

FISCAL NOTE

ASSEMBLY, No. 1840

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 20, 1998

Assembly Bill No. 1840 of 1998 allows certain charitable and public safety organizations to make sales tax-exempt sales of donated property at certain shops.

Currently, certain charitable and public safety organizations are allowed a sales tax exemption for the purchases and sales they make in relation to their public purposes. However, no exemption is allowed for sales made through a shop or store.

The bill allows the exempt charitable and public safety organizations to make sales tax-exempt sales at stores that meet two limiting requirements: substantially all of the work must be done by volunteers and substantially all of the store's merchandise must have been donated.

The Division of Taxation in the Department of the Treasury projects an annual loss of \$2.3 million as the result of this bill. They acknowledge that this figure is a maximum estimate, in that it represents all sales tax remitted by these organizations in 1996. The division has no data that allow them to narrow the estimate to reflect the potential revenue loss that would result from the limited exemptions in the bill.

Because of the limitations on the exemption provided by the bill, that the items must have been donated and that the shops must sell donated merchandise and be staffed by volunteers, the Office of Legislative Services (OLS) anticipates that no substantial revenue loss will result from this bill. OLS notes further that a substantial part of the sales of volunteer thrift stores selling donated merchandise is the sale of clothing, which is already exempt from the sales and use tax.

This fiscal note has been prepared pursuant to P.L.1980, c.67.