

ASSEMBLY, No. 1137

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman MURPHY and Assemblyman DeCROCE

1 AN ACT concerning the measure of tax on sales of certain local  
2 interest calendars under the sales and use tax, supplementing  
3 P.L.1966, c.30 (C.54:32B-1 et seq.).  
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5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
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8 1. a. For the purposes of the "Sales and Use Tax Act," P.L.1966,  
9 c.30 (C.54:32B-1 et seq.), the term retail sale does not include the  
10 transfer of a local interest calendar to its final possessor free of charge  
11 or at nominal consideration. The transfer of a local interest calendar  
12 from its printer to its publisher or other distributor for transfer to its  
13 final possessor free of charge or at nominal consideration is not a sale  
14 for resale.

15 b. "Local interest calendar" means a calendar that is published for  
16 distribution no more than once annually; is available for distribution  
17 among the public; contains a calendar of events of local interest, which  
18 may include but is not limited to school schedules, the schedules of  
19 events of charitable organizations, and municipal, county and other  
20 government schedules of local interest; reference and emergency  
21 phone numbers of local interest; and advertising matter.  
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23 2. This act shall take effect on the first day of the third month  
24 following enactment and apply to local interest calendars distributed  
25 on and after that date.  
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28 STATEMENT  
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30 This bill changes the way that local interest calendars are taxed  
31 under the sales and use tax to alleviate the sales taxes on small  
32 business advertisers.

33 Under current law local interest calendars, which are usually  
34 distributed "free" to residents of a community, are held to be sold to  
35 the advertisers in the local interest calendar. The sale price is held to

1 be the amount the advertisers pay for their advertisements, so the  
2 current policy has the same effect as charging the advertisers sales  
3 taxes on their ads.

4 This bill changes the law so that the advertisers are not the  
5 purchasers of the calendars, but that instead the purchaser of the  
6 calendar is the publisher or the distributor of the calendar. When the  
7 transaction between the publisher or distributor of the calendar is  
8 deemed the taxable sale, the measure of the tax due becomes the  
9 printer's bill for taxable printing services and materials costs, a  
10 measure of the tax that does not include the value of the advertising  
11 services provided by the local interest calendar publisher. This bill  
12 also makes the calendar publisher the taxpayer instead of the  
13 advertisers.

14 This bill is consistent with the same policy of lowering the tax cost  
15 of small business advertising that led to the repeal of the sales tax on  
16 "yellow pages" advertising.

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21 Changes measure of sales and use tax on certain local interest  
22 calendars from advertising receipts to receipts from printing.