

SENATE, No. 158

STATE OF NEW JERSEY
208th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator ANDREW R. CIESLA

District 10 (Monmouth and Ocean)

SYNOPSIS

Exempts sales by certain charity shops from the sales and use tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT exempting sales by certain shops operated by tax exempt
2 organizations from the sales and use tax, amending P.L.1966, c.30.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 9 of P.L.1966, c.30 (C.54:32B-9) is amended to read as
8 follows:

9 9. (a) Except as to motor vehicles sold by any of the following,
10 any sale, service or amusement charge by or to any of the following or
11 any use or occupancy by any of the following shall not be subject to
12 the sales and use taxes imposed under this act:

13 (1) The State of New Jersey, or any of its agencies,
14 instrumentalities, public authorities, public corporations (including a
15 public corporation created pursuant to agreement or compact with
16 another State) or political subdivisions where it is the purchaser, user
17 or consumer, or where it is a vendor of services or property of a kind
18 not ordinarily sold by private persons;

19 (2) The United States of America, and any of its agencies and
20 instrumentalities, insofar as it is immune from taxation where it is the
21 purchaser, user or consumer, or where it sells services or property of
22 a kind not ordinarily sold by private persons;

23 (3) The United Nations or any international organization of which
24 the United States of America is a member where it is the purchaser,
25 user or consumer, or where it sells services or property of a kind not
26 ordinarily sold by private persons.

27 (b) Except as otherwise provided in this section any sale or
28 amusement charge by or to any of the following or any use or
29 occupancy by any of the following, where such sale, charge, use or
30 occupancy is directly related to the purposes for which the following
31 have been organized, shall not be subject to the sales and use taxes
32 imposed under this act: **[(1) Any]** a corporation, association, trust,
33 or community chest, fund or foundation, organized and operated
34 exclusively for religious, charitable, scientific, testing for public safety,
35 literary or educational purposes, or for the prevention of cruelty to
36 children or animals, or as a volunteer fire company, rescue, ambulance,
37 first aid or emergency company or squad, and an association of parents
38 and teachers of an elementary or secondary public or private school
39 exempt under the provisions of this section **[9]**, no part of the net
40 earnings of which inures to the benefit of any private shareholder or
41 individual, no substantial part of the activities of which is carrying on
42 propaganda, or otherwise attempting to influence legislation, and
43 which does not participate in, or intervene in (including the publishing

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 or distributing of statements), any political campaign on behalf of any
2 candidate for public office.

3 (c) Nothing in this section shall exempt:

4 (1) the sale of a motor vehicle by an organization described in
5 subsection (b)~~[(1)]~~ of this section from the taxes imposed under the
6 "Sales and Use Tax Act", unless the purchaser is an organization
7 exempt under this section; or

8 (2) retail sales of tangible personal property by any shop or store
9 operated by ~~such~~ an organization described in subsection (b) of this
10 section from the taxes imposed under the "Sales and Use Tax Act",
11 unless the shop or store is one in which substantially all the work in
12 carrying on the business of the shop or store is performed for the
13 organization without compensation and substantially all of the shop's
14 or store's merchandise has been received by the organization as gifts
15 or contributions or ~~from the taxes imposed hereunder~~ unless the
16 purchaser is an organization exempt under this section.

17 (d) Any organization enumerated in subsection (b)~~[(1) hereof]~~ of
18 this section shall not be entitled to ~~the~~ an exemption ~~herein~~
19 granted pursuant to this section unless it has complied with such
20 requirements for obtaining a tax immunity authorization as may be
21 provided in this act.

22 (e) Where any organization described in subsection (b) ~~[(1)~~
23 ~~hereof]~~ of this section carries on its activities in furtherance of the
24 purposes for which it was organized, in premises in which, as part of
25 ~~said~~ those activities, it operates a hotel, occupancy of rooms in the
26 premises and rents ~~therefrom~~ from those rooms received by ~~such~~
27 corporation or association ~~the organization~~ shall not be subject to tax
28 ~~hereunder~~ under the "Sales and Use Tax Act."

29 (f) (1) Except as provided in paragraph (2) of this subsection, any
30 admissions all of the proceeds of which inure exclusively to the benefit
31 of the following organizations shall not be subject to any of the taxes
32 imposed under subsection (e) of section 3 of P.L.1966, c.30
33 (C.54:32B-3):

34 (A) an organization described in paragraph (1) of subsection
35 (a)~~[(1)]~~ or subsection (b) of this section;

36 (B) a society or organization conducted for the sole purpose of
37 maintaining symphony orchestras or operas and receiving substantial
38 support from voluntary contributions;

39 (C) national guard organizations, posts or organizations of war
40 veterans, or auxiliary units or societies of any such posts or
41 organizations, if such posts, organizations, units or societies are
42 organized in this State, and if no part of their net earnings inures to the
43 benefit of any private stockholder or individual; or

44 (D) a police or fire department of a political subdivision of the
45 State, or a volunteer fire company, ambulance, first aid, or emergency

1 company or squad, or exclusively to a retirement, pension or disability
2 fund for the sole benefit of members of a police or fire department or
3 to a fund for the heirs of such members.

4 (2) The exemption provided under paragraph (1) of this subsection
5 shall not apply in the case of admissions to:

6 (A) Any athletic game or exhibition unless the proceeds shall inure
7 exclusively to the benefit of elementary or secondary schools or unless
8 in the case of an athletic game between 2 elementary or secondary
9 schools, the entire gross proceeds from such game shall inure to the
10 benefit of one or more organizations described in subsection (b) [(1)]
11 of this section;

12 (B) Carnivals, rodeos, or circuses in which any professional
13 performer or operator participates for compensation;

14 (3) Admission charges for admission to the following places or
15 events shall not be subject to any of the taxes imposed under
16 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3):

17 (A) Any admission to agricultural fairs if no part of the net
18 earnings thereof inures to the benefit of any stockholders or members
19 of the association conducting the same; provided the proceeds
20 therefrom are used exclusively for the improvement, maintenance and
21 operation of such agricultural fairs.

22 (B) Any admission to a home or garden which is temporarily open
23 to the general public as a part of a program conducted by a society or
24 organization to permit the inspection of historical homes and gardens;
25 provided no part of the net earnings thereof inures to the benefit of
26 any private stockholder or individual.

27 (C) Any admissions to historic sites, houses and shrines, and
28 museums conducted in connection therewith, maintained and operated
29 by a society or organization devoted to the preservation and
30 maintenance of such historic sites, houses, shrines and museums;
31 provided no part of the net earnings thereof inures to the benefit of
32 any private stockholder or individual.

33 (cf: P.L.1967, c.25, s.3)

34
35 2. This act shall take effect immediately but remain inoperative
36 until the first day of the third month following enactment.

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39 STATEMENT

40
41 This bill allows certain charitable and public safety organizations to
42 make tax exempt sales at certain shops.

43 Currently, certain charitable and public safety organizations are
44 allowed a tax exemption for the purchases and sales they make in
45 relation to their public purposes. However, no exemption is allowed
46 for retail sales of tangible personal property made through a shop or

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1 store.

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