

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5121

# STATE OF NEW JERSEY

DATED: MARCH 17, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5121.

This bill exempts the sale or use of energy utility service to qualifying recycled materials manufacturing facilities from the sales and use tax, for an initial period of seven years. The bill requires the Division of Taxation to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The exemption established by the bill for recycled materials manufacturing facilities would continue until the Division of Taxation recommends the termination of the sales and use tax exemption.

The exemption from the sales and use tax established by the bill is similar to the exemption provided under current law to certain recovered materials manufacturing facilities.

#### FISCAL IMPACT:

The OLS determines that there will be indeterminate revenue loss to the General Fund and Property Tax Relief Fund (PTRF) due to the exemption from the sales and use tax by qualifying recycled materials manufacturing facilities for minimum a period of seven years. The OLS determines that there will be a minimal impact to the division to annually review the economic feasibility of continuing to provide qualifying recycled materials manufacturing facilities with the exemption from the sales and use tax and to submit their recommendations to the Legislature as to whether such exemptions should be continued. The OLS notes that the division already reviews the economic feasibility for providing this exemption for recovered materials manufacturing facilities, thus the OLS determines the annual review could be subsumed within existing duties.