

**SENATE, No. 1099**

---

**STATE OF NEW JERSEY**

**217th LEGISLATURE**

---

INTRODUCED FEBRUARY 8, 2016

**Sponsored by:**

**Senator ANTHONY R. BUCCO**

**District 25 (Morris and Somerset)**

**SYNOPSIS**

Provides sales and use tax exemption for sales of certain services to certain business-use personal property.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT providing a sales and use tax exemption for sales of certain  
2 services to certain business-use personal property, supplementing  
3 P.L.1966, c.30 (C.54:32B-1 et seq.).  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

8 1. Receipts from charges for installing, maintaining, servicing,  
9 or repairing the following personal property are exempt from the  
10 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
11 (C.54:32B-1 et seq.):

12 machinery, apparatus, or equipment that is used or consumed  
13 directly and primarily in the production of tangible personal  
14 property by manufacturing, processing, assembling, or refining and  
15 that is exempt from taxation pursuant to subsection a. of section 25  
16 of P.L.1980, c.105 (C.54:32B-8.13);

17 machinery, apparatus, or equipment sold to a service provider  
18 subject to the jurisdiction of the Board of Public Utilities or the  
19 Federal Communications Commission, for use directly and  
20 primarily in receiving at destination or initiating, transmitting, and  
21 switching telephone, telegraph, or interactive telecommunications  
22 service for sale to the general public that is exempt from taxation  
23 pursuant to subsection c. of section 25 of P.L.1980, c.105  
24 (C.54:32B-8.13);

25 machinery, apparatus, or equipment, having a useful life  
26 exceeding one year, other than that used in the construction or  
27 operation of towers, to a commercial broadcaster operating under a  
28 broadcasting license issued by the Federal Communications  
29 Commission or to a provider of cable/satellite television program  
30 services for use or consumption directly and primarily in the  
31 production or transmission of radio or television information that is  
32 exempt from taxation pursuant to subsection e. of section 25 of  
33 P.L.1980, c.105 (C.54:32B-8.13); and

34 tangible personal property for use or consumption directly and  
35 exclusively in research and development in the experimental or  
36 laboratory sense that is exempt from taxation pursuant to section 26  
37 of P.L.1980, c.105 (C.54:32B-8.14).  
38

39 2. Except as otherwise provided in the "Sales and Use Tax  
40 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), receipts received from  
41 all services of installing, maintaining, servicing, or repairing  
42 personal property rendered prior to July 1, 2016 are subject to the  
43 taxes imposed under paragraph (2) of subsection (b) of section 3 of  
44 P.L.1966, c.30 (C.54:32B-3), at the rate of 7 percent, except if the  
45 services so sold are rendered on or after July 1, 2016, in which case  
46 the tax shall be computed and paid at a rate of 0.0 percent in  
47 accordance with the exemption provided by section 1 of P.L. ,  
48 c. (C. ) (pending before the Legislature as this bill); provided

1 however, that if an installation, maintenance, service, or repair  
2 contract or agreement taxable under P.L.1966, c.30 (C.54:32B-1 et  
3 seq.) covers any period of more than one month commencing before  
4 July 1, 2016 and ending after July 1, 2016, the receipts from such  
5 contract or agreement are subject to tax at the rate applicable to  
6 each period as set forth hereinabove and shall be apportioned on the  
7 basis of the ratio of the number of days falling within each of the  
8 said periods to the total number of days covered thereby, and  
9 provided further that if any such contract or agreement covers any  
10 period of one month or less ending after July 1, 2016 the tax shall  
11 be computed and paid at a rate of 0.0 percent.

12

13 3. This act shall take effect immediately and section 1 shall  
14 remain inoperative until July 1, 2016.

15

16

17

#### STATEMENT

18

19 This bill provides a sales tax exemption for charges for  
20 installing, maintaining, servicing, or repairing certain business  
21 property.

22 Under current law, sales of manufacturing equipment, equipment  
23 for providing regulated public interactive telecommunications  
24 services, equipment used in providing broadcast or cable television  
25 or radio information, and property used in experimental research  
26 and development are generally exempt from the sales and use tax.

27 However, charges for services that are typically performed on  
28 that equipment are taxable. Persons that install, maintain, service,  
29 or repair tax-exempt machinery, apparatus, and equipment must  
30 charge and collect sales tax on charges for their services.

31 This bill extends the current exemption to the charges for those  
32 currently taxable services. Under this bill, both the initial sale of  
33 the business property and any charges by contractors,  
34 subcontractors, or other repairpersons for service performed to  
35 install, maintain, service, or repair the property are exempt from  
36 sales and use taxation.

37 The bill is operative July 1, 2016.