

ASSEMBLY, No. 2331

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 19, 1996

By Assemblymen LeFEVRE and BLEE

1 AN ACT establishing annual tax review and certification renewal of  
2 qualified urban enterprise zone vendors, amending P.L.1983, c.303.

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

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7 1. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to  
8 read as follows:

9 21. Receipts of retail sales, except retail sales of motor vehicles, of  
10 alcoholic beverages as defined in the "Alcoholic Beverage Tax Law,"  
11 R.S.54:41-1 et seq., cigarettes as defined in the "Cigarette Tax Act,"  
12 P.L.1948, c.65 (C.54:40A-1 et seq.) of manufacturing machinery,  
13 equipment or apparatus, made by a certified vendor from a place of  
14 business owned or leased and regularly operated by the vendor for the  
15 purpose of making retail sales, and located in a designated enterprise  
16 zone established pursuant to the "New Jersey Urban Enterprise Zones  
17 Act," P.L.1983, c.303 (C.52:27H-60 et al.), are exempt to the extent  
18 of 50% of the tax imposed under the "Sales and Use Tax Act,"  
19 P.L.1966, c.30 (C.54:32B-1 et seq.).

20 Any vendor, which is a qualified business having a place of business  
21 located in a designated enterprise zone, may apply to the Director of  
22 the Division of Taxation in the Department of the Treasury for  
23 certification pursuant to this section. The director shall certify a  
24 vendor if **[he shall find]** the director finds that the vendor owns or  
25 leases and regularly operates a place of business located in the  
26 designated enterprise zone for the purpose of making retail sales, that  
27 items are regularly exhibited and offered for retail sale at that location,  
28 and that the place of business is not utilized primarily for the purpose  
29 of catalogue mail order sales. The certification under this section  
30 shall remain in effect **[during the time the business retains its status as**  
31 **a qualified business meeting]** for a period not to exceed one year. The  
32 director shall renew a certification upon application of the vendor if  
33 the vendor continues to meet the eligibility criteria of section 27 of  
34 P.L.1983, c.303 (C.52:27H-86) and the certification requirements of

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 this section. However, the director may at any time revoke a  
2 certification granted pursuant to this section if he shall determine that  
3 the vendor no longer complies with the provisions of this section.

4 The director shall review the records of each vendor applying for  
5 or renewing certification as a qualified business in a designated  
6 enterprise zone. If the director determines that the vendor has not  
7 filed all required tax and information returns or has not paid or  
8 remitted all tax, penalties, interest or fees due, the director shall issue  
9 a notice of delinquency listing unfiled returns or balances due. The  
10 director may require a vendor to resolve all delinquencies and  
11 deficiencies before certification is issued or renewed, or upon review  
12 of the total circumstances, the director shall issue an interim  
13 certification if the director determines to the director's satisfaction that  
14 the vendor will resolve such delinquencies and deficiencies.

15 Notwithstanding the provisions of this act to the contrary, except  
16 as may otherwise be provided by section 7 of P.L.1983, c.303  
17 (C.52:27H-66), the authority may, in its discretion, determine whether  
18 or not the provisions of this section shall apply to any enterprise zone  
19 designated after the effective date of P.L.1985, c.142 (C.52:27H-66  
20 et al.); provided, however, that the authority may make such a  
21 determination only where the authority finds that the award of an  
22 exemption of 50 percent of the tax imposed under the "Sales and Use  
23 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any  
24 adverse economic impact upon any other urban enterprise zone.

25 Notwithstanding any other provisions of law to the contrary, after  
26 first depositing 10 percent of the gross amount of all revenues received  
27 from the taxation of retail sales made by certified vendors from  
28 business locations in designated enterprise zones to which this  
29 exemption shall apply into the account created in the name of the  
30 authority in the enterprise zone assistance fund pursuant to section 29  
31 of P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be  
32 deposited immediately upon collection by the Department of the  
33 Treasury, as follows:

34 a. In the first five year period during which the State shall have  
35 collected reduced rate revenues within an enterprise zone, all such  
36 revenues shall be deposited in the enterprise zone assistance fund  
37 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

38 b. In the second five year period during which the State shall have  
39 collected reduced rate revenues within an enterprise zone, 66 2/3% of  
40 all those revenues shall be deposited in the enterprise zone assistance  
41 fund, and 33 1/3% shall be deposited in the General Fund;

42 c. In the third five year period during which the State shall have  
43 collected reduced rate revenues within an enterprise zone, 33 1/3% of  
44 all those revenues shall be deposited in the enterprise zone assistance  
45 fund, and 66 2/3% shall be deposited in the General Fund;

46 d. In the final five year period during which the State shall have

1 collected reduced rate revenues within an enterprise zone, but not to  
2 exceed the life of the enterprise zone, all those revenues shall be  
3 deposited in the General Fund.

4 Commencing on the effective date of P.L.1993, c.144, all revenues  
5 in any enterprise zone to which the provisions of this section have  
6 been extended prior to the enactment of P.L.1993, c.144 shall be  
7 deposited into the enterprise zone assistance fund until there shall have  
8 been deposited all revenues into that fund for a total of five full years,  
9 as set forth in subsection a. of this section. The State Treasurer then  
10 shall proceed to deposit funds into the enterprise zone assistance fund  
11 according to the schedule set forth in subsections b. through d. of this  
12 section, beginning at the point where the enterprise zone was located  
13 on that schedule on the effective date of P.L.1993, c.144. No  
14 enterprise zone shall receive the deposit benefit granted by any one  
15 subsection of this section for more than five cumulative years.

16 The revenues required to be deposited in the enterprise zone  
17 assistance fund under this section shall be used for the purposes of that  
18 fund and for the uses prescribed in section 29 of P.L.1983, c.303  
19 (C.52:27H-88), subject to annual appropriations being made for those  
20 purposes and uses.

21 (cf: P.L.1993, c.367, s.6)

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23 2. This act shall take effect immediately, but remain inoperative  
24 until the first day of the second month following enactment.

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#### STATEMENT

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29 This bill changes to one year the period, with annual renewals  
30 possible, for which a 50% sales tax exemption certification can be  
31 issued to a vendor located in an urban enterprise zone (UEZ). Also,  
32 the bill provides for a review by the Division of Taxation in order for  
33 a vendor located in a UEZ to have its certification as a qualified  
34 business issued or renewed. It is unfair to permit certain UEZ vendors  
35 who do not file or pay taxes on time to receive indefinitely the benefits  
36 of a 50% sales tax reduction. An annual review of the UEZ business  
37 at the time it renews its certification will help to better ensure proper  
38 tax compliance.

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43 Establishes for qualified urban enterprise zone vendors an annual tax  
44 review and certification.