

ASSEMBLY, No. 3866

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 23, 2020

Sponsored by:

Assemblyman BRIAN BERGEN

District 25 (Morris and Somerset)

Assemblyman ROBERT AUTH

District 39 (Bergen and Passaic)

Co-Sponsored by:

Assemblyman DePhillips

SYNOPSIS

Establishes sales tax credit and sales tax holiday for portion of state of emergency related to COVID-19 pandemic.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/9/2020)

1 AN ACT establishing a sales tax credit and sales tax holiday for a
2 portion of the state of emergency related to the COVID-19
3 pandemic.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. A seller that is a small business shall be entitled to claim a
9 refundable credit against remittances of sales and use tax equal to the
10 seller's total quarterly remittance for the credit period less the amount
11 of remittance dedicated pursuant to subparagraph (b) of Article VIII,
12 Section I, paragraph 7 of the New Jersey Constitution. The credit
13 shall be claimed by the seller at such time a return is filed and
14 payment is made to the director pursuant to sections 17 and 18 of
15 P.L.1966, c.30 (C.54:32B-17 and C.54:32B-18). If a seller has made
16 monthly or quarterly payments or has filed a quarterly return for the
17 credit period, the seller shall receive a refund equal to the amount of
18 the credit specified in this section by filing an amended return with
19 the director or an application on forms prescribed by the director.

20 b. The director may require a seller to submit such
21 documentation, records, and other information as the director deems
22 necessary to verify that the seller claiming the credit provided in
23 subsection a. of this section meets the criteria set forth in this section
24 to be deemed a small business.

25 c. If a seller willfully and knowingly falsifies any document,
26 record, or other information required by the director to claim the
27 credit provided in subsection a. of this section, that seller shall be
28 subject to a penalty of \$2,500 for a first offense and \$5,000 for each
29 subsequent offense thereafter.

30 d. Notwithstanding any other law to the contrary, receipts from
31 every sale or service provided by a small business that is taxable
32 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-
33 1 et seq.) are exempt from the tax for the duration of the exclusion
34 period.

35 e. As used in this section:

36 "Credit period" means the first calendar quarter of Calendar Year
37 2020.

38 "Exclusion period" means the period of time following the
39 Governor's public declaration of a state of emergency pursuant to
40 Executive Order No. 103 of 2020 until it is determined by the
41 Governor that an emergency no longer exists.

42 "Small business" means any business that is independently owned
43 and operated and employs fewer than 100 employees.
44

45 2. This act shall take effect immediately, provided, however,
46 that subsection d. of section 1 shall apply to retail sales made on or
47 after the seventh day following enactment.

STATEMENT

This bill establishes a sales tax credit against small businesses' sales tax collections and a sales tax holiday for small businesses for a portion of the Governor's declaration of a state of emergency related to the COVID-19 pandemic. A "small business" is defined as any business that is independently owned and operated and employs fewer than 100 employees.

The sales tax credit is equal to a small business's quarterly remittance for the first calendar quarter of Calendar Year 2020 less the amount of remittance dedicated for property tax reform pursuant to the New Jersey Constitution. If a small business has made monthly or quarterly payments or filed its quarterly return for the calendar quarter, the small business would receive a refund from the State equal to the credit amount.

The sales tax holiday will last until the Governor determines that an emergency no longer exists as stipulated under Executive Order No. 103 of 2020.

On March 9, 2020, the Governor declared a state of emergency due to the COVID-19 pandemic, also referred to as the coronavirus pandemic. Because of the coronavirus pandemic, employers have had to cut staff hours, schools have closed, and residents are at risk of not being able to pay rent and other expenses. The bill allows residents to keep more of their income while incentivizing sales at small businesses that will experience financial hardships. The bill also provides small businesses with an infusion of cash by letting them keep sales tax collections.