

# **SALES AND USE TAX REVIEW COMMISSION**

## **RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:** A-2381

**DATE OF  
INTRODUCTION:** 5/8/00

**SPONSOR:** Assemblyman Bagger  
Assemblyman Wisniewski

**DATE OF  
RECOMMENDATION:** 7/26/00

**IDENTICAL BILL:** S-1234

**COMMITTEE:** Assembly Appropriations Committee

**DESCRIPTION:** Exempts sales of certain effluent treatment equipment from the "Sales and Use Tax Act."

**ANALYSIS:** This bill would provide an exemption from sales and use tax for the purchase or use of certain wastewater treatment equipment. Exemptions from broad based taxation are not generally favored because they can and often do affect the certainty of tax application, the simplicity or coherence of a tax scheme, the costs of administration or compliance and widely held notions of tax neutrality and equity. There may be times, however, when the anticipated and overarching public benefit from a tax exemption is compelling enough to warrant favorable consideration of such special treatment. That may be the case here. It is anticipated that the exemption granted by this bill could promote the conservation of potable water by reducing the demand of certain industrial users; reduce water pollution by encouraging the further and improved treatment of wastewater/effluent and its reuse by the same industrial user; reduce the operating cost of water by companies in New Jersey that rely on large quantities of water for processing or production; and, reduce the risk of the adverse operating effects of water restrictions on industrial users that install such equipment.

**RECOMMENDATION:** The Sales and Use Tax Review Commission recommends this bill for enactment.

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**August 4, 2000**

**COMMISSION MEMBERS FOR PROPOSAL: 3**

**COMMISSION MEMBERS AGAINST PROPOSAL: 2**

**COMMISSION MEMBERS ABSTAINING: 0**

**COMMISSION MEETING DATE: 7/26/00**