

# ASSEMBLY, No. 2551

## STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

**Sponsored by:**

**Assemblyman ERIK PETERSON**

**District 23 (Hunterdon, Somerset and Warren)**

**SYNOPSIS**

Excludes paraffin used in manufacture of candles from petroleum products gross receipts tax.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



A2551 PETERSON

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1 AN ACT excluding paraffin used in the manufacture of candles from  
2 the petroleum products gross receipts tax, amending P.L.1990,  
3 c.42.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 2 of P.L.1990, c.42 (C.54:15B-2) is amended to read  
9 as follows:

10 2. For the purposes of this act:

11 "Aviation fuel" means aviation gasoline or aviation grade  
12 kerosene or any other fuel that is used in aircraft.

13 "Aviation gasoline" means fuel specifically compounded for use  
14 in reciprocating aircraft engines.

15 "Aviation grade kerosene" means any kerosene type jet fuel  
16 covered by ASTM Specification D 1655 or meeting specification  
17 MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8).

18 "Blended fuel" means a mixture composed of gasoline, diesel  
19 fuel, kerosene or blended fuel and another liquid, including blend  
20 stock other than a de minimis amount of a product such as  
21 carburetor detergent or oxidation inhibitor, that can be used as a  
22 fuel in a highway vehicle. "Blended fuel" includes but is not  
23 limited to gasohol, biobased liquid fuel, biodiesel fuel, ethanol,  
24 methanol, fuel grade alcohol, diesel fuel enhancers and resulting  
25 blends.

26 "Company" includes a corporation, partnership, limited  
27 partnership, limited liability company, association, individual, or  
28 any fiduciary thereof.

29 "Diesel fuel" means a liquid that is commonly or commercially  
30 known or sold as a fuel that is suitable for use in a diesel-powered  
31 highway vehicle. A liquid meets this requirement if, without  
32 further processing or blending, the liquid has practical and  
33 commercial fitness for use in the propulsion engine of a diesel-  
34 powered highway vehicle. "Diesel fuel" includes biobased liquid  
35 fuel, biodiesel fuel, and number 1 and number 2 diesel.

36 "Director" means the Director of the Division of Taxation in the  
37 Department of the Treasury.

38 "First sale of petroleum products within this State" means the  
39 initial sale of a petroleum product delivered to a location in this  
40 State. A "first sale of petroleum products within this State" does  
41 not include a book or exchange transfer of petroleum products if  
42 such products are intended to be sold in the ordinary course of  
43 business.

44 "Gasoline" means all products commonly or commercially  
45 known or sold as gasoline that are suitable for use as a motor fuel.

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 "Gasoline" does not include products that have an ASTM octane  
2 number of less than 75 as determined by the "motor method,"  
3 ASTM D2700-92. The term does not include racing gasoline or  
4 aviation gasoline, but for administrative purposes does include fuel  
5 grade alcohol.

6 "Gross receipts" means all consideration derived from the first  
7 sale of petroleum products within this State except sales of:

8 a. asphalt;

9 b. petroleum products sold pursuant to a written contract  
10 extending one year or longer to nonprofit entities qualifying under  
11 subsection (b) of section 9 of P.L.1966, c.30 (C.54:32B-9) as  
12 evidenced by an invoice in form prescribed by subsection b. of  
13 section 3 of P.L.1991, c.19 (C.54:15B-10);

14 c. petroleum products sold to governmental entities qualifying  
15 under subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9) as  
16 evidenced by an invoice in form prescribed by subsection b. of  
17 section 3 of P.L.1991, c.19 (C.54:15B-10); **[and]**

18 d. polymer grade propylene used in the manufacture of  
19 polypropylene; and

20 e. paraffin used in the manufacture of candles.

21 "Highway fuel" means gasoline, blended fuel that contains  
22 gasoline or is intended for use as gasoline, liquefied petroleum gas,  
23 and diesel fuel, blended fuel that contains diesel fuel or is intended  
24 for use as diesel fuel, and kerosene, other than aviation grade  
25 kerosene.

26 "Kerosene" means the petroleum fraction containing  
27 hydrocarbons that are slightly heavier than those found in gasoline  
28 and naphtha, with a boiling range of 149 to 300 degrees Celsius.

29 "Petroleum products" means refined products made from crude  
30 petroleum and its fractionation products, through straight  
31 distillation of crude oil or through redistillation of unfinished  
32 derivatives, but shall not mean the products commonly known as  
33 number 2 heating oil, number 4 heating oil, number 6 heating oil,  
34 kerosene and propane gas to be used exclusively for residential use.

35 "Quarterly period" means a period of three calendar months  
36 commencing on the first day of January, April, July or October and  
37 ending on the last day of March, June, September or December,  
38 respectively.

39 "Retail price per gallon" means the price charged by retailers in  
40 the State for a gallon of the petroleum product dispensed into the  
41 fuel tanks of motor vehicles without State or federal tax included.

42 "Unleaded regular gasoline" means gasoline of the octane rating  
43 equal to the lowest octane rated gasoline offered for sale at a  
44 majority of the gasoline retailers in the State.

45 "2016 implementation date" means the later of November 1,  
46 2016 or the 15th day after the date of enactment of P.L.2016, c.57.  
47 (cf: P.L.2016, c.57, s.12)

1       2. This act shall take effect immediately and apply to first sales  
2 of petroleum products made on or after the first day of the quarterly  
3 period next beginning after the date of enactment.  
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STATEMENT

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8       This bill exempts the paraffin used to manufacture candles from  
9 New Jersey's petroleum products gross receipts tax, to eliminate a  
10 competitive disadvantage to New Jersey candle manufacturers.

11       At the same time that the home décor market for candles has  
12 been expanding, United States manufacturers have been under  
13 assault from foreign production: a federal antidumping duty has  
14 been in effect since 1986 on candles manufactured in China, to  
15 combat aggressive "dumping" in the U.S. market by Chinese  
16 manufacturers.

17       The petroleum products gross receipts tax puts New Jersey  
18 candle manufacturers at a particular disadvantage in this market.  
19 Candles are typically composed of paraffin wax, a petroleum  
20 product subject to the New Jersey tax, so candles made in New  
21 Jersey are made of paraffin that has been taxed, whether the candles  
22 are sold in New Jersey or elsewhere. Candles themselves are  
23 classified by regulation as a finished manufactured product, and so  
24 a candle manufactured outside of the New Jersey is not subject to  
25 the tax, even if sold in New Jersey. New Jersey manufacturers must  
26 compete while carrying a tax burden that their competition does not  
27 bear.

28       There are still several hundred candle manufacturing jobs in New  
29 Jersey; this bill will end the tax disadvantage to New Jersey  
30 manufacturing before those last few are driven out of the State.