

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4958

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 4958 (1R).

This bill provides a sales and use tax exemption for purchases made by a small business during a brief period of time when purchases enabled the business to conduct its normal indoor operations outdoors. The bill targets relief to small businesses that incurred costs for having to establish or expand outdoor operations during the fall and winter seasons due to the COVID-19 pandemic. A small business is to 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 that employs fewer than 20 full-time employees, is eligible to apply for a sales and use tax exemption for purchases made or services rendered to winterize the business, for purchases or services made or rendered between September 1, 2020 and March 31, 2021. In order to claim the exemption, the business must file its application within 60 days of the enactment of this bill. The exemption applies to items purchased or services rendered to a small business that enabled the business to conduct business outdoors during the fall and winter seasons due to the COVID-19 pandemic. This exemption covers purchases of products to melt or remove snow and ice, as well as tents, and space heaters.

As reported by the committee, Assembly Bill No. 4958 (1R) is identical to Senate Bill No. 3740 (1R), which was also reported by the committee on this date.

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 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.