

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 3091

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 28, 2021

SUMMARY

- Synopsis:** Requires builders to offer unit concrete products that utilize carbon footprint-reducing technology as option in new construction; establishes tax incentives, and State and local purchasing requirements, for unit concrete products that utilize carbon footprint-reducing technology.
- Type of Impact:** Annual expenditure increase and annual revenue loss to State General Fund and Property Tax Relief Fund.
- Agencies Affected:** Department of Community Affairs.
Department of Environmental Protection.
Department of Transportation.
Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2021 and Thereafter</u>
Annual State Expenditure Increase	Indeterminate
Annual State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) recognizes that the bill will result in increased annual State expenditures and a decrease in annual State revenues.
- The bill’s requirements to publish materials, modify contracting practices, and establish programs that require, when feasible, the use of unit concrete products that utilize carbon footprint-reducing technology or certify those products may annually increase administrative expenses for Executive departments.
- The bill’s exemption of unit concrete products that utilize carbon footprint-reducing technology from the State’s Sales and Use tax which, along with the utilization of gross income tax and corporation business tax credits, will reduce revenues earmarked for both the State’s General Fund and Property Tax Relief Fund by an indeterminate amount annually.

BILL DESCRIPTION

The bill requires builders to offer unit concrete products that utilize carbon footprint-reducing technology as an option in new construction, and establish various tax incentives and exemptions, and State and local government purchasing preferences, for unit concrete products that utilize carbon footprint-reducing technology.

The bill requires a builder, for any new construction that requires the use of unit concrete products, where technically feasible, to offer unit concrete products that utilize carbon footprint-reducing technology in the new construction. The bill requires the Commissioner of Community Affairs to publish educational materials concerning unit concrete products that utilize carbon footprint-reducing technology, and provide builders with information concerning the tax incentives established in the bill.

The bill exempts receipts from the sale of unit concrete products that utilize carbon footprint-reducing technology, including permeable pavement, used in the construction or improvement of any residential dwelling or commercial building in the State from the Sales and Use Tax. The bill also provides both corporation business tax credits and gross income tax credits for persons who purchase and install unit concrete products that utilize carbon footprint-reducing technology, including permeable pavement, in the construction or improvement of any residential dwelling or commercial building, or in the replacement of an impervious surface with permeable pavement. The tax credit would be equal to \$2.00 per square foot of qualified unit concrete products purchased and installed. The value of the tax credits allowed under the bill would be capped at \$3,000 for a residential property and \$30,000 for a commercial property in a single privilege period. In order to qualify for a tax credit, a person would be required to install at least 100 square feet of qualified unit concrete products.

The bill requires the Director of the Division of Purchase and Property, the Director of the Division of Property Management and Construction, and any State agency having authority to contract for the purchase of goods or services, wherever feasible, use or require the use of unit concrete products that utilize carbon footprint-reducing technology. The bill also requires a local contracting unit, whenever feasible, use or require the use of unit concrete products that utilize carbon footprint-reducing technology, including permeable pavers.

The bill requires the Department of Transportation to implement a program to use, to the greatest extent practicable, unit concrete products that utilize carbon footprint-reducing technology, including permeable pavement, in the design, construction, reconstruction, or repair of any public transportation infrastructure project that is funded in whole or in part from the "Special Transportation fund".

The bill requires the Commissioner of Environmental Protection to establish any standards and procedures necessary to implement the bill, including a process for certifying whether a unit concrete product generates at least 50 percent less carbon dioxide emissions in the production and utilization of the unit concrete product than conventional unit concrete products made with ordinary Portland cement.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS recognizes that the bill will result in increased annual State expenditures and a decrease in annual State revenues. On the expenditure side, the bill's requirements to publish materials, modify contracting practices, and establish programs that require, when feasible, the use of unit concrete products that utilize carbon footprint-reducing technology or certify those products may increase administrative expenses for Executive departments. However, the OLS cannot predict how those departments will implement the bill's requirements; thus, the magnitude of the annual expenditure increase is indeterminate. Further, the bill's exemption of unit concrete products that utilize carbon footprint-reducing technology from the State's Sales and Use Tax which, along with the utilization of gross income tax and corporation business tax credits, will reduce revenues earmarked for both the State's General Fund and Property Tax Relief Fund by an indeterminate amount annually. The OLS notes that those products may not be as prevalent in residential and commercial construction or improvement projects around the State, so the impact on sales tax collections may be negligible immediately following the bill's enactment. Likewise, the OLS anticipates fewer applications for the bill's tax credits immediately following enactment. However, if the bill induces more unit concrete products that utilize carbon footprint-reducing technology usage and sales across the State, the State's annual revenue loss could increase over time as a result of forgone revenue from both the sales tax exemption and tax credit applications.

Section: Revenue, Finance and Appropriations

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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.).