

NOTICE TO ENERGY VENDORS/UEZ BUSINESSES/SALEM COUNTY BUSINESSES

EXPANDED SALES TAX EXEMPTION FOR SALES OF NATURAL GAS, ELECTRICITY AND UTILITY SERVICE TO CERTAIN QUALIFIED UEZ AND SALEM COUNTY MANUFACTURING BUSINESSES (Posted 2/9/06)

Public Law 2005, c. 374 amended the New Jersey Urban Enterprise Zones Act and P.L. 2004, c.65 to expand the sales and use tax exemption for energy and utility service sold to certain qualified urban enterprise zone (UEZ) businesses and to allow it for certain qualified Salem County manufacturing businesses. For purposes of the exemption, "energy" is defined as natural gas and electricity and "utility service" is defined as the transportation or transmission of energy by mains, wires, lines or pipes.

The 2004 law (effective 11-3-04) extended the sales tax exemption to purchases of energy and utility service by a qualified UEZ manufacturing business employing at least 500 people within the zone, at least 50% of whom were employed directly in the manufacturing process, for exclusive use at the zone location.

The 2005 law (effective 1/12/06) lowers the threshold **from 500 people to 250 people** for a qualified UEZ business. In addition, the sales tax exemption for energy and utility service is extended to businesses located in Salem County, provided that the business employs **at least 50 people** at the facility, at least 50% of whom are employed directly in the manufacturing process.

The New Jersey Commerce, Economic Growth and Tourism Commission makes the determination as to whether a business meets the statutory requirements for exemption. Once a determination has been made, the Commission will notify the Division of Taxation, which issues an exemption certificate specific to the business's energy and utility service purchases for use at the zone location.

The Division will issue a qualified UEZ business the Urban Enterprise Zone-Energy Exemption Certificate (UZ-6), which must be provided to energy vendors in order to document the tax exemption. An eligible Salem County business will receive a Salem County-Energy Exemption Certificate (SC-6). Upon receipt of the exemption certificate, an energy vendor should not impose the New Jersey sales tax on the retail sale of energy and utility service delivered and consumed at the business's location, which will be listed on the form. The UZ-6 and the SC-6 are not transferable and can only be issued by the qualified business.

Continued entitlement to the sales and use tax exemption will be determined by the Commerce, Economic Growth & Tourism Commission, which will review on an annual basis. If the business continues to meet the statutory criteria, the Division will be advised and the exemption certificate will be renewed. For additional information on the application, approval and renewal process, please contact the following offices directly:
Salem County applicants: Lauren Moore, PP, AICP, Office of Business Advocate, 609-292-3863; Fax 609-292-5509

UEZ applicants: Kathy Kube, Director, Office of Urban Programs, 609-292-1912

For a list of the businesses that have qualified for this exemption, see: http://www.state.nj.us/treasury/taxation/pdf/other_forms/uez/uezexempsumm.pdf