

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2774

STATE OF NEW JERSEY

DATED: JUNE 9, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2774.

Assembly Bill No. 2774 allows to persons required to collect State sales taxes a discount of 1% of the taxes collected as consideration for collecting and promptly remitting the taxes. According to the American Retail Federation, the cost of compliance with sales tax laws involves five elements: collection, reporting, payment, auditing and miscellaneous. These include item identification; point-of-sale (POS) equipment, either purchase, rent or lease, and maintenance; POS programming; training costs; paper work-bank deposits, store reports, tax filings, accounting, etc. The States of New York, Pennsylvania and Maryland allow for a retail discount for collecting state sales taxes.

FISCAL IMPACT:

The provision of a 1% discount for collecting the State sales tax is estimated to cost approximately \$45 million in revenues. The sales tax collections have been \$4.1 billion for FY95, \$4.3 billion in FY96, estimated at \$4.4 billion for FY97 and \$4.575 billion estimated for FY98.