

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 4958**

**STATE OF NEW JERSEY**

DATED: MARCH 17, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4958.

This bill would provide a sales and use tax exemption for purchases made by a small business during a brief period of time which purchases enable the business to conduct its normal indoor operations outdoors. The bill targets relief to small businesses that incur costs for having to establish or expand outdoor operations during the fall and winter seasons due to the COVID-19 pandemic. A small business would be entitled to a refund equal to the amount of sales tax paid for each qualified item purchased or service rendered.

Under the bill, a small business, one that employs fewer than 20 full-time employees, would be eligible to apply for a sales and use tax exemption for purchases made or services rendered to winterize the business, which purchases or services are made or rendered between September 1, 2020 and March 31, 2021. The exemption would apply to items purchased or services rendered to a small business that enable the business to conduct business outdoors during the fall and winter seasons due to the COVID-19 pandemic. This exemption would cover purchases of products to melt or remove snow and ice, as well as tents, and space heaters.

**FISCAL IMPACT:**

The Office of Legislative Services (OLS) estimates that this bill would result in a temporary, indeterminate loss of State revenue from the sales and use tax. The OLS does not have sufficient data to determine how much small businesses will have spent during the exemption period on purchases necessary to winterize their operations or the associated tax liability on those purchases.

It should be noted that this exemption is temporary, as small businesses can only claim it for purchases made between September 1, 2020 and March 31, 2021.