

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY RESOLUTION No. 120

STATE OF NEW JERSEY

DATED: MAY 13, 2024

The Assembly Health Committee reports favorably Assembly Resolution No. 120.

This resolution urges the Streamlined Sales Tax Governing Board to amend the Streamlined Sales and Use Tax Agreement, also known as SSUTA, to create a new definition for oral healthcare products.

Dental hygiene is critical to an individual's overall health and well-being. Studies have consistently shown that those with poor oral health are at risk for a number of serious health issues, such as heart disease, cancer, dementia, kidney failure, pneumonia, and diabetes. The use of oral healthcare products, including toothbrushes, toothpaste, mouthwash, and dental floss, offer critical protection against diseases that can pose serious harm to one's health. Residents of the State are currently required to pay sales tax on purchases of certain oral healthcare products at a rate of 6.625 percent. The imposition of a tax on these products is done in conformance with the Streamlined Sales and Use Tax Agreement (SSUTA) which New Jersey entered in 2005.

The SSUTA is a multistate agreement that allows businesses operating in numerous states to more easily comply with the sales and use taxes imposed by member states. One of the ways in which the SSUTA simplifies the administration of sales and use tax laws is by requiring member states to adopt common definitions for the products that are subject to tax, thereby providing greater uniformity among member states' tax bases. Member states are permitted to exempt products from their respective sales and use tax provided that those exemptions are made in accordance with the product definitions contained within the SSUTA. Accordingly, as a member of the SSUTA, the State of New Jersey is restrained from providing a sales and use tax exemption exclusively for oral healthcare products without an amendment first being made to the agreement by the Streamlined Sales Tax Governing Board.

This resolution urges the Streamlined Sales Tax Governing Board to amend the definition of the term "grooming and hygiene product" under the SSUTA to remove oral healthcare products. The resolution further urges the board to amend the agreement to create a new product definition for "oral healthcare products," including toothbrushes, toothpaste, tooth powders, mouthwash, dental floss,

and other similar products, to allow member states the ability to provide tax exemptions for the sale of these products, thereby ensuring greater affordability and access to these critical items.