made to contractors or repairmen of materials, supplies, or services for exclusive use in erecting

structures or building on, or otherwise improving, altering, or repairing real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate annual loss in State revenue from the sales and use tax.

The OLS does not have sufficient data to determine the current level of sales made to contractors and repairmen of materials, supplies, or services for exclusive use in constructing, improving, or repairing the real property of housing sponsors engaged in affordable housing projects where all of the units are restricted for occupants with moderate, low, or very low incomes. Moreover, the State Tax Expenditure Report that is published annually by the Department of the Treasury does not contain comparable cost estimates related to the existing sales and use tax exemption for the materials, supplies, and services used to construct certain other housing projects. The OLS, therefore, does not have sufficient information to project revenue losses as a result of the bill.

However, the OLS notes that for every \$50 million in retail sales for the materials, supplies, or services of a contractor or repairman engaged in the construction, improvement, or repair of a qualified affordable housing project, this bill would be expected to reduce State revenues by approximately \$3.3 million.

Section: Revenue, Finance, & Appropriations
Analyst: Patrick Walsh
Assistant Fiscal 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 Signs Landmark Affordable Housing Legislation

03/20/2024

Bill Revamps Process for Municipalities to Meet Their Mount Laurel Obligations in Most Significant Housing Legislation in Four Decades

TRENTON – Governor Phil Murphy today signed landmark affordable housing legislation to support towns in meeting their affordable housing obligations, building on his administration’s promise to create a stronger, fairer, and more affordable state for all New Jerseyans. The legislation develops a new system for municipalities to meet their Mount Laurel affordable housing obligations, replacing the current process that exists entirely in the courts.

“One of our Administration’s top priorities has been to establish New Jersey as a national leader in expanding affordable housing,” **said Governor Murphy**. “With today’s bill signing, we will be able to create more certainty and lower costs in New Jersey’s affordable housing landscape. By establishing new processes and practices for towns to meet their Mount Laurel affordable housing obligations, we are able to more quickly and efficiently allocate funding to municipalities and support those building affordable housing in our state. I am proud that my Administration and the Legislature have enacted a coherent and workable framework that no longer leaves this issue exclusively to the courts.”

The primary bill, **A-4/S-50 (Lopez, Coughlin, Wimberly, Reynolds-Jackson/Singleton, Scutari, Ruiz)**, establishes a new, streamlined framework for determining and enforcing municipalities’ affordable housing obligations under the New Jersey Supreme Court’s Mount Laurel doctrine and the State’s Fair Housing Act. Starting with the compliance period that begins in 2025, the Department of Community Affairs will publish non-binding calculations of municipalities’ current and prospective need for affordable housing using a formula based on prior court decisions. Disputes about municipalities’ affordable housing obligations and plans to meet those obligations will be resolved on an expedited basis by the Judiciary with assistance from a new dispute resolution program.

This process will replace the role previously played by the Council on Affordable Housing (COAH), which has been defunct for over a decade and is formally abolished under this bill. The new process will streamline compliance and reduce litigation-related delays to the construction of new affordable housing and will give municipalities and developers more certainty, which will enable smarter planning around where housing should be built.

As part of this process, the bill contains provisions outlining how municipalities may receive “bonus credits” that allows units of affordable housing to be credited as 1.5 or 2 units in certain circumstances. This bonus credit system incentivizes age-restricted housing, housing set aside for individuals with special needs, and other location or purpose-specific housing projects, such as housing near mass transit stations. The bill caps the use of bonus credit units at 25% of a municipality’s prospective need obligations and establishes related parameters for how much of a municipality’s obligations must be satisfied through housing available to families with children and through rental housing.

Additional bills signed today include:

1. **ACS for A-2267/SCS for S-1415 (Lopez, Quijano/Singleton, Stack)**, which requires the New Jersey Housing Mortgage and Finance Agency to establish a pilot program to support insurance premiums for eligible affordable housing projects constructed by for-profit affordable housing developers.
2. **S-1422/A-3365 (Singleton, Turner/Lopez, Speight, Calabrese)**, which allows taxpayers to accelerate depreciation of eligible property expenditures in connection with construction of new affordable housing developments in order to realize cost savings.
3. **A-2296/S-2309 (Lopez, Wimberly/McKnight, Stack)**, which allows a municipal governing body to delegate to the municipal clerk the authority to issue certain approvals to facilitate development of affordable housing projects.
4. **A-3337/S-2312 (Wimberly, Reynolds-Jackson, Quijano/Stack, Singleton)**, which permits “payment in lieu of taxation” (PILOT) agreements between municipalities and affordable housing projects that receive funding through the State Affordable Housing Trust Fund or municipal affordable housing trust funds.
5. **A-1495/S-1484 (Karabinchak, Lopez, Swain/Lagana, Diegnan)**, which exempts receipts from sales made to contractors or repairmen of materials, supplies, or services related to the construction of 100%-affordable housing projects in order to help reduce costs for the construction of such projects.

“Affordability has been the cornerstone of the efforts we have taken in the Legislature to address the challenges our residents face every day,” **said Senate President Nicholas Scutari**. “This initiative will allow us to develop additional affordable housing in New Jersey and make the system more workable. These bills make real progress in making housing more accessible and affordable for residents in communities throughout the state.”

“At this critical juncture in New Jersey, with soaring housing prices and limited housing stock, this legislation is essential,” **said Senate Majority Leader M. Teresa Ruiz**. “It will expedite the construction of affordable housing near transit hubs, generating more jobs. Furthermore, by streamlining the process for municipalities with clear guidance and deadlines, we aim to make fulfilling affordable housing obligations less daunting while effectively addressing the state’s affordable housing shortage.”

“Housing is the most basic of human needs, and without first securing that need, other policies that we implement cannot be as effective. The Governor’s signing of S-50 puts us on a pathway to more success in the next round of affordable housing obligations, with clearer guidance for municipalities and a reduction of legal disputes that can allow those obligations to be fulfilled faster,” **said Senate Majority Whip and Chair of the Senate Community and Urban Affairs Committee Senator Troy Singleton**. “The continued enforcement of the Mount Laurel Doctrine and the associated construction of affordable housing benefits everybody. It creates jobs and stimulates economic growth, while manageable rents give working families financial flexibility. Housing stability removes barriers to accessing better education and work opportunities. Most importantly, the availability of affordable housing helps to ensure that the next generation grows up in stable homes and safe environments.”

“Families should not have to contend with uncertainty as to where they will be able to find a home, or whether they will be able to afford a future rent increase,” **said Senator Angela McKnight**. “Unfortunately, years of neglect have led to a massive shortage of affordable rental and homeownership opportunities. It will take time, but these reforms would put us on a path to reversing that shortage and reducing the barriers to affordable housing production.”

“These efforts would enable the faster production of affordable housing and faster fulfillment of local affordable housing obligations,” **said Senator Brian Stack**. “Giving municipalities a more streamlined process, aligning our tax system with our housing production goals, and taking a regional approach to our affordable housing challenges will put a system in place that is best equipped to reverse the growing trend of unaffordability.”

“We have an obligation to expand opportunities and make housing more affordable in our state,” **said Assembly Speaker Craig J. Coughlin**. “When more families are secure in homes of their own, they contribute to their

communities and our economy thrives. This legislation strikes the right balance in incentivizing opportunity and providing support for municipalities.”

“A house is much more than four walls and a roof, it is a place where cherished memories are made, an asset that creates generational wealth and a structure upon which a great quality of life can be built,” **said Assemblywoman Yvonne Lopez**. “The signing of A4 will allow more hard working families to have access to affordable housing and ahead of the 4th Round offers a pathway for municipality's to deliver on their constitutional obligations within a consistent and uniform process for decades to come. The signing of this bill will allow more New Jerseyans to move into, stay and thrive in the communities they love.”

“These bills being signed into law today will address the housing needs of numerous New Jersey residents, spanning from the youngest children to the eldest seniors,” **said Assemblyman Benjie E. Wimberly**. “A3337 streamlines the process for towns to build or preserve certain affordable housing units by exempting them from property taxation. Instead, a municipality and housing sponsor may negotiate a payment in lieu of taxation (PILOT), contributing funds toward crucial services like garbage collection, road upkeep, schools, and other essential town services.”

“Empowering New Jersey residents is at heart of our efforts to create more affordable housing in New Jersey,” **said Assemblyman Robert J. Karabinchak**. “By making materials associated with the construction of affordable housing tax exempt, A1495 is mitigating the cost for developers and subsequently lowering the costs for New Jerseyans renting or owning their places of residence.”

“This law marks a significant change for the better. It's about ensuring that finding a good, affordable home is no longer a struggle. We are united in this effort to transform our state, our county, our city into a place where everyone can live well and have equal opportunities to thrive. Thank you, Governor and legislative leaders, for helping our families move towards a future where prosperity is accessible to all. Thank you for turning this historic day into reality,” **said City of Perth Amboy Mayor Helmin Caba**.

“The signing of today’s bill package shows the commitment of Governor Murphy and state legislators to build more affordable housing in New Jersey. These new laws will promote the construction and preservation of affordable housing and enable working families to find affordable homes in good communities where they can live and raise a family,” **said New Jersey Department of Community Affairs Acting Commissioner Jacquelyn A. Suárez**. “It has long been DCA’s mission to create affordable housing for New Jersey residents and we look forward to the opportunities the new laws present to further this goal. The Department is proud to be a part of such a noble pursuit and we will conduct our work to the best of our ability to make New Jersey a place where people from all walks of life can thrive.”

“The housing bills being signed today are the culmination of months of comprehensive, statewide focus on affordable housing. These significant updates to New Jersey housing policy reflect a clear understanding by all involved of the importance of affordable housing to our shared future,” **said NJHMFA Executive Director Melanie Walter**. “As allocator of the federal Low-Income Housing Tax Credit and administrator of numerous landmark housing developments programs, NJHMFA stands ready to help every community produce the housing needed to ensure that all New Jersey residents have access to safe, affordable homes.”

“This new law will help tear down the walls that have denied too many access to opportunity and create new affordable homes near jobs, schools, and transportation,” **said Adam Gordon, Executive Director of Fair Share Housing Center**. “By making compliance with New Jersey’s landmark Mount Laurel Doctrine simpler and clearer, we will build affordable homes faster with less cost to everyone involved. It’s good news for families across the state who are struggling to keep up with the soaring cost of housing. We commend Governor Murphy and the legislative

sponsors - Chairs Singleton and Lopez, Speaker Coughlin, and Senate President Scutari - for making this best-in-the-nation legislation the law of our state."

"Domestic violence is one of the leading causes of homelessness for women and their children," **said Cierra Hart, Director of Housing and Economic Justice at the NJ Coalition to End Domestic Violence.** "Affordable housing serves as a catalyst for breaking the cycle of violence and abuse. It offers survivors the stability necessary to access crucial support services — therapeutic interventions, legal aid, counseling — that are indispensable in their journey to recovery."

"This new law will create much-needed access to housing in the middle of a historic housing crisis. It will help overcome the deep segregation that has plagued our state for decades," **said Richard Smith, President of the NAACP New Jersey State Conference.** "I particularly want to thank lawmakers for adding stronger deed restrictions to this legislation, which will protect the affordability of newly-built homes for decades to come."

"We want to thank Governor Murphy for signing the affordable housing packages bill into law today. This legislation will strengthen the implementation of the Mount Laurel Doctrine and help ensure that New Jersey municipalities create their fair share of affordable housing," **said Dena Mottola Jaborska, Executive Director for New Jersey Citizen Action.**

"This legislation positions New Jersey to create opportunities for every household in the state to thrive by creating a clear process to ensure all municipalities create their fair share of affordable housing," **said Taiisa Kelly, CEO of Monarch Housing Associates.** "We at Monarch believe Housing is a Human Right and this legislation sets the stage to ensure every New Jersey resident has access to the housing they so critically need, in every community across the state, regardless of race or socioeconomic status."

"This legislation will help provide a lot more clarity and transparency in the affordable housing development process," **said Javier Robles, President of the Latino Action Network.** "Skyrocketing housing costs are making it extremely difficult for many hard-working people and vulnerable communities — including seniors, people with disabilities, and caregivers — to keep a roof over their heads. This legislation will help ensure access to affordable, accessible, and livable homes, which not only improve the lives of residents but also benefit society."

"Over the course of New Jersey's history, fair housing policies have been integral in making our state more inclusive," **said Jesselly de la Cruz, Executive Director of the Latino Action Network Foundation.** "It is encouraging that residents, advocates and policymakers from across our state are joining forces to break down racial and economic exclusion by strengthening the Mount Laurel Doctrine."