

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3604**  
**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

DATED: DECEMBER 5, 2024

**SUMMARY**

**Synopsis:** Eliminates transaction nexus requirement for remote sellers under the Sales and Use Tax Act.

**Type of Impact:** Annual State revenue loss to General Fund.

**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2026 and Each FY Thereafter</u></b>
<b>Annual State Revenue Loss</b>	Indeterminate

- The Office of Legislative Services (OLS) expects this legislation will result in an annual State revenue loss, though the magnitude cannot be determined due to data limitations regarding remote seller transactions.
- The revenue reduction will be proportional to the number of sellers currently collecting sales tax solely due to meeting the 200-transaction threshold. Although the OLS is unable to determine the number of remote sellers that would be affected by the bill, the OLS notes that each remote seller affected by the bill would result in a reduction of no more than \$6,625 in annual sales tax collections.

**BILL DESCRIPTION**

This bill eliminates the transaction nexus requirement for remote sellers under the Sales and Use Tax Act. Currently, remote sellers must collect and remit sales tax if they either have gross revenue from New Jersey sales exceeding \$100,000 or conduct 200 or more separate transactions in New Jersey. The bill would remove the transaction threshold, leaving only the revenue threshold as the determinant for sales tax collection obligations.

**FISCAL ANALYSIS**

***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The OLS is expected to result in annual decreases in State revenues by reducing the number of remote sellers that are required to collect and remit the sales and use tax to the State. However, the OLS is unable to quantify the anticipated reduction in State sales tax collections due to significant data limitations. The necessary information regarding the number of remote sellers collecting sales tax solely due to meeting the 200-transaction threshold, as well as their total tax collections, is not available for analysis.

The fiscal impact of the bill would be limited to the foregone sales tax collections from remote sellers who meet the current 200-transaction threshold but have gross revenue below \$100,000. Given that remote sellers with at least \$100,000 in gross revenue from sales into the State would continue to be required to collect and remit sales tax, each remote seller affected by this legislation would result in a reduction of no more than \$6,625 in annual sales tax collections, which represents the maximum tax on \$100,000 in taxable sales at the 6.625 percent rate. Additionally, since these sellers must conduct at least 200 transactions while generating less than \$100,000 in revenue, the average per-transaction amounts are necessarily relatively small.

To provide context for the potential scale of impact, consider a hypothetical scenario where a remote seller completes 210 transactions in the State, averaging \$37.50 per transaction, thereby generating approximately \$500 in annual sales tax collections. If approximately 2,500 sellers meet only the transaction threshold, the annual revenue loss could approximate \$1.3 million. However, the OLS emphasizes this scenario is purely illustrative, as the actual number of affected sellers and their sales tax remittances could vary significantly.

Without comprehensive data on the distribution of remote sellers by transaction count, revenue patterns, and current sales tax collections from affected sellers, the OLS is unable to quantify the anticipated reduction in State revenue.

*Section: Revenue, Finance, and Appropriations*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).