

ASSEMBLY, No. 554

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

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SYNOPSIS

Establishes annual sales tax holiday for certain sales of personal computers and certain sales of school supplies and equipment during first full weekend of August.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** establishing an annual sales tax holiday in New Jersey for
2 certain retail sales of personal computers and certain sales of
3 school supplies and equipment, supplementing P.L.1966, c.30
4 (C.54:32B-1 et 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 a personal computer with a
10 sales price of less than \$1,000, otherwise taxable pursuant to
11 subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-3), to an
12 individual purchaser made during the annual exclusion period for
13 non-business use, but not including computer leasing, rental, repair
14 or alteration, are exempt from the tax imposed under the "Sales and
15 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

16 b. As used in this section,
17 "Annual exclusion period" means the period of time between
18 12:01 a.m. on the first Friday in August of each year and 11:59 p.m.
19 the following Sunday; and

20 "Personal computer" means a laptop, desktop, or tower computer
21 system, including all computer hardware and software sold together
22 in the same sale at retail, if the computer system includes, at a
23 minimum, a central processing unit, random access memory, a data
24 storage device, a display monitor and a keyboard, except that the
25 term shall not include minicomputers, mainframe computers,
26 network servers, local area network hubs, routers and cabling,
27 hardware word processors, personal digital assistants, graphical
28 calculators, hand-held computers, game consoles, Internet TV
29 devices, network operating systems, multiple-user licensed software
30 and hardware, separate sales at retail or use of internal or external
31 components and separate sales of add-on components.

32
33 2. a. Receipts from retail sales of school supplies, school
34 equipment, and school-related items sold to a consumer during the
35 annual exclusion period, otherwise taxable pursuant to subsection
36 (a) of section 3 of P.L.1966, c.30 (C.54:32B-3), are exempt from
37 the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
38 (C.54:32B-1 et seq.).

39 b. As used in this section,
40 "Annual exclusion period" means the period of time between
41 12:01 a.m. on the first Friday in August of each year and 11:59 p.m.
42 the following Sunday; and

43 "School supplies, school equipment and school-related items"
44 means:

45 (1) items required or recommended by teachers, schools or
46 school districts preparatory to the beginning of a new school year;
47 and

48 (2) items generally accepted as being required for a student to

1 be prepared for satisfaction of the core curriculum content standards
2 or course credit in the undertaking of a school year.

3
4 3. Notwithstanding the provisions of P.L.1968, c.410 to the
5 contrary, the director may adopt immediately upon filing with the
6 Office of Administrative Law, such regulations as the director, in
7 consultation as appropriate with the Commissioner of Education,
8 deems necessary to implement the provisions of sections 1 and 2 of
9 P.L. , c. (C.) (now pending before the Legislature as this
10 bill) and to maintain compliance with the Streamlined Sales and
11 Use Tax Agreement, which regulations shall be effective for a
12 period not to exceed 180 days from the date of the filing. The
13 regulations may thereafter be amended, adopted or readopted by the
14 director as the director deems necessary in accordance with the
15 requirements of P.L.1968, c.410.

16
17 4. This act shall take effect immediately.

18
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20 STATEMENT

21
22 This bill establishes an annual “back-to-school” sales tax holiday
23 in the State of New Jersey during the first full weekend in August.
24 During the three day period from the first Friday through the
25 following Sunday, the retail purchases of certain personal
26 computers with a sales price of less than \$1,000, and certain school
27 supplies and equipment made by individual shoppers for non-
28 business purposes will be free of the State sales tax. While the tax
29 holiday is intended to provide financial relief to the students of New
30 Jersey and their families, the general public may also make tax-free
31 purchases for other nonbusiness uses during this time period.

32 Annual and temporary sales tax holidays have been established
33 in fourteen states and the District of Columbia, and have gained
34 popularity and support in several others. While some states have
35 opted to celebrate tax holidays at the beginning of the calendar year
36 or during seasonal holiday periods, a majority of states have
37 established tax moratoria during some portion of the month of
38 August, as families prepare to send their children back to school.
39 These tax holidays typically include exemptions for purchases of
40 educational supplies, consumer products, and clothing items that
41 allow students to face the challenges of the coming year.

42 This bill specifically exempts the purchases of personal
43 computers that are sold for less than \$1,000 as well as school-
44 related supplies and equipment during the annual exclusion period.
45 In particular, it would exempt the purchases of computers for
46 personal use and school-related supplies and equipment that are
47 either (1) required or recommended by teachers, schools, or school
48 districts in order to prepare for the new school year; or (2) generally

1 accepted as being required for students to satisfy the core
2 curriculum content standards or course credit work in the
3 undertaking of a school year.

4 Unlike other tax relief initiatives, the establishment of a back-to-
5 school sales tax holiday in New Jersey could be developed and
6 implemented with minimal administrative effort. It would provide
7 an administratively simple and effective way to cut taxes for
8 consumers that would require no special taxpayer forms or rebate
9 applications. In addition, it would be economically beneficial to the
10 State's merchants and small business owners by encouraging
11 consumer spending during a period of time when demand is
12 typically soft.