

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

BILL NUMBER:

A-3279

DATE OF INTRODUCTION:

October 6, 2008

SPONSOR:

Assemblyman Gusciora

DATE OF RECOMMENDATION:

November 12, 2008

COMMITTEE:

Assembly Environment and Solid Waste

DESCRIPTION:

This Bill establishes an annual sales tax holiday during the third week of April and October for the sale of certain Energy Star rated appliances and products.

ANALYSIS:

This Bill would provide a weeklong sales tax exemption for sales of energy efficient dishwashers, clothes washers and dryers, air conditioners, ceiling fans, compact fluorescent light bulbs, dehumidifiers, programmable thermostats, refrigerators and weatherization products that have met or exceeded the Energy Star rating. The exemption would only be applicable to products sold for no more than \$2,500.

While the Commission understands the superficial appeal of these programs, the loss of revenue greatly outweighs the small benefits experienced by the purchasers. When imposed at a fairly low rate, the burden, per transaction, on the individual taxpayer, is relatively small, but the cumulative revenue generated can be enormous. A sales tax holiday would save an individual purchaser a fairly insignificant sum. However, the cumulative loss of revenue, to the State could be substantial.

The Commission does not support the use of implementing sales tax policy for the purpose of influencing consumer purchases. Any impact would be temporal in nature and not result in a permanent change to purchasing patterns.

Further, New Jersey is a member state to the Streamlined Sales and Use Tax Agreement, which provides for limitations on sales tax holidays as to notice time, product types and duration. It does not appear that this proposal takes into account the provisions of the agreement.

RECOMMENDATION:

The Commission does not recommends enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 5

COMMISSION MEMBERS ABSTAINING: 0