

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2856**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: OCTOBER 16, 2019

**SUMMARY**

**Synopsis:** Clarifies sales tax collection responsibilities of horse-boarding businesses in New Jersey.

**Type of Impact:** Recurring annual State sales and use tax revenue loss to the State General Fund.

**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2020 and Thereafter</u></b>
<b>Recurring Annual State Revenue Loss</b>	Indeterminate

- The Office of Legislative Services (OLS) concludes this bill will result in an indeterminate annual decrease in sales and use tax collections 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, such as the number of horse-boarding businesses in this State, the average cost for providing boarding and additional services to horses at those businesses, and the average number of stalls a barn, stable, or other similar structure or facility each horse-boarding business leases or rents, which are essential to providing an estimate.

**BILL DESCRIPTION**

The bill clarifies the sales and use 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 the sales and use tax, charges for the lease or rental of certain stable stalls. The bill exempts 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.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that this bill will result in an indeterminate annual decrease in sales and use tax collections, which would otherwise be deposited into the State General Fund, by 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 cannot independently estimate the magnitude of the bill's annual impact on sales and use tax revenues. The OLS does not have access to relevant industry data, such as the number of horse-boarding businesses in this State, the average cost for providing boarding and additional services to horses at those businesses, and the average number of stalls a barn, stable, or other similar structure or facility each horse-boarding business leases or rents, which are essential to providing an estimate.

Under current law, a business that boards, maintains, or services horses is required to register as a seller with the Division of Taxation in the Department of the Treasury. Charges for boarding horses became taxable pursuant to P.L.2006, c.44, s.2, which simultaneously increased the sales and use tax rate from six percent to seven percent and additionally expanded the sales and use tax base to include "space for storage." The Division of Taxation has interpreted the definition of space for storage to include the boarding of horses, unless a statutory exemption applies under specific factual circumstances.

*Section:*            *Revenue, Finance and Appropriations*  
*Analyst:*         *Jordan M. DiGiovanni*  
                         *Revenue Analyst*  
*Approved:*       *Frank W. Haines III*  
                         *Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).