

54: 32B-3 et al

LEGISLATIVE HISTORY CHECKLIST

(Sales tax Increase--from 5% to 6%)

NJSA 54:32 B-3 et al

LAWS 1982

CHAPTER 227

Bill No. A2315

Sponsor(s) D. Gallo

Date Introduced December 27

Committee: Assembly Revenue, Finance, Appropriations

Senate -----

Amended during passage Yes No Amendments during passage
devoted by asterisks

Date of Passage: Assembly December 30, 1982

Senate December 30, 1982

Date of approval December 31, 1982

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~~

A2317, mentioned in sponsor's statement: L. 1982, c.228

See clipping file "New Jersey-Sales tax-1982" in New Jersey Reference section.

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[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 2315

STATE OF NEW JERSEY

INTRODUCED DECEMBER 27, 1982

By Assemblyman D. GALLO

AN ACT to amend and supplement the "Sales and Use Tax Act," approved April 27, 1966 (P. L. 1966, c. 30) and amending P. L. 1980, c. 105 *and making an appropriation*.

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, c. 30 (C. 54:32B-3) is amended to read
2 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%, [and] on and after March 1, 1970
6 *and continuing through * [December 31, 1982] * January 2, 1983**
7 there is hereby imposed and there shall be paid a tax of 5%, *and on*
8 *and after January * [1] * 3*, 1983 there is imposed and there shall*
8A *be paid a tax of 6% upon:*

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

11 (b) The receipts from every sale, except for resale, of the follow-
12 ing services:

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

17 (2) Installing tangible personal property, or maintaining, ser-
18 vicing, repairing tangible personal property not held for sale in
19 the regular course of business, whether or not the services are
20 performed directly or by means of coin-operated equipment or by
21 any other means, and whether or not any tangible personal prop-

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted December 30, 1982.

22 erty is transferred in conjunction therewith, except (i) such ser-
23 vices rendered by an individual who is engaged directly by a
24 private homeowner or lessee in or about his residence and who is
25 not in a regular trade or business offering his services to the public,
26 (ii) such services rendered with respect to personal property
27 except from taxation hereunder pursuant to ***[**subsection (a) of
28 section 8]**]** *section 13 of P. L. 1980, c. 105 (C. 54:32B-8.1)* (iii)
29 services rendered with respect to trucks, tractors, trailers or semi-
30 trailers by a person who is not engaged, directly or indirectly
31 through subsidiaries, parents, affiliates or otherwise, in a regular
32 trade or business offering such services to the public, (iv) any
33 receipts from laundering, dry cleaning, tailoring, weaving, press-
33A ing, shoe repairing and shoeshining and (v) services rendered
34 in installing property which, when installed, will constitute an
35 addition or capital improvement to real property, property or land.

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

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

57 Services otherwise taxable under paragraph (1) or (2) of this
58 subsection (b) are not subject to the taxes imposed under this
59 subsection where the tangible personal property upon which the
60 services were performed is delivered to the purchaser outside this
61 State for use outside this State.

62 (c) Receipts from the sale of food and drink in or by restaurants,
63 taverns, vending machines or other establishments in this State,

64 or by caterers, including in the amount of such receipts any cover,
65 minimum, entertainment or other charge made to patrons or
66 customers:

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

69 (2) In those instances where the vendor or any person whose
70 services are arranged for by the vendor, after the delivery of the
71 food or drink by or on behalf of the vendor for consumption off
72 the premises of the vendor, serves or assists in serving, cooks, heats
73 or provides other services with respect to the food or drink, except
74 for meals especially prepared for and delivered to homebound
75 elderly, age 60 or older, and to disabled persons, or meals pre-
76 pared and served at a group-sitting at a location outside of the
77 home to otherwise homebound elderly persons, age 60 or older,
78 and otherwise homebound disabled persons, as all or part of any
79 food service project funded in whole or in part by government or
80 as part of a private nonprofit food service project available to all
81 such elderly or disabled persons residing within an area of service
82 designated by the private nonprofit organization; and

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

90 (4) Sales of food and beverages sold through coin-operated vend-
91 ing machines, at the wholesale price of such sale, which shall be
92 defined as 70% of the retail vending machine selling price, except
93 sales of milk which shall not be taxed. Nothing herein contained
94 shall effect other sales through coin-operated vending machines
95 taxable pursuant to subsection (a) above or the exemption thereto
96 provided by ***[subsection (i) of section 8]*** *section 21 of P. L.*
96A *1980, c. 105 (C. 54:32B-8.9)*.*

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

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

103 (e) (1) Any admission charge where such admission charge is
104 in excess of \$0.75 to or for the use of any place of amusement in
105 the State, including charges for admission to race tracks, baseball,

106 football, basketball or exhibitions, dramatic or musical arts per-
 107 formances, motion picture theatres, except charges for admission
 108 to boxing, sparring or wrestling matches or exhibitions which
 109 charges are taxed under any other law of this State or under R. S.
 110 5:2-12, and, except charges to a patron for admission to, or use of,
 111 facilities for sporting activities in which such patron is to be a
 112 participant, such as bowling alleys and swimming pools. For any
 113 person having the permanent use or possession of a box or seat
 114 or lease or a license, other than a season ticket, for the use of a box
 115 or seat at a place of amusement, the tax shall be upon the amount
 116 for which a similar box or seat is sold for each performance or
 117 exhibition at which the box or seat is used or reserved by the
 118 holder, licensee or lessee, and shall be paid by the holder, licensee
 119 or lessee.

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

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

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

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

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

17 (b) For the period [on and after] March 1, 1970 through *[De-
 18 cember 31, 1982]* *January 2, 1983*, inclusive:

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

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

	<i>Amount of Sale</i>	<i>Amount of Tax</i>
28	<i>(c) For the period on and after January *[1]* *3*, 1983:</i>	
29	* [\$0.01 to \$0.08	<i>No Tax</i>
30	<i>0.09 to 0.25</i>	<i>\$0.01</i>
31	<i>0.26 to 0.42</i>	<i>0.02</i>
32	<i>0.43 to 0.59</i>	<i>0.03</i>
33	<i>0.60 to 0.75</i>	<i>0.04</i>
34	<i>0.76 to 0.92</i>	<i>0.05</i>
35	<i>0.93 to 1.08</i>	<i>0.06]*</i>
35A	* \$0.01 to \$0.10	<i>No Tax</i>
35B	<i>0.11 to 0.22</i>	<i>\$0.01</i>
35C	<i>0.23 to 0.38</i>	<i>0.02</i>
35D	<i>0.39 to 0.56</i>	<i>0.03</i>
35E	<i>0.57 to 0.72</i>	<i>0.04</i>
35F	<i>0.73 to 0.88</i>	<i>0.05</i>
35G	<i>0.89 to 1.10</i>	<i>0.06*</i>

36 *In addition to a tax of \$0.06 on each full dollar, a tax shall be*
 37 *collected on each part of a dollar in excess of a full dollar in*
 38 *accordance with the above formula.*

1 3. Section 5 of P. L. 1966, c. 30 (C. 54:32B-5) is amended to read
 2 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; (A) such agreement for the sale
 12 of said property was made in writing, (B) the particular item or
 13 items of property so sold or agreed to be sold were segregated,
 14 before May 9, 1966, from any other similar property in the
 15 possession of the vendor and identified as having been appro-
 16 priated to such sale or agreement of sale, and (C) the purchaser,
 17 before July 1, 1966 shall have paid to the vendor not less than
 18 10% of the sale price of said property. Upon written application,
 19 made in accordance with applicable rules and regulations, the

20 director may waive the requirement for segregation where it is
 21 demonstrated to the satisfaction of the director that in view of
 22 the nature of the transaction such segregation would have been
 23 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 *but prior to January*
 30 **[1]* *3*, 1983, in which case the tax shall be computed and paid at*
 31 *the rate of 5%, provided, however, that where a service or mainte-*
 32 *nance agreement taxable under this act covers any period com-*
 33 *mencing on or after July 1, 1966 and ending after February 28,*
 34 *1970, the receipts from such agreement are subject to tax at the rate*
 35 *applicable to each period as set forth hereinabove and shall be ap-*
 36 *portioned on the basis of the ratio of the number of days falling*
 37 *within each of the said periods to the total number of days covered*
 37A *thereby.*

38 (3) *Except as otherwise provided in this act, receipts received*
 39 *from all sales made and services rendered on and after March 1,*
 40 *1970 but prior to January *[1]* *3*, 1983, are subject to the taxes*
 41 *imposed under subsections (a), (b), and (c) of section 3 of this act at*
 42 *the rate of 5%, except where the property so sold is delivered or the*
 43 *services so sold are rendered on or after January *[1]* *3*, 1983,*
 44 *in which case the tax shall be computed and paid at the rate of 6%;*
 45 *provided, however, that where a service or maintenance agreement*
 46 *taxable under this act covers any period commencing on or after*
 47 *March 1, 1970 and ending after *[December 31, 1982]* *January*
 48 *2, 1983*, the receipts from such agreement are subject to tax at the*
 49 *rate applicable to each period as set forth hereinabove and shall*
 50 *be apportioned on the basis of the ratio of the number of days fall-*
 51 *ing within each of the said periods to the total number of days*
 51A *covered thereby.*

52 (b) (1) The tax imposed under subsection (d) of section 3 shall
 53 be paid at the rate of 5% upon any occupancy on and after March
 54 1, 1970 *but prior to January *[1]* *3*, 1983* although such occu-
 55 pancy is pursuant to a prior contract, lease or other arrangement.
 56 Where an occupancy, taxable under this act, covers any period on
 57 or after July 1, 1966 but prior to March 1, 1970 the rent for the
 58 period of occupancy prior to March 1, 1970 shall be taxed at the
 59 rate of 3%. Where rent is paid on a weekly, monthly or other term
 60 basis, the rent applicable to each period as set forth hereinabove

61 shall be apportioned on the basis of the ratio of the number of days
62 falling within each of the said periods to the total number of days
63 covered thereby.

64 (2) *The tax imposed under subsection (d) of section 3 shall be*
65 *paid at the rate of 6% upon any occupancy on and after January*
66 **[1]* *3*, 1983, although such occupancy is pursuant to a prior con-*
67 *tract, lease or other arrangement. Where an occupancy, taxable*
68 *under this act, covers any period on or after March 1, 1970 but prior*
69 *to *December 31, 1982* *January 2, 1983*, the rent for the period*
70 *of occupancy prior to *December 31, 1982* *January 2, 1983**
71 *shall be taxed at the rate of 5%. Where rent is paid on a weekly,*
72 *monthly or other term basis, the rent applicable to each period as*
73 *set forth hereinabove shall be apportioned on the basis of the ratio*
74 *of the number of days falling within each of the said periods to*
74A *the total number of days covered thereby.*

75 (c) (1) Except as otherwise hereinafter provided, the tax im-
76 posed under subsection (e) of section 3 shall be applicable at the
77 rate of 5% to any admission to or for the use of facilities of a place
78 of amusement occurring on or after March 1, 1970 but prior to
79 January *[1]* *3*, 1983, whether or not the admission charge has
80 been paid prior to such date unless the tickets were actually sold
81 and delivered (other than for resale) prior to March 1, 1970 and
82 the tax imposed under this act during the period July 1, 1966
83 through February 28, 1970 shall have been paid.

84 (2) *Except as otherwise hereinafter provided, the tax imposed*
85 *under subsection (e) of section 3 shall be applicable at the rate of*
86 *6% to any admission to or for the use of facilities of a place of*
87 *amusement occurring on or after January *[1]* *3*, 1983, whether*
88 *or not the admission charge has been paid prior to that date unless*
89 *the tickets were actually sold and delivered, other than for resale,*
90 *prior to January *[1]* *3*, 1983 and the tax imposed under this*
91 *act during the period March 1, 1970 through *December 31, 1982**
92 **January 2, 1983* shall have been paid.*

93 (d) (1) Sales made to contractors, subcontractors or repairmen
94 of materials, supplies, or services for use in erecting structures
95 for others, or building on, or otherwise improving, altering or re-
96 pairing real property of others shall be exempt from the taxes im-
97 posed by subsections (a) and (b) of section 3 and section 6 hereof,
98 provided such structure, building, improvement, alteration or re-
99 pair is the subject of a written bid or contract duly tendered or
100 entered into by such contractor, subcontractor, or repairman before
101 May 9, 1966.

102 (2) Sales made *on or after March 1, 1970 but prior to January*
 103 **[1]* *3*, 1983* to contractors, subcontractors or repairmen of ma-
 104 terials, supplies, or services for use in erecting structures for others,
 105 or building on, or otherwise improving, altering or repairing real
 106 property of others shall be subject to the taxes imposed by subsec-
 107 tions (a) and (b) of section 3 and section 6 hereof at the rate of
 108 5% ; provided, however, that when such sales are made for use in
 109 performance of a contract which is, either at a fixed price not sub-
 110 ject to change or modification, or entered into pursuant to the
 111 obligation of a formal written bid which cannot be altered or with-
 112 drawn, and, in either case, such contract was entered into or such
 113 bid was made on or after May 9, 1966 but prior to March 1, 1970,
 114 such sales shall be subject to tax at the rate of 3%, but the vendor
 115 shall charge and collect from the purchaser a tax on such sales at
 116 the rate of 5% which tax shall be reduced to the rate of 3% only by
 117 a claim for refund filed by the purchaser with the director pursuant
 118 to the provisions of section 20 of this act.

119 (3) As to sales other than those referred to in (2) above, the
 120 taxes imposed under subsections (a) and (b) of section 3 and sec-
 121 tion 6 hereof upon receipts received on or after March 1, 1970 and
 122 on or before December 31, 1970 shall be at the rate in effect on
 123 February 9, 1970 in case of sales made or services rendered pur-
 124 suant to a written contract entered into on or after May 9, 1966 but
 125 prior to February 9, 1970 and accompanied by a deposit or partial
 126 payment of the contract price, except in the case of a contract which,
 127 in the usage of trade, is not customarily accompanied by a deposit
 128 or partial payment of the contract price, but the vendor shall charge
 129 and collect from the purchaser a tax on such sales at the rate of
 130 5% which tax shall be refunded, if such receipts were not subject
 131 to tax on February 9, 1970, or reduced to the rate of 3%, as the case
 132 may be, only by a claim for refund filed by the purchaser with the
 133 director within 90 days after receipt of said receipts and otherwise
 134 pursuant to the provisions of section 20 of this act. A claim for
 135 refund where there has been no deposit or partial payment of the
 136 contract price shall not be allowed unless the claimant shall
 137 establish by clear and convincing evidence that, in the usage of
 138 trade, such contracts are not customarily accompanied by a deposit
 139 or partial payment of the contract price.

140 (4) Sales made *on and after January *[1]* *3*, 1983* to contrac-
 141 tors, subcontractors or repairmen of materials, supplies, or services
 142 *for use in erecting structures for others, or building on, or otherwise*
 143 *improving, altering or repairing real property of others shall be*
 144 *subject to the taxes imposed by subsections (a) and (b) of section 3*

145 and section 6 hereof at the rate of 6%; provided, however, that
 146 when such sales are made for use in performance of a contract
 147 which is, either of a fixed price not subject to change or modifica-
 148 tion, or entered into pursuant to the obligation of a formal written
 149 bid which cannot be altered or withdrawn, and, in either case, such
 150 contract was entered into or such bid was made on or after March
 151 1, 1970 but prior to January *~~1~~* *3*, 1983, such sales shall be sub-
 152 ject to tax at the rate of 5%, but the vendor shall charge and collect
 153 from the purchaser a tax on such sales at the rate of 6%.

154 (5) As to sales other than those referred to in (4) above, the taxes
 155 imposed under subsections (a) and (b) of section 3 and section 6
 156 hereof upon receipts received on or after January *~~1~~* *3*, 1983
 157 and on or before June 30, 1983 shall be at the rate in effect on *~~De-~~
 158 cember 31, 1982]* *January 2, 1983* in case of sales made or ser-
 159 vices rendered pursuant to a written contract entered on or after
 160 March 1, 1970 but prior to *~~December 31, 1982]~~* *January 2, 1983*
 161 and accompanied by a deposit or partial payment of the contract
 162 price, except in the case of a contract which in the usage of trade,
 163 is not customarily accompanied by a deposit or partial payment of
 164 the contract price, but the vendor shall charge and collect from the
 165 purchaser on such sales at the rate of 6% which tax shall be re-
 166 funded, if such receipts were not subject to tax on *~~December 31,~~
 167 1982]* *January 2, 1983*, or reduced to the rate of 5%, as the case
 167A may be, only by a claim for refund filed by the purchaser with the
 168 director within 90 days after receipt of said receipts and otherwise
 169 pursuant to the provisions of section 20 of this act (C. 54:32B-20).
 170 A claim for refund where there has been no deposit or partial pay-
 171 ment of the contract price shall not be allowed unless the claimant
 172 shall establish by clear and convincing evidence that, in the usage
 173 of trade, such contracts are not customarily accompanied by a
 174 deposit or partial payment of the contract price.

175 (e) (1) No tax shall be imposed under subsections (a), (b) and
 176 (c) of section 3 upon receipts received on or after July 1, 1966 in
 177 the case of sales made or services rendered, where delivery of the
 178 property which was the subject matter of the sale has been com-
 179 pleted or such services have been entirely rendered, prior to July 1,
 180 1966.

181 (2) The taxes imposed under subsections (a), (b) and (c) of
 182 section 3 upon receipts received on or after March 1, 1970 but prior
 183 to January *~~1~~* *3*, 1983 shall be at the rate of 3% in the case of
 184 sales made or services rendered, where delivery of the property
 185 which was the subject matter of the sale has been completed or such
 186 services have been entirely rendered, prior to March 1, 1970.

187. (3) *The taxes imposed under subsections (a), (b) and (c) of*
 188. *section 3 upon receipts received on or after January ***[1]*** *3*, 1983*
 189. *shall be at the rate of 5% in the case of sales made or services ren-*
 190. *dered, where delivery of the property which was the subject matter*
 191. *of the sale has been completed or such services have been entirely*
 192. *rendered, prior to January ***[1]*** *3*, 1983.*

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

1 4. Section 6 of P. L. 1966, c. 30 (C. 54:32B-6) is amended to read
 2 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 every
 6 person a use tax for the use within this State of 3% on and after
 7 July 1, 1966 and continuing through February 28, 1970 and of 5%
 8 on and after March 1, 1970 and continuing through ***[December 31,**
 9 **1982]*** *January 2, 1983*, and of 6% on and after January ***[1]***
 10 *3*, 1983, except as otherwise exempted under this act, (A) of any
 11 tangible personal property purchased at retail, (B) of any tangible
 12 personal property manufactured, processed or assembled by the
 13 user, if items of the same kind of tangible personal property are
 14 offered for sale by him in the regular course of business, and (C)
 15 of any tangible personal property, however acquired, where not
 16 acquired for purposes of resale, upon which any taxable services
 17 described in subsections (b) (1) and (2) of section 3 have been per-
 18 formed. For purposes of clause (A) of this section, the tax shall be
 19 at the applicable rate, as set forth hereinabove, of the consideration
 20 given or contracted to be given for such property or for the use of
 21 such property, but excluding any credit for property of the same
 22 kind accepted in part payment and intended for resale, plus the cost
 23 of transportation except where such cost is separately stated in the
 24 written contract, if any, and on the bill rendered to the purchaser.
 25 For the purposes of clause (B) of this section, the tax shall be at
 26 the applicable rate, as set forth hereinabove, of the price at which
 27 items of the same kind of tangible personal property are offered
 28 for sale by the user, and the mere storage, keeping, retention or
 29 withdrawal from storage of tangible personal property by the per-
 30 son who manufactured, processed or assembled such property shall
 31 not be deemed a taxable use by him. For purposes of clause (C)
 32 of this section, the tax shall be at the applicable rate, as set forth
 33 hereinabove, of the consideration given or contracted to be given
 34 for the service, including the consideration for any tangible per-
 35 sonal property transferred in conjunction with the performance

36 of the service, plus the cost of transportation except where such
 37 cost is separately stated in the written contract, if any, and on the
 38 bill rendered to the purchaser.

1 *5. Section 13 of P. L. 1980, c. 105 (C. 54:32B-8.1) is amended
 2 to read as follows:

3 13. Receipts from the following are exempt from the tax imposed
 4 under the Sales and Use Tax Act: sales of medicines and drugs
 5 sold pursuant to a doctor's prescription for human use; *over the*
 6 *counter drugs recommended and generally sold for the relief of*
 7 *pain, ailments, distresses or disorders of the human body*; crutches,
 8 artificial limbs, artificial eyes, artificial hearing devices, corrective
 9 eyeglasses, prosthetic aids, artificial teeth or dentures, braces,
 10 tampons or like products, orthopedic appliances and artificial de-
 11 vices designed to correct or alleviate physical incapacity, medical
 12 oxygen, human blood and its derivative when sold for human use,
 13 wheelchairs, and replacement parts for any of the foregoing.*

1 ***[5.]*** *6.* Section 31 of P. L. 1980, c. 105 (C. 54:32B-8.19) is
 2 amended to read as follows:

3 31. Receipts from sales of tangible personal property and ser-
 4 vices taxable under any municipal ordinance which was adopted
 5 pursuant to P. L. 1947, c. 71 (C. 40:48-8.15 et seq.) and was in
 6 effect on April 27, 1966 are exempt from the tax imposed under
 7 the Sales and Use Tax Act subject to the following conditions:

8 a. To the extent that the tax is or would be imposed under
 9 section 3 of P. L. 1966, c. 30 (C. 54:32B-3) is greater than the
 10 tax imposed by such ordinance, such sales shall not be exempt
 11 under this section; and

12 b. To the extent permitted in the following schedule, irrespective
 13 of the rate of tax imposed by such ordinance:

14 (1) From July 1, 1981 through December 31, 1981, such sales
 15 shall not be exempt from this act;

16 (2) From January 1, 1982, through August 31, 1982, such sales
 17 shall be exempt only to the extent that the rate of taxation imposed
 18 by the ordinance exceeds the rate of taxation otherwise imposed
 19 pursuant to P. L. 1966, c. 30 (C. 54:32B-1 et seq.); and

20 (3) From September 1, 1982 and thereafter, such sales shall be
 21 exempt only to the extent that the rate of taxation imposed by
 22 the ordinance exceeds **[7%]** 6%, except that the combined rate of
 23 taxation imposed under the ordinance and under this section shall
 24 not exceed 12%.

1 ***[6.]*** *7.* (New section) Receipts from the following are ex-
 2 empt from the tax imposed under the Sales and Use Tax Act: sales
 3 of household soaps, soap products, detergents, household cleaners
 4 or cleaning agents **purchased for household use**.

1 ***[7.]*8.*** (New section) Receipts from the following are ex-
 2 empt from the tax imposed under the Sales and Use Tax Act: sales
 3 of disposable household paper products including towels, napkins,
 4 toilet tissues, cleaning tissues, **diapers,* paper plates and cups*
 5 **purchased for household use*.*

1 ***9.** *There is hereby appropriated such sums as may be necessary*
 2 *to implement this act subject to the approval of the Director of the*
 3 *Division of Budget and Accounting, not to exceed \$100,000.00.**

1 ***[8.]*10.*** This act shall take effect ***[immediately]*** **on Janu-*
 2 *ary 3, 1983**, but shall remain inoperative until the enactment into
 3 law of Assembly Bill No. 2317 of 1982 (now pending before the
 4 Legislature); and ***[upon the certification by the]*** **Assembly Bill*
 5 *No. 2323 of 1982 (now pending before the Legislature); except that*
 6 *sections 5, 7 and 8 shall remain inoperative until July 1, 1983. The**
 7 *Governor shall certify* to the Legislature *by January 15, 1983**
 8 *that a reduction in the amount of ***[\$50,000,000.00]* \$30,000,000.00****
 9 *from the amount of appropriations authorized under P. L. 1982,*
 10 *c. 49 has been made subsequent to the approval date of this act for*
 11 *the fiscal year ending June 30, 1983, except that this reduction*
 12 *shall not come from any ***[Direct Educational Services and Assist-***
 13 *ance]* *State Aid* account***;** and except that sections 6 and 7
 14 *shall remain inoperative until July 1, 1983]*.**

14 (1) From July 1, 1981 through December 31, 1981, such sales
15 shall not be exempt from this act;

16 (2) From January 1, 1982, through August 31, 1982, such sales
17 shall be exempt only to the extent that the rate of taxation imposed
18 by the ordinance exceeds the rate of taxation otherwise imposed
19 pursuant to P. L. 1966, c. 30 (C. 54:32B-1 et seq.); and

20 (3) From September 1, 1982 and thereafter, such sales shall be
21 exempt only to the extent that the rate of taxation imposed by
22 the ordinance exceeds ~~7%~~ 6%, except that the combined rate of
23 taxation imposed under the ordinance and under this section shall
24 not exceed 12%.

1 6. (New section) Receipts from the following are exempt from
2 the tax imposed under the Sales and Use Tax Act: sales of house-
3 hold soaps, soap products, detergents, household cleaners or clean-
4 ing agents.

1 7. (New section) Receipts from the following are exempt from
2 the tax imposed under the Sales and Use Tax Act: sales of dis-
3 posable household paper products including towels, napkins, toilet
4 tissues, cleaning tissues, paper plates and cups.

1 8. This act shall take effect immediately, but shall remain inop-
2 erative until the enactment into law of Assembly Bill No. 2317 of
3 1982 (now pending before the Legislature), and upon the certifica-
4 tion by the Governor to the Legislature that a reduction in the
5 amount of \$50,000,000.00 from the amount of appropriations autho-
6 rized under P. L. 1982, c. 49 has been made subsequent to the
7 approval date of this act for the fiscal year ending June 30, 1983,
8 except that this reduction shall not come from any Direct Educa-
9 tional Services and Assistance account; and except that sections 6
10 and 7 shall remain inoperative until July 1, 1983.

STATEMENT

This bill increases the Sales and Use Tax of 5% to 6% effective January 1, 1983 and exempts paper products and soap products from sales and use taxation.

The bill also amends the sales tax exemption treatment of the Atlantic City Luxury Tax to reflect the sales tax rate increase.

The bill is made dependent upon the enactment of Assembly Bill No. 2317 of 1982 which provides restoration of funds as State aid to local school districts, road and transportation aid and welfare equalization aid, and is made further dependent upon the Governor certifying a \$50 million reduction in authorized appropriations other than any Direct Educational Services and Assistance account.

A2315 (1982)