

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 2331

STATE OF NEW JERSEY

DATED: JULY 18, 1997

Assembly Bill No. 2331 (1R) of 1996 requires the Director of the Division of Taxation in the Department of Treasury to annually recertify certain vendors located in urban enterprise zones (UEZ). Currently, vendors who are qualified businesses as defined in section 3 of P.L.1983, c.303 (C.52:27H-62), who meet the eligibility criteria set forth in section 27 of P.L.1983, c.303 (C.52:27H-86) and who meet the certification requirements in section 21 of P.L.1983, c.303 (C.52:27H-80) may be certified to make retail sales at a rate of one half of the tax (or 3 percent) imposed by the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.). This bill will require these vendors to be recertified annually, upon application of the vendor, in order to retain the ability to make sales at this reduced rate. The certification would be provided after a review by the division to ensure that the vendor remains eligible and that the vendor has filed all required tax and information returns and paid all tax, penalties, interest and fees due. The division is also required to ascertain for an initial certification that the vendor has filed all required tax and information returns and paid all tax, penalties, interest and fees due. The director may issue an interim certification under certain circumstances, or may require a vendor to resolve all delinquencies and deficiencies before certification is issued or renewed if the vendor has not appealed the finding of delinquency and if the right of appeal has expired.

There are currently 29 UEZ municipalities (27 UEZ zones) in the State with approximately 2,300 vendors in UEZs certified to make retail sales at a rate of 3 percent.

The Department of Treasury has not provided any fiscal information on this bill. However, the Office of Legislative Services (OLS) has learned informally that the department believes that the division does not have adequate resources to perform the annual recertifications required by this bill. Without information from the department as to how the division believes the recertification process will be handled, the additional resources the department believes are needed to implement this bill and the funds needed to provide those resources, the OLS cannot make a determination as to the cost to the State of implementing this bill, nor can the OLS make a determination on the need for additional resources the department has expressed.

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.