

CHAPTER 42

AN ACT concerning the imposition of the sales and use tax and amending P.L.1983, c.303 and P.L.2021, c.197.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to read as follows:

C.52:27H-79 Certain tax exemptions.

20. a. (1) Except as provided in subsection b. of section 11 of P.L.2021, c.197 (C.52:27H-98), receipts from the first \$100,000 of annual retail sales of tangible personal property (except motor vehicles and energy) and sales of services (except telecommunications services and utility services) to a qualified business for the exclusive use or consumption of such business within an enterprise zone are annually exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, a supermarket or grocery store that meets the criteria set forth in paragraph (2) of this subsection shall be eligible for such tax exemption, notwithstanding the limit imposed pursuant to this subsection.

(2) The annual limitation imposed under paragraph (1) of this subsection shall not apply to any supermarket or grocery store that is:

(a) located in a food desert community; or

(b) located in an enterprise zone and received an annual certification of eligibility from the department pursuant to paragraph (3) of this subsection.

(3) A supermarket or grocery store that is located in an enterprise zone, but outside of a food desert community, may apply to the department for an annual certification of eligibility for the unlimited tax exemption provided under this section. The certification shall remain in effect for the 12-month period immediately following the date of approval by the department. To qualify for the annual certification, the supermarket or grocery store shall demonstrate to the department that during the 12-month period immediately preceding the date of application:

(a) not less than 30 percent of the employees hired by the supermarket or grocery store were comprised of any combination of the following: (i) persons who were unemployed for not less than three consecutive months immediately preceding the date of employment; or (ii) persons with a disability; or

(b) not less than 35 percent of the employees hired by the supermarket or grocery store are residents of a municipality in which the enterprise zone has been established, and the supermarket or grocery store actively participated with one or more One-Stop Career Centers in the recruitment of unemployed persons and persons with a disability, except that the One-Stop Career Centers shall provide written documentation to the department attesting to the actions of the supermarket or grocery store.

(4) Within 30 days of the effective date of P.L.2022, c.42, and annually thereafter, the department, in consultation with the Department of Labor and Workforce Development, shall provide written notice to each:

(a) supermarket or grocery store located in an enterprise zone concerning the requirements of this section, which notice shall include contact information for each One-Stop Career Center located in the State; and

(b) One-Stop Career Center located in the State concerning the requirements of subparagraph (b) of paragraph (3) of this subsection.

b. (Deleted by amendment, P.L.2011, c.28)

c. As used in this section:

“Department” means the Department of Community Affairs.

“Disability” means the same as that term is defined in subsection q. of section 5 of P.L.1975, c.169 (C.10:5-5).

“Food desert community” means the same as the term is defined in section 37 of P.L.2020, c.156 (C.34:1B-305).

“One-Stop Career Center” means the same as that term is defined in section 3 of P.L.1992, c.43 (C.34:15D-3).

"Qualified business" includes a person who is certified as a qualified business by the authority and provided a UZ-5 certification by the authority. A person who is certified as a qualified business may apply to the authority for a UZ-5 certification provided the person owns or leases and regularly operates a place of business located in an eligible block group, as defined in subsection a. of section 12 of P.L.2021, c.197 (C.52:27H-99). The Department of the Treasury shall provide to a qualified business a certificate evidencing its UZ-5 certification, which certificate shall indicate the location at which the sales tax exemption provided for in this section is available.

“Supermarket or grocery store” means a retail outlet with at least 16,000 square feet, of which at least 80 percent is occupied by food and related products.

d. (Deleted by amendment, P.L.2011, c.28)

e. (Deleted by amendment, P.L.2021, c.197)

2. Section 8 of P.L.2021, c.197 (C.52:27H-79.1) is amended to read as follows:

C.52:27H-79.1 Exemption from taxation for certain receipts.

8. a. Receipts from the first \$100,000 of annual retail sales of materials, supplies, and services for the exclusive use of erecting structures or buildings on, or improving, altering or repairing the real property of a qualified business, or a contractor hired by the qualified business to make such improvements, alterations, or repairs, are annually exempt from the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided, however, receipts from retail sales of materials, supplies, and services for the exclusive use of erecting new structures or buildings on, or substantially improving, altering or repairing the real property of a qualified business shall be eligible for such tax exemption notwithstanding the limit imposed pursuant to this subsection.

b. As used in this section:

"Qualified business" includes a person who is certified as a qualified business by the authority and provided a UZ-4 certification by the authority. A person who is certified as a qualified business may apply to the authority for a UZ-4 certification provided that the person owns or leases and regularly operates a place of business located in an eligible block group, as defined in subsection a. of section 12 of P.L.2021, c.197 (C.52:27H-99). The Department of the Treasury shall provide to a qualified business a certificate evidencing its UZ-4 certification, which certificate shall indicate the location at which the sales tax exemption provided for in this section is available.

"Substantially improving, altering, or repairing" means any reconstruction, rehabilitation, addition, or other improvement to a structure, of which the total cost equals to or exceeds 50 percent of the market value of the structure before the start of construction of the improvement. The UEZ Authority may, from time to time, alter this definition through regulation to respond to changing market conditions.

3. This act shall take effect immediately.

Approved June 30, 2022.