

54:32B-8.9

LEGISLATIVE HISTORY CHECK Compiled by the NJ State Law Library

LAWS OF: 1999 **CHAPTER:** 249

NJSA: 54:32B-8.9 (Sales and use tax – coin-operated vending machines)

BILL NO: A2139 (Substituted for S1040)

SPONSOR(S): Gregg and Cohen

DATE INTRODUCED: June 1, 1998

COMMITTEE: **ASSEMBLY:** Commerce, Tourism, Gaming & Military & Veterans' Affairs; Appropriations

SENATE: -----

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 17, 1999

SENATE: July 1, 1999

DATE OF APPROVAL: October 15, 1999

FOLLOWING ARE ATTACHED IF AVAILABLE:

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

A2139

SPONSORS STATEMENT: (Begins on page 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#) [11-9-98 \(Commerce\)](#)
[Yes](#) [5-3-99 \(Appropriations\)](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#)

S1040

SPONSORS STATEMENT: (Begins on page 2 of original bill) [Yes](#)

Bill and Sponsor Statement identical to A2139

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS:

LEGISLATIVE FISCAL ESTIMATE: [Yes](#)

Identical to Legislative Fiscal Estimate to A2139

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 102 or refdesk@njstatelib.org

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L.1999, CHAPTER 249, *approved October 15, 1999*
Assembly, No. 2139

1 **AN ACT** increasing the exemption under the sales and use tax for sales
2 from coin-operated vending machines, amending P.L.1980, c.105.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 21 of P.L.1980, c.105 (C.54:32B-8.9) is amended to
8 read as follows:

9 21. Receipts from sales of tangible personal property sold through
10 coin-operated vending machines at **[\$0.10]** \$0.25 or less, provided the
11 retailer is primarily engaged in making such sales and maintains
12 records satisfactory to the director are exempt from the tax imposed
13 under the **[Sales and Use Tax Act]** "Sales and Use Tax Act".
14 (cf: P.L.1980, c.105, s.21)

15
16 2. This act shall take effect immediately.

17
18

19 STATEMENT

20
21

22 This bill increases the amount of the exemption under the sales and
23 use tax for sales through coin-operated vending machines from \$0.10
24 to \$0.25.

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28

29 Increases amount of exemption under sales and use tax for sales
through coin-operated vending machines from \$0.10 to \$0.25.

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.

ASSEMBLY, No. 2139

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JUNE 1, 1998

Sponsored by:

Assemblyman GUY R. GREGG

District 24 (Sussex, Hunterdon and Morris)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

**Assemblymen Asselta, Gibson, Kelly, Assemblywoman Murphy,
Assemblymen Lance, Azzolina, Senators Bucco, Littell and Kosco**

SYNOPSIS

Increases amount of exemption under sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 7/2/1999)

A2139 GREGG, COHEN

2

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21 This bill increases the amount of the exemption under the sales and
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ASSEMBLY COMMERCE, TOURISM, GAMING AND
MILITARY AND VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2139

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1998

The Assembly Commerce, Tourism, Gaming and Military and Veterans' Affairs Committee reports favorably Assembly Bill No. 2139.

As reported, this bill increases the amount of the exemption under the sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2139

STATE OF NEW JERSEY

DATED: MAY 3, 1999

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2139.

Assembly Bill No. 2139 increases the amount of the exemption under the sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

FISCAL IMPACT:

In the Legislative fiscal estimate to the identical Senate version (S-1040 of 1998), the Office of Legislative Services (OLS) estimates that this bill will result in foregone sales and use tax revenues of approximately \$354,000 in the first year following enactment. This estimate is based on an annual census of the vending industry published in the trade journal Vending Times and on information obtained through the National Automatic Merchandising Association.

FISCAL NOTE

ASSEMBLY, No. 2139

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: MAY 21, 1999

Assembly Bill No. 2139 of 1998 increases the amount of the exemption under the sales and use tax from \$0.10 to \$0.25 for sales through coin-operated vending machines. The exemption applies to sales of tangible personal property (i.e., merchandise) other than food and drink products. The current exemption for sales of \$0.10 or less is essentially inoperative because virtually no merchandise sales occur in this price range.

AGENCY COMMENTS

The Division of Taxation in the Department of the Treasury states that they are not able to estimate the loss of revenue to the State due to a lack of specific data. However, the division indicates that merchandise vending machine operators pay approximately \$8 million annually in sales and use tax on all taxable sales. It is not clear from the division's submission what percentage of this tax is attributable to sales of \$0.25 or less.

OFFICE OF LEGISLATIVE SERVICES COMMENTS

The Office of Legislative Services (OLS) estimates that implementation of this bill would result in foregone sales and use tax revenues of up to \$354,000 in the first year following enactment. Lacking State-specific data from the Treasury Department, the OLS estimate is based on an annual census of the vending industry published in the trade journal *Vending Times* and on information obtained through the National Automatic Merchandising Association.

According to industry data, the total dollar volume of all vended products sold in 1997 was \$32.9 billion. Using the State's share of national retail sales as an allocative factor (roughly 3 percent), the OLS estimates New Jersey's share of 1997 national vending machine sales to be approximately \$987 million. Of this amount, industry data indicate that approximately 0.58 percent, or \$5.7 million, represent sales of \$0.25 or less, the vast majority of which constitute "bulk vending sales" (defined as vending machine sales containing unsorted

merchandise, such as gum balls, which are dispensed in equal portions, at random, and without selection by the customer). Applying the six percent sales and use tax to the universe of sales under \$0.25, and adjusting the 1997 data by a growth rate of three percent, yields the amount of foregone tax revenues.

This fiscal note has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1040

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED MAY 14, 1998

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator ROBERT E. LITTELL

District 24 (Sussex, Hunterdon and Morris)

Co-Sponsored by:

Senator Kosco

SYNOPSIS

Increases amount of exemption under sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

CURRENT VERSION OF TEXT

As introduced.



S1040 BUCCO, LITTELL

2

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3

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11 retailer is primarily engaged in making such sales and maintains
12 records satisfactory to the director are exempt from the tax imposed
13 under the **[Sales and Use Tax Act]** "Sales and Use Tax Act".

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Matter underlined thus is new matter.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1040

STATE OF NEW JERSEY

DATED: SEPTEMBER 17, 1998

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1040.

This bill increases the amount of the exemption under the sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

FISCAL IMPACT

The Office of Legislative Services (OLS) estimates that implementation of this bill will result in foregone sales and use tax revenues of approximately \$354,000 in the first year following enactment. This estimate is based on an annual census of the vending industry published in the trade journal *Vending Times* and on information obtained through the National Automatic Merchandising Association.

According to industry data, the total dollar volume of all vended products sold in the United States during 1997 was \$32.9 billion. Using the State's share of national retail sales as an allocative factor (roughly 3 percent), the OLS estimates New Jersey's share of 1997 national vending machine sales to be approximately \$987 million. Of this amount, industry data indicate that approximately 0.58 percent, or \$5.7 million, represent sales of \$0.25 or less, the vast majority of which constitute "bulk vending sales" (defined as vending machine sales containing unsorted merchandise, such as gum balls, which are dispensed in equal portions, at random, and without selection by the customer). In contrast, virtually no sales fall under the current exemption of \$0.10.

Applying the six percent sales and use tax to the \$5.7 million in sales under \$0.25, and adjusting the 1997 data by a growth rate of three percent, yields the above estimate of foregone tax revenues.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1040

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: OCTOBER 7, 1998

Senate Bill No. 1040 of 1998 increases the amount of the exemption under the sales and use tax from \$0.10 to \$0.25 for sales through coin-operated vending machines.

The Office of Legislative Services (OLS) estimates that implementation of this bill will result in foregone sales and use tax revenues of approximately \$354,000 in the first year following enactment. The OLS estimate is based on an annual census of the vending industry published in the trade journal *Vending Times* and on information obtained through the National Automatic Merchandising Association.

According to industry data, the total dollar volume of all vended products sold in 1997 was \$32.9 billion. Using the State's share of national retail sales as an allocative factor (roughly 3 percent), the OLS estimates New Jersey's share of 1997 national vending machine sales to be approximately \$987 million. Of this amount, industry data indicate that approximately 0.58 percent, or \$5.7 million, represent sales of \$0.25 or less, the vast majority of which constitute "bulk vending sales" (defined as vending machine sales containing unsorted merchandise, such as gum balls, which are dispensed in equal portions, at random, and without selection by the customer). Applying the six percent sales and use tax to the universe of sales under \$0.25, and adjusting the 1997 data by a growth rate of three percent, yields the amount of foregone tax revenues.

In contrast, virtually no sales fall under the current exemption of \$0.10.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

PO BOX 004
TRENTON, NJ 08625

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Stephanie Bell
609-777-2600

RELEASE: October 15, 1999

**Governor Forms Advisory Committee To Review Sales and Use
Tax Legislation; Signs Legislation with Understanding that
Committee Will Review Effect**

In order to ensure a stable revenue base that is affordable, reliable and easy to collect for New Jersey, Gov. Whitman today formed an advisory committee that will study all pending proposals to expand or reduce portions of the sales tax base. The committee will also review any newly enacted legislation within three years of the enactment to recommend whether the legislation has been effective in advancing its goals.

"The sales and use tax in New Jersey has provided a stable source of revenue and must continue to do so," said Gov. Whitman. "By ensuring the stability of the sales and use tax we are able to keep the rate at six percent and are not in need of other alternative funding mechanisms."

"Currently, over \$5 billion is generated from the sales and use tax. We must ensure that when we reduce or expand this tax that we carefully consider the outcome and take into account the programs being funded and provided to the public as a result of the steady source of financial support," she continued. "This advisory committee will enable us to keep the sales and use tax simple to collect and easy to enforce and it will keep it a stable revenue generator."

The Governor said she would need to seriously consider the recommendations of the committee before acting on any further legislation concerning sales and use tax reductions or expansion. This will allow the Governor under the advisement of the committee to ensure that the benefits of the action provide significant results and are not simply unwarranted, meaningless erosion of the sales tax base.

Executive Order Number 103, creates the Advisory Committee on the Sales and Use Tax. The committee, comprised of up to eleven members will include: the state Treasurer, or a designee, a representative of a state agency or department to be appointed by the Governor, a professor of higher education with substantial expertise in the area of State tax policy, five members of the public to be appointed by the Governor and two appointees of the Legislature, one by the Speaker of the Assembly and one by the Senate President.

The goal of the advisory committee is to provide the Governor and the Legislature with a comprehensive and coordinated review of all legislation that would reduce or expand the base of the sales tax prior to it becoming law. The committee will also review currently enacted laws that perform the aforementioned functions.

Governor Whitman today signed the following legislation addressing issues of sales and use tax exemptions. All of the legislation will be subject to review by the newly formed committee.

A-2139, sponsored by Assembly Members Guy Gregg (R-Sussex/Hunterdon/Morris) and Neil Cohen (D-Union) and Senators Anthony Bucco (R-Morris) and Robert Littell (R-Sussex/ Hunterdon/Morris), increases amount of exemption under the sales and use tax for sales through coin-operated vending machines from \$0.10 to \$0.25.

A-2420 "The Firearm Accident Prevention Act", sponsored by Assemblyman Neil Cohen (D-Union) and Senate President Donald DiFrancesco (R-Middlesex/Morris/Somerset/Union) and Senator John Lynch (D-Middlesex/Somerset/Union) exempts the sale of firearm trigger locks and other devices that would make a firearm inoperable by anyone other than an authorized person from the sales and use tax.

A-2421, "The Secure Firearm Storage Act", sponsored by Assemblymen Neil Cohen (D-Union) and Guy Gregg (R-Sussex/Hunterdon/Morris) and Senate President Donald DiFrancesco (R-Middlesex/Morris/Somerset/Union) and Senator John Lynch (D- Middlesex/Somerset/Union) exempts the sale of firearm vaults from sales and use tax.

ACS for A-1952/977, sponsored by Assemblymen Alex DeCroce (R- Essex/Morris/Passaic) and Nicholas Felice (R-Bergen/Passaic), Kenneth LeFevre (R-Atlantic) and Francis Blee (R-Atlantic) and Senator James Cafiero (R-Cape May/Atlantic/Cumberland), exempts certain aircraft repairs from sales and use tax. The bill applies to repairs on private aircraft weighing more than 6,000 pounds.