

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1840

STATE OF NEW JERSEY

DATED: JUNE 22, 1998

The Assembly Appropriations Committee reports favorably on Assembly Bill No. 1840.

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

Currently, various charitable and public safety organizations are allowed a tax exemption for the purchases and sales they make in relation to their public purposes. These exempt organizations include (1) any organization operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, (2) any voluntary fire company and any rescue, ambulance, first aid or emergency company or squad, and (3) any parent-teachers association. However, no exemption is allowed to these organizations for retail sales of tangible personal property that they make through a shop or store.

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

FISCAL IMPACT:

In a fiscal estimate for a similar bill introduced in the 1996-1997 session, the Office of Legislative Services (OLS) noted that, with the limitations on the exemption provided by the bill, no substantial revenue loss will result from the legislation. OLS also noted 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.