

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 1496

# STATE OF NEW JERSEY

DATED: JUNE 21, 2010

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1496.

This bill provides a sales and use tax exemption for initiation and membership fees or dues charged for access to or use of the property or facilities of a private lake association.

Initiation and membership fees or dues are charges for the right, privilege, or entitlement to the use of a club or organization's property or facilities, and are typically paid by those who have met the requirements for membership. Examples include monthly membership dues charged by health and fitness facilities, one-time initiation fees charged by country clubs, and the registration or enrollment fees or dues charged by county or municipal swim or golf clubs or organizations.

The exemption provided by the bill will ensure a small, ancillary part of a lake association's overall purpose and mission is not used to characterize private lakes associations as athletic or sporting clubs or organizations for purposes of taxation. Additionally, the exemption will remove a disincentive for membership and reduce the total costs associated with their annual or monthly fees or dues.