

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3837

STATE OF NEW JERSEY

DATED: JUNE 27, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3837 (1R).

This bill clarifies the process for appropriating revenue under the State Urban Enterprise Zone (UEZ) Program for use within UEZs. Specifically, this bill clarifies this process by: (1) requiring the revenues collected in UEZs from retail sales subject to the 50 percent sales tax exemption to be deposited in the Zone Assistance Fund (ZAF); (2) providing that the UEZ revenue flows directly to the ZAF; (3) appropriating \$82.5 million to the ZAF from the General Fund; (4) excluding the sales of medical and recreational cannabis, and related supplies from the 50 percent sales tax exemption within UEZs, as is currently the case for alcoholic beverages and other goods and services; and (5) making certain technical changes.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result in an increase in State revenues associated with a 100 percent increase in the sales tax collected in Urban Enterprise Zones (UEZs) for recreational cannabis and cannabis-related supplies. The bill requires tax revenues on the sale of recreational cannabis items to be credited to the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund and the Underage Deterrence and Prevention Account within the fund. The bill also makes a General Fund appropriation of \$82.5 million to the Enterprise Zone Assistance Fund for the fund's purposes.