

ASSEMBLY, No. 656

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ZECKER and Assemblywoman CRECCO

1 AN ACT providing a sales tax exemption for sales by certain school
2 stores, supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).

3

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

6

7 1. a. Receipts from sales of tangible personal property sold by a
8 qualified school store are exempt from the tax imposed under the
9 "Sales and Use Tax Act."

10 b. For the purposes of this section,

11 "Qualified school store" means a store:

12 (1) located at a public or private primary or secondary school;

13 (2) operated and staffed only by students of the school, employees
14 of the board of education or of the governing board of the school in
15 the case of a nonpublic school, or the parents or legal guardians of the
16 students of the school;

17 (3) that is not open to the general public;

18 (4) that sells no item with a selling price of more than \$5; and

19 (5) all the net receipts of which go to support school approved
20 activities.

21

22 2. This act shall take effect immediately and apply to sales made on
23 and after the date of enactment.

24

25

26

STATEMENT

27

28 This bill provides a sales and use tax exemption for certain school
29 stores. Currently charitable organizations and school groups may sell
30 goods for fundraising purposes, but if the fundraising group begins to
31 operate a store, the sales from the store are subject to sales and use
32 tax. Under current sales tax law, a store is any place that goods are
33 sold with regularity, frequency and continuity. Technically, that
34 definition includes the "lunchroom table" stores that student groups
35 operate selling small items to raise funds for school trips. Any

1 organization that operates a store must register as a vendor with the
2 Division of Taxation and comply with tax collecting, recordkeeping,
3 reporting and payment requirements.

4 This bill provides a narrow exemption from the sales tax collection
5 requirements for those school stores that are fundraisers for student
6 activities. The exemption is allowed for stores located in a primary or
7 secondary school and that are operated and staffed by the students and
8 the school community. The bill only allows the exemption to stores
9 that are not open to the public, that sell no items with a selling price
10 of more than \$5; and that direct all of their net receipts to school
11 approved activities.

12 The exemption provided by this bill applies only to sales by the
13 school store, and does not affect existing law concerning the sales
14 taxation of the purchase of goods by charitable and educational
15 organizations or the laws and regulations governing what constitutes
16 a store under the sales and use tax.

17

18

19

20

21 Provides a sales tax collection exemption for certain school stores.