

SENATE, No. 3740

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 11, 2021

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Senator Thompson

SYNOPSIS

Provides temporary exemption under sales and use tax for winterizing certain small business operations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/15/2021)

1 AN ACT providing a temporary exemption under the sales and use
2 tax for winterizing certain small business operations.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. a. Receipts from sales of materials, supplies, or services
8 made to a small business for exclusive use in winterizing the small
9 business, including improving, altering, or repairing real property of
10 the small business, shall be exempt from the tax imposed pursuant
11 to the “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-
12 1 et seq.), for the duration of the exemption period.

13 b. In order to claim the exemption provided pursuant to this
14 section, a small business shall file an exemption application with
15 the Director of the Division of Taxation in the Department of the
16 Treasury within 30 days of the conclusion of the exemption period.
17 A small business shall only be allowed to file one exemption
18 application with the director.

19 c. The exemption application shall include a list of purchases
20 made by or services rendered to the small business that qualify for
21 the exemption, the price of each item listed on the application, the
22 date each purchase was made or service was rendered, and a
23 declaration by the small business that the items listed for which an
24 exemption was applied were exclusively used in winterizing the
25 small business for outdoor operations. The director may require a
26 small business to submit such documentation, records, receipts, or
27 other information as deemed necessary to verify that the small
28 business applying for the exemption meets the criteria set forth to
29 claim the exemption and is a small business.

30 d. If a small business willfully and knowingly falsifies any
31 document, record, receipt, or other information required by the
32 director to claim the exemption provided pursuant to this section,
33 that small business shall be subject to a penalty of \$100 for a first
34 offense and \$200 for each subsequent offense thereafter.

35 e. If the director determines that a small business is entitled to
36 an exemption after successfully submitting an exemption
37 application, the small business shall be entitled to a refund equal to
38 the amount of sales tax paid for each item purchased or service
39 rendered that qualifies pursuant to this section. The refund shall be
40 paid to the small business within 45 days of the submission of an
41 exemption application.

42 f. As used in this section:

43 “Exemption period” means the period of time starting on
44 September 1, 2020 and ending on March 31, 2021.

45 “Small business” means any business that is independently
46 owned and operated and employs fewer than 20 full-time
47 employees.

1 “Winterizing the small business” means any items purchased or
2 services rendered to a small business for the exclusive use or
3 purpose of conducting normal customer-facing operations, which
4 are customarily provided indoors, outdoors during the fall and
5 winter seasons due to the COVID-19 pandemic, including, but not
6 limited to, the purchase of products to melt or remove snow and ice,
7 tents, and space heaters.

8
9 2. This act shall take effect immediately.

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12 STATEMENT

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14 This bill provides a temporary sales and use tax exemption to
15 small businesses that winterize their businesses during a specified
16 exemption period.

17 The bill allows any business that is independently owned and
18 operated and employs fewer than 20 full-time employees to submit
19 an exemption application to the Director of the Division of Taxation
20 in the Department of the Treasury for certain purchases made or
21 services rendered to winterize their business. Those purchases or
22 services would have to made or rendered starting on September 1,
23 2020 and ending on March 31, 2021. The exemption only applies
24 to items purchased or services rendered to a small business for the
25 exclusive use or purpose of conducting normal customer-facing
26 operations, which are customarily provided indoors, outdoors
27 during the fall and winter seasons due to the COVID-19 pandemic,
28 including, but not limited to, the purchase of products to melt or
29 remove snow and ice, tents, and space heaters.

30 A small business has to submit an exemption application
31 detailing the purchases or services, including when they occurred
32 and the cost of the listed items. If the director determines that the
33 small business meets the criteria set forth in the bill for the
34 exemption, the small business is entitled to a refund equal to the
35 amount of sales tax paid for each item purchased or service
36 rendered that qualifies. The sponsor’s intent is to provide targeted
37 relief to small businesses that will incur costs for having to expand
38 outdoor operations during the fall and winter seasons due to the
39 COVID-19 pandemic.