

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 158

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 5, 1998

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 158.

As amended, Senate Bill No. 158 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.

This bill was prefiled for introduction in the 1998-1999 session pending technical review. As reported with amendments, the bill includes changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee adopted amendments to this bill to (1) restrict the merchandise to which the sales tax exemption will apply to merchandise donated to the charitable or public safety organization, and (2) incorporate changes made by P.L.1997, c.162 in the section being amended and clarify the text of that section in light of those changes and the further changes proposed by the bill.

FISCAL IMPACT:

In a fiscal estimate for this bill as 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. The OLS 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.