

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2007

STATE OF NEW JERSEY

DATED: MAY 21, 2012

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2007.

This bill enhances certain reporting and disclosure requirements regarding State tax expenditures and imposes a seven-year limitation on the duration of new State tax expenditure enactments.

Under current law, the Executive branch of State government is required to review and evaluate certain State tax expenditures to determine if the tax incentives have met expectations. State tax expenditures and preferences are special or selective tax relief or benefits authorized by law that are designed to accomplish certain public goals by forgoing State tax dollars to the direct benefit of certain taxpayers. The relief or benefit provided through tax expenditures typically is intended to encourage investment, create jobs, and facilitate economic development or to relieve the tax on certain favored or important products, services, or financial decisions.

This bill enhances the current review and evaluation required of the specific goals, purposes, and objectives each State tax expenditure is intended to achieve. The bill requires an enhanced annual evaluation of specific data collection and improved reporting requirements imposed upon the recipient of tax expenditures, the comprehensive presentation of the State costs of tax expenditures including development subsidies, and review of the specific data and baseline measurements to be collected and remitted in each year that a tax expenditure is in effect, necessary to measure any change in performance indicators for evaluation of the overall benefit of tax expenditures.

The bill requires any bill authorizing a tax expenditure that is introduced after January 10, 2012 and that is enacted thereafter to be reviewed and evaluated based on specific goals and objectives, to provide for detailed performance indicators, and to expire on the first day of January next following the seventh anniversary of its effective date.

The bill takes effect immediately upon enactment.

FISCAL IMPACT:

The bill is not certified as requiring a fiscal note.