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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** S-2814

**Date of Consideration:** September 6, 2018

**Sponsor(s):** Senator Stephen Sweeney

**Date of Introduction:** June 27, 2018

**Identical Bill:** A-4294

**Committee:** None

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**Description**

This bill imposes Sales Tax on charges for transient accommodations. It is noted that A-1753 was signed into law on July 1, 2018 and codified as P.L. 2018, c.49, which imposes Sales Tax and other taxes, assessments, and fees on charges for transient accommodations. A transient accommodation is a room, group of rooms, or other living or sleeping space for the lodging of occupants, including but not limited to residences or buildings used as residences.

Under the current law, charges for transient accommodations are excluded from tax if the following criteria are satisfied: the rental charges are for furnished or unfurnished private residential property where no maid service, room service, linen-changing service, or other common hotel services are made available by the lessor, and the keys to the property, whether a physical key, access to a keyless locking mechanism, or other means of physical entrance to the property, are provided to the lessee at the location of an offsite real estate broker licensed by the New Jersey Real Estate Commission pursuant to N.J.S.A. 45:15-1 et seq.

The proposed legislation removes this exclusion. In other words, transactions would be subject to tax regardless of whether the above-referenced criteria are satisfied.

**Analysis**

By removing this exclusion, the Office of Revenue and Economic Analysis estimates a revenue gain of \$121 million to \$146 million for the ten months of FY 2019, and a revenue gain of \$227 million for FY 2020.

**Public Comment**

No public comment was submitted to the Commission.

**Recommendation**

A Motion was introduced and passed to limit the vote to the narrow question of whether to recommend removal of the real estate broker exclusion from the current law.

The Motion was introduced by Ms. Bierbaum and seconded by Mr. Cuellar. The Motion passed by a unanimous vote of 6 for, 0 against, and 0 abstaining.

The Commission voted in favor of recommending removal of the real estate broker exclusion from the current law.

Commission Members **For** Proposal: 5

Commission Members **Against** Proposal: 0

Commission Members **Abstaining**: 1

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-4294

**Date of Consideration:** September 6, 2018

**Sponsor(s):** Assemblyman Gordon Johnson

**Date of Introduction:** June 27, 2018

**Identical Bill:** S-2814

**Committee:** None

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**Description**

This bill imposes Sales Tax on charges for transient accommodations. It is noted that A-1753 was signed into law on July 1, 2018 and codified as P.L. 2018, c.49, which imposes Sales Tax and other taxes, assessments, and fees on charges for transient accommodations. A transient accommodation is a room, group of rooms, or other living or sleeping space for the lodging of occupants, including but not limited to residences or buildings used as residences.

Under the current law, charges for transient accommodations are excluded from tax if the following criteria are satisfied: the rental charges are for furnished or unfurnished private residential property where no maid service, room service, linen-changing service, or other common hotel services are made available by the lessor, and the keys to the property, whether a physical key, access to a keyless locking mechanism, or other means of physical entrance to the property, are provided to the lessee at the location of an offsite real estate broker licensed by the New Jersey Real Estate Commission pursuant to N.J.S.A. 45:15-1 et seq.

The proposed legislation removes this exclusion. In other words, transactions would be subject to tax regardless of whether the above-referenced criteria are satisfied.

**Analysis**

By removing this exclusion, the Office of Revenue and Economic Analysis estimates a revenue gain of \$121 million to \$146 million for the ten months of FY 2019, and a revenue gain of \$227 million for FY 2020.

**Public Comment**

No public comment was submitted to the Commission.

**Recommendation**

A Motion was introduced and passed to limit the vote to the narrow question of whether to recommend removal of the real estate broker exclusion from the current law.

The Motion was introduced by Ms. Bierbaum and seconded by Mr. Cuellar. The Motion passed by a unanimous vote of 6 for, 0 against, and 0 abstaining.

The Commission voted in favor of recommending removal of the real estate broker exclusion from the current law.

Commission Members **For** Proposal: 5

Commission Members **Against** Proposal: 0

Commission Members **Abstaining**: 1

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-4125

**Date of Consideration:** September 6, 2018

**Sponsor(s):** Assemblywoman BettyLou Decroce

**Date of Introduction:** June 11, 2018

**Identical Bill:** S-888

**Committee:** Assembly State and Local Government Committee

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**Description**

This bill provides an exemption for 50% of the Sales Tax imposed on certain sales in certain Highlands Region Preservation Area municipalities. Retail sales, except for sales of motor vehicles, alcoholic beverages, digital products, and cigarettes, are exempt from 50% of the Sales Tax imposed under N.J.S.A. 54:32B-1 et seq. when made by a seller from a place of business located within a municipality that meets the following requirement: ninety-nine percent (99%) or more of the municipality is located within the preservation area of the Highlands Region, as described in section 7 of N.J.S.A. 13:20-7.

“Digital products” are not defined under the bill. It is noted that the Sales and Use Tax Act, N.J.S.A. 54:32B-1 et seq., does not impose tax on “digital products.” Instead, tax is only imposed on “specified digital products” as defined under N.J.S.A. 54:32B-2(zz).

**Analysis**

The Office of Revenue and Economic Analysis estimates a revenues loss of \$21 to \$25 million for six months in FY 2019, and a revenue loss of \$43 to \$53 million for FY 2020.

**Public Comment**

No public comment was submitted to the Commission.

**Recommendation**

The Commission does not recommend enactment of this bill.

Commission Members **For** Proposal: 0

Commission Members **Against** Proposal: 5

Commission Members **Abstaining:** 1

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**SALES AND USE TAX REVIEW COMMISSION**  
**RECOMMENDATION PURSUANT TO N.J.S.A. 54:32B-38 (P.L. 1999, c. 416)**

**Bill Number:** A-4060

**Date of Consideration:** September 6, 2018

**Sponsor(s):** Assemblywoman Nancy F. Munoz

**Date of Introduction:** June 4, 2018

**Identical Bill:** S-515

**Committee:** Assembly Commerce and Economic Development Committee

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**Description**

This Bill provides an exemption from Sales and Use Tax for sales of materials used in industrial sand-casting processes by foundries and other metal-working businesses. These materials include foundry sand, sand binder materials, and industrial washes.

Identical bill S-515 was previously reviewed by the Commission and recommended for approval during its March 28, 2018 meeting.

**Analysis**

The Office of Revenue and Economic Analysis estimates a revenue loss of \$266,000 to \$288,000 for FY 2019, and a similar revenue loss for FY 2020.

**Public Comment**

No public comment was submitted to the Commission.

**Recommendation**

A motion was introduced by Mr. Finkel and seconded by Mr. Appleton to ratify the Commission's prior recommendation for identical bill S-515. The motion was passed with 5 members in favor of the motion, 0 against, and 1 abstaining.

The Commission therefore recommends enactment of this bill.

Commission Members **For** Proposal: 5

Commission Members **Against** Proposal: 0

Commission Members **Abstaining:** 1