

54:32B-8

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:32B-8 (Sales tax exemption--trucks used in business)

Laws of 1977 Chapter 217

Bill No. A2149

Sponsor(s) Perskie

Date Introduced July 14, 1976

Committee: Assembly Taxation

Senate Revenue, Finance and Appropriations

Amended during passage: Yes ~~No~~ Amendments during passage denoted by asterisks

Date of passage: Assembly April 21, 1977

Senate June 27, 1977

Date of approval Sept. 13, 1977

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly ~~Yes~~ No

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

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ASSEMBLY, No. 2149

STATE OF NEW JERSEY

INTRODUCED JULY 14, 1976

By Assemblymen PERSKIE, KAVANAUGH, JACKMAN, FORAN,
 WEIDEL and BASSANO

Referred to Committee on Taxation

AN ACT to amend the "Sales and Use Tax Act," approved April
 27, 1966 (P. L. 1966, c. 30).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
 2 *of New Jersey:*

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

3 8. Exempt sales. Receipts from the following shall be exempt
 4 from the tax on retail sales imposed under subsection (a) of section
 5 3 and the use tax imposed under section 6:

6 (a) Sales of medicines and drugs sold pursuant to a doctor's
 7 prescription for human use; crutches, artificial limbs, artificial
 8 eyes, artificial hearing devices, corrective eyeglasses, prosthetic
 9 aids, artificial teeth or dentures, braces, tampons or like products,
 10 orthopedic appliances and artificial devices designed to correct or
 11 alleviate physical incapacity, medical oxygen, human blood and its
 12 derivative when sold for human use, wheel chairs, and replacement
 13 parts for any of the foregoing;

14 (b) Sales of food, food products, beverages except alcoholic
 15 beverages, excluding draft beer sold by the barrel, as defined in the
 16 Alcoholic Beverage Tax Law, dietary foods and health supple-
 17 ments, sold for human consumption off the premises where sold
 18 but not including (i) candy and confectionery, and (ii) carbonated
 19 soft drinks and beverages all of which shall be subject to the retail
 20 sales and compensating use taxes, whether or not the item is sold
 21 in liquid form. Nothing herein shall be construed as exempting
 22 food or drink from the tax imposed under subsection (c) of sec-
 23 tion 3;

24 (c) Sales of food sold in an elementary or secondary school
 25 cafeteria, sales of food sold in an institution of higher education

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

26 or in a fraternity, sorority or eating club operated in connection
27 therewith, to students of such an institution;

28 (d) Sales of articles of clothing and footwear for human use
29 except articles made of fur on the hide or pelt of an animal or
30 animals where such fur is the component material of chief value of
31 the article. "Clothing" as used herein, shall also mean and include
32 sales to noncommercial purchasers of common wearing apparel
33 materials intended to be incorporated into wearing apparel as a
34 constituent part thereof, such as fabrics, thread, knitting yarn,
35 buttons and zippers. The director shall prescribe regulations to
36 carry out the provisions of this subsection;

37 (e) Sales of newspapers, magazines and periodicals;

38 (f) Casual sales except as to sales of motor vehicles, whether
39 for use on the highways or otherwise, and except as to sales of boats
40 or vessels registered or subject to registration under the New
41 Jersey Boat Act of 1962 (P. L. 1962, c. 73, and all amendments
42 thereto);

43 (g) Sales of gas, water, steam, fuel, electricity, telephone or
44 telegraph services delivered to consumers through mains, lines,
45 pipe, or in containers or bulk;

46 (h) Sales of motor fuels as motor fuels are defined for purposes
47 of the New Jersey Motor Fuel Tax Law; and sale of fuel to an
48 airline for use in its airplanes or to a railroad for use in its
49 locomotives;

50 (i) Tangible personal property sold through coin-operated vend-
51 ing machines at \$0.10 or less, provided the retailer is primarily
52 engaged in making such sales and maintains records satisfactory
53 to the director;

54 (j) Sales not within the taxing power of this State under the
55 Constitution of the United States;

56 (k) The transportation of persons or property;

57 (l) Sales, repairs, alterations or conversion of commercial ships,
58 barges and other vessels of 50-ton burden or over, primarily
59 engaged in interstate or foreign commerce, and of governmentally-
60 owned ships, barges and other vessels and property used by or pur-
61 chased for the use of such vessels for fuel, provisions, supplies,
62 maintenance and repairs (other than articles purchased for the
63 original equipping of a new ship);

64 (m) (1) [(Deleted by amendment.) P. L. 1970, c. 7, s. 5.] *Sales*
65 *of machinery, apparatus or equipment for use or consumption*
66 *directly and primarily in the production of tangible personal prop-*
67 *erty by manufacturing, processing, assembling or refining;*

68 (2) Sales of machinery, apparatus or equipment for use or
69 consumption directly and primarily in the production, generation,
70 transmission or distribution of gas, electricity, refrigeration, steam
71 or water for sale or in the operation of sewerage systems;

72 (3) Sales of telephone lines, cables, central office equipment or
73 station apparatus, or other machinery, equipment or apparatus
74 or comparable telegraph equipment, for use directly and primarily
75 in receiving at destination or initiating, transmitting and switching
76 telephone or telegraph communication;

77 (4) The exemptions granted under this subsection shall not be
78 construed to apply to sales, otherwise taxable, of machinery, equip-
79 ment or apparatus whose use is incidental to the activities described
80 in paragraphs (1), (2) and (3) of this subsection;

81 (5) The exemptions granted in this subsection (m) shall not
82 apply to motor vehicles or to parts with a useful life of 1 year or
83 less or tools or supplies used in connection with the machinery,
84 equipment or apparatus described in this subsection;

85 (n) Sales of tangible personal property purchased for use or
86 consumption directly and exclusively in research and development
87 in the experimental or laboratory sense. Such research and de-
88 velopment shall not be deemed to include the ordinary testing or
89 inspection of materials or products for quality control, efficiency
90 surveys, management studies, consumer surveys, advertising, pro-
91 motions or research in connection with literary, historical or similar
92 projects;

93 (o) Sales or use of wrapping paper, wrapping twine, bags, car-
94 tons, tape, rope, labels, nonreturnable containers, reusable milk
95 containers and all other wrapping supplies when such use is in-
96 cidental to the delivery of any personal property;

97 (p) Sales of tangible personal property (except automobiles,
98 [trucks, trailers, and truck-trailer combinations,] and except prop-
99 erty incorporated in a building or structure) for use and consump-
100 tion directly and exclusively in the production for sale of tangible
101 personal property on farms, including stock, dairy, poultry, fruit,
102 fur-bearing animals, and truck farms, ranches, nurseries, green-
103 houses or other similar structures used primarily for the raising
104 of agricultural or horticultural commodities, and orchards;

105 (q) Sales of tangible personal property sold by a mortician,
106 undertaker or funeral director. However, all tangible personal
107 property sold to a mortician, undertaker or funeral director for
108 use in the conducting of funerals shall not be deemed a sale for
109 resale and shall not be exempt from the tax imposed by this act;

110 (r) Sales of films, records, tapes or any type of visual or sound

111 transcriptions to, or produced for exhibition in or use through the
112 medium of, theatres and radio and television broadcasting stations
113 or networks, and not used for advertising purposes;

114 (s) Sales of tangible personal property and services taxable
115 under any municipal ordinance heretofore adopted pursuant to
116 P. L. 1947, c. 71, which is in effect on April 27, 1966, but only to
117 the extent such sales are taxable under said ordinance;

118 (t) Sales of materials, such as chemicals and catalysts, used to
119 induce or cause a refining or chemical process, where such materials
120 are an integral or essential part of the processing operation, but
121 do not become a component part of the finished product;

122 (u) Sales of school textbooks for use by students in a school,
123 college, university or other educational institution, approved as
124 such by the Department of Education or by the Department of
125 Higher Education, when the educational institution, upon forms
126 and pursuant to regulations prescribed by the director, has declared
127 the books are required for school purposes and the purchaser has
128 supplied the vendor with the form at the time of the sale;

129 (v) (Deleted by amendment.) P. L. 1970, c. 7, s. 5.

130 (w) Sales made to contractors, subcontractors or repairmen of
131 materials, supplies or services for exclusive use in erecting struc-
132 tures, or building on, or otherwise improving, altering or repairing
133 real property of organizations described in subsections (a) and
134 (b) of section 9 of this act, provided any person seeking to qualify
135 for this exemption shall do so pursuant to such rules and regula-
136 tions and upon such forms as shall be prescribed by the director;

137 (x) The renting, leasing, licensing or interchanging of trucks,
138 tractors, trailers or semitrailers by persons not engaged in a reg-
139 ular trade or business offering such renting, leasing, licensing or
140 interchanging to the public, provided, that such renting, leasing,
141 licensing or interchanging is carried on with persons engaged in
142 a regular trade or business involving carriage of freight by such
143 vehicles, and further provided, that in the case of any such motor
144 vehicle acquired by the owner or first used by the owner in this
145 State on or after July 1, 1966, any tax presumptively imposed by
146 this act on such acquisition or use shall have been paid at the time
147 of such acquisition or use without claim for exemption];

148 (y) Sales of cigarettes subject to tax under the Cigarette Tax
149 Act;

150 (z) Sales of the Bible or similar sacred scripture of a bona fide
151 church or religious denomination;

152 (aa) Sales of the flag of the United States of America and of
153 the flag of the State of New Jersey;

154 (bb) Sales of locomotives, railroad cars and other railroad roll-
 155 ing stock, including repair and replacement parts therefor, *track*
 156 *materials, and communication, signal and power transmission*
 157 *equipment*, to a railroad whose rates are regulated by the Inter-
 158 state Commerce Commission or by the Board of Public Utility
 159 Commissioners of New Jersey;

160 (cc) Sales of buses for public passenger transportation, includ-
 161 ing repair and replacement parts therefor, to bus companies whose
 162 rates are regulated by the Interstate Commerce Commission or the
 163 Board of Public Utility Commissioners of New Jersey or to an
 164 affiliate of said bus companies or to common or contract carriers for
 165 their use in the transportation of children to and from school. For
 166 the purposes of this subsection "affiliate" shall mean a corporation
 167 whose stock is wholly owned by the regulated bus company or whose
 168 stock is wholly owned by the same persons who own all of the stock
 169 of the regulated bus company.

170 (dd) **[(Deleted by amendment.) P. L. 1970, c. 7, s. 5.]** *Sales of*
 171 *newspaper production machinery, apparatus and equipment for use*
 172 *and consumption directly and primarily in the publication of news-*
 173 *papers in the production departments of a newspaper plant, in-*
 174 *cluding, but not limited to: engraving, enlarging and development*
 175 *equipment, internal process cameras and news transmission equip-*
 176 *ment, composing and pressroom apparatus and equipment, type*
 177 *fonts, lead, mats, ink, plats, conveyors, stackers, storing, bundling,*
 178 *stuffing, labeling and wrapping equipment and supplies for any of*
 179 *the foregoing except that sales of motor vehicles, typewriters, and*
 180 *other equipment and supplies otherwise taxable under this act are*
 181 *not exempt.*

182 (ee) The sale of advertising to be published in a newspaper.
 183 ***[(ff) Sales, renting or leasing of: motor vehicles, and vehicles**
 184 *used in combination therewith, the use of which is subject to the*
 185 *"Motor Fuels Use Tax Act of 1963," P. L. 1963, c. 44 as amended;*
 186 *or are regulated by the Interstate Commerce Commission; and*
 187 *including repair and replacement parts therefor.]**

188 **(ff) Sales, renting or leasing of: commercial motor vehicles,*
 189 *and vehicles used in combination therewith, as defined in R. S.*
 190 *39:1-1 and registered in New Jersey for more than 18,000 pounds;*
 191 *or which are operated pursuant to a certificate or permit issued by*
 192 *the Interstate Commerce Commission; and repair and replacement*
 193 *parts therefor.**

1 2. This act shall take effect January 1, 1978.

154 (bb) Sales of locomotives, railroad cars and other railroad roll-
155 ing stock, including repair and replacement parts therefor, *track*
156 *materials, and communication, signal and power transmission*
157 *equipment*, to a railroad whose rates are regulated by the Inter-
158 state Commerce Commission or by the Board of Public Utility
159 Commissioners of New Jersey;

160 (cc) Sales of buses for public passenger transportation, includ-
161 ing repair and replacement parts therefor, to bus companies whose
162 rates are regulated by the Interstate Commerce Commission or the
163 Board of Public Utility Commissioners of New Jersey or to an
164 affiliate of said bus companies or to common or contract carriers for
165 their use in the transportation of children to and from school. For
166 the purposes of this subsection "affiliate" shall mean a corporation
167 whose stock is wholly owned by the regulated bus company or whose
168 stock is wholly owned by the same persons who own all of the stock
169 of the regulated bus company.

170 (dd) [(Deleted by amendment.) P. L. 1970, c. 7, s. 5.] *Sales of*
171 *newspaper production machinery, apparatus and equipment for use*
172 *and consumption directly and primarily in the publication of news-*
173 *papers in the production departments of a newspaper plant, in-*
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175 *equipment, internal process cameras and news transmission equip-*
176 *ment, composing and pressroom apparatus and equipment, type*
177 *fonts, lead, mats, ink, plats, conveyors, stackers, storing, bundling,*
178 *stuffing, labeling and wrapping equipment and supplies for any of*
179 *the foregoing except that sales of motor vehicles, typewriters, and*
180 *other equipment and supplies otherwise taxable under this act are*
181 *not exempt.*

182 (ee) The sale of advertising to be published in a newspaper.

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184 *used in combination therewith, the use of which is subject to the*
185 *"Motor Fuels Use Tax Act of 1963," P. L. 1963, c. 44 as amended;*
186 *or are regulated by the Interstate Commerce Commission; and*
187 *including repair and replacement parts therefor.*

1 2. This act shall take effect January 1, 1978.

STATEMENT

This bill proposes to exempt trucks used in business from the sales tax as a supplement to the exemption of business machinery and equipment. The trucks so exempted would involve primarily those used as common carriers, but would include larger trucks used in the conduct of a business other than contract hauling. This bill also contains language incorporated in Assembly Bill No. 1761 and Senate and Assembly amendments thereto.

REFERENCE USE ONLY

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2149

—♦—
STATE OF NEW JERSEY
—♦—

DATED: JUNE 16, 1977

This bill provides for an exemption from the "Sales and Use Tax Act" for sales, renting, or leasing of commercial motor vehicles registered in New Jersey for more than 18,000 pounds; or which are operated pursuant to a certificate or permit issued by the Interstate Commerce Commission. Repair and replacement parts for such vehicles would also be exempt.

The Division of Taxation indicates that the loss in revenue would approximate \$22 million annually.

REFERENCE USE ONLY

FISCAL NOTE TO
ASSEMBLY, No. 2149

STATE OF NEW JERSEY

DATED: APRIL 21, 1977

Assembly Bill No. 2149 would exempt from the Sales Tax the sales, renting or leasing of commercial motor vehicles, and vehicles used in combination therewith, as defined in R. S. 39:1-1 and registered in New Jersey for more than 18,000 pounds; or which are operated pursuant to a certificate or permit issued by the Interstate Commerce Commission; and repair and replacement parts therefor.

This act shall take effect January 1, 1978.

The Division of Taxation estimates that enactment of this legislation would reduce the revenues of the State by \$11.5 million for the last half of fiscal 1977-78 and \$24 million in fiscal 1978-79.

The above revenue estimates pertain only to section 8 (ff) of the bill as the other provisions were signed into law on February 15, 1977, as Chapter 18, P. L. 1977 with respect to Assembly Bill No. 1761.

The fiscal note is based on an estimate of costs rather than actual cost information.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.