

Office of the Governor

PO BOX 004
TRENTON, NJ 08625

NEWS RELEASE

CONTACT: Jayne O'Connor
Steffanie Bell
609-777-2600

RELEASE: October 15, 1999

Governor Forms Advisory Committee To Review Sales and Use Tax Legislation; Signs Legislation with Understanding that Committee Will Review Effect

In order to ensure a stable revenue base that is affordable, reliable and easy to collect for New Jersey, Gov. Whitman today formed an advisory committee that will study all pending proposals to expand or reduce portions of the sales tax base. The committee will also review any newly enacted legislation within three years of the enactment to recommend whether the legislation has been effective in advancing its goals.

"The sales and use tax in New Jersey has provided a stable source of revenue and must continue to do so," said Gov. Whitman. "By ensuring the stability of the sales and use tax we are able to keep the rate at six percent and are not in need of other alternative funding mechanisms."

"Currently, over \$5 billion is generated from the sales and use tax. We must ensure that when we reduce or expand this tax that we carefully consider the outcome and take into account the programs being funded and provided to the public as a result of the steady source of financial support," she continued. "This advisory committee will enable us to keep the sales and use tax simple to collect and easy to enforce and it will keep it a stable revenue generator."

The Governor said she would need to seriously consider the recommendations of the committee before acting on any further legislation concerning sales and use tax reductions or expansion. This will allow the Governor under the advisement of the committee to ensure that the benefits of the action provide significant results and are not simply unwarranted, meaningless erosion of the sales tax base.

Executive Order Number 103, creates the Advisory Committee on the Sales and Use Tax. The committee, comprised of up to eleven members will include: the state Treasurer, or a designee, a representative of a state agency or department to be appointed by the Governor, a professor of higher education with substantial expertise in the area of State tax policy, five members of the public to be appointed by the Governor and two appointees of the

Legislature, one by the Speaker of the Assembly and one by the Senate President.

The goal of the advisory committee is to provide the Governor and the Legislature with a comprehensive and coordinated review of all legislation that would reduce or expand the base of the sales tax prior to it becoming law. The committee will also review currently enacted laws that perform the aforementioned functions.

Governor Whitman today signed the following legislation addressing issues of sales and use tax exemptions. All of the legislation will be subject to review by the newly formed committee.

A-2139, sponsored by Assembly Members Guy Gregg (R-Sussex/Hunterdon/Morris) and Neil Cohen (D-Union) and Senators Anthony Bucco (R-Morris) and Robert Littell (R-Sussex/ Hunterdon/ Morris), increases amount of exemption under the sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

A-2420 "The Firearm Accident Prevention Act", sponsored by Assemblyman Neil Cohen (D-Union) and Senate President Donald DiFrancesco (R-Middlesex/Morris/Somerset/Union) and Senator John Lynch (D-Middlesex/Somerset/Union) exempts the sale of firearm trigger locks and other devices that would make a firearm inoperable by anyone other than an authorized person from the sales and use tax.

A-2421, "The Secure Firearm Storage Act", sponsored by Assemblymen Neil Cohen (D-Union) and Guy Gregg (R-Sussex/Hunterdon/Morris) and Senate President Donald DiFrancesco (R- Middlesex/Morris/Somerset/Union) and Senator John Lynch (D- Middlesex/Somerset/Union) exempts the sale of firearm vaults from sales and use tax.

ACS for A-1952/977, sponsored by Assemblymen Alex DeCroce (R- Essex/Morris/Passaic) and Nicholas Felice (R-Bergen/Passaic), Kenneth LeFevre (R-Atlantic) and Francis Blee (R-Atlantic) and Senator James Cafiero (R-Cape May/Atlantic/Cumberland), exempts certain aircraft repairs from sales and use tax. The bill applies to repairs on private aircraft weighing more than 6,000 pounds.