

ASSEMBLY, No. 167

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen GIBSON and ZECKER

1 AN ACT providing a sales and use tax exemption for certain pollution  
2 or waste control equipment, machinery or apparatus and  
3 supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).  
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5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

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8 1. a. Receipts from sales of equipment, machinery or apparatus  
9 used directly and exclusively for the source reduction, control or  
10 elimination of air or water pollution or of solid or hazardous waste are  
11 exempt from the tax imposed under the "Sales and Use Tax Act," if:

12 (1) The purchaser generates air or water pollution or solid or  
13 hazardous waste within this State as a by-product of a manufacturing,  
14 industrial, commercial or agricultural process or service and purchases  
15 the equipment, machinery or apparatus for installation and use at the  
16 manufacturing, industrial, commercial or agricultural facility; and

17 (2) The purchaser is required to purchase, install and use the  
18 equipment, machinery or apparatus by the federal Environmental  
19 Protection Agency pursuant to a federal law or regulation, or by the  
20 State Department of Environmental Protection pursuant to a State law  
21 or regulation.

22 This exemption shall not apply to tools or supplies used in  
23 connection with the equipment, machinery or apparatus described in  
24 this subsection.

25 b. As used in this act:

26 "Air pollution" means any release or emission of any air  
27 contaminant into the atmosphere of this State as defined pursuant to  
28 the "Air Pollution Control Act," P.L.1954, c.212 (C.26:2C:-1 et seq.).

29 "Hazardous waste" means any solid waste defined as hazardous  
30 waste by the Department of Environmental Protection pursuant to the  
31 "Solid Waste Management Act," P.L.1970, c.39 (C.13:1E-1 et seq).

32 "Solid waste" means any garbage, refuse or other discarded  
33 materials as defined pursuant to the "Solid Waste Management Act,"  
34 P.L.1979, c.39 (C.13:1E-1 et seq.).

35 "Source reduction, control or elimination of air or water pollution

1 or of solid or hazardous waste" means the reduction, control or  
2 elimination of air or water pollution or solid or hazardous waste  
3 generated by a manufacturing, industrial, commercial or agricultural  
4 facility at the source, usually within the industrial process, and  
5 achieved through the implementation of certain types of treatment  
6 processes, process modifications, feedstock substitutions or  
7 improvements in feedstock purity, alterations in housekeeping or  
8 management practices, recycling within the industrial process or the  
9 utilization of more efficient machinery, equipment or apparatus.

10 "Water pollution" means any discharge of any pollutant or toxic  
11 pollutant into any waters of the State as defined pursuant to the  
12 "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.).

13 c. The director, in conjunction with the Commissioner of the  
14 Department of Environmental Protection, shall promulgate regulations  
15 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
16 (C.52:14B-1 et seq.), to specifically identify, or to provide guidelines  
17 for the identification of, the equipment, machinery or apparatus which  
18 may qualify for the exemption from taxation permitted by this act. In  
19 addition, the director shall promulgate such other regulations as are  
20 deemed necessary and appropriate for the efficient and effective  
21 administration of this act.

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23 2. This act shall take effect on the first day of the seventh month  
24 after enactment and shall apply to sales made after the effective date.

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## STATEMENT

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29 This bill would exempt from the "Sales and Use Tax Act,"  
30 P.L.1966, c.30 (C.54:32B-1 et seq.), certain pollution or waste control  
31 equipment, machinery or apparatus.

32 Under this bill, the sale of equipment, machinery or apparatus used  
33 directly and exclusively for the source reduction, control or elimination  
34 of air or water pollution or of solid or hazardous waste would be  
35 exempt from the sales tax and the compensating use tax. This  
36 exemption would apply only if the purchaser generates air or water  
37 pollution or solid or hazardous waste within the State as a by-product  
38 of a manufacturing, industrial, commercial or agricultural process or  
39 service and purchases the equipment, machinery or apparatus for  
40 installation and use at the manufacturing, industrial, commercial or  
41 agricultural facility and only if the equipment, machinery or apparatus  
42 is required by the federal Environmental Protection Agency pursuant  
43 to a federal law or regulation, or by the State Department of  
44 Environmental Protection pursuant to a State law or regulation.

45 The purpose of this bill is to assist business and industry in their  
46 efforts to comply with federal and State environmental protection laws

1 which require the implementation of technologies and procedures for  
2 the reduction, control or elimination of pollution and waste at the  
3 source, thereby minimizing the threat posed to the public health,  
4 safety, and welfare of the citizens of this State through the generation  
5 and flow of such pollution and waste.

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10 Exempts from sales and use tax equipment, machinery or apparatus  
11 used to control the generation of air or water pollution or solid or  
12 hazardous waste at the source.