

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

A-1948

DATE OF INTRODUCTION:

January 28, 2008

SPONSOR:

Assemblywoman Vandervalk

DATE OF RECOMMENDATION:

February 22, 2008

IDENTICAL BILL:

COMMITTEE:

Assembly Appropriations Committee

DESCRIPTION:

The Bill creates a sales tax exemption on certain purchases made by flood victims residing in qualified disaster areas.

ANALYSIS:

The proposed exemption is intended to provide sales tax exemption to flood victims purchasing goods or services relating to flood damaged property. The scope of the exemption would include installation and repair services as well as the replacement of various household items including: appliances, heating and cooling systems, home repair materials, and household goods. The exemption is also applicable to the repair and or replacement of motor vehicles.

The exemption would operate by refund only on purchases made where sales tax has been applied. Claims for refund under this proposal would be accepted on or before March 31, 2008 and would apply to purchases made during the defined recovery period of April 4, 2007 through December 31, 2007. "Disaster areas" refers to counties eligible for Federal disaster aid pursuant to the major disaster declaration issued by President Bush on April 26, 2007 and amended on April 29, 2007.

The Bill does include appropriate language relating to proofs necessary for making claims for exemption. The Commission supports this exemption as it is limited in its scope and application and the anticipated loss in revenue is minor.

RECOMMENDATION:

The Commission recommends enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 3

COMMISSION MEMBERS AGAINST PROPOSAL: 2

COMMISSION MEMBERS ABSTAINING: 0