

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1045

STATE OF NEW JERSEY

DATED: JUNE 4, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1045 (1R).

This bill clarifies the sales tax collection responsibilities of horse-boarding businesses in New Jersey by providing an exemption from tax for the lease or rental of certain stable stalls and charges for horse boarding and certain other related services.

Under the bill, the taxable service of “furnishing space for storage” is redefined to exclude from tax charges for the lease or rental of certain stable stalls. The bill, provides that the service of “furnishing space for storage” does not include, and the taxable service therefor does not apply to, charges for the lease or rental of a stall in a barn, stable, or other similar structure or facility for the boarding or stabling or for the keeping or holding of a horse, pony, mule, donkey, or hinny.

The bill exempts from tax certain charges for boarding a horse. The bill, provides that charges for storing a horse, pony, mule, donkey, or hinny in a barn, stable, or other similar structure or facility by a person engaged in the business of boarding or stabling or otherwise keeping or holding horses, ponies, mules, donkeys, or hinnies are exempt from the sales tax.

The bill also exempts from tax certain services provided for the care of horses boarded by persons engaged in the business of boarding horses. The bill, provides that charges for maintaining or servicing a horse, pony, mule, donkey, or hinny that is boarded or stabled or that is kept or held in a barn, stable, or other similar structure or facility by a person engaged in the business of boarding or stabling or otherwise keeping or holding horses, ponies, mules, donkeys, or hinnies are exempt from the sales tax.

This bill provides that the tax exemptions established by the bill would apply to taxable years beginning on or after January 1 next following the bill’s date of enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes this bill will result in an indeterminate annual decrease in state sales and use tax charges from exempting charges for storing, maintaining or servicing a horse, pony, mule, donkey, or hinny in a barn, stable, or other similar

structure or facility by a person engaged in the business of boarding or stabling or otherwise keeping or holding horses, ponies, mules, donkeys, or hinnies.

The OLS does not have access to relevant industry data regarding the number of horse-boarding businesses in the State which are currently subject to the sales and use tax, the average cost for providing boarding and additional services to horses in the State, and the average number of stalls a board, stable, or other similar structure or facility each horse-boarding business leases or rents.