

# 54:32B-37

## LEGISLATIVE HISTORY CHECK

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**LAWS OF:** 1999                      **CHAPTER:** 416

**NJSA:** 54:32B-37            (Grants exempt organization status for certain organizations)

**BILL NO:** A6                      (Substituted for S2301)

**SPONSOR(S):** Moran and Connors

**DATE INTRODUCED:** January 10, 2000

**COMMITTEE:**                      **ASSEMBLY:** -----

**SENATE:** -----

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:**              **ASSEMBLY:** January 10, 2000

**SENATE:** January 10, 2000

**DATE OF APPROVAL:** January 18, 2000

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL:** Original  
(Amendments during passage denoted by superscript numbers)

### **A6**

**SPONSORS STATEMENT:** (Begins on page 7 of original bill) Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:** No

**SENATE:** No

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

### **S2301**

**SPONSORS STATEMENT:** (Begins on page 7 of original bill) Yes  
Bill and Sponsors Statement identical to A6

**COMMITTEE STATEMENT:**                      **ASSEMBLY:** No

**SENATE:** No

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

### **A388**

**SPONSORS STATEMENT:** (Begins on page 4 of original bill) Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:** Yes 10-5-98

Yes 5-17-99

SENATE: Yes

**FLOOR AMENDMENT STATEMENTS:** No

LEGISLATIVE FISCAL ESTIMATE: Yes

ASSEMBLY COMMITTEE SUBSTITUTE (First Reprint): Yes (Vetoed version)

ABSOLUTE VETO: Yes (January 6, 2000)

GOVERNOR'S PRESS RELEASE ON VETO: Yes

**VETO MESSAGE for A6:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

P.L. 1999, CHAPTER 416, *approved January 18, 2000*  
Assembly, No. 6

1 **AN ACT** providing exempt organization status under the sales and use  
2 tax to certain National Guard and veterans' organizations and  
3 creating a Sales and Use Tax Review Commission, amending and  
4 supplementing P.L.1966, c.30.

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

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

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

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

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

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

29 (b) Except as otherwise provided in this section any sale or  
30 amusement charge by or to any of the following or any use or  
31 occupancy by any of the following, where such sale, charge, use or  
32 occupancy is directly related to the purposes for which the following  
33 have been organized, shall not be subject to the sales and use taxes  
34 imposed under this act: a corporation, association, trust, or  
35 community chest, fund or foundation, organized and operated  
36 exclusively (1) for religious, charitable, scientific, testing for public  
37 safety, literary or educational purposes **[, ]**; or (2) for the prevention  
38 of cruelty to children or animals **[, ]**; or (3) as a volunteer fire  
39 company, rescue, ambulance, first aid or emergency company or squad

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

**Matter underlined thus is new matter.**

1 ~~【,】~~; or (4) as a National Guard organization, post or association, or as  
2 a post or organization of war veterans, or the Marine Corps League,  
3 or as an auxiliary unit or society of any such post, organization or  
4 association; ~~【and】~~ or (5) as an association of parents and teachers of  
5 an elementary or secondary public or private school exempt under the  
6 provisions of this section ~~【,】~~. ~~Such a sale, charge, use or occupancy~~  
7 ~~by, or a sale or charge to, an organization enumerated in this~~  
8 ~~subsection, shall not be subject to the sales and use taxes only if~~ no  
9 part of the net earnings of ~~【which】~~ ~~the organization~~ inures to the  
10 benefit of any private shareholder or individual, no substantial part of  
11 the activities of ~~【which】~~ ~~the organization~~ is carrying on propaganda,  
12 or otherwise attempting to influence legislation, and ~~【which】~~ ~~the~~  
13 ~~organization~~ does not participate in, or intervene in (including the  
14 publishing or distributing of statements), any political campaign on  
15 behalf of any candidate for public office.

16 (c) Nothing in this section shall exempt from the taxes imposed  
17 under the "Sales and Use Tax Act":

18 (1) the sale of a motor vehicle by an organization described in  
19 subsection (b) of this section, unless the purchaser is an organization  
20 exempt under this section;

21 (2) retail sales of tangible personal property by any shop or store  
22 operated by an organization described in subsection (b) of this section,  
23 unless the tangible personal property was received by the organization  
24 as a gift or contribution and the shop or store is one in which  
25 substantially all the work in carrying on the business of the shop or  
26 store is performed for the organization without compensation and  
27 substantially all of the shop's or store's merchandise has been received  
28 by the organization as gifts or contributions or unless the purchaser  
29 is an organization exempt under this section; or

30 (3) the sale or use of energy or utility service to or by an  
31 organization described in paragraph (1) of subsection (a) or subsection  
32 (b) of this section.

33 (d) Any organization enumerated in subsection (b) of this section  
34 shall not be entitled to an exemption granted pursuant to this section  
35 unless it has complied with such requirements for obtaining a tax  
36 immunity authorization as may be provided in this act.

37 (e) Where any organization described in subsection (b) of this  
38 subsection carries on its activities in furtherance of the purposes for  
39 which it was organized, in premises in which, as part of those  
40 activities, it operates a hotel, occupancy of rooms in the premises and  
41 rents from those rooms received by the organization shall not be  
42 subject to tax under the "Sales and Use Tax Act."

43 (f) (1) Except as provided in paragraph (2) of this subsection, any  
44 admissions all of the proceeds of which inure exclusively to the benefit  
45 of the following organizations shall not be subject to any of the taxes  
46 imposed under subsection (e) of section 3 of P.L.1966, c.30 (54:32B-  
47 3):

- 1 (A) an organization described in paragraph (1) of subsection (a)  
2 or subsection (b) of this section;
- 3 (B) a society or organization conducted for the sole purpose of  
4 maintaining symphony orchestras or operas and receiving substantial  
5 support from voluntary contributions; or
- 6 (C) **【** national guard organizations, posts or organizations of war  
7 veterans, or auxiliary units or societies of any such posts or  
8 organizations, if such posts, organizations, units or societies are  
9 organized in this State, and if no part of their net earnings inures to the  
10 benefit of any private stockholder or individual; **or】** (Deleted by  
11 amendment, P.L. , c. (now pending before the Legislature as this  
12 bill)).
- 13 (D) a police or fire department of a political subdivision of the  
14 State, or a volunteer fire company, ambulance, first aid, or emergency  
15 company or squad, or exclusively to a retirement, pension or disability  
16 fund for the sole benefit of members of a police or fire department or  
17 to a fund for the heirs of such members.
- 18 (2) The exemption provided under paragraph (1) of this subsection  
19 shall not apply in the case of admissions to:
- 20 (A) Any athletic game or exhibition unless the proceeds shall inure  
21 exclusively to the benefit of elementary or secondary schools or unless  
22 in the case of an athletic game between two elementary or secondary  
23 schools, the entire gross proceeds from such game shall inure to the  
24 benefit of one or more organizations described in subsection (b) of this  
25 section;
- 26 (B) Carnivals, rodeos, or circuses in which any professional  
27 performer or operator participates for compensation;
- 28 (3) Admission charges for admission to the following places or  
29 events shall not be subject to any of the taxes imposed under  
30 subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3):
- 31 (A) Any admission to agricultural fairs if no part of the net  
32 earnings thereof inures to the benefit of any stockholders or members  
33 of the association conducting the same; provided the proceeds  
34 therefrom are used exclusively for the improvement, maintenance and  
35 operation of such agricultural fairs.
- 36 (B) Any admission to a home or garden which is temporarily open  
37 to the general public as a part of a program conducted by a society or  
38 organization to permit the inspection of historical homes and gardens;  
39 provided no part of the net earnings thereof inures to the benefit of  
40 any private stockholder or individual.
- 41 (C) Any admissions to historic sites, houses and shrines, and  
42 museums conducted in connection therewith, maintained and operated  
43 by a society or organization devoted to the preservation and  
44 maintenance of such historic sites, houses, shrines and museums;  
45 provided no part of the net earnings thereof inures to the benefit of  
46 any private stockholder or individual.
- 47 (cf: P.L.1998, c.118, s.1)

1       2. (New section) There is established a Sales and Use Tax Review  
2 Commission in but not of the Department of the Treasury. The  
3 commission shall consist of 10 members: the State Treasurer, ex  
4 officio, or the State Treasurer's designee, and three other members of  
5 the Executive Branch, who shall be designated by the Governor and  
6 who shall serve at the Governor's pleasure; two public members to be  
7 appointed by the President of the Senate, no more than one of whom  
8 shall be of the same political party; two public members to be  
9 appointed by the Speaker of the General Assembly, no more than one  
10 of whom shall be of the same political party; and two public members,  
11 no more than one of whom shall be of the same political party, to be  
12 appointed by the Governor with the advice and consent of the Senate.

13       Public members appointed by the Governor shall serve for a term  
14 of four years and until their respective successors are appointed and  
15 qualified, except that of the public members first appointed, one shall  
16 serve for a term of two years and one shall serve for a term of four  
17 years. Public members appointed by the President of the Senate or  
18 Speaker of the General Assembly shall serve during the two-year  
19 legislative term in which the appointment is made and until their  
20 respective successors are appointed and qualified. Any vacancy in the  
21 membership of the commission shall be filled for the balance of the  
22 unexpired term in the same manner as the original appointment was  
23 made.

24       A chairman of the commission shall be designated by the Governor  
25 from among its public members and shall serve at the pleasure of the  
26 Governor.

27       Members of the commission shall serve without compensation but  
28 shall be entitled to reimbursement for expenses actually incurred in the  
29 performance of their duties.

30

31       3. (New section) a. It shall be the duty of the commission to  
32 review any bill, joint resolution or concurrent resolution introduced in  
33 either House of the Legislature which expands or reduces the base of  
34 the New Jersey sales and use tax. Such a review shall include, but not  
35 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
36 comments upon or recommendations concerning the legislation, and  
37 any alternatives to the legislation which the commission may wish to  
38 suggest.

39       b. Not later than the 20th day after the date of introduction of any  
40 bill or resolution in either House of the Legislature, the Legislative  
41 Budget and Finance Officer shall review it in order to determine  
42 whether the bill or resolution constitutes sales and use tax base  
43 expansion or reduction legislation. If, on the basis of that review, the  
44 Legislative Budget and Finance Officer determines that the bill or  
45 resolution constitutes such legislation, that officer shall promptly give  
46 written notice of that determination to the commission, the presiding  
47 officer of the House in which the bill or resolution was introduced and

1 the chairman of the standing reference committee of that House to  
2 which the bill or resolution may have been referred. Not later than the  
3 90th day after the date of introduction of any bill or resolution in  
4 either House of the Legislature which the Legislative Budget and  
5 Finance Officer has determined constitutes sales and use tax base  
6 expansion or reduction legislation, the commission shall complete its  
7 review and provide its comments and recommendations in writing to  
8 the presiding officer of the House in which the bill or resolution was  
9 introduced and to the chairman of the standing reference committee of  
10 that House to which the bill or resolution may have been referred. If  
11 the commission requests an extension prior to the 90th day after the  
12 date of introduction of a bill or resolution, the presiding officer of the  
13 House in which the bill or resolution was introduced may grant an  
14 extension for the commission to complete its review of the bill or  
15 resolution. The House or committee shall not consider or vote upon  
16 the bill or resolution until either the commission completes its review  
17 and provides its comments and recommendations in writing to the  
18 presiding officer and the chairman, or the 90th day after the date of  
19 introduction of the bill or resolution, or the designated day in the case  
20 of an extension. If the presiding officer of the House in which the bill  
21 or resolution was introduced determines that the bill or resolution is  
22 an urgent matter, he shall so notify in writing the commission and the  
23 chairman of the standing reference committee to which the bill or  
24 resolution may have been referred, and the House or committee may  
25 consider and vote upon the bill or resolution as soon as practicable.

26

27 4. (New section) Pursuant to P.L. , c. (now pending before  
28 the Legislature as Assembly Bill No. ), the Sales and Use Tax  
29 Review Commission shall review every bill, joint resolution, or  
30 concurrent resolution introduced in either House of the Legislature  
31 which constitutes sales and use tax base expansion or reduction  
32 legislation as defined by P.L. , c. (now pending before the  
33 Legislature as Assembly Bill No. ), and as determined by the  
34 Legislative Budget and Finance Officer pursuant to that act.

35

36 5. (New section) a. The commission shall be entitled to the  
37 assistance and services of the employees of any State, county or  
38 municipal department, board, bureau, commission or agency as it may  
39 require and as may be available to it for these purposes, and to employ  
40 stenographic and clerical assistants and incur traveling and other  
41 miscellaneous expenses as necessary, to perform its duties, and within  
42 the limits of funds appropriated or otherwise made available to it for  
43 these purposes.

44 b. The Division of Taxation in the Department of the Treasury shall  
45 assist the commission in the performance of its duties. The  
46 commission may make use of existing studies, data or other materials  
47 in the possession of the division and may request the assistance and

1 services of the division's employees.

2 c. The employees of any State agency or political subdivision of the  
3 State may serve at the request of the commission upon any advisory  
4 committee which the commission may create and these employees may  
5 serve upon these committees without forfeiture of office or  
6 employment and with no loss or diminution in the compensation,  
7 status, rights and privileges which they otherwise enjoy.

8

9 6. (New section) The commission may meet and hold hearings at  
10 the place or places it designates, at which it may request the  
11 appearance of officials of any State agency or political subdivision of  
12 the State and may solicit the testimony of interested groups and the  
13 general public.

14

15 7. (New section) The commission may adopt, in accordance with  
16 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
17 seq.), such rules and regulations as it shall deem necessary to carry out  
18 its functions.

19

20 8. (New section) The commission shall report on its activities by  
21 December 31st of each year to the Legislature and may issue periodic  
22 reports concerning sales and use tax base expansion or reduction  
23 legislation.

24

25 9. This act shall take effect on the first day of the second month  
26 following enactment, but the Division of Taxation in the Department  
27 of the Treasury may take such anticipatory administrative action in  
28 advance as shall be necessary for the implementation of the act.

29

30

31

## STATEMENT

32

33 This bill grants exempt organization status under the "Sales and Use  
34 Tax Act" to any entity organized as a National Guard organization,  
35 post or association, a post or organization of war veterans, or the  
36 Marine Corps League, and the auxiliary units of these organizations.  
37 At present, these organizations have limited exempt status, under  
38 which they are not subject to the sales and use tax for certain  
39 admission charges if all of the proceeds from those charges inure to  
40 the benefit of the organization.

41

42 The bill includes language to clarify an existing requirement that the  
43 exemption from sales tax of a sale, charge, use or occupancy by, or a  
44 sale or charge to, an exempt organization shall apply only if (1) no part  
45 of the net earnings of the organization inures to the benefit of any  
46 private shareholder or individual, and (2) the organization does not  
engage in lobbying or political campaign activity.

47 The bill also creates a Sales and Use Tax Review Commission to



1 review any bill, joint resolution or concurrent resolution introduced in  
2 either House of the Legislature which expands or reduces the base of  
3 the New Jersey sales and use tax. Such a review shall include, but not  
4 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
5 comments upon or recommendations concerning the legislation, and  
6 any alternatives to the legislation which the commission may wish to  
7 suggest.

8 The bill is to take effect on the first day of the second month  
9 following its enactment; the Director of the Division of Taxation,  
10 however, is authorized to take such anticipatory administrative action  
11 as may be necessary to implement the provisions of the legislation.

12

13

14

15

16 Grants exempt organizations status under the sales tax to National  
17 Guard, Marine Corps League, and war veterans' post or associations,  
18 creates a Sales and Use Tax Review Commission.

# ASSEMBLY, No. 6

## STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JANUARY 10, 2000

**Sponsored by:**

**Assemblyman JEFFREY W. MORAN**

**District 9 (Atlantic, Burlington and Ocean)**

**Assemblyman CHRISTOPHER J. CONNORS**

**District 9 (Atlantic, Burlington and Ocean)**

**Co-Sponsored by:**

**Senators Connors, Gormley and Allen**

**SYNOPSIS**

Grants exempt organizations status under the sales tax to National Guard, Marine Corps League, and war veterans' post or associations, creates a Sales and Use Tax Review Commission.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/11/2000)**

1 AN ACT providing exempt organization status under the sales and use  
2 tax to certain National Guard and veterans' organizations and  
3 creating a Sales and Use Tax Review Commission, amending and  
4 supplementing P.L.1966, c.30.

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

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

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

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

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

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

29 (b) Except as otherwise provided in this section any sale or  
30 amusement charge by or to any of the following or any use or  
31 occupancy by any of the following, where such sale, charge, use or  
32 occupancy is directly related to the purposes for which the following  
33 have been organized, shall not be subject to the sales and use taxes  
34 imposed under this act: a corporation, association, trust, or  
35 community chest, fund or foundation, organized and operated  
36 exclusively (1) for religious, charitable, scientific, testing for public  
37 safety, literary or educational purposes [,]; or (2) for the prevention of  
38 cruelty to children or animals [,]; or (3) as a volunteer fire company,  
39 rescue, ambulance, first aid or emergency company or squad [,]; or (4)  
40 as a National Guard organization, post or association, or as a post or  
41 organization of war veterans, or the Marine Corps League, or as an  
42 auxiliary unit or society of any such post, organization or association;  
43 [and] or (5) as an association of parents and teachers of an elementary

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

**Matter underlined thus is new matter.**

1 or secondary public or private school exempt under the provisions of  
2 this section [,]. Such a sale, charge, use or occupancy by, or a sale or  
3 charge to, an organization enumerated in this subsection, shall not be  
4 subject to the sales and use taxes only if no part of the net earnings  
5 of [which] the organization inures to the benefit of any private  
6 shareholder or individual, no substantial part of the activities of  
7 [which] the organization is carrying on propaganda, or otherwise  
8 attempting to influence legislation, and [which] the organization does  
9 not participate in, or intervene in (including the publishing or  
10 distributing of statements), any political campaign on behalf of any  
11 candidate for public office.

12 (c) Nothing in this section shall exempt from the taxes imposed  
13 under the "Sales and Use Tax Act":

14 (1) the sale of a motor vehicle by an organization described in  
15 subsection (b) of this section, unless the purchaser is an organization  
16 exempt under this section;

17 (2) retail sales of tangible personal property by any shop or store  
18 operated by an organization described in subsection (b) of this section,  
19 unless the tangible personal property was received by the organization  
20 as a gift or contribution and the shop or store is one in which  
21 substantially all the work in carrying on the business of the shop or  
22 store is performed for the organization without compensation and  
23 substantially all of the shop's or store's merchandise has been received  
24 by the organization as gifts or contributions or unless the purchaser  
25 is an organization exempt under this section; or

26 (3) the sale or use of energy or utility service to or by an  
27 organization described in paragraph (1) of subsection (a) or subsection  
28 (b) of this section.

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

33 (e) Where any organization described in subsection (b) of this  
34 subsection carries on its activities in furtherance of the purposes for  
35 which it was organized, in premises in which, as part of those  
36 activities, it operates a hotel, occupancy of rooms in the premises and  
37 rents from those rooms received by the organization shall not be  
38 subject to tax 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 (54:32B-  
43 3):

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

46 (B) a society or organization conducted for the sole purpose of

1 maintaining symphony orchestras or operas and receiving substantial  
2 support from voluntary contributions; or

3 (C) [ national guard organizations, posts or organizations of war  
4 veterans, or auxiliary units or societies of any such posts or  
5 organizations, if such posts, organizations, units or societies are  
6 organized in this State, and if no part of their net earnings inures to the  
7 benefit of any private stockholder or individual; or] (Deleted by  
8 amendment, P.L. , c. (now pending before the Legislature as this  
9 bill)).

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

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

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

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

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

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

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

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

44 (cf: P.L.1998, c.118, s.1)

45

46 2. (New section) There is established a Sales and Use Tax Review

1 Commission in but not of the Department of the Treasury. The  
2 commission shall consist of 10 members: the State Treasurer, ex  
3 officio, or the State Treasurer's designee, and three other members of  
4 the Executive Branch, who shall be designated by the Governor and  
5 who shall serve at the Governor's pleasure; two public members to be  
6 appointed by the President of the Senate, no more than one of whom  
7 shall be of the same political party; two public members to be  
8 appointed by the Speaker of the General Assembly, no more than one  
9 of whom shall be of the same political party; and two public members,  
10 no more than one of whom shall be of the same political party, to be  
11 appointed by the Governor with the advice and consent of the Senate.

12 Public members appointed by the Governor shall serve for a term  
13 of four years and until their respective successors are appointed and  
14 qualified, except that of the public members first appointed, one shall  
15 serve for a term of two years and one shall serve for a term of four  
16 years. Public members appointed by the President of the Senate or  
17 Speaker of the General Assembly shall serve during the two-year  
18 legislative term in which the appointment is made and until their  
19 respective successors are appointed and qualified. Any vacancy in the  
20 membership of the commission shall be filled for the balance of the  
21 unexpired term in the same manner as the original appointment was  
22 made.

23 A chairman of the commission shall be designated by the Governor  
24 from among its public members and shall serve at the pleasure of the  
25 Governor.

26 Members of the commission shall serve without compensation but  
27 shall be entitled to reimbursement for expenses actually incurred in the  
28 performance of their duties.

29

30 3. (New section) a. It shall be the duty of the commission to  
31 review any bill, joint resolution or concurrent resolution introduced in  
32 either House of the Legislature which expands or reduces the base of  
33 the New Jersey sales and use tax. Such a review shall include, but not  
34 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
35 comments upon or recommendations concerning the legislation, and  
36 any alternatives to the legislation which the commission may wish to  
37 suggest.

38 b. Not later than the 20th day after the date of introduction of any  
39 bill or resolution in either House of the Legislature, the Legislative  
40 Budget and Finance Officer shall review it in order to determine  
41 whether the bill or resolution constitutes sales and use tax base  
42 expansion or reduction legislation. If, on the basis of that review, the  
43 Legislative Budget and Finance Officer determines that the bill or  
44 resolution constitutes such legislation, that officer shall promptly give  
45 written notice of that determination to the commission, the presiding  
46 officer of the House in which the bill or resolution was introduced and

1 the chairman of the standing reference committee of that House to  
2 which the bill or resolution may have been referred. Not later than the  
3 90th day after the date of introduction of any bill or resolution in  
4 either House of the Legislature which the Legislative Budget and  
5 Finance Officer has determined constitutes sales and use tax base  
6 expansion or reduction legislation, the commission shall complete its  
7 review and provide its comments and recommendations in writing to  
8 the presiding officer of the House in which the bill or resolution was  
9 introduced and to the chairman of the standing reference committee of  
10 that House to which the bill or resolution may have been referred. If  
11 the commission requests an extension prior to the 90th day after the  
12 date of introduction of a bill or resolution, the presiding officer of the  
13 House in which the bill or resolution was introduced may grant an  
14 extension for the commission to complete its review of the bill or  
15 resolution. The House or committee shall not consider or vote upon  
16 the bill or resolution until either the commission completes its review  
17 and provides its comments and recommendations in writing to the  
18 presiding officer and the chairman, or the 90th day after the date of  
19 introduction of the bill or resolution, or the designated day in the case  
20 of an extension. If the presiding officer of the House in which the bill  
21 or resolution was introduced determines that the bill or resolution is  
22 an urgent matter, he shall so notify in writing the commission and the  
23 chairman of the standing reference committee to which the bill or  
24 resolution may have been referred, and the House or committee may  
25 consider and vote upon the bill or resolution as soon as practicable.

26

27 4. (New section) Pursuant to P.L. , c. (now pending before  
28 the Legislature as Assembly Bill No. ), the Sales and Use Tax  
29 Review Commission shall review every bill, joint resolution, or  
30 concurrent resolution introduced in either House of the Legislature  
31 which constitutes sales and use tax base expansion or reduction  
32 legislation as defined by P.L. , c. (now pending before the  
33 Legislature as Assembly Bill No. ), and as determined by the  
34 Legislative Budget and Finance Officer pursuant to that act.

35

36 5. (New section) a. The commission shall be entitled to the  
37 assistance and services of the employees of any State, county or  
38 municipal department, board, bureau, commission or agency as it may  
39 require and as may be available to it for these purposes, and to employ  
40 stenographic and clerical assistants and incur traveling and other  
41 miscellaneous expenses as necessary, to perform its duties, and within  
42 the limits of funds appropriated or otherwise made available to it for  
43 these purposes.

44 b. The Division of Taxation in the Department of the Treasury shall  
45 assist the commission in the performance of its duties. The  
46 commission may make use of existing studies, data or other materials

1 in the possession of the division and may request the assistance and  
2 services of the division's employees.

3 c. The employees of any State agency or political subdivision of the  
4 State may serve at the request of the commission upon any advisory  
5 committee which the commission may create and these employees may  
6 serve upon these committees without forfeiture of office or  
7 employment and with no loss or diminution in the compensation,  
8 status, rights and privileges which they otherwise enjoy.

9

10 6. (New section) The commission may meet and hold hearings at  
11 the place or places it designates, at which it may request the  
12 appearance of officials of any State agency or political subdivision of  
13 the State and may solicit the testimony of interested groups and the  
14 general public.

15

16 7. (New section) The commission may adopt, in accordance with  
17 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
18 seq.), such rules and regulations as it shall deem necessary to carry out  
19 its functions.

20

21 8. (New section) The commission shall report on its activities by  
22 December 31st of each year to the Legislature and may issue periodic  
23 reports concerning sales and use tax base expansion or reduction  
24 legislation.

25

26 9. This act shall take effect on the first day of the second month  
27 following enactment, but the Division of Taxation in the Department  
28 of the Treasury may take such anticipatory administrative action in  
29 advance as shall be necessary for the implementation of the act.

30

31

32

## STATEMENT

33

34 This bill grants exempt organization status under the "Sales and Use  
35 Tax Act" to any entity organized as a National Guard organization,  
36 post or association, a post or organization of war veterans, or the  
37 Marine Corps League, and the auxiliary units of these organizations.  
38 At present, these organizations have limited exempt status, under  
39 which they are not subject to the sales and use tax for certain  
40 admission charges if all of the proceeds from those charges inure to  
41 the benefit of the organization.

42

43 The bill includes language to clarify an existing requirement that the  
44 exemption from sales tax of a sale, charge, use or occupancy by, or a  
45 sale or charge to, an exempt organization shall apply only if (1) no part  
46 of the net earnings of the organization inures to the benefit of any  
private shareholder or individual, and (2) the organization does not



1 engage in lobbying or political campaign activity.

2 The bill also creates a Sales and Use Tax Review Commission to  
3 review any bill, joint resolution or concurrent resolution introduced in  
4 either House of the Legislature which expands or reduces the base of  
5 the New Jersey sales and use tax. Such a review shall include, but not  
6 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
7 comments upon or recommendations concerning the legislation, and  
8 any alternatives to the legislation which the commission may wish to  
9 suggest.

10 The bill is to take effect on the first day of the second month  
11 following its enactment; the Director of the Division of Taxation,  
12 however, is authorized to take such anticipatory administrative action  
13 as may be necessary to implement the provisions of the legislation.

# SENATE, No. 2301

## STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JANUARY 10, 2000

**Sponsored by:**

**Senator LEONARD T. CONNORS, JR.**  
**District 9 (Atlantic, Burlington and Ocean)**  
**Senator WILLIAM L. GORMLEY**  
**District 2 (Atlantic)**

**Co-Sponsored by:**

**Senator Allen**

**SYNOPSIS**

Grants exempt organizations status under the sales tax to National Guard, Marine Corps League, and war veterans' post or associations, creates a Sales and Use Tax Review Commission.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/11/2000)**

S2301 CONNORS, GORMLEY

2

1 AN ACT providing exempt organization status under the sales and use  
2 tax to certain National Guard and veterans' organizations and  
3 creating a Sales and Use Tax Review Commission, amending and  
4 supplementing P.L.1966, c.30.

5

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

8

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

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

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

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

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

29 (b) Except as otherwise provided in this section any sale or  
30 amusement charge by or to any of the following or any use or  
31 occupancy by any of the following, where such sale, charge, use or  
32 occupancy is directly related to the purposes for which the following  
33 have been organized, shall not be subject to the sales and use taxes  
34 imposed under this act: a corporation, association, trust, or  
35 community chest, fund or foundation, organized and operated  
36 exclusively (1) for religious, charitable, scientific, testing for public  
37 safety, literary or educational purposes **[,];** or (2) for the prevention  
38 of cruelty to children or animals **[,];** or (3) as a volunteer fire  
39 company, rescue, ambulance, first aid or emergency company or squad  
40 **[,];** or (4) as a National Guard organization, post or association, or as  
41 a post or organization of war veterans, or the Marine Corps League,  
42 or as an auxiliary unit or society of any such post, organization or  
43 association; **[and]** or (5) as an association of parents and teachers of

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

**Matter underlined thus is new matter.**

1 an elementary or secondary public or private school exempt under the  
2 provisions of this section ~~【,】~~. Such a sale, charge, use or occupancy  
3 by, or a sale or charge to, an organization enumerated in this  
4 subsection, shall not be subject to the sales and use taxes only if no  
5 part of the net earnings of ~~【which】~~ the organization inures to the  
6 benefit of any private shareholder or individual, no substantial part of  
7 the activities of ~~【which】~~ the organization is carrying on propaganda,  
8 or otherwise attempting to influence legislation, and ~~【which】~~ the  
9 organization does not participate in, or intervene in (including the  
10 publishing or distributing of statements), any political campaign on  
11 behalf of any candidate for public office.

12 (c) Nothing in this section shall exempt from the taxes imposed  
13 under the "Sales and Use Tax Act":

14 (1) the sale of a motor vehicle by an organization described in  
15 subsection (b) of this section, unless the purchaser is an organization  
16 exempt under this section;

17 (2) retail sales of tangible personal property by any shop or store  
18 operated by an organization described in subsection (b) of this section,  
19 unless the tangible personal property was received by the organization  
20 as a gift or contribution and the shop or store is one in which  
21 substantially all the work in carrying on the business of the shop or  
22 store is performed for the organization without compensation and  
23 substantially all of the shop's or store's merchandise has been received  
24 by the organization as gifts or contributions or unless the purchaser  
25 is an organization exempt under this section; or

26 (3) the sale or use of energy or utility service to or by an  
27 organization described in paragraph (1) of subsection (a) or subsection  
28 (b) of this section.

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

33 (e) Where any organization described in subsection (b) of this  
34 subsection carries on its activities in furtherance of the purposes for  
35 which it was organized, in premises in which, as part of those  
36 activities, it operates a hotel, occupancy of rooms in the premises and  
37 rents from those rooms received by the organization shall not be  
38 subject to tax 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 (54:32B-  
43 3):

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

46 (B) a society or organization conducted for the sole purpose of

1 maintaining symphony orchestras or operas and receiving substantial  
2 support from voluntary contributions; or

3 (C) **【** national guard organizations, posts or organizations of war  
4 veterans, or auxiliary units or societies of any such posts or  
5 organizations, if such posts, organizations, units or societies are  
6 organized in this State, and if no part of their net earnings inures to the  
7 benefit of any private stockholder or individual; **or】** (Deleted by  
8 amendment, P.L. , c. (now pending before the Legislature as this  
9 bill)).

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

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

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

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

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

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

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

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

44 (cf: P.L.1998, c.118, s.1)

45

46 2. (New section) There is established a Sales and Use Tax Review

1 Commission in but not of the Department of the Treasury. The  
2 commission shall consist of 10 members: the State Treasurer, ex  
3 officio, or the State Treasurer's designee, and three other members of  
4 the Executive Branch, who shall be designated by the Governor and  
5 who shall serve at the Governor's pleasure; two public members to be  
6 appointed by the President of the Senate, no more than one of whom  
7 shall be of the same political party; two public members to be  
8 appointed by the Speaker of the General Assembly, no more than one  
9 of whom shall be of the same political party; and two public members,  
10 no more than one of whom shall be of the same political party, to be  
11 appointed by the Governor with the advice and consent of the Senate.

12 Public members appointed by the Governor shall serve for a term  
13 of four years and until their respective successors are appointed and  
14 qualified, except that of the public members first appointed, one shall  
15 serve for a term of two years and one shall serve for a term of four  
16 years. Public members appointed by the President of the Senate or  
17 Speaker of the General Assembly shall serve during the two-year  
18 legislative term in which the appointment is made and until their  
19 respective successors are appointed and qualified. Any vacancy in the  
20 membership of the commission shall be filled for the balance of the  
21 unexpired term in the same manner as the original appointment was  
22 made.

23 A chairman of the commission shall be designated by the Governor  
24 from among its public members and shall serve at the pleasure of the  
25 Governor.

26 Members of the commission shall serve without compensation but  
27 shall be entitled to reimbursement for expenses actually incurred in the  
28 performance of their duties.

29

30 3. (New section) a. It shall be the duty of the commission to  
31 review any bill, joint resolution or concurrent resolution introduced in  
32 either House of the Legislature which expands or reduces the base of  
33 the New Jersey sales and use tax. Such a review shall include, but not  
34 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
35 comments upon or recommendations concerning the legislation, and  
36 any alternatives to the legislation which the commission may wish to  
37 suggest.

38 b. Not later than the 20th day after the date of introduction of any  
39 bill or resolution in either House of the Legislature, the Legislative  
40 Budget and Finance Officer shall review it in order to determine  
41 whether the bill or resolution constitutes sales and use tax base  
42 expansion or reduction legislation. If, on the basis of that review, the  
43 Legislative Budget and Finance Officer determines that the bill or  
44 resolution constitutes such legislation, that officer shall promptly give  
45 written notice of that determination to the commission, the presiding  
46 officer of the House in which the bill or resolution was introduced and

1 the chairman of the standing reference committee of that House to  
2 which the bill or resolution may have been referred. Not later than the  
3 90th day after the date of introduction of any bill or resolution in  
4 either House of the Legislature which the Legislative Budget and  
5 Finance Officer has determined constitutes sales and use tax base  
6 expansion or reduction legislation, the commission shall complete its  
7 review and provide its comments and recommendations in writing to  
8 the presiding officer of the House in which the bill or resolution was  
9 introduced and to the chairman of the standing reference committee of  
10 that House to which the bill or resolution may have been referred. If  
11 the commission requests an extension prior to the 90th day after the  
12 date of introduction of a bill or resolution, the presiding officer of the  
13 House in which the bill or resolution was introduced may grant an  
14 extension for the commission to complete its review of the bill or  
15 resolution. The House or committee shall not consider or vote upon  
16 the bill or resolution until either the commission completes its review  
17 and provides its comments and recommendations in writing to the  
18 presiding officer and the chairman, or the 90th day after the date of  
19 introduction of the bill or resolution, or the designated day in the case  
20 of an extension. If the presiding officer of the House in which the bill  
21 or resolution was introduced determines that the bill or resolution is  
22 an urgent matter, he shall so notify in writing the commission and the  
23 chairman of the standing reference committee to which the bill or  
24 resolution may have been referred, and the House or committee may  
25 consider and vote upon the bill or resolution as soon as practicable.

26  
27 4. (New section) Pursuant to P.L. , c. (now pending before  
28 the Legislature as Senate Bill No. ), the Sales and Use Tax Review  
29 Commission shall review every bill, joint resolution, or concurrent  
30 resolution introduced in either House of the Legislature which  
31 constitutes sales and use tax base expansion or reduction legislation as  
32 defined by P.L. , c. (now pending before the Legislature as  
33 Senate Bill No. ), and as determined by the Legislative Budget and  
34 Finance Officer pursuant to that act.

35  
36 5. (New section) a. The commission shall be entitled to the  
37 assistance and services of the employees of any State, county or  
38 municipal department, board, bureau, commission or agency as it may  
39 require and as may be available to it for these purposes, and to employ  
40 stenographic and clerical assistants and incur traveling and other  
41 miscellaneous expenses as necessary, to perform its duties, and within  
42 the limits of funds appropriated or otherwise made available to it for  
43 these purposes.

44 b. The Division of Taxation in the Department of the Treasury shall  
45 assist the commission in the performance of its duties. The  
46 commission may make use of existing studies, data or other materials

1 in the possession of the division and may request the assistance and  
2 services of the division's employees.

3 c. The employees of any State agency or political subdivision of the  
4 State may serve at the request of the commission upon any advisory  
5 committee which the commission may create and these employees may  
6 serve upon these committees without forfeiture of office or  
7 employment and with no loss or diminution in the compensation,  
8 status, rights and privileges which they otherwise enjoy.

9  
10 6. (New section) The commission may meet and hold hearings at  
11 the place or places it designates, at which it may request the  
12 appearance of officials of any State agency or political subdivision of  
13 the State and may solicit the testimony of interested groups and the  
14 general public.

15  
16 7. (New section) The commission may adopt, in accordance with  
17 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
18 seq.), such rules and regulations as it shall deem necessary to carry out  
19 its functions.

20  
21 8. (New section) The commission shall report on its activities by  
22 December 31st of each year to the Legislature and may issue periodic  
23 reports concerning sales and use tax base expansion or reduction  
24 legislation.

25  
26 9. This act shall take effect on the first day of the second month  
27 following enactment, but the Division of Taxation in the Department  
28 of the Treasury may take such anticipatory administrative action in  
29 advance as shall be necessary for the implementation of the act.

30  
31

32 STATEMENT

33  
34 This bill grants exempt organization status under the "Sales and Use  
35 Tax Act" to any entity organized as a National Guard organization,  
36 post or association, a post or organization of war veterans, or the  
37 Marine Corps League, and the auxiliary units of these organizations.  
38 At present, these organizations have limited exempt status, under  
39 which they are not subject to the sales and use tax for certain  
40 admission charges if all of the proceeds from those charges inure to  
41 the benefit of the organization.

42 The bill includes language to clarify an existing requirement that the  
43 exemption from sales tax of a sale, charge, use or occupancy by, or a  
44 sale or charge to, an exempt organization shall apply only if (1) no part  
45 of the net earnings of the organization inures to the benefit of any  
46 private shareholder or individual, and (2) the organization does not



**S2301 CONNORS, GORMLEY**

8

1 engage in lobbying or political campaign activity.

2 The bill also creates a Sales and Use Tax Review Commission to  
3 review any bill, joint resolution or concurrent resolution introduced in  
4 either House of the Legislature which expands or reduces the base of  
5 the New Jersey sales and use tax. Such a review shall include, but not  
6 be limited to, an analysis of the bill's or resolution's fiscal impact, any  
7 comments upon or recommendations concerning the legislation, and  
8 any alternatives to the legislation which the commission may wish to  
9 suggest.

10 The bill is to take effect on the first day of the second month  
11 following its enactment; the Director of the Division of Taxation,  
12 however, is authorized to take such anticipatory administrative action  
13 as may be necessary to implement the provisions of the legislation.

# ASSEMBLY, No. 388

## STATE OF NEW JERSEY 208th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

**Sponsored by:**

**Assemblyman JEFFREY W. MORAN**

**District 9 (Atlantic, Burlington and Ocean)**

**Assemblyman CHRISTOPHER J. CONNORS**

**District 9 (Atlantic, Burlington and Ocean)**

**Co-Sponsored by:**

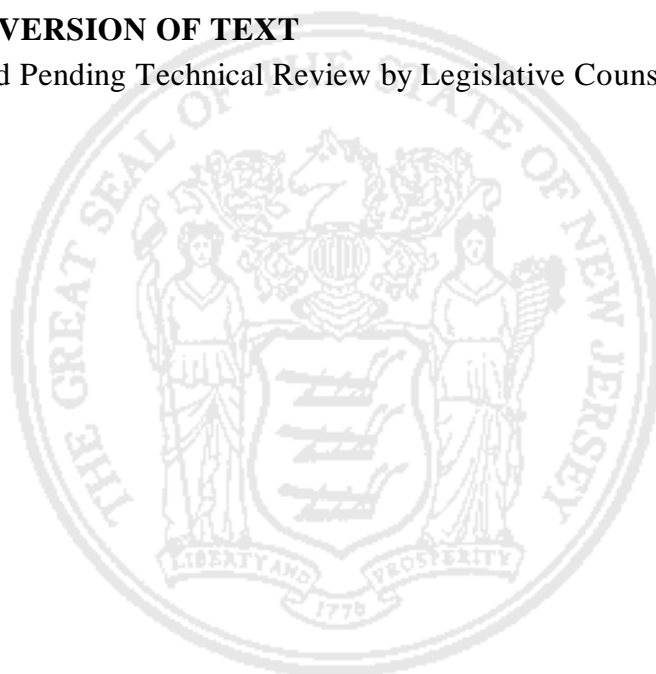
**Assemblymen LeFevre, Blee, Greenwald and Romano**

**SYNOPSIS**

Grants exempt organizations status under the sales tax to National Guard and war veterans' organizations.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



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

A388 MORAN, CONNORS

2

1 AN ACT providing exempt organization status under the sales and use  
2 tax to certain National Guard and veterans' organizations and  
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. Exempt organizations. (a) Except as to motor vehicles sold by  
11 any of the following, any sale, service or amusement charge by or to  
12 any of the following or any use or occupancy by any of the following  
13 shall not be subject to 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:

34 **[(1)]** Any corporation, association, trust, or community chest, fund  
35 or foundation, organized and operated exclusively for religious,  
36 charitable, scientific, testing for public safety, literary or educational  
37 purposes, or for the prevention of cruelty to children or animals, or as  
38 a volunteer fire company, rescue, ambulance, first aid or emergency  
39 company or squad, or as a National Guard organization, post or  
40 association or as a post or organization of war veterans, or as an  
41 auxiliary unit or society of any such post, organization or association,  
42 provided that the post, organization, association, or auxiliary unit or  
43 society is organized in this State and meets the definitions for such

**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 entities established pursuant to regulations promulgated by the  
2 Director of the Division of Taxation; and an association of parents and  
3 teachers of an elementary or secondary public or private school  
4 exempt under the provisions of this section **[9]**, no part of the net  
5 earnings of which inures to the benefit of any private shareholder or  
6 individual, no substantial part of the activities of which is carrying on  
7 propaganda, or otherwise attempting to influence legislation, and  
8 which does not participate in, or intervene in (including the publishing  
9 or distributing of statements), any political campaign on behalf of any  
10 candidate for public office.

11 (c) Nothing in this section shall exempt the sale of a motor vehicle  
12 by an organization described in subsection (b)**[(1)]** of this section or  
13 retail sales of tangible personal property by any shop or store operated  
14 by such organization from the taxes imposed hereunder, unless the  
15 purchaser is an organization exempt under this section.

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

20 (e) Where any organization described in subsection (b)**[(1)]** hereof  
21 carries on its activities in furtherance of the purposes for which it was  
22 organized, in premises in which, as part of said activities, it operates  
23 a hotel, occupancy of rooms in the premises and rents therefrom  
24 received by such corporation or association shall not be subject to tax  
25 hereunder.

26 (f) (1) Except as provided in paragraph (2) of this subsection, any  
27 admissions all of the proceeds of which inure exclusively to the benefit  
28 of the following organizations shall not be subject to any of the taxes  
29 imposed under subsection (e) of section 3:

30 (A) an organization described in subsection (a) (1) or (b) of this  
31 section;

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

35 **[(C) national guard organizations, posts or organizations of war**  
36 **veterans, or auxiliary units or societies of any such posts or**  
37 **organizations, if such posts, organizations, units or societies are**  
38 **organized in this State, and if no part of their net earnings inures to the**  
39 **benefit of any private stockholder or individual; or]**

40 **[(D)](C)** a police or fire department of a political subdivision of  
41 the State, or a volunteer fire company, ambulance, first aid, or  
42 emergency company or squad, or exclusively to a retirement, pension  
43 or disability fund for the sole benefit of members of a police or fire  
44 department or to a fund for the heirs of such members.

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

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

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

9 (3) Admission charges for admission to the following places or  
10 events shall not be subject to any of the taxes imposed under  
11 subsection (e) of section 3:

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

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

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

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

29

30 2. This act shall take effect immediately.

31

32

33

#### STATEMENT

34

35 This bill grants exempt organization status under the "Sales and Use  
36 Tax Act" to National Guard and war veterans' posts or associations,  
37 and the auxiliary units of these organizations, which meet the  
38 definition for such entities established pursuant to regulations to be  
39 promulgated by the Director of the Division of Taxation in the  
40 Department of the Treasury. At present, these organizations have  
41 limited exempt status and are not subject to the sales and use tax for  
42 certain admission charges when all of the proceeds inure to the benefit  
43 of the organization.

ASSEMBLY COMMERCE, TOURISM, GAMING AND  
MILITARY AND VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 388**

**STATE OF NEW JERSEY**

DATED: OCTOBER 5, 1998

The Assembly Commerce, Tourism, Gaming and Military and Veterans' Affairs Committee reports favorably Assembly, No. 388.

This bill grants exempt organization status under the "Sales and Use Tax Act" to National Guard and war veterans' posts or associations, and the auxiliary units of these organizations, which meet the definition for such entities established pursuant to regulations to be promulgated by the Director of the Division of Taxation in the Department of the Treasury. At present, these organizations have limited exempt status and are not subject to the sales and use tax for certain admission charges when all of the proceeds inure to the benefit of the organization.

This bill is identical to Senate, No. 1383.

The bill was prefiled in the 1998 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 388**

**STATE OF NEW JERSEY**

DATED: MAY 17, 1999

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 388.

The Assembly Committee Substitute for Assembly Bill No. 388 grants exempt organization status under the "Sales and Use Tax Act" to National Guard, Marine Corps League and war veterans' posts or associations, and the auxiliary units of these organizations. At present, these organizations have limited exempt status: admission charges, all of the proceeds of which inure to the benefit of such an organization, are not subject to the sales and use tax.

The substitute modifies the language in part to be easier to read and also conforms the legislation to P.L. 1998, c.118 dealing with the exemption for charity shops.

FISCAL IMPACT:

An earlier Office of Legislative Services estimate, based on data from the Department of Military and Veterans Affairs, projected a revenue loss of approximately \$300,000 annually.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 388**

with committee amendments

## **STATE OF NEW JERSEY**

DATED: SEPTEMBER 23, 1999

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 388 ACS.

This bill grants exempt organization status under the "Sales and Use Tax Act" to any entity organized as a National Guard organization, post or association, a post or organization of war veterans, or the Marine Corps League, and the auxiliary units of these organizations. At present, these organizations have limited exempt status, under which they are not subject to the sales and use tax for certain admission charges if all of the proceeds from those charges inure to the benefit of the organization.

The bill includes language to clarify an existing requirement that the exemption from sales tax of a sale, charge, use or occupancy by, or a sale or charge to, an exempt organization shall apply only if (1) no part of the net earnings of the organization inures to the benefit of any private shareholder or individual, and (2) the organization does not engage in lobbying or political campaign activity.

The bill is to take effect on the first day of the second month following its enactment; the Director of the Division of Taxation, however, is authorized to take such anticipatory administrative action as may be necessary to implement the provisions of the legislation.

As amended, this bill is identical to Senate Bill No. 1383 SCS Sca, which the committee also reports this day.

#### COMMITTEE AMENDMENTS

Committee amendments to this bill (1) incorporate language to ensure continuing application of the requirement that, to be exempt, a sale by an exempt organization must be directly related to the purpose for which the organization was organized, and (2) add the provision authorizing the Director of the Division of Taxation to take anticipatory administrative action to implement the provisions of the legislation.



**FISCAL IMPACT**

In a 1997 fiscal estimate prepared by the Office of Legislative Services (OLS) for Senate Bill No. 1733 (1R) of 1997, a bill that was similar to the present bill but did not provide the exemption for the Marine Corps League, OLS estimated a revenue loss to the State of approximately \$300,000 per year.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 388**

with committee amendments

## **STATE OF NEW JERSEY**

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[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 388**

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**STATE OF NEW JERSEY**  
**208th LEGISLATURE**

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ADOPTED MAY 17, 1999

**Sponsored by:**

**Assemblyman JEFFREY W. MORAN**

**District 9 (Atlantic, Burlington and Ocean)**

**Assemblyman CHRISTOPHER J. CONNORS**

**District 9 (Atlantic, Burlington and Ocean)**

**Co-Sponsored by:**

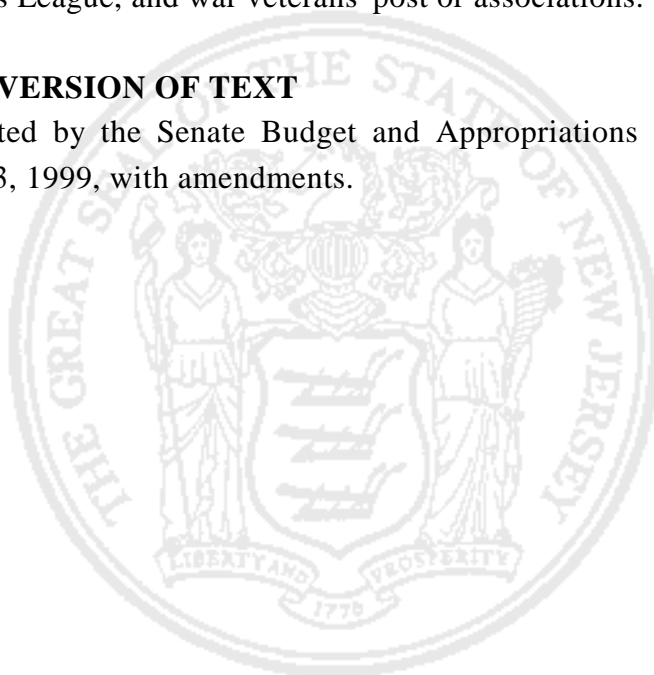
**Assemblymen LeFevre, Blee, Greenwald, Romano, Conaway, Conners, Garrett, Corodemus, Assemblywoman Heck, Assemblymen Talarico, Thompson, Senators Connors, Singer, Ciesla, Allen, Robertson, Turner and Assemblywoman Crecco**

**SYNOPSIS**

Grants exempt organizations status under the sales tax to National Guard, Marine Corps League, and war veterans' post or associations.

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on September 23, 1999, with amendments.



(Sponsorship Updated As Of: 11/16/1999)

1 AN ACT providing exempt organization status under the sales and use tax to  
2 certain National Guard and veterans' organizations and amending  
3 P.L.1966, c.30.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State of New  
6 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, any sale,  
11 service or amusement charge by or to any of the following or any use or  
12 occupancy by any of the following shall not be subject to the sales and use  
13 taxes imposed under this act:

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

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

28 (b) Except as otherwise provided in this section any sale or amusement  
29 charge by or to any of the following or any use or occupancy by any of the  
30 following, where such sale, charge, use or occupancy is directly related to the  
31 purposes for which the following have been organized, shall not be subject  
32 to the sales and use taxes imposed under this act: a corporation, association,  
33 trust, or community chest, fund or foundation, organized and operated  
34 exclusively (1) for religious, charitable, scientific, testing for public safety,  
35 literary or educational purposes **[,];** or (2) for the prevention of cruelty to  
36 children or animals **[,];** or (3) as a volunteer fire company, rescue,  
37 ambulance, first aid or emergency company or squad **[,];** or (4) as a National  
38 Guard organization, post or association, or as a post or organization of war  
39 veterans, or the Marine Corps League, or as an auxiliary unit or society of  
40 any such post, organization or association; **[and]** or (5) as an association of  
41 parents and teachers of an elementary or secondary public or private school

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup> Senate SBA committee amendments adopted September 23, 1999.**

1 exempt under the provisions of this section  ~~[, ].~~ <sup>1</sup>  ~~[A] Such a~~  sale, charge,  
2  use or occupancy by, or a sale or charge to, an organization enumerated in  
3  this subsection, shall not be subject to the sales and use taxes only if no part  
4 of the net earnings of  ~~[which] the organization~~ inures to the benefit of any  
5 private shareholder or individual, no substantial part of the activities of  
6  ~~[which] the organization~~ is carrying on propaganda, or otherwise  
7 attempting to influence legislation, and  ~~[which] the organization~~ does not  
8 participate in, or intervene in (including the publishing or distributing of  
9 statements), any political campaign on behalf of any candidate for public  
10 office.

11 (c) Nothing in this section shall exempt from the taxes imposed under the  
12 "Sales and Use Tax Act":

13 (1) the sale of a motor vehicle by an organization described in subsection  
14 (b) of this section, unless the purchaser is an organization exempt under this  
15 section;

16 (2) retail sales of tangible personal property by any shop or store  
17 operated by an organization described in subsection (b) of this section, unless  
18 the tangible personal property was received by the organization as a gift or  
19 contribution and the shop or store is one in which substantially all the work  
20 in carrying on the business of the shop or store is performed for the  
21 organization without compensation and substantially all of the shop's or  
22 store's merchandise has been received by the organization as gifts or  
23 contributions or unless the purchaser is an organization exempt under this  
24 section; or

25 (3) the sale or use of energy or utility service to or by an organization  
26 described in paragraph (1) of subsection (a) or subsection (b) of this section.

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

31 (e) Where any organization described in subsection (b) of this subsection  
32 carries on its activities in furtherance of the purposes for which it was  
33 organized, in premises in which, as part of those activities, it operates a hotel,  
34 occupancy of rooms in the premises and rents from those rooms received by  
35 the organization shall not be subject to tax under the "Sales and Use Tax  
36 Act."

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

41 (A) an organization described in paragraph (1) of subsection (a) or  
42 subsection (b) of this section;

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

46 (C)  ~~[~~ national guard organizations, posts or organizations of war

1 veterans, or auxiliary units or societies of any such posts or organizations, if  
2 such posts, organizations, units or societies are organized in this State, and  
3 if no part of their net earnings inures to the benefit of any private stockholder  
4 or individual; or] (Deleted by amendment, P.L. , c. (now pending before  
5 the Legislature as this bill)).

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

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

13 (A) Any athletic game or exhibition unless the proceeds shall inure  
14 exclusively to the benefit of elementary or secondary schools or unless in the  
15 case of an athletic game between two elementary or secondary schools, the  
16 entire gross proceeds from such game shall inure to the benefit of one or  
17 more organizations described in subsection (b) of this section;

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

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

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

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

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

38 (cf: P.L.1998, c.118, s.1)

39

40 2. This act shall take effect on the first day of the second month  
41 following enactment<sup>1</sup>, but the Division of Taxation in the Department of the  
42 Treasury may take such anticipatory administrative action in advance as shall  
43 be necessary for the implementation of the act<sup>1</sup>.

## **ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY BILL NO. 388**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Committee Substitute for Assembly Bill No. 388 without my approval.

This bill would grant exempt organization status under the "Sales and Use Tax Act" to National Guard, Marine Corps League and war veterans' posts or associations, and the auxiliary units of these organizations. It is an initiative to extend the "exclusively charitable" exemption to these "substantially charitable" groups.

I applaud the charitable efforts of these groups, and am mindful of the need to show our citizens who have served in the military strong support, both financially and morally. Recently, the voters approved, and I supported, a 400% increase in the \$50 property tax deduction for veterans. This initiative is supported by approximately \$18 million in the Fiscal Year 2001 budget that I will propose this January, and the financial support for the deduction will increase every year thereafter until a full \$250 deduction is in place for our veterans. In addition, the proposed Fiscal Year 2001 budget will include an additional \$9 million State match for a \$33 million reconstruction of the Vineland Veterans' Memorial Home, the second of our three homes that will be reconstructed under my administration. I have also enthusiastically supported the refurbishment of the War Memorial, the construction of the Korean and Vietnam War memorials in the State, the construction of the World War II memorial in Washington, D.C., as well as improvements to our veterans' cemetery. The current budget contains \$6 million to bring home the Battleship New Jersey, a source of pride for our veterans and a source of economic development for the community in which it is ultimately located. Moreover, I have signed various bills to extend pension and tax benefits to veterans and retired military personnel, and have consistently and strongly supported them in many other ways.

Assembly Committee Substitute for Assembly Bill No. 388 is one of more than 100 separate legislative initiatives introduced in the current session of the Legislature that carve special exemptions from the Sales and Use Tax. In October, I signed Executive Order No. 103 that created the Advisory Committee on the Sales and Use Tax in order to bring together



people with diverse experience in sales tax matters so they may review these legislative initiatives and share their recommendations with the Legislature and me. It is my expectation that the committee will be established early in the next session of the Legislature and provide objective advice as to the advisability of the individual initiatives as well as suggestions for ensuring that exemptions, where appropriate, are fairly constructed so as to treat similarly situated classes in a fair and even-handed manner.

In light of the imminent establishment of the committee, it would be premature for me to approve this bill without the committee's prior review and comment. Indeed, it is appropriate for this committee to first report to the Legislature and myself on the advisability and expense of extending the "exclusively charitable" exemption to the "substantially charitable" groups mentioned in this legislation. I intend to keep an open mind as to its advisability and look forward to receiving a carefully considered recommendation from the committee during the next legislative session.

Accordingly, I herewith return Assembly Committee Substitute for Assembly Bill No. 388 without my approval.

Respectfully,

/s/ Christine Todd Whitman

Governor

[seal]

Attest:

/s/ Richard S. Mroz

Chief Counsel to the Governor

PO BOX 004  
TRENTON, NJ 08625

*Office of the Governor*  
**NEWS RELEASE**

CONTACT: Jayne O'Connor  
Laura Otterbourg  
609-777-2600

RELEASE: January 6, 2000

**Governor Vetoes Bill Exempting Sales Tax to Veterans Groups; Wants  
Advisory Committee on Sales and Use Tax to First Review**

Governor Christie Whitman today vetoed legislation that would have granted a sales tax exemption to the National Guard, the Marine Corps League, and war veterans' posts or associations and the auxiliary units of these organizations.

"I applaud the efforts of veteran groups for their charitable work. My concern with this bill is one of process, and not intent," said Gov. Whitman. "I signed an Executive Order this past October creating the Advisory Committee on the Sales and Use Tax for the specific task of reviewing such legislative issues. At this point, it would be premature for me to approve this bill without the committee's prior review and comment."

"But I do intend to keep an open mind as to its advisability and look forward to receiving a carefully considered recommendation from the committee during the next legislation session," added Gov. Whitman.

According to Gov. Whitman, this bill is one of more than 100 separate legislative issues introduced during the current legislative session that carve special exemptions from the Sales and Use Tax. The Governor expects the Committee to be established early in the next session of the Legislature and will be able to provide objective advice so that exemptions, where appropriate, are fairly constructed in order to treat similar situations in a just manner.

The bill, ACS for A-388, was sponsored by Assembly Members Jeffrey W. Moran (R-Atlantic/Burlington/Ocean) and Christopher J. Connors (R-Atlantic/Burlington/Ocean) and Senators Leonard T. Connors, Jr. (R-Atlantic/Burlington/Ocean) and Robert W. Singer (R- Burlington).