

ASSEMBLY, No. 355

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:
Assemblywoman CAROL MURPHY
District 7 (Burlington)

SYNOPSIS

Establishes annual sales tax holiday during first weekend of August for certain retail sales of computers, school computer supplies, school supplies, school art supplies, and school instructional materials.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** establishing an annual temporary exemption period under
2 the sales and use tax for certain retail sales of school supplies
3 and equipment, supplementing P.L.1966, c.30 (C.54:32B-1 et
4 seq.).

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

8
9 1. a. Receipts from retail sales of the following products are
10 exempt from the tax imposed under the “Sales and Use Tax Act,”
11 P.L.1966, c.30 (C.54:32B-1 et seq.) if the products are sold to an
12 individual purchaser for non-business use during the annual
13 exemption period:

- 14 (1) computers with a sales price of less than \$1,000 per item;
15 (2) school computer supplies with a sales price of less than
16 \$1,000 per item;
17 (3) school supplies;
18 (4) school art supplies; and
19 (5) school instructional materials.

20 b. For purposes of this section,
21 “Annual exemption period” means the period of time between
22 12:01 a.m. on the first Friday in August of each year and 11:59 p.m.
23 the following Sunday;

24 “Computers” means electronic devices that accept information in
25 digital or similar form and manipulate it for a result based on a
26 sequence of instructions;

27 “Electronic” means relating to technology having electrical,
28 digital magnetic, wireless, optical, electromagnetic, or similar
29 capabilities;

30 “School art supplies” means items commonly used by a student
31 in a course of study for artwork, and shall include: clay and glazes;
32 paints, including acrylic, tempora, and oil; paintbrushes used for
33 artwork; and watercolors;

34 “School computer supplies” means items commonly used by a
35 student in a course of study in which a computer is used, and shall
36 include: computer storage media, diskettes, and compact disks;
37 handheld electronic schedulers, except devices that are cellular
38 phones; personal digital assistants, except devices that are cellular
39 phones; computer printers; and printer supplies for computers,
40 printer paper, and printer ink;

41 “School instructional materials” means written materials
42 commonly used by a student in a course of study as a reference and
43 to learn the subject being taught, and shall include: reference
44 books; reference maps and globes; textbooks; and workbooks; and

45 “School supplies” means items commonly used by a student in a
46 course of study, and shall include: binders; book bags; calculators;
47 cellophane tape; blackboard chalk; compasses; composition books;
48 crayons; erasers; folders, including expandable folders, pocket

1 folders, plastic folders, and manila folders; glue, paste, and paste
2 sticks; highlighters; index cards; index card boxes; legal pads; lunch
3 boxes; markers; notebooks; paper, including loose leaf ruled
4 notebook paper, copy paper, graph paper, tracing paper, manila
5 paper, colored paper, poster board, and construction paper; pencil
6 boxes and other school supply boxes; pencil sharpeners; pencils;
7 pens; protractors; rulers; scissors; and writing tablets.

8
9 2. Notwithstanding the provisions of the “Administrative
10 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the
11 contrary, the Director of the Division of Taxation in the Department
12 of the Treasury may adopt immediately upon filing with the Office
13 of Administrative Law, such regulations as the director deems
14 necessary to implement the provisions of section 1 of
15 P.L. ,c. (C.) (pending before the Legislature as this bill) and to
16 maintain compliance with the Streamlined Sales and Use Tax
17 Agreement, which regulations shall be effective for a period not to
18 exceed 180 days from the date of the filing. The regulations may
19 thereafter be amended, adopted, or readopted by the director as the
20 director deems necessary in accordance with P.L.1968, c. 410.

21
22 3. This act shall take effect immediately.
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25 STATEMENT

26
27 This bill establishes an annual “back-to-school” sales tax holiday
28 in the State of New Jersey during the first full weekend in August.
29 During the three day period from the first Friday through the
30 following Sunday of each year, certain retail sales of school
31 supplies and equipment sold to an individual purchaser for non-
32 business use are exempt from the sales and use tax.

33 Under the bill, tax exempt school supplies and equipment during
34 the holiday include: (1) school supplies, such as pens and pencils,
35 notebooks and binders; (2) school art supplies, such as paints and
36 paintbrushes, clay and glazes; and (3) school instructional materials,
37 such as maps, globes, reference books, and workbooks. For
38 purposes of the bill, tax exempt school supplies and equipment also
39 include: (4) computers, and (5) school computer supplies, such as
40 computer storage equipment, printers, and personal digital
41 assistants, with a sales price of less than \$1,000 per item. Retail
42 sales of computers and school computer supplies with a sales price
43 greater than or equal to \$1,000 remain subject to tax during the
44 holiday.

45 The establishment of a “back-to-school” sales tax holiday is
46 intended to provide a temporary tax reprieve during the period of
47 time when the State’s school aged children, college students, adult
48 learners, and their families prepare to face the challenges of the

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1 upcoming school year. Regardless of whether the purchase
2 involves a new book bag for a first time preschooler, husky pencils
3 and construction paper for a grade school student, or a new laptop
4 for a returning college student, the substitute permits consumers to
5 purchase essential school supplies and equipment without the
6 additional expense of the State's sales and use tax.

7 Additionally, the "back-to-school" sales tax holiday is intended
8 to serve as an economic stimulus for the State's retail and small
9 business community. The temporary suspension of the sales and
10 use tax on certain school supplies and equipment each August has
11 the potential to encourage consumer spending when demand is
12 typically soft.

13 Since New York established a sales tax holiday in 1997, many
14 other states have created similar temporary exemption periods of
15 equal or extended duration for similar goods and services.
16 According to the Federation of Tax Administrators, 15 states
17 provided "back-to-school" tax holidays during August of 2009.
18 Barring any delays, repeals, or additions, this bill will make New
19 Jersey the 16th state to provide a tax holiday for back-to-school
20 shoppers.