

SENATE, No. 1733

STATE OF NEW JERSEY

INTRODUCED DECEMBER 19, 1996

By Senators CONNORS and SINGER

1 AN ACT providing exempt organization status under the sales and use  
2 tax to certain National Guard and veterans' organizations and  
3 amending P.L.1966, c.30.

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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. Section 9 of P.L.1966, c.30 (C.54:32B-9) is amended to read as  
9 follows:

10 9. Exempt organizations. (a) Except as to motor vehicles sold by  
11 any of the following, any sale, service or amusement charge by or to  
12 any of the following or any use or occupancy by any of the following  
13 shall not be subject to the sales and use taxes imposed under this act:

14 (1) The State of New Jersey, or any of its agencies,  
15 instrumentalities, public authorities, public corporations (including a  
16 public corporation created pursuant to agreement or compact with  
17 another state) or political subdivisions where it is the purchaser, user  
18 or consumer, or where it is a vendor of services or property of a kind  
19 not ordinarily sold by private persons;

20 (2) The United States of America, and any of its agencies and  
21 instrumentalities, insofar as it is immune from taxation where it is the  
22 purchaser, user or consumer, or where it sells services or property of  
23 a kind not ordinarily sold by private persons;

24 (3) The United Nations or any international organization of which  
25 the United States of America is a member where it is the purchaser,  
26 user or consumer, or where it sells services or property of a kind not  
27 ordinarily sold by private persons.

28 (b) Except as otherwise provided in this section any sale or  
29 amusement charge by or to any of the following or any use or  
30 occupancy by any of the following, where such sale, charge, use or  
31 occupancy is directly related to the purposes for which the following  
32 have been organized, shall not be subject to the sales and use taxes  
33 imposed under this act:

34 [(1)] Any corporation, association, trust, or community chest, fund

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 or foundation, organized and operated exclusively for religious,  
2 charitable, scientific, testing for public safety, literary or educational  
3 purposes, or for the prevention of cruelty to children or animals, or as  
4 a volunteer fire company, rescue, ambulance, first aid or emergency  
5 company or squad, or as a National Guard organization, post or  
6 association or as a post or organization of war veterans, or as an  
7 auxiliary unit or society of any such post, organization or association,  
8 provided that the post, organization, association, or auxiliary unit or  
9 society is organized in this State and meets the definitions for such  
10 entities established pursuant to regulations promulgated by the  
11 Director of the Division of Taxation; and an association of parents and  
12 teachers of an elementary or secondary public or private school  
13 exempt under the provisions of this section [9], no part of the net  
14 earnings of which inures to the benefit of any private shareholder or  
15 individual, no substantial part of the activities of which is carrying on  
16 propaganda, or otherwise attempting to influence legislation, and  
17 which does not participate in, or intervene in (including the publishing  
18 or distributing of statements), any political campaign on behalf of any  
19 candidate for public office.

20 (c) Nothing in this section shall exempt the sale of a motor vehicle  
21 by an organization described in subsection (b)[(1)] of this section or  
22 retail sales of tangible personal property by any shop or store operated  
23 by such organization from the taxes imposed hereunder, unless the  
24 purchaser is an organization exempt under this section.

25 (d) Any organization enumerated in subsection (b)[(1)] hereof shall  
26 not be entitled to the exemption herein granted unless it has complied  
27 with such requirements for obtaining a tax immunity authorization as  
28 may be provided in this act.

29 (e) Where any organization described in subsection (b)[(1)] hereof  
30 carries on its activities in furtherance of the purposes for which it was  
31 organized, in premises in which, as part of said activities, it operates  
32 a hotel, occupancy of rooms in the premises and rents therefrom  
33 received by such corporation or association shall not be subject to tax  
34 hereunder.

35 (f) (1) Except as provided in paragraph (2) of this subsection, any  
36 admissions all of the proceeds of which inure exclusively to the benefit  
37 of the following organizations shall not be subject to any of the taxes  
38 imposed under subsection (e) of section 3:

39 (A) an organization described in subsection (a) (1) or (b) of this  
40 section;

41 (B) a society or organization conducted for the sole purpose of  
42 maintaining symphony orchestras or operas and receiving substantial  
43 support from voluntary contributions; or

44 [(C) national guard organizations, posts or organizations of war  
45 veterans, or auxiliary units or societies of any such posts or  
46 organizations, if such posts, organizations, units or societies are

1 organized in this State, and if no part of their net earnings inures to the  
2 benefit of any private stockholder or individual; or]

3 ~~[(D)]~~(C) a police or fire department of a political subdivision of  
4 the State, or a volunteer fire company, ambulance, first aid, or  
5 emergency company or squad, or exclusively to a retirement, pension  
6 or disability fund for the sole benefit of members of a police or fire  
7 department or to a fund for the heirs of such members.

8 (2) The exemption provided under paragraph (1) of this subsection  
9 shall not apply in the case of admissions to:

10 (A) Any athletic game or exhibition unless the proceeds shall inure  
11 exclusively to the benefit of elementary or secondary schools or unless  
12 in the case of an athletic game between two elementary or secondary  
13 schools, the entire gross proceeds from such game shall inure to the  
14 benefit of one or more organizations described in subsection (b)~~[(1)]~~ of  
15 this section;

16 (B) Carnivals, rodeos, or circuses in which any professional  
17 performer or operator participates for compensation;

18 (3) Admission charges for admission to the following places or  
19 events shall not be subject to any of the taxes imposed under  
20 subsection (e) of section 3:

21 (A) Any admission to agricultural fairs if no part of the net  
22 earnings thereof inures to the benefit of any stockholders or members  
23 of the association conducting the same; provided the proceeds  
24 therefrom are used exclusively for the improvement, maintenance and  
25 operation of such agricultural fairs.

26 (B) Any admission to a home or garden which is temporarily open  
27 to the general public as a part of a program conducted by a society or  
28 organization to permit the inspection of historical homes and gardens;  
29 provided no part of the net earnings thereof inures to the benefit of  
30 any private stockholder or individual.

31 (C) Any admissions to historic sites, houses and shrines, and  
32 museums conducted in connection therewith, maintained and operated  
33 by a society or organization devoted to the preservation and  
34 maintenance of such historic sites, houses, shrines and museums;  
35 provided no part of the net earnings thereof inures to the benefit of  
36 any private stockholder or individual.

37 (cf: P.L.1967, c.25, s.3)

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39 2. This act shall take effect immediately.  
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#### 42 STATEMENT

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44 This bill grants exempt organization status under the "Sales and Use  
45 Tax Act" to National Guard and war veterans' posts or associations,  
46 and the auxiliary units of these organizations, which meet the

1 definition for such entities established pursuant to regulations to be  
2 promulgated by the Director of the Division of Taxation in the  
3 Department of the Treasury. At present, these organizations have  
4 limited exempt status and are not subject to the sales and use tax for  
5 certain admission charges when all of the proceeds inure to the benefit  
6 of the organization.

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11 Grants exempt organizations status under the sales tax to National  
12 Guard and war veterans' organizations.