

ASSEMBLY, No. 3856

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED OCTOBER 23, 2014

Sponsored by:

Assemblyman BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

SYNOPSIS

Provides maximum sales and use tax imposition amount for sales and uses of boats and vessels; establishes grace period for imposition of use tax on certain boats and vessels used by resident purchasers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing a maximum sales and use tax imposition amount
2 for sales and uses of boats and vessels and establishing a grace
3 period for the imposition of use tax on certain boats and vessels
4 used by resident purchasers, supplementing P.L.1966, c.30
5 (C.54:32B-1 et seq.).
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7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:
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10 1. Notwithstanding the provisions of P.L.1966, c. 30
11 (C.54:32B-1 et seq.) to the contrary, the maximum amount of tax
12 imposed and collected on the sale or use of a boat or other vessel
13 shall not exceed \$20,000.
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15 2. a. Notwithstanding the provisions of P.L.1966, c. 30
16 (C.54:32B-1 et seq.) to the contrary, the use within this State of a
17 boat or other vessel for temporary periods, not totaling more than
18 30 calendar days in a calendar year, shall not be subject to the
19 compensating use tax imposed by section 6 of P.L.1966, c.30
20 (C.54:32B-6), provided that:

21 (1) the boat or other vessel was purchased by a resident of the
22 State of New Jersey outside of this State for use outside of this
23 State,

24 (2) the boat or other vessel is legally operated by the resident
25 purchaser and meets all current requirements pursuant to applicable
26 federal law or pursuant to a federally-approved numbering system
27 for boats and vessels adopted by another state, and

28 (3) the resident purchaser is not engaged in or carrying on in
29 this State any employment, trade, business, or profession in which
30 the boat or vessel will be used in this State.

31 b. If any of the conditions specified by subsection a. of this
32 section have not been met, or after having been met fail to continue
33 to be met, the exemption provided by subsection a. of this section
34 shall not apply.
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36 3. Notwithstanding the provisions of the "Administrative
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
38 contrary, the Director of the Division of Taxation in the Department
39 of the Treasury may adopt immediately upon filing with the Office
40 of Administrative Law such rules and regulations as the director
41 determines to be necessary to implement the provisions of P.L. ,
42 c. (C.) (pending before the Legislature as this bill), which
43 rules and regulations shall be effective for a period not to exceed
44 360 days following the effective date of P.L. , c. (C.)
45 (pending before the Legislature as this bill) and may thereafter be
46 amended, adopted, or readopted by the director in accordance with
47 the requirements of P.L.1968, c.410.

1 4. This act shall take effect immediately, provided that section
2 1 shall apply to sales and uses on or after the first day of the second
3 month next following the date of enactment and that section 2 shall
4 apply to uses on or after January 1 next following the date of
5 enactment.

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STATEMENT

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10 This bill provides for a maximum limit on the amount of sales
11 and use tax that can be imposed and collected on the sale or use of a
12 boat or other vessel, and establishes a limited grace period for the
13 imposition of use tax on certain boats and vessels that are purchased
14 out-of-State, for use out-of-State, by New Jersey residents and
15 subsequently used, on a temporary basis, within this State.

16 The bill provides that the maximum amount of tax imposed and
17 collected on the sale or use of a boat or other vessel in this State is
18 limited to \$20,000. This maximum limitation on the imposition of
19 tax will principally apply to new sales and uses of *non-commercial*
20 boats and vessels, including motorboats, sailboats, and other yachts
21 and cruisers, that are not eligible for the exemption currently
22 granted for sales and uses of commercial ships and vessels under
23 N.J.S.A.54:32B-8.12.

24 In addition, the bill establishes a limited grace period for the
25 imposition of tax on the use of certain boats and vessels by resident
26 purchasers by providing that the use within this State of a boat or
27 other vessel for temporary periods, not totaling more than 30
28 calendar days in a calendar year, will not be subject to the State's
29 compensating use tax. The bill provides that for the grace period to
30 apply:

31 -- the boat or other vessel used within this State must have been
32 purchased by a resident of the State of New Jersey outside of this
33 State for use outside of this State,

34 -- the boat or other vessel must be legally operated by the
35 resident purchaser and must meet all current requirements pursuant
36 to applicable federal law or pursuant to a federally-approved
37 numbering system for boats and vessels adopted by another state,
38 and

39 -- the resident purchaser must not be engaged in or carrying on in
40 this State any employment, trade, business, or profession in which
41 the boat or vessel will be used in this State.

42 The bill authorizes the Director of the Division of Taxation in
43 the Department of the Treasury to adopt rules and regulations
44 necessary to effectuate the purposes of the bill, and allows for the
45 immediate filing of those rules and regulations with the Office of
46 Administrative Law, effective for a period not to exceed 360 days
47 following the bill's effective date.

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1 The bill takes effect immediately, but provides for the limitation
2 on tax to apply to sales and uses on or after the first day of the
3 second month next following the date of enactment and for the
4 grace period to apply to uses on or after January 1 next following
5 the date of enactment.

6 The purpose of this bill is to provide support to the marine
7 industry in this State by encouraging sales of new boats and vessels,
8 and to allow New Jersey residents an annual window, of a limited
9 duration, to use boats and other vessels, that are purchased and
10 ordinarily kept and maintained at an out-of-State location, in this
11 State without incurring a tax liability. Currently, boats and other
12 vessels that are acquired by residents of this State from a dealer
13 outside this State for use outside this State are subject to use tax at
14 the time the boat or other vessel is first used in this State, unless the
15 resident is eligible to claim a credit for sales tax paid to another
16 state or jurisdiction.