

54:32B-3 et seq.

December 11, 1970

LEGISLATIVE HISTORY OF R.S. 54:32B-3 et seq.  
(Increase Sales tax 3% to 5%)

Copy 2

(1970 amendment)

Hearing held:

974.90 N.J. Legislature. Assembly. Committee on  
T235 Taxation.  
1970b Public hearing on A416; re: sales and  
use tax act, held Jan. 28, 1970.

L. 1970, Chapter 7 - A416  
Introduced January 20 by DeKorte  
Not amended during passage.  
No statement.

For newspaper clippings see:

V.F.--N.J.--Sales tax (1970).

Lobbyists' reports to Secretary of State (Jan.-Mar. 1970) showed  
following lobbyist listed this bill.

Legislative Agent No. 44: William J. Kohm  
312 Forest Avenue  
Paramus, N.J.

RSL/PC

DEPOSITORY COPY  
Do Not Remove From Library

DEPOSITORY COPY  
Do Not Remove From Library

ASSEMBLY, No. 416

STATE OF NEW JERSEY

INTRODUCED JANUARY 20, 1970

By Assemblyman DE KORTE

Referred to Committee on Taxation

AN ACT to amend and supplement 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 3 of P. L. 1966, chapter 30 (C. 54:32B-3) is amended  
2 to read as follows:

3 3. Imposition of sales tax. On and after July 1, 1966 and con-  
4 tinuing through February 28, 1970 there is hereby imposed and  
5 there shall be paid a tax of 3% [upon:], and on and after March  
6 1, 1970 there is hereby imposed and there shall be paid a tax of  
7 5% upon:

8 (a) The receipts from every retail sale of tangible personal  
9 property, except as otherwise provided in this act.

10 (b) The receipts from every sale, except for resale, of the fol-  
11 lowing services:

12 (1) Producing, fabricating, processing, printing or imprinting  
13 tangible personal property, performed for a person who directly  
14 or indirectly furnishes the tangible personal property, not pur-  
15 chased by him for resale, upon which such services are performed.

16 (2) Installing tangible personal property, or maintaining, ser-  
17 vicing, repairing tangible personal property not held for sale in  
18 the regular course of business, whether or not the services are  
19 performed directly or by means of coin-operated equipment or by  
20 any other means, and whether or not any tangible personal prop-  
21 erty is transferred in conjunction therewith, except (i) such ser-  
22 vices rendered by an individual who is engaged directly by a private  
23 homeowner or lessee in or about his residence and who is not in  
24 a regular trade or business offering his services to the public, (ii)  
25 such services rendered with respect to personal property exempt

**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 from taxation hereunder pursuant to subsection (a) of section 8,  
27 (iii) services rendered with respect to trucks, tractors, trailers or  
28 semitrailers by a person who is not engaged, directly or indirectly  
29 through subsidiaries, parents, affiliates or otherwise, in a regular  
30 trade or business offering such services to the public, (iv) any  
31 receipts from laundering, dry cleaning, tailoring, weaving, press-  
32 ing, shoe repairing and shoe shining, and (v) services rendered  
33 in installing property which, when installed, will constitute an  
34 addition or capital improvement to real property, property or land.

35 (3) Storing all tangible personal property not held for sale in  
36 the regular course of business and the rental of safe deposit boxes  
37 or similar space.

38 (4) Maintaining, servicing or repairing real property, other  
39 than a residential heating system unit serving not more than 3  
40 families living independently of each other and doing their cooking  
41 on the premises, whether the services are performed in or outside  
42 of a building, as distinguished from adding to or improving such  
43 real property, by a capital improvement, but excluding services  
44 rendered by an individual who is not in a regular trade or business  
45 offering his services to the public, and excluding interior cleaning  
46 and maintenance services, garbage removal and sewer services  
47 performed on a regular contractual basis for a term of not less  
48 than 30 days, other than window cleaning, and rodent and pest  
49 control.

50 (5) *Advertising services except advertising services for use*  
51 *directly and primarily for publication in newspapers and maga-*  
52 *zines.*

53 Wages, salaries and other compensation paid by an employer  
54 to an employee for performing as an employee the services de-  
55 scribed in this subsection are not receipts subject to the taxes  
56 imposed under this subsection (b).

57 (c) Receipts from the sale of food and drink except alcoholic  
58 beverages as defined in the Alcoholic Beverage Tax Law, in or by  
59 restaurants, taverns or other establishments in this State, or by  
60 caterers, including in the amount of such receipts any cover, mini-  
61 mum, entertainment or other charge made to patrons or customers:

62 (1) In all instances where the sale is for consumption on the  
63 premises where sold;

64 (2) In those instances where the vendor or any person whose  
65 services are arranged for by the vendor, after the delivery of the  
66 food or drink by or on behalf of the vendor for consumption off  
67 the premises of the vendor, serves or assists in serving, cooks,

68 heats or provides other services with respect to the food or drink;  
69 and

70 (3) In those instances where the sale is for consumption off the  
71 premises of the vendor, and consists of a meal, or food prepared  
72 and ready to be eaten, of a kind obtainable in restaurants as the  
73 main course of a meal, including a sandwich, except where food  
74 other than sandwiches is sold in an unheated state and is of a type  
75 commonly sold in the same form and condition in food stores other  
76 than those which are principally engaged in selling prepared foods.

77 The tax imposed by this subsection (c) shall not apply to food or  
78 drink which is sold to an air line for consumption while in flight.

79 (d) The rent for every occupancy of a room or rooms in a hotel  
80 in this State, except that the tax shall not be imposed upon (1) a  
81 permanent resident, or (2) where the rent is not more than at the  
82 rate of \$2.00 per day.

83 (e) (1) Any admission charge where such admission charge is  
84 in excess of \$0.75 to or for the use of any place of amusement in  
85 the State, including charges for admission to race tracks, baseball,  
86 football, basketball or exhibitions, dramatic or musical arts per-  
87 formances, motion picture theatres, except charges to a patron for  
88 admission to, or use of, facilities for sporting activities in which  
89 such patron is to be a participant, such as bowling alleys and swim-  
90 ming pools. For any person having the permanent use or posses-  
91 sion of a box or seat or a lease or a license, other than a season  
92 ticket, for the use of a box or seat at place of amusement, the tax  
93 shall be upon the amount for which a similar box or seat is sold for  
94 each performance or exhibition at which the box or seat is used  
95 or reserved by the holder, licensee or lessee, and shall be paid by  
96 the holder, licensee or lessee.

97 (2) The amount paid as charge of a roof garden, cabaret or  
98 other similar place in this State, to the extent that a tax upon such  
99 charges has not been paid pursuant to subsection (c) hereof.

1 2. Section 4 of P. L. 1966, chapter 30 (C. 54:32B-4) is amended  
2 to read as follows:

3 4. Tax bracket schedule. For the purpose of adding and collect-  
4 ing the tax imposed by this act, or an amount equal as nearly as  
5 possible or practicable to the average equivalent thereof, to be  
6 reimbursed to the vendor by the purchaser, the following formulas  
7 shall be in force and effect [as follows]:

8 (a) For the period July 1, 1966 through February 28, 1970 in-  
9 clusive:

10	Amount of Sale	Amount of Tax
11	\$0.01 to \$0.16 .....	No Tax
12	0.17 to 0.40 .....	\$0.01
13	0.41 to 0.70 .....	0.02
14	0.71 to 1.16 .....	0.03

15 In addition to a tax of \$0.03 on each full dollar, a tax shall be  
16 collected on each part of a dollar in excess of a full dollar in accord-  
17 ance with the above formula.

18 (b) For the period on and after March 1, 1970:

19	Amount of Sale	Amount of Tax
20	\$0.01 to \$0.10 .....	No Tax
21	0.11 to 0.25 .....	\$0.01
22	0.26 to 0.46 .....	0.02
23	0.47 to 0.67 .....	0.03
24	0.68 to 0.88 .....	0.04
25	0.89 to 1.10 .....	0.05

26 In addition to a tax of \$0.05 on each full dollar, a tax shall be  
27 collected on each part of a dollar in excess of a full dollar in accord-  
28 ance with the above formula.

1 3. Section 5 of P. L. 1966, chapter 30 (C. 54:32B-5) is amended  
2 to read as follows:

3 5. Transitional provisions. (a) (1) The taxes imposed under  
4 subsections (a), (b) and (c) of section 3 shall be paid upon re-  
5 cepts received on or after July 1, 1966 from all sales made and  
6 services rendered although made on or rendered under a contract  
7 entered into prior to said date, except that in the case of payment  
8 for a delivery or transfer of possession of tangible personal prop-  
9 erty made after July 1, 1966 pursuant to an agreement for the  
10 sale of said property made before May 9, 1966 such receipts  
11 shall not be subject to tax if; **[(1)]** (A) such agreement for  
12 the sale of said property was made in writing, **[(2)]** (B) the  
13 particular item or items of property so sold or agreed to be sold  
14 were segregated, before May 9, 1966, from any other similar  
15 property in the possession of the vendor and identified as having  
16 been appropriated to such sale or agreement of sale, and **[(3)]**  
17 (C) the purchaser, before July 1, 1966 shall have paid to the  
18 vendor not less than 10% of the sale price of said property. Upon  
19 written application, made in accordance with applicable rules and  
20 regulations, the director may waive the requirement for segrega-  
21 tion where it is demonstrated to the satisfaction of the director that  
22 in view of the nature of the transaction such segregation would  
23 have been impossible.

24 (2) *Except as otherwise provided in this act, receipts received*  
25 *from all sales made and services rendered on and after July 1, 1966*  
26 *but prior to March 1, 1970, are subject to the taxes imposed under*  
27 *subsections (a), (b), and (c) of section 3 of this act at the rate of*  
28 *3%, except where the property so sold is delivered or the services*  
29 *so sold are rendered on or after March 1, 1970, in which case the*  
30 *tax shall be computed and paid at the rate of 5%, provided, how-*  
31 *ever, that where a service or maintenance agreement taxable under*  
32 *this act covers any period commencing on or after July 1, 1966 and*  
33 *ending after February 28, 1970, the receipts from such agreement*  
34 *are subject to tax at the rate applicable to each period as set forth*  
35 *hereinabove and shall be apportioned on the basis of the ratio of*  
36 *the number of days falling within each of the said periods to the*  
37 *total number of days covered thereby.*

38 (b) The tax imposed under subsection (d) of section 3 shall  
39 be paid at the rate of 5% upon any occupancy on and after **[July**  
40 **1, 1966]** *March 1, 1970* although such occupancy is pursuant to  
41 a prior contract, lease or other arrangement. *Where an occupancy,*  
42 *taxable under this act, covers any period on or after July 1, 1966*  
43 *but prior to March 1, 1970 the rent for the period of occupancy*  
44 *prior to March 1, 1970 shall be taxed at the rate of 3%. Where*  
45 *rent is paid on a weekly, monthly or other term basis, the rent*  
46 **[shall be subject to the tax imposed under such subsection (d)**  
47 **to the extent that it covers any period on and after July 1, 1966 and**  
48 **such rent]** *applicable to each period as set forth hereinabove shall*  
49 *be apportioned on the basis of the ratio of the number of days*  
50 *falling within each of the said periods to the total number of days*  
51 *covered thereby.*

52 (c) Except as otherwise hereinafter provided, the tax imposed  
53 under subsection (e) of section 3 shall be applicable at the rate of  
54 5% to any admission to or for the use of facilities of a place of  
55 amusement occurring on or after **[July 1, 1966]** *March 1, 1970,*  
56 *whether or not the admission charge has been paid prior to such*  
57 *date unless the tickets were actually sold and delivered (other than*  
58 *for resale) prior to [July 1, 1966.] March 1, 1970 and the tax im-*  
59 *posed under this act during the period July 1, 1966 through*  
60 *February 28, 1970 shall have been paid.*

61 (d) (1) Sales made to contractors, subcontractors or repairmen  
62 of materials, supplies, or services for use in erecting structures  
63 for others, or building on, or otherwise improving, altering or  
64 repairing real property of others shall be exempt from the taxes im-  
65 posed by subsections (a) and (b) of section 3 and section 6 hereof,

66 provided such structure, building, improvement, alteration or re-  
 67 pair is the subject of a written bid or contract duly tendered  
 68 or entered into by such contractor, subcontractor; or repairman  
 69 before May 9, 1966], provided, further, that the director shall  
 69A be empowered to promulgate rules and regulations and procedures  
 70 to be followed by persons seeking to qualify for the exemption].

71 *(2) Sales made to contractors, subcontractors or repairmen*  
 72 *of materials, supplies, or services for use in erecting structures*  
 73 *for others, or building on, or otherwise improving, altering or*  
 74 *repairing real property of others shall be subject to the taxes*  
 75 *imposed by subsections (a) and (b) of section 3 and section 6 hereof*  
 76 *at the rate of 5%; provided, however, that when such sales are made*  
 77 *for use in performance of a contract which is, either at a fixed price*  
 78 *not subject to change or modification, or entered into pursuant*  
 79 *to the obligation of a formal written bid which cannot be altered*  
 80 *or withdrawn, and, in either case, such contract was entered into or*  
 81 *such bid was made on or after May 9, 1966 but prior to March 1,*  
 82 *1970, such sales shall be subject to tax at the rate of 3%, but the*  
 83 *vendor shall charge and collect from the purchaser a tax on such*  
 84 *sales at the rate of 5% which tax shall be reduced to the rate of 3%*  
 85 *only by a claim for refund filed by the purchaser with the director*  
 86 *pursuant to the provisions of section 20 of this act.*

87 *(e) (1) No tax shall be imposed under subsections (a), (b) and*  
 88 *(c) of section 3 upon receipts received on or after July 1, 1966*  
 89 *in the case of sales made or services rendered, where delivery of*  
 90 *the property which was the subject matter of the sale has been*  
 91 *completed or such services have been entirely rendered, prior to*  
 92 *July 1, 1966.*

93 *(2) The taxes imposed under subsections (a), (b) and (c) of*  
 94 *section 3 upon receipts received on or after March 1, 1970 shall*  
 95 *be at the rate of 3% in the case of sales made or services rendered,*  
 96 *where delivery of the property which was the subject matter of the*  
 97 *sale has been completed or such services have been entirely ren-*  
 98 *dered, prior to March 1, 1970.*

99 *(f) The director shall be empowered to promulgate rules and*  
 100 *regulations to implement the provisions of this section.*

1 4. Section 6 of P. L. 1966, chapter 30 (C. 54:32B-6) is amended  
 2 to read as follows:

3 6. Imposition of compensating use tax. Unless property or  
 4 services have already been or will be subject to the sales tax under  
 5 this act, there is hereby imposed on *and there shall be paid by*  
 6 every person a use tax for the use within this State of 3% on and

7 after July 1, 1966~~],~~ and continuing through February 28, 1970  
8 and of 5% on and after March 1, 1970, except as otherwise exempted  
9 under this act, (A) of any tangible personal property purchased  
10 at retail, (B) of any tangible personal property manufactured,  
11 processed or assembled by the user, if items of the same kind of  
12 tangible personal property are offered for sale by him in the regular  
13 course of business, and (C) of any tangible personal property,  
14 however~~],~~ acquired, where not acquired for purposes of resale,  
15 upon which any taxable services described in subsections (b) (1)  
16 and (2) of section 3 have been performed. For purposes of clause  
17 (A) of this section, the tax shall be at the ~~rate of 3%~~ applicable  
18 rate, as set forth hereinabove, of the consideration given or con-  
19 tracted to be given for such property or for the use of such  
20 property, but excluding any credit for property of the same kind  
21 accepted in part payment and intended for resale, plus the cost  
22 of transportation except where such cost is separately stated in  
23 the written contract, if any, and on the bill rendered to the pur-  
24 chaser. For the purposes of clause (B) of this section, the tax  
25 shall be at the ~~rate of 3%~~ applicable rate, as set forth herein-  
26 above, of the price at which items of the same kind of tangible  
27 personal property are offered for sale by the user, and the mere  
28 storage, keeping, retention or withdrawal from storage of tangible  
29 personal property by the person who manufactured, processed or  
30 assembled such property shall not be deemed a taxable use by him.  
31 For purposes of clause (C) of this section, the tax shall be at the  
32 ~~rate of 3%~~ applicable rate, as set forth hereinabove, of the con-  
33 sideration given or contracted to be given for the service, including  
34 the consideration for any tangible personal property transferred  
35 in conjunction with the performance of the service, plus the cost  
36 of transportation except where such cost is separately stated in the  
37 written contract, if any, and on the bill rendered to the purchaser.

1 5. Section 8 of P. L. 1966, chapter 30 (C. 54:32B-8) is amended  
2 to 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 derivatives 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 liquors, wines  
15 and sparkling wines as defined in the Alcoholic Beverage Tax Law,  
16 dietary foods and health supplements, sold for human consumption  
17 off the premises where sold but not including (i) candy and con-  
18 fectionery, and (ii) carbonated soft drinks and beverages all of  
19 which shall be subject to the retail sales and compensating use  
20 taxes, whether or not the item is sold in liquid form. Nothing  
21 herein shall be construed as exempting food or drink from the tax  
22 imposed under subsection (c) of section 3;

23 (c) Sales of food sold in an elementary or secondary school  
24 cafeteria, sales of food sold in an institution of higher education  
25 or in a fraternity, sorority or eating club operated in connection  
26 therewith, to students of such an institution;

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

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

37 (f) Casual sales except as to sales of motor vehicles, whether  
38 for use on the highways or otherwise, and except as to sales of boats  
39 or vessels registered or subject to registration under the New  
40 Jersey Boat Act of 1962 (chapter 73, laws of 1962 and all amend-  
41 ments thereto);

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

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

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

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

- 55 (k) The transportation of persons or property;
- 56 (l) Sales, repairs, alterations or conversion of commercial  
57 ships, barges and other vessels of 50-ton burden or over, primarily  
58 engaged in interstate or foreign commerce, and of governmentally-  
59 owned ships, barges and other vessels and property used by or pur-  
60 chased for the use of such vessels for fuel, provisions, supplies,  
61 maintenance and repairs (other than articles purchased for the  
62 original equipping of a new ship);
- 63 (m) (1) ~~【Sales of machinery, apparatus or equipment for use~~  
64 ~~or consumption directly and primarily in the production of tangible~~  
65 ~~personal property by manufacturing, processing, assembling or re-~~  
66 ~~fining;】~~ (*Deleted by amendment.*)
- 67 (2) Sales of machinery, apparatus or equipment for use or  
68 consumption directly and primarily in the production, generation,  
69 transmission or distribution of gas, electricity, refrigeration, steam  
70 or water for sale or in the operation of sewerage systems;
- 71 (3) Sales of telephone lines, cables, central office equipment or  
72 station apparatus, or other machinery, equipment or apparatus,  
73 or comparable telegraph equipment, for use directly and primarily  
74 in receiving at destination or initiating, transmitting and switching  
75 telephone or telegraph communication;
- 76 (4) The exemptions granted under this subsection shall not be  
77 construed to apply to sales, otherwise taxable, of machinery, equip-  
78 ment or apparatus whose use is incidental to the activities described  
79 in paragraphs ~~【(1),】~~ (2) and (3) of this subsection;
- 80 (5) The exemptions granted in this subsection (m) shall not  
81 apply to motor vehicles or to parts with a useful life of 1 year or  
82 less or tools or supplies used in connection with the machinery,  
83 equipment or apparatus described in this subsection;
- 84 (n) Sales of tangible personal property purchased for use or  
85 consumption directly and exclusively in research and development  
86 in the experimental or laboratory sense. Such research and de-  
87 velopment shall not be deemed to include the ordinary testing or  
88 inspection of materials or products for quality control, efficiency  
89 surveys, management studies, consumer surveys, advertising, pro-  
90 motions or research in connection with literary, historical or similar  
91 projects;
- 92 (o) Sales or use of wrapping paper, wrapping twine, bags, car-  
93 tons, tape, rope, labels, nonreturnable containers, reusable milk  
94 containers and all other wrapping supplies when such use is in-  
95 cidental to the delivery of any personal property;
- 96 (p) Sales of tangible personal property (except automobiles,  
97 trucks, trailers, and truck-trailer combinations, and except prop-

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

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

109 (r) Sales of films, records, tapes or any type of visual or sound  
110 transcriptions to, or produced for exhibition in or use through the  
111 medium of, theatres and radio and television broadcasting stations  
112 or networks, *and not used for advertising purposes*;

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

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

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

128 (v) **[Sales not for resale of catalogs, sales price lists, point of**  
129 **purchase advertising, sales pamphlets or handbills, commonly**  
130 **known as commercial advertising, when produced upon special**  
131 **order of the purchaser;]** (*Deleted by amendment.*)

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

139 (x) The renting, leasing, licensing or interchanging of trucks,  
140 tractors, trailers or semitrailers by persons not engaged in a reg-

141 ular trade or business offering such renting, leasing, licensing or  
142 interchanging to the public, provided, that such renting, leasing,  
143 licensing or interchanging is carried on with persons engaged in a  
144 regular trade or business involving carriage of freight by such  
145 vehicles, and further provided, that in the case of any such motor  
146 vehicle acquired by the owner or first used by the owner in this State  
147 on or after July 1, 1966, any tax presumptively imposed by this act  
148 on such acquisition or use shall have been paid at the time of such  
149 acquisition or use without claim for exemption;

150 (y) Sales of cigarettes subject to tax under the Cigarette Tax  
151 Act;

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

154 (aa) Sales of the flag of the United States of America and of  
155 the flag of the State of New Jersey;

156 (bb) Sales of locomotives, railroad cars and other railroad roll-  
157 ing stock, including repair and replacement parts therefor, to a  
158 railroad whose rates are regulated by the Interstate Commerce  
159 Commission or by the Board of Public Utility Commissioners of  
160 New Jersey;

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

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

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

1 6. Section 19 of P. L. 1966, chapter 30 (C. 54:32B-19) is amended  
2 to read as follows:

3 19. Determination of tax. If a return required by this act is  
4 not filed, or if a return when filed is incorrect or insufficient, the  
5 amount of tax due shall be determined by the director from such  
6 information as may be available. If necessary, the tax may be  
7 estimated on the basis of external indices, such as stock on hand,  
8 purchases, rental paid, number of rooms, location, scale of rents  
9 or charges, comparable rents or charges, type of accommodations  
10 and service, number of employees or other factors. Notice of such  
11 determination shall be given to the person liable for the collection  
12 or payment of the tax. Such determination shall finally and  
13 irrevocably fix the tax unless the person against whom it is assessed,  
14 within [90] 30 days after giving of notice of such determination,  
15 shall apply to the director for a hearing, or unless the director of  
16 his own motion shall redetermine the same. After such hearing  
17 the director shall give notice of his determination to the person  
18 against whom the tax is assessed.

1 7. Section 26 of P. L. 1966, chapter 30 (C. 54:32B-26) is amended  
2 to read as follows:

3 26. Penalties and interest. (a) Any person failing to file a  
4 return or to pay or pay over any tax to the director within the  
5 time required by this act shall be subject to a penalty of 5% of the  
6 amount of tax due; plus interest at the rate of 1% of such tax for  
7 each month of delay excepting the first month after such return was  
8 required to be filed or such tax became due; but the director if  
9 satisfied that the delay was excusable, may remit all or any part of  
10 such penalty, but not interest at the rate of 6% per year. Unpaid  
11 penalties and interest may be determined, assessed, collected and  
12 enforced in the same manner as the tax imposed by this act.

13 (b) Any person failing to file a return *or failing to pay or pay*  
14 *over any tax* required by this act, or filing or causing to be filed, or  
15 making or causing to be made, or giving or causing to be given any  
16 return, certificate, affidavit, representation, information, testimony  
17 or statement required or authorized by this act, which is willfully  
18 false, or willfully failing to file a bond required by this act, or fail-  
19 ing to file a registration certificate and such data in connection  
20 therewith as the director by regulation or otherwise may require,  
21 or to display or surrender a certificate of authority as required by  
22 this act, or assigning or transferring such certificate of authority,  
23 or willfully failing to charge separately the tax herein imposed or  
24 to state such tax separately on any bill, statement, memorandum  
25 or receipt issued or employed by him upon which the tax is re-

26 quired to be stated separately as provided in subsection (a) of  
27 section 12, or willfully failing to collect the tax from a customer,  
28 or referring or causing reference to be made to this tax in a form  
29 or manner other than that required by this act, or failing to keep  
30 any records required by this act, shall, in addition to any other  
31 penalties herein or elsewhere prescribed, be [guilty of a misde-  
32 meanor, punishment for which shall be a fine of not more than  
33 \$1,000.00 or imprisonment for not more than 1 year, or both such  
34 fine and imprisonment] *a disorderly person*.

35 (c) The certificate of the director to the effect that a tax has not  
36 been paid, that a return, bond or registration certificate has not  
37 been filed, or that information has not been supplied pursuant to  
38 the provisions of this act shall be presumptive evidence thereof.

1 8. Nothing in this act shall affect or defeat any claim, assess-  
2 ment, appeal, suit, right or cause of action for taxes due or accrued  
3 under P. L. 1966, chapter 30, as amended, prior to the date on which  
4 this act becomes effective, whether such assessments, appeals,  
5 suits, claims, or actions shall have been begun before the date on  
6 which this act becomes effective, or shall thereafter be begun; and  
7 the provisions of the aforesaid statute are expressly continued in  
8 full force, effect and operation for the purpose of the assessment  
9 and collection of any taxes due or accrued thereunder prior to the  
10 date on which this act becomes effective, and for the imposition of  
11 any penalties, forfeitures or claims for a failure to comply there-  
12 with.

1 9. This act shall take effect March 1, 1970, except that the Divi-  
2 sion of Taxation shall be empowered to take whatever action in  
3 advance thereof as is necessary to implement this act.

FISCAL NOTE TO  
**ASSEMBLY, No. 416**

---

**STATE OF NEW JERSEY**

---

DATED: JANUARY 23, 1970

Assembly Bill No. 416 relates to the increase in the sales tax rate from 3% to 5%, and for the taxation of manufacturing machinery and equipment, as well as for advertising services and materials.

The Division of Taxation estimates that enactment of this legislation would increase the revenues of the State by \$80.1 million for the remainder of fiscal 1969-70, \$240.3 million in fiscal 1970-71 and \$252.3 million in 1971-72.

In the first full year of operation, fiscal 1970-71, the breakdown of the proposed revenue increases are estimated to be \$200 million from the sales tax, \$29.6 million from the taxation of manufacturing machinery and equipment, and \$10.7 million from the taxation of advertising services and materials.

---

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