

[First Reprint]

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)

Co-Sponsored by:

Assemblymen Azzolina, Arnone, Assemblywoman Farragher,

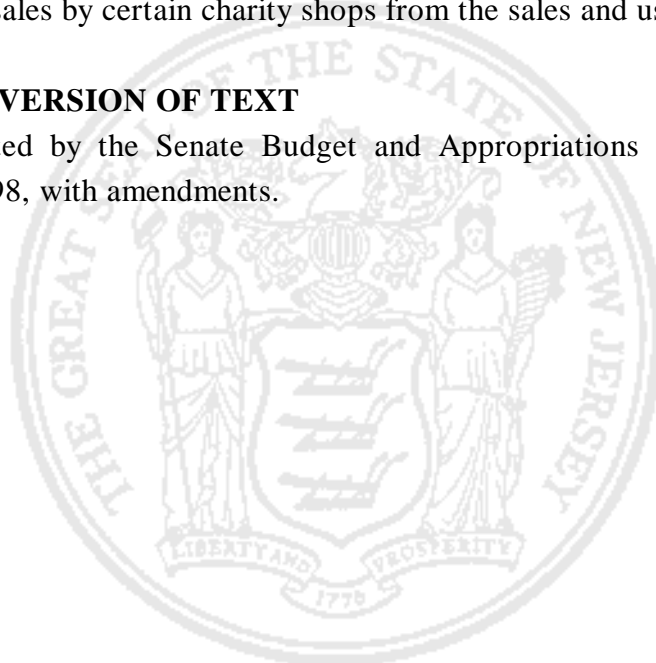
Assemblymen Corodemus, LeFevre, Blee and Thompson

SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 5, 1998, with amendments.



(Sponsorship Updated As Of: 9/29/1998)

1 AN ACT exempting sales ¹of donated goods¹ by certain shops
2 operated by tax exempt organizations from the sales and use tax,
3 amending P.L.1966, c.30.

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

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

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

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

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

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

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted March 5, 1998.

1 individual, no substantial part of the activities of which is carrying on
2 propaganda, or otherwise attempting to influence legislation, and
3 which does not participate in, or intervene in (including the publishing
4 or distributing of statements), any political campaign on behalf of any
5 candidate for public office.

6 (c) **[(1)]** Nothing in this section shall exempt **[:]** from the taxes
7 imposed under the "Sales and Use Tax Act":¹

8 (1) the sale of a motor vehicle by an organization described in
9 subsection (b)**[(1)]** of this section ¹from the taxes imposed under the
10 "Sales and Use Tax Act"¹ , unless the purchaser is an organization
11 exempt under this section; ¹**[or]**¹

12 (2) retail sales of tangible personal property by any shop or store
13 operated by **[such]** an organization described in subsection (b) of this
14 section ¹from the taxes imposed under the "Sales and Use Tax
15 Act"¹ , unless ¹the tangible personal property was received by the
16 organization as a gift or contribution and¹ the shop or store is one in
17 which substantially all the work in carrying on the business of the shop
18 or store is performed for the organization without compensation and
19 substantially all of the shop's or store's merchandise has been received
20 by the organization as gifts or contributions or **[from the taxes**
21 **imposed hereunder,]** unless the purchaser is an organization exempt
22 under this section¹**[.]; or**¹

23 ¹**[(2)]** Nothing in this section shall exempt **(3)**¹ the sale or use of
24 energy or utility service to or by an organization described in
25 ¹paragraph (1) of subsection ¹**[(a)(1)]** **(a)**¹ or ¹**[(b)(1)]** subsection
26 (b)¹ of this section.

27 (d) Any organization enumerated in subsection (b)**[(1) hereof]** of
28 this section shall not be entitled to **[the]** an exemption **[herein]**
29 granted pursuant to this section unless it has complied with such
30 requirements for obtaining a tax immunity authorization as may be
31 provided in this act.

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

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

44 (A) an organization described in paragraph (1) of subsection
45 **(a)****[(1)]** or subsection (b) of this section;

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

4 (C) national guard organizations, posts or organizations of war
5 veterans, or auxiliary units or societies of any such posts or
6 organizations, if such posts, organizations, units or societies are
7 organized in this State, and if no part of their net earnings inures to the
8 benefit of any private stockholder or individual;or

9 (D) a police or fire department of a political subdivision of the
10 State, or a volunteer fire company, ambulance, first aid, or emergency
11 company or squad, or exclusively to a retirement, pension or disability
12 fund for the sole benefit of members of a police or fire department or
13 to a fund for the heirs of such members.

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

16 (A) Any athletic game or exhibition unless the proceeds shall inure
17 exclusively to the benefit of elementary or secondary schools or unless
18 in the case of an athletic game between two elementary or secondary
19 schools, the entire gross proceeds from such game shall inure to the
20 benefit of one or more organizations described in subsection (b) **[(1)]**
21 of this section;

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

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

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

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

37 (C) Any admissions to historic sites, houses and shrines, and
38 museums conducted in connection therewith, maintained and operated
39 by a society or organization devoted to the preservation and
40 maintenance of such historic sites, houses, shrines and museums;
41 provided no part of the net earnings thereof inures to the benefit of
42 any private stockholder or individual.

43 (cf: P.L.1997, c.162, s.27)

44

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