

[Second Reprint]

ASSEMBLY, No. 12

STATE OF NEW JERSEY

217th LEGISLATURE

INTRODUCED JUNE 27, 2016

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District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Assemblywoman McKnight and Assemblyman Egan

SYNOPSIS

Adjusts certain State taxes to support strengthened investments in public and private assets in this State.

CURRENT VERSION OF TEXT

As amended by the Senate on October 5, 2016.

(Sponsorship Updated As Of: 10/11/2016)

1 AN ACT adjusting certain State taxes ¹to support strengthened
2 investments in public and private assets in this State¹, amending
3 and supplementing various parts of the statutory law pertaining
4 to taxes of this State.

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

8
9 ¹[1. Section 3 of P.L.1966, c.30 (C.54:32B-3) is amended to
10 read as follows:

11 3. There is imposed and there shall be paid a tax of **[7%]** 7
12 percent on or before December 31, 2016, 6.5 percent on and after
13 January 1, 2017 but before January 1, 2018, and 6 percent on and
14 after January 1, 2018 upon:

15 (a) The receipts from every retail sale of tangible personal
16 property or a specified digital product for permanent use or less
17 than permanent use, and regardless of whether continued payment is
18 required, except as otherwise provided in this act.

19 (b) The receipts from every sale, except for resale, of the
20 following services:

21 (1) Producing, fabricating, processing, printing or imprinting
22 tangible personal property or a specified digital product, performed
23 for a person who directly or indirectly furnishes the tangible
24 personal property or specified digital product, not purchased by him
25 for resale, upon which such services are performed.

26 (2) Installing tangible personal property or a specified digital
27 product, or maintaining, servicing, repairing tangible personal
28 property or a specified digital product not held for sale in the
29 regular course of business, whether or not the services are
30 performed directly or by means of coin-operated equipment or by
31 any other means, and whether or not any tangible personal property
32 or specified digital product is transferred in conjunction therewith,
33 except (i) such services rendered by an individual who is engaged
34 directly by a private homeowner or lessee in or about his residence
35 and who is not in a regular trade or business offering his services to
36 the public, (ii) such services rendered with respect to personal
37 property exempt from taxation hereunder pursuant to section 13 of
38 P.L.1980, c.105 (C.54:32B-8.1), (iii) (Deleted by amendment,
39 P.L.1990, c.40), (iv) any receipts from laundering, dry cleaning,
40 tailoring, weaving, or pressing clothing, and shoe repairing and
41 shoeshining and (v) services rendered in installing property which,
42 when installed, will constitute an addition or capital improvement to
43 real property, property or land, other than landscaping services and
44 other than installing carpeting and other flooring.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted July 29, 2016.

²Senate floor amendments adopted October 5, 2016.

1 (3) Storing all tangible personal property not held for sale in the
2 regular course of business; the rental of safe deposit boxes or
3 similar space; and the furnishing of space for storage of tangible
4 personal property by a person engaged in the business of furnishing
5 space for such storage.

6 "Space for storage" means secure areas, such as rooms, units,
7 compartments or containers, whether accessible from outside or
8 from within a building, that are designated for the use of a customer
9 and wherein the customer has free access within reasonable
10 business hours, or upon reasonable notice to the furnisher of space
11 for storage, to store and retrieve property. Space for storage shall
12 not include the lease or rental of an entire building, such as a
13 warehouse or airplane hangar.

14 (4) Maintaining, servicing or repairing real property, other than
15 a residential heating system unit serving not more than three
16 families living independently of each other and doing their cooking
17 on the premises, whether the services are performed in or outside of
18 a building, as distinguished from adding to or improving such real
19 property by a capital improvement, but excluding services rendered
20 by an individual who is not in a regular trade or business offering
21 his services to the public, and excluding garbage removal and sewer
22 services performed on a regular contractual basis for a term not less
23 than 30 days.

24 (5) Mail processing services for printed advertising material,
25 except for mail processing services in connection with distribution
26 of printed advertising material to out-of-State recipients.

27 (6) (Deleted by amendment, P.L.1995, c.184).

28 (7) Utility service provided to persons in this State, any right or
29 power over which is exercised in this State.

30 (8) Tanning services, including the application of a temporary
31 tan provided by any means.

32 (9) Massage, bodywork or somatic services, except such
33 services provided pursuant to a doctor's prescription.

34 (10) Tattooing, including all permanent body art and permanent
35 cosmetic make-up applications, except such services provided
36 pursuant to a doctor's prescription in conjunction with
37 reconstructive breast surgery.

38 (11) Investigation and security services.

39 (12) Information services.

40 (13) Transportation services originating in this State and
41 provided by a limousine operator, as permitted by law, except such
42 services provided in connection with funeral services.

43 (14) Telephone answering services.

44 (15) Radio subscription services.

45 Wages, salaries and other compensation paid by an employer to
46 an employee for performing as an employee the services described
47 in this subsection are not receipts subject to the taxes imposed
48 under this subsection (b).

1 Services otherwise taxable under paragraph (1) or (2) of this
2 subsection (b) are not subject to the taxes imposed under this
3 subsection, where the tangible personal property or specified digital
4 product upon which the services were performed is delivered to the
5 purchaser outside this State for use outside this State.

6 (c) (1) Receipts from the sale of prepared food in or by
7 restaurants, taverns, or other establishments in this State, or by
8 caterers, including in the amount of such receipts any cover,
9 minimum, entertainment or other charge made to patrons or
10 customers, except for meals especially prepared for and delivered to
11 homebound elderly, age 60 or older, and to disabled persons, or
12 meals prepared and served at a group-sitting at a location outside of
13 the home to otherwise homebound elderly persons, age 60 or older,
14 and otherwise homebound disabled persons, as all or part of any
15 food service project funded in whole or in part by government or as
16 part of a private, nonprofit food service project available to all such
17 elderly or disabled persons residing within an area of service
18 designated by the private nonprofit organization; and

19 (2) Receipts from sales of food and beverages sold through
20 vending machines, at the wholesale price of such sale, which shall
21 be defined as 70% of the retail vending machine selling price,
22 except sales of milk, which shall not be taxed. Nothing herein
23 contained shall affect other sales through coin-operated vending
24 machines taxable pursuant to subsection (a) above or the exemption
25 thereto provided by section 21 of P.L.1980, c.105 (C.54:32B-8.9).

26 The tax imposed by this subsection (c) shall not apply to food or
27 drink which is sold to an airline for consumption while in flight.

28 (3) For the purposes of this subsection:

29 "Food and beverages sold through vending machines" means
30 food and beverages dispensed from a machine or other mechanical
31 device that accepts payment; and

32 "Prepared food" means:

33 (i) A. food sold in a heated state or heated by the seller; or

34 B. two or more food ingredients mixed or combined by the
35 seller for sale as a single item, but not including food that is only
36 cut, repackaged, or pasteurized by the seller, and eggs, fish, meat,
37 poultry, and foods containing these raw animal foods requiring
38 cooking by the consumer as recommended by the Food and Drug
39 Administration in Chapter 3, part 401.11 of its Food Code so as to
40 prevent food borne illnesses; or

41 C. food sold with eating utensils provided by the seller,
42 including plates, knives, forks, spoons, glasses, cups, napkins, or
43 straws. A plate does not include a container or packaging used to
44 transport the food;

45 provided however, that

46 (ii) "prepared food" does not include the following sold without
47 eating utensils:

- 1 A. food sold by a seller whose proper primary NAICS
2 classification is manufacturing in section 311, except subsector
3 3118 (bakeries);
- 4 B. food sold in an unheated state by weight or volume as a
5 single item; or
- 6 C. bakery items, including bread, rolls, buns, biscuits, bagels,
7 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
8 muffins, bars, cookies, and tortillas.
- 9 (d) The rent for every occupancy of a room or rooms in a hotel
10 in this State, except that the tax shall not be imposed upon a
11 permanent resident.
- 12 (e) (1) Any admission charge to or for the use of any place of
13 amusement in the State, including charges for admission to race
14 tracks, baseball, football, basketball or exhibitions, dramatic or
15 musical arts performances, motion picture theaters, except charges
16 for admission to boxing, wrestling, kick boxing or combative sports
17 exhibitions, events, performances or contests which charges are
18 taxed under any other law of this State or under section 20 of
19 P.L.1985, c.83 (C.5:2A-20), and, except charges to a patron for
20 admission to, or use of, facilities for sporting activities in which
21 such patron is to be a participant, such as bowling alleys and
22 swimming pools. For any person having the permanent use or
23 possession of a box or seat or lease or a license, other than a season
24 ticket, for the use of a box or seat at a place of amusement, the tax
25 shall be upon the amount for which a similar box or seat is sold for
26 each performance or exhibition at which the box or seat is used or
27 reserved by the holder, licensee or lessee, and shall be paid by the
28 holder, licensee or lessee.
- 29 (2) The amount paid as charge of a roof garden, cabaret or other
30 similar place in this State, to the extent that a tax upon such charges
31 has not been paid pursuant to subsection (c) hereof.
- 32 (f) (1) The receipts from every sale, except for resale, of
33 intrastate, interstate, or international telecommunications services
34 and ancillary services sourced to this State in accordance with
35 section 29 of P.L.2005, c.126 (C.54:32B-3.4).
- 36 (2) (Deleted by amendment, P.L.2008, c.123)
- 37 (g) (Deleted by amendment, P.L.2008, c.123)
- 38 (h) Charges in the nature of initiation fees, membership fees or
39 dues for access to or use of the property or facilities of a health and
40 fitness, athletic, sporting or shopping club or organization in this
41 State, except for: (1) membership in a club or organization whose
42 members are predominantly age 18 or under; and (2) charges in the
43 nature of membership fees or dues for access to or use of the
44 property or facilities of a health and fitness, athletic, sporting or
45 shopping club or organization that is exempt from taxation pursuant
46 to paragraph (1) of subsection (a) of section 9 of P.L.1966, c.30
47 (C.54:32B-9), or that is exempt from taxation pursuant to paragraph

1 (1) or (2) of subsection (b) of section 9 of P.L.1966, c.30 and that
2 has complied with subsection (d) of section 9 of P.L.1966, c.30.

3 (i) The receipts from parking, storing or garaging a motor
4 vehicle, excluding charges for the following: residential parking;
5 employee parking, when provided by an employer or at a facility
6 owned or operated by the employer; municipal parking, storing or
7 garaging; receipts from charges or fees imposed pursuant to section
8 3 of P.L.1993, c.159 (C.5:12-173.3) or pursuant to an agreement
9 between the Casino Reinvestment Development Authority and a
10 casino operator in effect on the date of enactment of P.L.2007,
11 c.105; and receipts from parking, storing or garaging a motor
12 vehicle subject to tax pursuant to any other law or ordinance.

13 For the purposes of this subsection, "municipal parking, storing
14 or garaging" means any motor vehicle parking, storing or garaging
15 provided by a municipality or county, or a parking authority
16 thereof.

17 (cf: P.L.2013, c.193, s.1) **1**¹

18
19 **¹2.** Section 4 of P.L.1966, c.30 (C.54:32B-4) is amended to
20 read as follows:

21 4. a. For the purpose of adding and collecting the tax imposed
22 by this act, or an amount equal as nearly as possible or practicable
23 to the average equivalent thereof, to be reimbursed to the seller by
24 the purchaser, a seller shall use one of the two following options:

25 (1) (a) on or before December 31, 2016, a tax shall be calculated
26 based on the following formula:

Amount of Sale	Amount of Tax
\$0.01 to \$0.10	No Tax
0.11 to 0.19	\$0.01
0.20 to 0.32	0.02
0.33 to 0.47	0.03
0.48 to 0.62	0.04
0.63 to 0.77	0.05
0.78 to 0.90	0.06
0.91 to \$1.10	0.07

36 and in addition to a tax of \$0.07 on each full dollar, a tax shall be
37 collected on each part of a dollar in excess of a full dollar, in
38 accordance with the above formula;

39 (b) on and after January 1, 2017, but before January 1, 2018, a
40 tax shall be calculated based on the following formula:

<u>Amount of Sale</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.06</u>	<u>No Tax</u>
<u>0.07 to 0.22</u>	<u>\$0.01</u>
<u>0.23 to 0.37</u>	<u>0.02</u>
<u>0.38 to 0.53</u>	<u>0.03</u>
<u>0.54 to 0.68</u>	<u>0.04</u>
<u>0.69 to 0.83</u>	<u>0.05</u>
<u>0.84 to 0.99</u>	<u>0.06</u>

1	<u>1.00 to 1.14</u>	<u>0.07</u>
2	<u>1.15 to 1.29</u>	<u>0.08</u>
3	<u>1.30 to 1.45</u>	<u>0.09</u>
4	<u>1.46 to 1.60</u>	<u>0.10</u>
5	<u>1.61 to 1.76</u>	<u>0.11</u>
6	<u>1.77 to 1.91</u>	<u>0.12</u>
7	<u>1.92 to 2.06</u>	<u>0.13</u>

8 and in addition to a tax of \$0.13 on each two dollars, a tax shall
9 be collected on each part of a dollar in excess of a full dollar, in
10 accordance with the above formula;

11 (c) on and after January 1, 2018, a tax shall be calculated based
12 on the following formula:

13	<u>Amount of Sale</u>	<u>Amount of Tax</u>
14	<u>\$0.01 to \$0.10</u>	<u>No Tax</u>
15	<u>0.11 to 0.22</u>	<u>\$0.01</u>
16	<u>0.23 to 0.38</u>	<u>0.02</u>
17	<u>0.39 to 0.56</u>	<u>0.03</u>
18	<u>0.57 to 0.72</u>	<u>0.04</u>
19	<u>0.73 to 0.88</u>	<u>0.05</u>
20	<u>0.89 to 1.10</u>	<u>0.06</u>

21 and in addition to a tax of \$0.06 on each full dollar, a tax shall be
22 collected on each part of a dollar in excess of a full dollar, in
23 accordance with the above formula; or

24 (2) tax shall be calculated to the third decimal place. One-half
25 cent (\$0.005) or higher shall be rounded up to the next cent; less
26 than \$0.005 shall be dropped in order to round the result down.

27 Sellers may compute the tax due on a transaction on either an
28 item or an invoice basis.

29 b. (Deleted by amendment, P.L.2008, c.123)

30 (cf: P.L. 2008, c.123, s.4)]¹

31

32 ¹[3. Section 5 of P.L.1966, c.30 (C.54:32B-5) is amended to
33 read as follows:

34 5. a. (1) Except as otherwise provided in this act, receipts
35 received from all sales made and services rendered on and after
36 January 3, 1983 but prior to July 1, 1990, are subject to the taxes
37 imposed under subsections (a), (b), (c), and (f) of section 3 of this
38 act at the rate, if any, in effect for such sales and services on June
39 30, 1990, except if the property so sold is delivered or the services
40 so sold are rendered on or after July 1, 1990 but prior to July 1,
41 1992, in which case the tax shall be computed and paid at the rate
42 of 7%; provided, however, that if a service or maintenance
43 agreement taxable under this act covers any period commencing on
44 or after January 3, 1983 and ending after June 30, 1990 but prior to
45 July 1, 1992, the receipts from such agreement are subject to tax at
46 the rate, if any, applicable to each period as set forth hereinabove
47 and shall be apportioned on the basis of the ratio of the number of

1 days falling within each of the said periods to the total number of
2 days covered thereby.

3 (2) Except as otherwise provided in this act, receipts received
4 from all sales made and services rendered on and after July 1, 1990
5 but prior to July 1, 1992, are subject to the taxes imposed under
6 subsections (a), (b), (c) and (f) of section 3 of this act at the rate of
7 7%, except if the property so sold is delivered or the services so
8 sold are rendered on or after July 1, 1992 but prior to July 15, 2006,
9 in which case the tax shall be computed and paid at the rate of 6%,
10 provided, however, that if a service or maintenance agreement
11 taxable under this act covers any period commencing on or after
12 July 1, 1990, and ending after July 1, 1992, the receipts from such
13 agreement are subject to tax at the rate applicable to each period as
14 set forth hereinabove and shall be apportioned on the basis of the
15 ratio of the number of days falling within each of the said periods to
16 the total number of days covered thereby.

17 (3) Except as otherwise provided in this act, receipts received
18 from all sales made and services rendered on and after July 1, 1992
19 but prior to July 15, 2006, are subject to the taxes imposed under
20 subsections (a), (b), (c), (f) and (g) of section 3 of P.L.1966, c.30
21 (C.54:32B-3) at the rate of 6%, except if the property so sold is
22 delivered or the services so sold are rendered on or after July 15,
23 2006, in which case the tax shall be computed and paid at the rate
24 of 7%, provided, however, that if a service or maintenance
25 agreement taxable under this act covers any period commencing on
26 or after July 1, 1992, and ending after July 15, 2006, the receipts
27 from such agreement are subject to tax at the rate applicable to each
28 period as set forth hereinabove and shall be apportioned on the
29 basis of the ratio of the number of days falling within each of the
30 said periods to the total number of days covered thereby; provided
31 however, if a service or maintenance agreement in effect on July 14,
32 2006 covers billing periods ending after July 15, 2006, the seller
33 shall charge and collect from the purchaser a tax on such sales at
34 the rate of 6%, unless the billing period starts on or after July 15,
35 2006 in which case the seller shall charge and collect a tax at the
36 rate of 7%.

37 b. (1) The tax imposed under subsection (d) of section 3 shall
38 be paid at the rate of 7% upon any occupancy on and after July 1,
39 1990 but prior to July 1, 1992, although such occupancy is pursuant
40 to a prior contract, lease or other arrangement. If an occupancy,
41 taxable under this act, covers any period on or after January 3, 1983
42 but prior to July 1, 1990, the rent for the period of occupancy prior
43 to July 1, 1990 shall be taxed at the rate of 6%. If rent is paid on a
44 weekly, monthly or other term basis, the rent applicable to each
45 period as set forth hereinabove shall be apportioned on the basis of
46 the ratio of the number of days falling within each of the said
47 periods to the total number of days covered thereby.

1 (2) The tax imposed under subsection (d) of section 3 shall be
2 paid at the rate of 6% upon any occupancy on and after July 1, 1992
3 but prior to July 15, 2006, although such occupancy is pursuant to a
4 prior contract, lease or other arrangement. If an occupancy, taxable
5 under this act, covers any period on or after July 1, 1990 but prior
6 to July 1, 1992, the rent for the period of occupancy prior to July 1,
7 1992 shall be taxed at the rate of 7%. If rent is paid on a weekly,
8 monthly or other term basis, the rent applicable to each period as set
9 forth hereinabove shall be apportioned on the basis of the ratio of
10 the number of days falling within each of the said periods to the
11 total number of days covered thereby.

12 (3) The tax imposed under subsection (d) of section 3 shall be
13 paid at the rate of 7% upon any occupancy on and after July 15,
14 2006, although such occupancy is pursuant to a prior contract, lease
15 or other arrangement. If an occupancy, taxable under this act,
16 covers any period on or after July 1, 1992 but prior to July 15,
17 2006, the rent for the period of occupancy prior to July 15, 2006
18 shall be taxed at the rate of 6%. If rent is paid on a weekly,
19 monthly or other term basis, the rent applicable to each period as set
20 forth hereinabove shall be apportioned on the basis of the ratio of
21 the number of days falling within each of the said periods to the
22 total number of days covered thereby.

23 c. (1) Except as otherwise hereinafter provided, the tax
24 imposed under subsection (e) of section 3 shall be applicable at the
25 rate of 7% to any admission to or for the use of facilities of a place
26 of amusement occurring on or after July 1, 1990 but prior to July 1,
27 1992, whether or not the admission charge has been paid prior to
28 July 1, 1990, unless the tickets were actually sold and delivered,
29 other than for resale, prior to July 1, 1990 and the tax imposed
30 under this act during the period January 3, 1983 through June 30,
31 1990 shall have been paid.

32 (2) Except as otherwise hereinafter provided, the tax imposed
33 under subsection (e) of section 3 shall be applicable at the rate of
34 6% to any admission to or for the use of facilities of a place of
35 amusement occurring on or after July 1, 1992 but prior to July 15,
36 2006, whether or not the admission charge has been paid prior to
37 July 1, 1992, unless the tickets were actually sold and delivered,
38 other than for resale, prior to July 1, 1992 and the tax imposed
39 under this act during the period July 1, 1990 through December 31,
40 1990 shall have been paid.

41 (3) Except as otherwise hereinafter provided, the tax imposed
42 under subsection (e) of section 3 shall be applicable at the rate of
43 7% to any admission to or for the use of facilities of a place of
44 amusement occurring on or after July 15, 2006, whether or not the
45 admission charge has been paid prior to that date, unless the tickets
46 were actually sold and delivered, other than for resale, prior to July
47 15, 2006 and the tax imposed under this act during the period July
48 1, 1992 through July 14, 2006 shall have been paid.

1 d. (1) Sales made on and after July 1, 1990 but prior to July 1,
2 1992 to contractors, subcontractors or repairmen of materials,
3 supplies, or services for use in erecting structures for others, or
4 building on, or otherwise improving, altering or repairing real
5 property of others shall be subject to the taxes imposed by
6 subsections (a) and (b) of section 3 and section 6 hereof at the rate
7 of 7%; provided, however, that if such sales are made for use in
8 performance of a contract which is either of a fixed price not
9 subject to change or modification, or entered into pursuant to the
10 obligation of a formal written bid which cannot be altered or
11 withdrawn, and, in either case, such contract was entered into or
12 such bid was made on or after January 3, 1983 but prior to July 1,
13 1990, such sales shall be subject to tax at the rate of 6%, but the
14 vendor shall charge and collect from the purchaser a tax on such
15 sales at the rate of 7%.

16 (2) Sales made on or after July 1, 1992 but prior to July 15,
17 2006 to contractors, subcontractors or repairmen of materials,
18 supplies, or services for use in erecting structures for others, or
19 building on, or otherwise improving, altering or repairing real
20 property of others shall be subject to the taxes imposed by
21 subsections (a) and (b) of section 3 and section 6 hereof at the rate
22 of 6%; provided, however, that if such sales are made for use in
23 performance of a contract which is either of a fixed price not
24 subject to change or modification, or entered into pursuant to the
25 obligation of a formal written bid which cannot be altered or
26 withdrawn, and, in either case, such contract was entered into or
27 such bid was made on or after July 1, 1990, but prior to July 1,
28 1992, such sales shall be subject to tax at the rate of 7%.

29 (3) Sales made on or after July 15, 2006 to contractors,
30 subcontractors or repairmen of materials, supplies, or services for
31 use in erecting structures for others, or building on, or otherwise
32 improving, altering or repairing real property of others shall be
33 subject to the taxes imposed by subsections (a) and (b) of section 3
34 and section 6 hereof at the rate of 7%; provided, however, that if
35 such sales are made for use in performance of a contract which is
36 either of a fixed price not subject to change or modification, or
37 entered into pursuant to the obligation of a formal written bid which
38 cannot be altered or withdrawn, and, in either case, such contract
39 was entered into or such bid was made on or after July 1, 1992, but
40 prior to July 15, 2006, such sales shall be subject to tax at the rate
41 of 6%, but the seller shall charge and collect from the purchaser a
42 tax on such sales at the rate of 7%.

43 e. (1) As to sales other than those referred to in d. above, the
44 taxes imposed under subsections (a) and (b) of section 3 and section
45 6 hereof, and the taxes imposed under subsection (f) of section 3
46 and section 6 hereof, upon receipts received on or after July 1, 1990
47 and on or before December 31, 1990, shall be at the rate in effect on
48 June 30, 1990, in case of sales made or services rendered pursuant

1 to a written contract entered on or after January 3, 1983 but prior to
2 July 1, 1990, and accompanied by a deposit or partial payment of
3 the contract price, except in the case of a contract which, in the
4 usage of trade, is not customarily accompanied by a deposit or
5 partial payment of the contract price, but the vendor shall charge
6 and collect from the purchaser on such sales at the rate of 7%,
7 which tax shall be reduced to the rate, if any, in effect on June 30,
8 1990, only by a claim for refund filed by the purchaser with the
9 director within 90 days after receipt of said receipts and otherwise
10 pursuant to the provisions of section 20 of P.L.1966, c.30
11 (C.54:32B-20). A claim for refund shall not be allowed if there has
12 been no deposit or partial payment of the contract price unless the
13 claimant shall establish by clear and convincing evidence that, in
14 the usage of trade, such contracts are not customarily accompanied
15 by a deposit or partial payment of the contract price.

16 (2) As to sales other than those referred to in d. above, the taxes
17 imposed under subsections (a) and (b) of section 3 and section 6
18 hereof, and the taxes imposed under subsections (f) and (g) of
19 section 3 and section 6 hereof, upon receipts received on or after
20 July 15, 2006 and on or before December 31, 2006, shall be at the
21 rate in effect on July 14, 2006, in case of sales made or services
22 rendered pursuant to a written contract entered on or after July 1,
23 1992 but prior to July 15, 2006, and accompanied by a deposit or
24 partial payment of the contract price, except in the case of a
25 contract which, in the usage of trade, is not customarily
26 accompanied by a deposit or partial payment of the contract price,
27 but the seller shall charge and collect from the purchaser on such
28 sales at the rate of 7%, which tax shall be reduced to the rate, if any,
29 in effect on July 14, 2006, only by a claim for refund filed by the
30 purchaser with the director within 90 days after receipt of said
31 receipts and otherwise pursuant to the provisions of section 20 of
32 P.L.1966, c.30 (C.54:32B-20). A claim for refund shall not be
33 allowed if there has been no deposit or partial payment of the
34 contract price unless the claimant shall establish by clear and
35 convincing evidence that, in the usage of trade, such contracts are
36 not customarily accompanied by a deposit or partial payment of the
37 contract price.

38 f. (1) The taxes imposed under subsections (a), (b), (c) and (f)
39 of section 3 upon receipts received on or after July 1, 1990 but prior
40 to July 1, 1992 shall be at the rate, if any, in effect on June 30, 1990
41 in the case of sales made or services rendered, if delivery of the
42 property which was the subject matter of the sale has been
43 completed or such services have been entirely rendered prior to July
44 1, 1990.

45 (2) The taxes imposed under subsections (a), (b), (c) and (f) of
46 section 3 upon receipts received on or after July 1, 1992 but prior to
47 July 15, 2006 shall be at the rate of 7% in the case of sales made or
48 services rendered, where delivery of the property which was the

1 subject matter of the sale has been completed or such services have
2 been entirely rendered on or after July 1, 1990 but prior to July 1,
3 1992.

4 (3) The taxes imposed under subsections (a), (b), (c), (f) and (g)
5 of section 3 upon receipts received on or after July 15, 2006 shall be
6 at the rate of 6% in the case of sales made or services rendered,
7 where delivery of the property which was the subject matter of the
8 sale has been completed or such services have been entirely
9 rendered on or after July 1, 1992 but prior to July 15, 2006.

10 g. The director is empowered to promulgate rules and
11 regulations to implement the provisions of this section.

12 h. The transitional provisions for sales made and services rendered
13 on and after the rate decrease to 6.5 percent on and after January 1,
14 2017, but before January 1, 2018 and the rate decrease to 6 percent on
15 and after January 1, 2018 pursuant to P.L. , c. (C.)(pending
16 before the Legislature as this bill), shall be implemented in a manner
17 analogous to each paragraph (2) of subsection a., b., c., d., and f. of
18 this section.

19 (cf: P.L. 2011, c.49, s.3)]¹

21 ¹[4. Section 6 of P.L.1966, c.30 (C.54:32B-6) is amended to
22 read as follows:

23 6. Unless property or services have already been or will be
24 subject to the sales tax under this act, there is hereby imposed on
25 and there shall be paid by every person a use tax for the use within
26 this State of **[7%]** 7 percent on or before December 31, 2016, 6.5
27 percent on and after January 1, 2017 but before January 1, 2018,
28 and 6 percent on and after January 1, 2018, except as otherwise
29 exempted under this act, (A) of any tangible personal property or
30 specified digital product purchased at retail, including energy,
31 provided however, that electricity consumed by the generating
32 facility that produced it shall not be subject to tax, (B) of any
33 tangible personal property or specified digital product
34 manufactured, processed or assembled by the user, if items of the
35 same kind of tangible personal property or specified digital
36 products are offered for sale by him in the regular course of
37 business, or if items of the same kind of tangible personal property
38 are not offered for sale by him in the regular course of business and
39 are used as such or incorporated into a structure, building or real
40 property, (C) of any tangible personal property or specified digital
41 product, however acquired, where not acquired for purposes of
42 resale, upon which any taxable services described in paragraphs (1)
43 and (2) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-
44 3) have been performed, (D) of intrastate, interstate, or international
45 telecommunications services described in subsection (f) of section 3
46 of P.L.1966, c.30, (E) (Deleted by amendment, P.L.1995, c.184),
47 (F) of utility service provided to persons in this State for use in this
48 State, provided however, that utility service used by the facility that

1 provides the service shall not be subject to tax, (G) of mail
2 processing services described in paragraph (5) of subsection (b) of
3 section 3 of P.L.1966, c.30 (C.54:32B-3), (H) (Deleted by
4 amendment, P.L.2008, c.123), (I) of any services subject to tax
5 pursuant to subsection (11), (12), (13), (14) or (15) of subsection
6 (b) of section 3 of P.L.1966, c.30 (C.54:32B-3), and (J) of access to
7 or use of the property or facilities of a health and fitness, athletic,
8 sporting or shopping club or organization in this State. For
9 purposes of clause (A) of this section, the tax shall be at the
10 applicable rate, as set forth hereinabove, of the consideration given
11 or contracted to be given for such property or for the use of such
12 property including delivery charges made by the seller, but
13 excluding any credit for property of the same kind accepted in part
14 payment and intended for resale. For the purposes of clause (B) of
15 this section, the tax shall be at the applicable rate, as set forth
16 hereinabove, of the price at which items of the same kind of
17 tangible personal property or specified digital products are offered
18 for sale by the user, or if items of the same kind of tangible personal
19 property are not offered for sale by the user in the regular course of
20 business and are used as such or incorporated into a structure,
21 building or real property the tax shall be at the applicable rate, as
22 set forth hereinabove, of the consideration given or contracted to be
23 given for the tangible personal property manufactured, processed or
24 assembled by the user into the tangible personal property the use of
25 which is subject to use tax pursuant to this section, and the mere
26 storage, keeping, retention or withdrawal from storage of tangible
27 personal property or specified digital products by the person who
28 manufactured, processed or assembled such property shall not be
29 deemed a taxable use by him. For purposes of clause (C) of this
30 section, the tax shall be at the applicable rate, as set forth
31 hereinabove, of the consideration given or contracted to be given
32 for the service, including the consideration for any tangible personal
33 property or specified digital product transferred in conjunction with
34 the performance of the service, including delivery charges made by
35 the seller. For the purposes of clause (D) of this section, the tax
36 shall be at the applicable rate on the charge made by the
37 telecommunications service provider; provided however, that for
38 prepaid calling services and prepaid wireless calling services the tax
39 shall be at the applicable rate on the consideration given or
40 contracted to be given for the prepaid calling service or prepaid
41 wireless calling service or the recharge of the prepaid calling
42 service or prepaid wireless calling service. For purposes of clause
43 (F) of this section, the tax shall be at the applicable rate on the
44 charge made by the utility service provider. For purposes of clause
45 (G) of this section, the tax shall be at the applicable rate on that
46 proportion of the amount of all processing costs charged by a mail
47 processing service provider that is attributable to the service
48 distributed in this State. For purposes of clause (I) of this section,

1 the tax shall be at the applicable rate on the charge made by the
2 service provider. For purposes of clause (J) of this section, the tax
3 shall be at the applicable rate on the charges in the nature of
4 initiation fees, membership fees or dues.

5 (cf: P.L.2011, c.49, s.4)】¹

6
7 ¹【5. Section 31 of P.L.1980, c.105 (C.54:32B-8.19) is amended
8 to read as follows:

9 31. Receipts from sales of tangible personal property and
10 services taxable under any municipal ordinance which was adopted
11 pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) and was in effect
12 on April 27, 1966 are exempt from the tax imposed under the Sales
13 and Use Tax Act, subject to the following conditions:

14 a. To the extent that the tax that is or would be imposed under
15 section 3 of P.L.1966, c.30 (C.54:32B-3) is greater than the tax
16 imposed by such ordinance, such sales shall not be exempt under
17 this section; and

18 b. Irrespective of the rate of tax imposed by such ordinance,
19 such sales shall be exempt only to the extent that the rate of taxation
20 imposed by the ordinance exceeds 6%, except that the combined
21 rate of taxation imposed under the ordinance and under this section
22 shall not exceed **【13%】** 13 percent on or before December 31,
23 2016, 12.5 percent on and after January 1, 2017 but before January
24 1, 2018, and 12 percent on and after January 1, 2018.

25 (cf: P.L.2006, c.44, s.10)】¹

26
27 ¹【6. Section 1 of P.L.2003, c.114 (C.54:32D-1) is amended to
28 read as follows:

29 1. a. In addition to any other tax, assessment or use fee
30 authorized by law, there is imposed and shall be paid a hotel and
31 motel occupancy fee of 7% for occupancies on and after August 1,
32 2003 but before July 1, 2004, and of 5% for occupancies on and
33 after July 1, 2004, upon the rent for every occupancy of a room or
34 rooms in a hotel subject to taxation pursuant to subsection (d) of
35 section 3 of P.L. 1966, c.30 (C.54:32B-3), which every person
36 required to collect tax shall collect from the customer when
37 collecting the rent to which it applies; provided however, that on
38 and after the tenth day following a certification by the Director of
39 the Division of Budget and Accounting in the Department of the
40 Treasury pursuant to subsection d. of section 2 of P.L.2003, c.114
41 (C.54:32D-2), no such fee shall be paid or collected; and provided
42 further that:

43 (1) the combined rates of the fee imposed under this section,
44 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
45 c.30 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947,
46 c.71 (C.40:48-8.15 et seq.), shall not exceed a total rate of 14% on
47 or before December 31, 2016, 13.5% on and after January 1, 2017
48 but before January 1, 2018, and 13% on and after January 1, 2018,

1 and to the extent that the total combined rate of taxation for the
2 listed fees and taxes would exceed 14% on or before December 31,
3 2016, 13.5% on and after January 1, 2017 but before January 1,
4 2018, and 13% on and after January 1, 2018, the fee imposed under
5 this section shall be reduced so that the total combined rate equals
6 14% on or before December 31, 2016, 13.5% on and after January
7 1, 2017 but before January 1, 2018, and 13% on and after January 1,
8 2018;

9 (2) the combined rates of the fee imposed under this section,
10 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
11 c.30 (C.54:32B-1 et seq.), plus any tax and assessment imposed
12 under section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a
13 total rate of 14% on or before December 31, 2016, 13.5% on and
14 after January 1, 2017 but before January 1, 2018, and 13% on and
15 after January 1, 2018, and to the extent that the total combined rate
16 of taxation for the listed fees and taxes would exceed 14% on or
17 before December 31, 2016, 13.5% on and after January 1, 2017 but
18 before January 1, 2018, and 13% on and after January 1, 2018, the
19 fee imposed under this section shall be reduced so that the total
20 combined rate equals 14% on or before December 31, 2016, 13.5%
21 on and after January 1, 2017 but before January 1, 2018, and 13%
22 on and after January 1, 2018; and

23 (3) the fee imposed under this section shall be at the rate of 1%
24 in a city in which the tax authorized under P.L.1981, c.77
25 (C.40:48E-1 et seq.) is imposed.

26 b. The hotel and motel occupancy fee imposed by subsection a.
27 of this section shall not be imposed on the rent for an occupancy if
28 the purchaser, user or consumer is an entity exempt from the tax
29 imposed on an occupancy under the "Sales and Use Tax Act"
30 pursuant to subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-
31 9).

32 c. Terms used in this section shall have the meaning given
33 those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).

34 (cf: P.L.2006, c.44, s.18) **1**¹

35
36 ²1. Section 3 of P.L.1966, c.30 (C.54:32B-3) is amended to read
37 as follows:

38 3. There is imposed and there shall be paid a tax of 7% on or
39 before December 31, 2016, 6.875% on and after January 1, 2017 but
40 before January 1, 2018, and 6.625% on and after January 1, 2018
41 upon:

42 (a) The receipts from every retail sale of tangible personal
43 property or a specified digital product for permanent use or less
44 than permanent use, and regardless of whether continued payment is
45 required, except as otherwise provided in this act.

46 (b) The receipts from every sale, except for resale, of the
47 following services:

1 (1) Producing, fabricating, processing, printing or imprinting
2 tangible personal property or a specified digital product, performed
3 for a person who directly or indirectly furnishes the tangible
4 personal property or specified digital product, not purchased by him
5 for resale, upon which such services are performed.

6 (2) Installing tangible personal property or a specified digital
7 product, or maintaining, servicing, repairing tangible personal
8 property or a specified digital product not held for sale in the
9 regular course of business, whether or not the services are
10 performed directly or by means of coin-operated equipment or by
11 any other means, and whether or not any tangible personal property
12 or specified digital product is transferred in conjunction therewith,
13 except (i) such services rendered by an individual who is engaged
14 directly by a private homeowner or lessee in or about his residence
15 and who is not in a regular trade or business offering his services to
16 the public, (ii) such services rendered with respect to personal
17 property exempt from taxation hereunder pursuant to section 13 of
18 P.L.1980, c.105 (C.54:32B-8.1), (iii) (Deleted by amendment,
19 P.L.1990, c.40), (iv) any receipts from laundering, dry cleaning,
20 tailoring, weaving, or pressing clothing, and shoe repairing and
21 shoeshining and (v) services rendered in installing property which,
22 when installed, will constitute an addition or capital improvement to
23 real property, property or land, other than landscaping services and
24 other than installing carpeting and other flooring.

25 (3) Storing all tangible personal property not held for sale in the
26 regular course of business; the rental of safe deposit boxes or
27 similar space; and the furnishing of space for storage of tangible
28 personal property by a person engaged in the business of furnishing
29 space for such storage.

30 "Space for storage" means secure areas, such as rooms, units,
31 compartments or containers, whether accessible from outside or
32 from within a building, that are designated for the use of a customer
33 and wherein the customer has free access within reasonable
34 business hours, or upon reasonable notice to the furnisher of space
35 for storage, to store and retrieve property. Space for storage shall
36 not include the lease or rental of an entire building, such as a
37 warehouse or airplane hangar.

38 (4) Maintaining, servicing or repairing real property, other than
39 a residential heating system unit serving not more than three
40 families living independently of each other and doing their cooking
41 on the premises, whether the services are performed in or outside of
42 a building, as distinguished from adding to or improving such real
43 property by a capital improvement, but excluding services rendered
44 by an individual who is not in a regular trade or business offering
45 his services to the public, and excluding garbage removal and sewer
46 services performed on a regular contractual basis for a term not less
47 than 30 days.

1 (5) Mail processing services for printed advertising material,
2 except for mail processing services in connection with distribution
3 of printed advertising material to out-of-State recipients.

4 (6) (Deleted by amendment, P.L.1995, c.184).

5 (7) Utility service provided to persons in this State, any right or
6 power over which is exercised in this State.

7 (8) Tanning services, including the application of a temporary
8 tan provided by any means.

9 (9) Massage, bodywork or somatic services, except such
10 services provided pursuant to a doctor's prescription.

11 (10) Tattooing, including all permanent body art and permanent
12 cosmetic make-up applications, except such services provided
13 pursuant to a doctor's prescription in conjunction with
14 reconstructive breast surgery.

15 (11) Investigation and security services.

16 (12) Information services.

17 (13) Transportation services originating in this State and
18 provided by a limousine operator, as permitted by law, except such
19 services provided in connection with funeral services.

20 (14) Telephone answering services.

21 (15) Radio subscription services.

22 Wages, salaries and other compensation paid by an employer to
23 an employee for performing as an employee the services described
24 in this subsection are not receipts subject to the taxes imposed
25 under this subsection (b).

26 Services otherwise taxable under paragraph (1) or (2) of this
27 subsection (b) are not subject to the taxes imposed under this
28 subsection, where the tangible personal property or specified digital
29 product upon which the services were performed is delivered to the
30 purchaser outside this State for use outside this State.

31 (c) (1) Receipts from the sale of prepared food in or by
32 restaurants, taverns, or other establishments in this State, or by
33 caterers, including in the amount of such receipts any cover,
34 minimum, entertainment or other charge made to patrons or
35 customers, except for meals especially prepared for and delivered to
36 homebound elderly, age 60 or older, and to disabled persons, or
37 meals prepared and served at a group-sitting at a location outside of
38 the home to otherwise homebound elderly persons, age 60 or older,
39 and otherwise homebound disabled persons, as all or part of any
40 food service project funded in whole or in part by government or as
41 part of a private, nonprofit food service project available to all such
42 elderly or disabled persons residing within an area of service
43 designated by the private nonprofit organization; and

44 (2) Receipts from sales of food and beverages sold through
45 vending machines, at the wholesale price of such sale, which shall
46 be defined as 70% of the retail vending machine selling price,
47 except sales of milk, which shall not be taxed. Nothing herein
48 contained shall affect other sales through coin-operated vending

1 machines taxable pursuant to subsection (a) above or the exemption
2 thereto provided by section 21 of P.L.1980, c.105 (C.54:32B-8.9).

3 The tax imposed by this subsection (c) shall not apply to food or
4 drink which is sold to an airline for consumption while in flight.

5 (3) For the purposes of this subsection:

6 "Food and beverages sold through vending machines" means
7 food and beverages dispensed from a machine or other mechanical
8 device that accepts payment; and

9 "Prepared food" means:

10 (i) A. food sold in a heated state or heated by the seller; or

11 B. two or more food ingredients mixed or combined by the
12 seller for sale as a single item, but not including food that is only
13 cut, repackaged, or pasteurized by the seller, and eggs, fish, meat,
14 poultry, and foods containing these raw animal foods requiring
15 cooking by the consumer as recommended by the Food and Drug
16 Administration in Chapter 3, part 401.11 of its Food Code so as to
17 prevent food borne illnesses; or

18 C. food sold with eating utensils provided by the seller,
19 including plates, knives, forks, spoons, glasses, cups, napkins, or
20 straws. A plate does not include a container or packaging used to
21 transport the food;

22 provided however, that

23 (ii) "prepared food" does not include the following sold without
24 eating utensils:

25 A. food sold by a seller whose proper primary NAICS
26 classification is manufacturing in section 311, except subsector
27 3118 (bakeries);

28 B. food sold in an unheated state by weight or volume as a
29 single item; or

30 C. bakery items, including bread, rolls, buns, biscuits, bagels,
31 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
32 muffins, bars, cookies, and tortillas.

33 (d) The rent for every occupancy of a room or rooms in a hotel
34 in this State, except that the tax shall not be imposed upon a
35 permanent resident.

36 (e) (1) Any admission charge to or for the use of any place of
37 amusement in the State, including charges for admission to race
38 tracks, baseball, football, basketball or exhibitions, dramatic or
39 musical arts performances, motion picture theaters, except charges
40 for admission to boxing, wrestling, kick boxing or combative sports
41 exhibitions, events, performances or contests which charges are
42 taxed under any other law of this State or under section 20 of
43 P.L.1985, c.83 (C.5:2A-20), and, except charges to a patron for
44 admission to, or use of, facilities for sporting activities in which
45 such patron is to be a participant, such as bowling alleys and
46 swimming pools. For any person having the permanent use or
47 possession of a box or seat or lease or a license, other than a season
48 ticket, for the use of a box or seat at a place of amusement, the tax

1 shall be upon the amount for which a similar box or seat is sold for
2 each performance or exhibition at which the box or seat is used or
3 reserved by the holder, licensee or lessee, and shall be paid by the
4 holder, licensee or lessee.

5 (2) The amount paid as charge of a roof garden, cabaret or other
6 similar place in this State, to the extent that a tax upon such charges
7 has not been paid pursuant to subsection (c) hereof.

8 (f) (1) The receipts from every sale, except for resale, of
9 intrastate, interstate, or international telecommunications services
10 and ancillary services sourced to this State in accordance with
11 section 29 of P.L.2005, c.126 (C.54:32B-3.4).

12 (2) (Deleted by amendment, P.L.2008, c.123)

13 (g) (Deleted by amendment, P.L.2008, c.123)

14 (h) Charges in the nature of initiation fees, membership fees or
15 dues for access to or use of the property or facilities of a health and
16 fitness, athletic, sporting or shopping club or organization in this
17 State, except for: (1) membership in a club or organization whose
18 members are predominantly age 18 or under; and (2) charges in the
19 nature of membership fees or dues for access to or use of the
20 property or facilities of a health and fitness, athletic, sporting or
21 shopping club or organization that is exempt from taxation pursuant
22 to paragraph (1) of subsection (a) of section 9 of P.L.1966, c.30
23 (C.54:32B-9), or that is exempt from taxation pursuant to paragraph
24 (1) or (2) of subsection (b) of section 9 of P.L.1966, c.30 and that
25 has complied with subsection (d) of section 9 of P.L.1966, c.30.

26 (i) The receipts from parking, storing or garaging a motor
27 vehicle, excluding charges for the following: residential parking;
28 employee parking, when provided by an employer or at a facility
29 owned or operated by the employer; municipal parking, storing or
30 garaging; receipts from charges or fees imposed pursuant to section
31 3 of P.L.1993, c.159 (C.5:12-173.3) or pursuant to an agreement
32 between the Casino Reinvestment Development Authority and a
33 casino operator in effect on the date of enactment of P.L.2007,
34 c.105; and receipts from parking, storing or garaging a motor
35 vehicle subject to tax pursuant to any other law or ordinance.

36 For the purposes of this subsection, "municipal parking, storing
37 or garaging" means any motor vehicle parking, storing or garaging
38 provided by a municipality or county, or a parking authority
39 thereof.²

40 (cf: P.L.2013, c.193, s.1)

41
42 ²2. Section 4 of P.L.1966, c.30 (C.54:32B-4) is amended to read
43 as follows:

44 4. a. For the purpose of adding and collecting the tax imposed by
45 this act, or an amount equal as nearly as possible or practicable to
46 the average equivalent thereof, to be reimbursed to the seller by the
47 purchaser, on or before December 31, 2016 a seller shall use one of
48 the two following options:

1 (1) a tax shall be calculated based on the following formula:

2	Amount of Sale	Amount of Tax
3	\$0.01 to \$0.10	No Tax
4	0.11 to 0.19	\$0.01
5	0.20 to 0.32	0.02
6	0.33 to 0.47	0.03
7	0.48 to 0.62	0.04
8	0.63 to 0.77	0.05
9	0.78 to 0.90	0.06
10	0.91 to \$1.10	0.07

11 and in addition to a tax of \$0.07 on each full dollar, a tax shall be
12 collected on each part of a dollar in excess of a full dollar, in
13 accordance with the above formula; or

14 (2) tax shall be calculated to the third decimal place. One-half
15 cent (\$0.005) or higher shall be rounded up to the next cent; less
16 than \$0.005 shall be dropped in order to round the result down.

17 Sellers may compute the tax due on a transaction on either an
18 item or an invoice basis.

19 b. (Deleted by amendment, P.L.2008, c.123)

20 c. For the purpose of adding and collecting the tax imposed by
21 this act, or an amount equal as nearly as possible or practicable to
22 the average equivalent thereof, to be reimbursed to the seller by the
23 purchaser, on or after January 1, 2017 a seller shall use one of the
24 two following options:

25 (1) a tax shall be calculated based on any tax collection schedule
26 as may be prescribed by the director; or

27 (2) a tax shall be calculated to the third decimal place. One-half
28 cent (\$0.005) or higher shall be rounded up to the next cent; less
29 than \$0.005 shall be dropped to round the result down.

30 Sellers may compute the tax due on a transaction on either an
31 item or an invoice basis.²

32 (cf: P.L.2008, c.123, s.4)

33

34 ²3. Section 5 of P.L.1966, c.30 (C.54:32B-5) is amended to read
35 as follows:

36 5. a. (1) Except as otherwise provided in this act, receipts
37 received from all sales made and services rendered on and after
38 January 3, 1983 but prior to July 1, 1990, are subject to the taxes
39 imposed under subsections (a), (b), (c), and (f) of section 3 of this
40 act at the rate, if any, in effect for such sales and services on June
41 30, 1990, except if the property so sold is delivered or the services
42 so sold are rendered on or after July 1, 1990 but prior to July 1,
43 1992, in which case the tax shall be computed and paid at the rate
44 of 7%; provided, however, that if a service or maintenance
45 agreement taxable under this act covers any period commencing on
46 or after January 3, 1983 and ending after June 30, 1990 but prior to
47 July 1, 1992, the receipts from such agreement are subject to tax at
48 the rate, if any, applicable to each period as set forth hereinabove

1 and shall be apportioned on the basis of the ratio of the number of
2 days falling within each of the said periods to the total number of
3 days covered thereby.

4 (2) Except as otherwise provided in this act, receipts received
5 from all sales made and services rendered on and after July 1, 1990
6 but prior to July 1, 1992, are subject to the taxes imposed under
7 subsections (a), (b), (c) and (f) of section 3 of this act at the rate of
8 7%, except if the property so sold is delivered or the services so
9 sold are rendered on or after July 1, 1992 but prior to July 15, 2006,
10 in which case the tax shall be computed and paid at the rate of 6%,
11 provided, however, that if a service or maintenance agreement
12 taxable under this act covers any period commencing on or after
13 July 1, 1990, and ending after July 1, 1992, the receipts from such
14 agreement are subject to tax at the rate applicable to each period as
15 set forth hereinabove and shall be apportioned on the basis of the
16 ratio of the number of days falling within each of the said periods to
17 the total number of days covered thereby.

18 (3) Except as otherwise provided in this act, receipts received
19 from all sales made and services rendered on and after July 1, 1992
20 but prior to July 15, 2006, are subject to the taxes imposed under
21 subsections (a), (b), (c), (f) and (g) of section 3 of P.L.1966, c.30
22 (C.54:32B-3) at the rate of 6%, except if the property so sold is
23 delivered or the services so sold are rendered on or after July 15,
24 2006 but prior to January 1, 2017, in which case the tax shall be
25 computed and paid at the rate of 7%, provided, however, that if a
26 service or maintenance agreement taxable under this act covers any
27 period commencing on or after July 1, 1992, and ending after July
28 15, 2006 but prior to January 1, 2017, the receipts from such
29 agreement are subject to tax at the rate applicable to each period as
30 set forth hereinabove and shall be apportioned on the basis of the
31 ratio of the number of days falling within each of the said periods to
32 the total number of days covered thereby; provided however, if a
33 service or maintenance agreement in effect on July 14, 2006 covers
34 billing periods ending after July 15, 2006 but prior to January 1,
35 2017, the seller shall charge and collect from the purchaser a tax on
36 such sales at the rate of 6%, unless the billing period starts on or
37 after July 15, 2006 but prior to January 1, 2017 in which case the
38 seller shall charge and collect a tax at the rate of 7%.

39 (4) Except as otherwise provided in this act, receipts received
40 from all sales made and services rendered on or after July 15, 2006
41 but prior to January 1, 2017, are subject to the taxes imposed under
42 subsections (a), (b), (c), (f), and (i) of section 3 of P.L.1966, c.30
43 (C.54:32B-3) at the rate of 7%, except if the property so sold is
44 delivered or the services so sold are rendered on or after January 1,
45 2017 but prior to January 1, 2018, in which case the tax shall be
46 computed and paid at the rate of 6.875%; provided, however, that if
47 a service or maintenance agreement taxable under this act covers
48 any period commencing on or after July 15, 2006 and ending after

1 January 1, 2017 but prior to January 1, 2018, the receipts from such
2 agreement are subject to tax at the rate applicable to each period as
3 set forth hereinabove and shall be apportioned on the basis of the
4 ratio of the number of days falling within each of the said periods to
5 the total number of days covered thereby; provided, further, if a
6 service or maintenance agreement in effect on December 31, 2016
7 covers billing periods ending after January 1, 2017 but prior to
8 January 1, 2018, the seller shall charge and collect from the
9 purchaser a tax on such sales at the rate of 7%, unless the bill for
10 such service or maintenance agreement is rendered on or after
11 January 1, 2017 but prior to January 1, 2018 in which case the seller
12 shall charge and collect a tax at a rate of 6.875%.

13 (5) Except as otherwise provided in this act, receipts received
14 from all sales made and services rendered on or after January 1,
15 2017 but prior to January 1, 2018, are subject to the taxes imposed
16 under subsections (a), (b), (c), (f), and (i) of section 3 of P.L.1966,
17 c.30 (C.54:32B-3) at the rate of 6.875%, except if the property so
18 sold is delivered or the services so sold are rendered on or after
19 January 1, 2018, in which case the tax shall be computed and paid
20 at the rate of 6.625%; provided, however, that if a service or
21 maintenance agreement taxable under this act covers any period
22 commencing on or after January 1, 2017 and ending after January 1,
23 2018, the receipts from such agreement are subject to tax at the rate
24 applicable to each period as set forth hereinabove and shall be
25 apportioned on the basis of the ratio of the number of days falling
26 within each of the said periods to the total number of days covered
27 thereby; provided, further, if a service or maintenance agreement in
28 effect on December 31, 2017 covers billing periods ending after
29 January 1, 2018, the seller shall charge and collect from the
30 purchaser a tax on such sales at the rate of 6.875%, unless the bill
31 for such service or maintenance agreement is rendered on or after
32 January 1, 2018 in which case the seller shall charge and collect a
33 tax at a rate of 6.625%.

34 b. (1) The tax imposed under subsection (d) of section 3 shall
35 be paid at the rate of 7% upon any occupancy on and after July 1,
36 1990 but prior to July 1, 1992, although such occupancy is pursuant
37 to a prior contract, lease or other arrangement. If an occupancy,
38 taxable under this act, covers any period on or after January 3, 1983
39 but prior to July 1, 1990, the rent for the period of occupancy prior
40 to July 1, 1990 shall be taxed at the rate of 6%. If rent is paid on a
41 weekly, monthly or other term basis, the rent applicable to each
42 period as set forth hereinabove shall be apportioned on the basis of
43 the ratio of the number of days falling within each of the said
44 periods to the total number of days covered thereby.

45 (2) The tax imposed under subsection (d) of section 3 shall be
46 paid at the rate of 6% upon any occupancy on and after July 1, 1992
47 but prior to July 15, 2006, although such occupancy is pursuant to a
48 prior contract, lease or other arrangement. If an occupancy, taxable

1 under this act, covers any period on or after July 1, 1990 but prior
2 to July 1, 1992, the rent for the period of occupancy prior to July 1,
3 1992 shall be taxed at the rate of 7%. If rent is paid on a weekly,
4 monthly or other term basis, the rent applicable to each period as set
5 forth hereinabove shall be apportioned on the basis of the ratio of
6 the number of days falling within each of the said periods to the
7 total number of days covered thereby.

8 (3) The tax imposed under subsection (d) of section 3 shall be
9 paid at the rate of 7% upon any occupancy on and after July 15,
10 2006 but prior to January 1, 2017, although such occupancy is
11 pursuant to a prior contract, lease or other arrangement. If an
12 occupancy, taxable under this act, covers any period on or after July
13 1, 1992 but prior to July 15, 2006, the rent for the period of
14 occupancy prior to July 15, 2006 shall be taxed at the rate of 6%. If
15 rent is paid on a weekly, monthly or other term basis, the rent
16 applicable to each period as set forth hereinabove shall be
17 apportioned on the basis of the ratio of the number of days falling
18 within each of the said periods to the total number of days covered
19 thereby.

20 (4) The tax imposed under subsection (d) of section 3 shall be
21 paid at the rate of 6.875% upon any occupancy on or after January
22 1, 2017 but prior to January 1, 2018, although such occupancy is
23 pursuant to a prior contract, lease, or other arrangement. If an
24 occupancy, taxable under this act, covers any period on or after July
25 15, 2006 but prior to January 1, 2017, the rent for the period of
26 occupancy prior to January 1, 2017 shall be taxed at the rate of 7%.
27 If rent is paid on a weekly, monthly, or other term basis, the rent
28 applicable to each period as set forth hereinabove shall be
29 apportioned on the basis of the ratio of the number of days falling
30 within each of the said periods to the total number of days covered
31 thereby.

32 (5) The tax imposed under subsection (d) of section 3 shall be
33 paid at the rate of 6.625% upon any occupancy on or after January
34 1, 2018, although such occupancy is pursuant to a prior contract,
35 lease, or other arrangement. If an occupancy, taxable under this act,
36 covers any period on or after January 1, 2017 but prior to January 1,
37 2018, the rent for the period of occupancy prior to January 1, 2018
38 shall be taxed at the rate of 6.875%. If rent is paid on a weekly,
39 monthly, or other term basis, the rent applicable to each period as
40 set forth hereinabove shall be apportioned on the basis of the ratio
41 of the number of days falling within each of the said periods to the
42 total number of days covered thereby.

43 c. (1) Except as otherwise hereinafter provided, the tax imposed
44 under subsection (e) of section 3 shall be applicable at the rate of
45 7% to any admission to or for the use of facilities of a place of
46 amusement occurring on or after July 1, 1990 but prior to July 1,
47 1992, whether or not the admission charge has been paid prior to
48 July 1, 1990, unless the tickets were actually sold and delivered,

1 other than for resale, prior to July 1, 1990 and the tax imposed
2 under this act during the period January 3, 1983 through June 30,
3 1990 shall have been paid.

4 (2) Except as otherwise hereinafter provided, the tax imposed
5 under subsection (e) of section 3 shall be applicable at the rate of
6 6% to any admission to or for the use of facilities of a place of
7 amusement occurring on or after July 1, 1992 but prior to July 15,
8 2006, whether or not the admission charge has been paid prior to
9 July 1, 1992, unless the tickets were actually sold and delivered,
10 other than for resale, prior to July 1, 1992 and the tax imposed
11 under this act during the period July 1, 1990 through December 31,
12 1990 shall have been paid.

13 (3) Except as otherwise hereinafter provided, the tax imposed
14 under subsection (e) of section 3 shall be applicable at the rate of
15 7% to any admission to or for the use of facilities of a place of
16 amusement occurring on or after July 15, 2006 but prior to January
17 1, 2017, whether or not the admission charge has been paid prior to
18 **【that date】** July 15, 2006, unless the tickets were actually sold and
19 delivered, other than for resale, prior to July 15, 2006 and the tax
20 imposed under this act during the period July 1, 1992 through July
21 14, 2006 shall have been paid.

22 (4) Except as otherwise hereinafter provided, the tax imposed
23 under subsection (e) of section 3 shall be applicable at the rate of
24 6.875% to any admission to or for the use of facilities of a place of
25 amusement occurring on or after January 1, 2017 but prior to
26 January 1, 2018, whether or not the admission charge has been paid
27 prior to January 1, 2017, unless the tickets were actually sold and
28 delivered, other than for resale, prior to January 1, 2017 and the tax
29 imposed under this act during the period July 15, 2006 through
30 December 31, 2016 shall have been paid.

31 (5) Except as otherwise hereinafter provided, the tax imposed
32 under subsection (e) of section 3 shall be applicable at the rate of
33 6.625% to any admission to or for the use of facilities of a place of
34 amusement occurring on or after January 1, 2018, whether or not
35 the admission charge has been paid prior to that date, unless the
36 tickets were actually sold and delivered, other than for resale, prior
37 to January 1, 2018 and the tax imposed under this act during the
38 period January 1, 2017 through December 31, 2017 shall have been
39 paid.

40 d. (1) Sales made on and after July 1, 1990 but prior to July 1,
41 1992 to contractors, subcontractors or repairmen of materials,
42 supplies, or services for use in erecting structures for others, or
43 building on, or otherwise improving, altering or repairing real
44 property of others shall be subject to the taxes imposed by
45 subsections (a) and (b) of section 3 and section 6 hereof at the rate
46 of 7%; provided, however, that if such sales are made for use in
47 performance of a contract which is either of a fixed price not
48 subject to change or modification, or entered into pursuant to the

1 obligation of a formal written bid which cannot be altered or
2 withdrawn, and, in either case, such contract was entered into or
3 such bid was made on or after January 3, 1983 but prior to July 1,
4 1990, such sales shall be subject to tax at the rate of 6%, but the
5 vendor shall charge and collect from the purchaser a tax on such
6 sales at the rate of 7%.

7 (2) Sales made on or after July 1, 1992 but prior to July 15,
8 2006 to contractors, subcontractors or repairmen of materials,
9 supplies, or services for use in erecting structures for others, or
10 building on, or otherwise improving, altering or repairing real
11 property of others shall be subject to the taxes imposed by
12 subsections (a) and (b) of section 3 and section 6 hereof at the rate
13 of 6%; provided, however, that if such sales are made for use in
14 performance of a contract which is either of a fixed price not
15 subject to change or modification, or entered into pursuant to the
16 obligation of a formal written bid which cannot be altered or
17 withdrawn, and, in either case, such contract was entered into or
18 such bid was made on or after July 1, 1990, but prior to July 1,
19 1992, such sales shall be subject to tax at the rate of 7%.

20 (3) Sales made on or after July 15, 2006 but prior to January 1,
21 2017 to contractors, subcontractors or repairmen of materials,
22 supplies, or services for use in erecting structures for others, or
23 building on, or otherwise improving, altering or repairing real
24 property of others shall be subject to the taxes imposed by
25 subsections (a) and (b) of section 3 and section 6 hereof at the rate
26 of 7%; provided, however, that if such sales are made for use in
27 performance of a contract which is either of a fixed price not
28 subject to change or modification, or entered into pursuant to the
29 obligation of a formal written bid which cannot be altered or
30 withdrawn, and, in either case, such contract was entered into or
31 such bid was made on or after July 1, 1992, but prior to July 15,
32 2006, such sales shall be subject to tax at the rate of 6%, but the
33 seller shall charge and collect from the purchaser a tax on such sales
34 at the rate of 7%.

35 (4) Sales made on or after January 1, 2017 but prior to January
36 1, 2018 to contractors, subcontractors, or repairmen of materials,
37 supplies, or services for use in erecting structures for others, or
38 building on, or otherwise improving, altering or repairing real
39 property of others shall be subject to the taxes imposed by
40 subsections (a) and (b) of section 3 and section 6 hereof at the rate
41 of 6.875%; provided, however, that if such sales are made for use in
42 the performance of a contract which is either of a fixed price not
43 subject to change or modification, or entered into pursuant to the
44 obligation of a formal written bid which cannot be altered or
45 withdrawn, and, in either case, such contract was entered into or
46 such bid was made on or after July 15, 2006, but prior to January 1,
47 2017, such sales shall be subject to tax at the rate of 7%.

1 (5) Sales made on or after January 1, 2018 to contractors,
2 subcontractors, or repairmen of materials, supplies, or services for
3 use in erecting structures for others, or building on, or otherwise
4 improving, altering or repairing real property of others shall be
5 subject to the taxes imposed by subsections (a) and (b) of section 3
6 and section 6 hereof at the rate of 6.625%; provided, however, that
7 if such sales are made for use in the performance of a contract
8 which is either of a fixed price not subject to change or
9 modification, or entered into pursuant to the obligation of a formal
10 written bid which cannot be altered or withdrawn, and, in either
11 case, such contract was entered into or such bid was made prior to
12 January 1, 2018, such sales shall be subject to tax at the rate in
13 effect during the time period in which such contract was entered
14 into or such bid was made.

15 e. (1) As to sales other than those referred to in d. above, the
16 taxes imposed under subsections (a) and (b) of section 3 and section
17 6 hereof, and the taxes imposed under subsection (f) of section 3
18 and section 6 hereof, upon receipts received on or after July 1, 1990
19 and on or before December 31, 1990, shall be at the rate in effect on
20 June 30, 1990, in case of sales made or services rendered pursuant
21 to a written contract entered on or after January 3, 1983 but prior to
22 July 1, 1990, and accompanied by a deposit or partial payment of
23 the contract price, except in the case of a contract which, in the
24 usage of trade, is not customarily accompanied by a deposit or
25 partial payment of the contract price, but the vendor shall charge
26 and collect from the purchaser on such sales at the rate of 7%,
27 which tax shall be reduced to the rate, if any, in effect on June 30,
28 1990, only by a claim for refund filed by the purchaser with the
29 director within 90 days after receipt of said receipts and otherwise
30 pursuant to the provisions of section 20 of P.L.1966, c.30
31 (C.54:32B-20). A claim for refund shall not be allowed if there has
32 been no deposit or partial payment of the contract price unless the
33 claimant shall establish by clear and convincing evidence that, in
34 the usage of trade, such contracts are not customarily accompanied
35 by a deposit or partial payment of the contract price.

36 (2) As to sales other than those referred to in d. above, the taxes
37 imposed under subsections (a) and (b) of section 3 and section 6
38 hereof, and the taxes imposed under subsections (f) and (g) of
39 section 3 and section 6 hereof, upon receipts received on or after
40 July 15, 2006 and on or before December 31, 2006, shall be at the
41 rate in effect on July 14, 2006, in case of sales made or services
42 rendered pursuant to a written contract entered on or after July 1,
43 1992 but prior to July 15, 2006, and accompanied by a deposit or
44 partial payment of the contract price, except in the case of a
45 contract which, in the usage of trade, is not customarily
46 accompanied by a deposit or partial payment of the contract price,
47 but the seller shall charge and collect from the purchaser on such
48 sales at the rate of 7%, which tax shall be reduced to the rate, if any,

1 in effect on July 14, 2006, only by a claim for refund filed by the
2 purchaser with the director within 90 days after receipt of said
3 receipts and otherwise pursuant to the provisions of section 20 of
4 P.L.1966, c.30 (C.54:32B-20). A claim for refund shall not be
5 allowed if there has been no deposit or partial payment of the
6 contract price unless the claimant shall establish by clear and
7 convincing evidence that, in the usage of trade, such contracts are
8 not customarily accompanied by a deposit or partial payment of the
9 contract price.

10 f. (1) The taxes imposed under subsections (a), (b), (c) and (f) of
11 section 3 upon receipts received on or after July 1, 1990 but prior to
12 July 1, 1992 shall be at the rate, if any, in effect on June 30, 1990 in
13 the case of sales made or services rendered, if delivery of the
14 property which was the subject matter of the sale has been
15 completed or such services have been entirely rendered prior to July
16 1, 1990.

17 (2) The taxes imposed under subsections (a), (b), (c) and (f) of
18 section 3 upon receipts received on or after July 1, 1992 but prior to
19 July 15, 2006 shall be at the rate of 7% in the case of sales made or
20 services rendered, where delivery of the property which was the
21 subject matter of the sale has been completed or such services have
22 been entirely rendered on or after July 1, 1990 but prior to July 1,
23 1992.

24 (3) The taxes imposed under subsections (a), (b), (c), (f) and (g)
25 of section 3 upon receipts received on or after July 15, 2006 shall be
26 at the rate of 6% in the case of sales made or services rendered,
27 where delivery of the property which was the subject matter of the
28 sale has been completed or such services have been entirely
29 rendered on or after July 1, 1992 but prior to July 15, 2006.

30 (4) The taxes imposed under subsections (a), (b), (c), (f), and (i)
31 of section 3 upon receipts received on or after January 1, 2017 shall
32 be at the rate of 7% in the case of sales made or services rendered,
33 where delivery of the property which was the subject matter of the
34 sale has been completed or such services have been entirely
35 rendered on or after July 15, 2006 but prior to January 1, 2017.

36 (5) The taxes imposed under subsections (a), (b), (c), (f), and (i)
37 of section 3 upon receipts received on or after January 1, 2018 shall
38 be at the rate of 6.875% in the case of sales made or services
39 rendered, where delivery of the property which was the subject
40 matter of the sale has been completed or such services have been
41 entirely rendered on or after January 1, 2017 but prior to January 1,
42 2018.

43 g. (1) Except as otherwise hereinafter provided, the taxes
44 imposed by subsection (h) of section 3 of P.L.1966, c.30
45 (C.54:32B-3) and clause (J) of section 6 of P.L.1966, c.30
46 (C.54:32B-6) shall be imposed and paid at the rate of 6.875% upon
47 all charges in the nature of initiation fees, membership fees, or dues
48 paid on or after January 1, 2017 but before January 1, 2018. All

1 charges in the nature of initiation fees, membership fees, or dues
2 paid on or after October 1, 2006 but before January 1, 2017 shall be
3 imposed and paid at the rate of 7%; provided, however, that any
4 charges in the nature of membership fees and dues paid on or after
5 October 1, 2006 but before January 1, 2017 that allow a member
6 access to or use of the property or facilities of a health and fitness,
7 athletic, sporting, or shopping club or organization in this State for
8 any period beginning on or after October 1, 2006 but before January
9 1, 2017 and ending on or after January 1, 2017 but before January
10 1, 2018 shall be subject to tax at the rate applicable to each period
11 as set forth hereinabove and shall be apportioned on the basis of the
12 ratio of the number of days falling within each of the said periods to
13 the total number of days covered thereby.

14 (2) Except as otherwise hereinafter provided, the taxes imposed
15 by subsection (h) of section 3 of P.L.1966, c.30 (C.54:32B-3) and
16 clause (J) of section 6 of P.L.1966, c.30 (C.54:32B-6) shall be
17 imposed and paid at the rate of 6.625% upon all charges in the
18 nature of initiation fees, membership fees, or dues paid on or after
19 January 1, 2018. All charges in the nature of initiation fees,
20 membership fees, or dues paid on or after January 1, 2017 but
21 before January 1, 2018 shall be imposed and paid at the rate of
22 6.875%; provided, however, that any charges in the nature of
23 membership fees and dues paid on or after January 1, 2017 but
24 before January 1, 2018 that allow a member access to or use of the
25 property or facilities of a health and fitness, athletic, sporting, or
26 shopping club or organization in this State for any period beginning
27 on or after January 1, 2017 but before January 1, 2018 and ending
28 on or after January 1, 2018 shall be subject to tax at the rate
29 applicable to each period as set forth hereinabove and shall be
30 apportioned on the basis of the ratio of the number of days falling
31 within each of the said periods to the total number of days covered
32 thereby.

33 **【g】** h. The director is empowered to promulgate rules and
34 regulations to implement the provisions of this section.²
35 (cf: P.L.2011, c.49, s.3)

36
37 ^{24.} Section 6 of P.L.1966, c.30 (C.54:32B-6) is amended to read
38 as follows:

39 6. Unless property or services have already been or will be
40 subject to the sales tax under this act, there is hereby imposed on
41 and there shall be paid by every person a use tax for the use within
42 this State of 7% on or before December 31, 2016, 6.875% on and
43 after January 1, 2017 but before January 1, 2018, and 6.625% on
44 and after January 1, 2018, except as otherwise exempted under this
45 act, (A) of any tangible personal property or specified digital
46 product purchased at retail, including energy, provided however,
47 that electricity consumed by the generating facility that produced it
48 shall not be subject to tax, (B) of any tangible personal property or

1 specified digital product manufactured, processed or assembled by
2 the user, if items of the same kind of tangible personal property or
3 specified digital products are offered for sale by him in the regular
4 course of business, or if items of the same kind of tangible personal
5 property are not offered for sale by him in the regular course of
6 business and are used as such or incorporated into a structure,
7 building or real property, (C) of any tangible personal property or
8 specified digital product, however acquired, where not acquired for
9 purposes of resale, upon which any taxable services described in
10 paragraphs (1) and (2) of subsection (b) of section 3 of P.L.1966,
11 c.30 (C.54:32B-3) have been performed, (D) of intrastate, interstate,
12 or international telecommunications services described in
13 subsection (f) of section 3 of P.L.1966, c.30, (E) (Deleted by
14 amendment, P.L.1995, c.184), (F) of utility service provided to
15 persons in this State for use in this State, provided however, that
16 utility service used by the facility that provides the service shall not
17 be subject to tax, (G) of mail processing services described in
18 paragraph (5) of subsection (b) of section 3 of P.L.1966, c.30
19 (C.54:32B-3), (H) (Deleted by amendment, P.L.2008, c.123), (I) of
20 any services subject to tax pursuant to subsection (11), (12), (13),
21 (14) or (15) of subsection (b) of section 3 of P.L.1966, c.30
22 (C.54:32B-3), and (J) of access to or use of the property or facilities
23 of a health and fitness, athletic, sporting or shopping club or
24 organization in this State. For purposes of clause (A) of this
25 section, the tax shall be at the applicable rate, as set forth
26 hereinabove, of the consideration given or contracted to be given
27 for such property or for the use of such property including delivery
28 charges made by the seller, but excluding any credit for property of
29 the same kind accepted in part payment and intended for resale. For
30 the purposes of clause (B) of this section, the tax shall be at the
31 applicable rate, as set forth hereinabove, of the price at which items
32 of the same kind of tangible personal property or specified digital
33 products are offered for sale by the user, or if items of the same
34 kind of tangible personal property are not offered for sale by the
35 user in the regular course of business and are used as such or
36 incorporated into a structure, building or real property the tax shall
37 be at the applicable rate, as set forth hereinabove, of the
38 consideration given or contracted to be given for the tangible
39 personal property manufactured, processed or assembled by the user
40 into the tangible personal property the use of which is subject to use
41 tax pursuant to this section, and the mere storage, keeping, retention
42 or withdrawal from storage of tangible personal property or
43 specified digital products by the person who manufactured,
44 processed or assembled such property shall not be deemed a taxable
45 use by him. For purposes of clause (C) of this section, the tax shall
46 be at the applicable rate, as set forth hereinabove, of the
47 consideration given or contracted to be given for the service,
48 including the consideration for any tangible personal property or

1 specified digital product transferred in conjunction with the
2 performance of the service, including delivery charges made by the
3 seller. For the purposes of clause (D) of this section, the tax shall
4 be at the applicable rate on the charge made by the
5 telecommunications service provider; provided however, that for
6 prepaid calling services and prepaid wireless calling services the tax
7 shall be at the applicable rate on the consideration given or
8 contracted to be given for the prepaid calling service or prepaid
9 wireless calling service or the recharge of the prepaid calling
10 service or prepaid wireless calling service. For purposes of clause
11 (F) of this section, the tax shall be at the applicable rate on the
12 charge made by the utility service provider. For purposes of clause
13 (G) of this section, the tax shall be at the applicable rate on that
14 proportion of the amount of all processing costs charged by a mail
15 processing service provider that is attributable to the service
16 distributed in this State. For purposes of clause (I) of this section,
17 the tax shall be at the applicable rate on the charge made by the
18 service provider. For purposes of clause (J) of this section, the tax
19 shall be at the applicable rate on the charges in the nature of
20 initiation fees, membership fees or dues.²

21 (cf: P.L.2011, c.49, s.4)

22
23 ²⁵. Section 31 of P.L.1980, c.105 (C.54:32B-8.19) is amended
24 to read as follows:

25 31. Receipts from sales of tangible personal property and
26 services taxable under any municipal ordinance which was adopted
27 pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) and was in effect
28 on April 27, 1966 are exempt from the tax imposed under the Sales
29 and Use Tax Act, subject to the following conditions:

30 a. To the extent that the tax that is or would be imposed under
31 section 3 of P.L.1966, c.30 (C.54:32B-3) is greater than the tax
32 imposed by such ordinance, such sales shall not be exempt under
33 this section; and

34 b. Irrespective of the rate of tax imposed by such ordinance,
35 such sales shall be exempt only to the extent that the rate of taxation
36 imposed by the ordinance exceeds 6%, except that the combined
37 rate of taxation imposed under the ordinance and under this section
38 shall not exceed 13% on or before December 31, 2016, 12.875% on
39 and after January 1, 2017 but before January 1, 2018, and 12.625%
40 on and after January 1, 2018.²

41 (cf: P.L.2006, c.44, s.10)

42
43 ²⁶. Section 1 of P.L.2003, c.114 (C.54:32D-1) is amended to
44 read as follows:

45 1. a. In addition to any other tax, assessment or use fee
46 authorized by law, there is imposed and shall be paid a hotel and
47 motel occupancy fee of 7% for occupancies on and after August 1,
48 2003 but before July 1, 2004, and of 5% for occupancies on and

1 after July 1, 2004, upon the rent for every occupancy of a room or
2 rooms in a hotel subject to taxation pursuant to subsection (d) of
3 section 3 of P.L.1966, c.30 (C.54:32B-3), which every person
4 required to collect tax shall collect from the customer when
5 collecting the rent to which it applies; provided however, that on
6 and after the tenth day following a certification by the Director of
7 the Division of Budget and Accounting in the Department of the
8 Treasury pursuant to subsection d. of section 2 of P.L.2003, c.114
9 (C.54:32D-2), no such fee shall be paid or collected; and provided
10 further that:

11 (1) the combined rates of the fee imposed under this section,
12 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
13 c.30 (C.54:32B-1 et seq.), plus any tax imposed under P.L.1947,
14 c.71 (C.40:48-8.15 et seq.), shall not exceed a total rate of 14% on
15 or before December 31, 2016, 13.875% on and after January 1,
16 2017 but before January 1, 2018, and 13.625% on and after January
17 1, 2018, and to the extent that the total combined rate of taxation for
18 the listed fees and taxes would exceed 14% on or before December
19 31, 2016, 13.875% on and after January 1, 2017 but before January
20 1, 2018, and 13.625% on and after January 1, 2018, the fee imposed
21 under this section shall be reduced so that the total combined rate
22 equals 14% on or before December 31, 2016, 13.875% on and after
23 January 1, 2017 but before January 1, 2018, and 13.625% on and
24 after January 1, 2018;

25 (2) the combined rates of the fee imposed under this section,
26 plus the tax imposed under the "Sales and Use Tax Act", P.L.1966,
27 c.30 (C.54:32B-1 et seq.), plus any tax and assessment imposed
28 under section 4 of P.L.1992, c.165 (C.40:54D-4), shall not exceed a
29 total rate of 14% on or before December 31, 2016, 13.875% on and
30 after January 1, 2017 but before January 1, 2018, and 13.625% on
31 and after January 1, 2018, and to the extent that the total combined
32 rate of taxation for the listed fees and taxes would exceed 14% on
33 or before December 31, 2016, 13.875% on and after January 1,
34 2017 but before January 1, 2018, and 13.625% on and after January
35 1, 2018, the fee imposed under this section shall be reduced so that
36 the total combined rate equals 14% on or before December 31,
37 2016, 13.875% on and after January 1, 2017 but before January 1,
38 2018, and 13.625% on and after January 1, 2018; and

39 (3) the fee imposed under this section shall be at the rate of 1%
40 in a city in which the tax authorized under P.L.1981, c.77
41 (C.40:48E-1 et seq.) is imposed.

42 b. The hotel and motel occupancy fee imposed by subsection a.
43 of this section shall not be imposed on the rent for an occupancy if
44 the purchaser, user or consumer is an entity exempt from the tax
45 imposed on an occupancy under the "Sales and Use Tax Act"
46 pursuant to subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-
47 9).

1 c. Terms used in this section shall have the meaning given
2 those terms pursuant to section 2 of P.L.1966, c.30 (C.54:32B-2).²
3 (cf: P.L.2006, c.44, s.18)
4

5 ²[¹1.] 7.² R.S.54:38-1 is amended to read as follows:

6 54:38-1. a. In addition to the inheritance, succession or legacy
7 taxes imposed by this State under authority of chapters 33 to 36 of
8 this title (R.S.54:33-1 et seq.), or hereafter imposed under authority
9 of any subsequent enactment, there is hereby imposed an estate or
10 transfer tax:

11 (1) Upon the transfer of the estate of every resident decedent
12 dying before January 1, 2002 which is subject to an estate tax
13 payable to the United States under the provisions of the federal
14 revenue act of one thousand nine hundred and twenty-six and the
15 amendments thereof and supplements thereto or any other federal
16 revenue act in effect as of the date of death of the decedent, the
17 amount of which tax shall be the sum by which the maximum credit
18 allowable against any federal estate tax payable to the United States
19 under any federal revenue act on account of taxes paid to any state
20 or territory of the United States or the District of Columbia, shall
21 exceed the aggregate amount of all estate, inheritance, succession or
22 legacy taxes actually paid to any state or territory of the United
23 States or the District of Columbia, including inheritance, succession
24 or legacy taxes actually paid this State, in respect to any property
25 owned by such decedent or subject to such taxes as a part of or in
26 connection with the estate; and

27 (2) (a) Upon the transfer of the estate of every resident
28 decedent dying after December 31, 2001, but before January 1,
29 2017, which would have been subject to an estate tax payable to the
30 United States under the provisions of the federal Internal Revenue
31 Code of 1986 (26 U.S.C. s.1 et seq.) in effect on December 31,
32 2001, the amount of which tax shall be, at the election of the person
33 or corporation liable for the payment of the tax under this chapter,
34 either

35 (i) the maximum credit that would have been allowable under
36 the provisions of that federal Internal Revenue Code in effect on
37 that date against the federal estate tax that would have been payable
38 under the provisions of that federal Internal Revenue Code in effect
39 on that date on account of taxes paid to any state or territory of the
40 United States or the District of Columbia, or

41 (ii) determined pursuant to the simplified tax system as may be
42 prescribed by the Director of the Division of Taxation in the
43 Department of the Treasury to produce a liability similar to the
44 liability determined pursuant to clause (i) of this paragraph reduced
45 pursuant to paragraph (b) of this subsection.

46 (b) The amount of tax liability determined pursuant to
47 subparagraph (a) of this paragraph shall be reduced by the
48 aggregate amount of all estate, inheritance, succession or legacy

1 taxes actually paid to any state or territory of the United States or
2 the District of Columbia, including inheritance, succession or
3 legacy taxes actually paid this State, in respect to any property
4 owned by such decedent or subject to such taxes as a part of or in
5 connection with the estate; provided however, that the amount of
6 the reduction shall not exceed the proportion of the tax otherwise
7 due under this subsection that the amount of the estates's property
8 subject to tax by other jurisdictions bears to the entire estate taxable
9 under this chapter.

10 (3) (a) Upon the transfer of the estate of each resident decedent
11 dying on or after January 1, 2017, whether or not subject to an
12 estate tax payable to the United States under the provisions of the
13 federal Internal Revenue Code (26 U.S.C. s.1 et seq.), the amount of
14 the taxable estate, determined pursuant to section 2051 of the
15 federal Internal Revenue Code (26 U.S.C. s.2051), shall be subject
16 to tax pursuant to the following schedule:
17

<u>On any amount up to \$100,000</u>	<u>0.0%</u>
<u>On any amount in excess of \$100,000,</u> <u>up to \$150,000</u>	<u>0.8% of the excess over</u> <u>\$100,000</u>
<u>On any amount in excess of \$150,000,</u> <u>up to \$200,000.</u>	<u>\$400 plus 1.6% of the excess</u> <u>over \$150,000</u>
<u>On any amount in excess of \$200,000,</u> <u>up to \$300,000.</u>	<u>\$1,200 plus 2.4% of the</u> <u>excess over \$200,000</u>
<u>On any amount in excess of \$300,000,</u> <u>up to \$500,000.</u>	<u>\$3,600 plus 3.2% of the</u> <u>excess over \$300,000</u>
<u>On any amount in excess of \$500,000,</u> <u>up to \$700,000.</u>	<u>\$10,000 plus 4.0% of the</u> <u>excess over \$500,000</u>
<u>On any amount in excess of \$700,000,</u> <u>up to \$900,000.</u>	<u>\$18,000 plus 4.8% of the</u> <u>excess over \$700,000</u>
<u>On any amount in excess of \$900,000,</u> <u>up to \$1,100,000.</u>	<u>\$27,600 plus 5.6% of the</u> <u>excess over \$900,000</u>
<u>On any amount in excess of</u> <u>\$1,100,000, up to \$1,600,000.</u>	<u>\$38,800 plus 6.4% of the</u>

	<u>excess over \$1,100,000</u>
<u>On any amount in excess of</u> <u>\$1,600,000, up to \$2,100,000.</u>	<u>\$70,800 plus 7.2% of the</u> <u>excess over \$1,600,000</u>
<u>On any amount in excess of</u> <u>\$2,100,000, up to \$2,600,000.</u>	<u>\$106,800 plus 8.0% of the</u> <u>excess over \$2,100,000</u>
<u>On any amount in excess of</u> <u>\$2,600,000, up to \$3,100,000.</u>	<u>\$146,800 plus 8.8% of the</u> <u>excess over \$2,600,000</u>
<u>On any amount in excess of</u> <u>\$3,100,000, up to \$3,600,000.</u>	<u>\$190,800 plus 9.6% of the</u> <u>excess over \$3,100,000</u>
<u>On any amount in excess of</u> <u>\$3,600,000, up to \$4,100,000.</u>	<u>\$238,800 plus 10.4% of the</u> <u>excess over \$3,600,000</u>
<u>On any amount in excess of</u> <u>\$4,100,000, up to \$5,100,000.</u>	<u>\$290,800 plus 11.2% of the</u> <u>excess over \$4,100,000</u>
<u>On any amount in excess of</u> <u>\$5,100,000, up to \$6,100,000</u>	<u>\$402,800 plus 12.0% of the</u> <u>excess over \$5,100,000</u>
<u>On any amount in excess of</u> <u>\$6,100,000, up to \$7,100,000</u>	<u>\$522,800 plus 12.8% of the</u> <u>excess over \$6,100,000</u>
<u>On any amount in excess of</u> <u>\$7,100,000, up to \$8,100,000</u>	<u>\$650,800 plus 13.6% of the</u> <u>excess over \$7,100,000</u>
<u>On any amount in excess of</u> <u>\$8,100,000, up to \$9,100,000</u>	<u>\$786,800 plus 14.4% of the</u> <u>excess over \$8,100,000</u>
<u>On any amount in excess of</u> <u>\$9,100,000, up to \$10,100,000</u>	<u>\$930,800 plus 15.2% of the</u> <u>excess over \$9,100,000</u>
<u>On any amount in excess of</u> <u>\$10,100,000.</u>	<u>\$1,082,800 plus 16.0% of</u> <u>the excess over \$10,100,000</u>

1 **(b) A credit shall be allowed against the tax imposed pursuant to**
2 **subparagraph (a) of this paragraph equal to the amount of tax which**
3 **would be determined by subparagraph (a) of this paragraph if the**
4 **amount of the taxable estate were equal to the exclusion amount.**

5 **For the transfer of the estate of each resident decedent dying on**
6 **or after January 1, 2017, but before January 1, 2018, the exclusion**
7 **amount is \$2,000,000.**

8 ²**For the transfer of the estate of each resident decedent dying**
9 **on or after January 1, 2018, but before January 1, 2020, the tax**
10 **imposed by this section shall be based upon the applicable**
11 **exclusion amount determined pursuant to subsection (c) of section**
12 **2010 of the federal Internal Revenue Code (26 U.S.C. s.2010), as**
13 **amended or adjusted by federal law, rule or regulation.**²

14 **(c) The amount of tax liability of a resident decedent determined**
15 **pursuant to subparagraphs (a) and (b) of this paragraph shall be**
16 **reduced by the aggregate amount of all estate, inheritance,**
17 **succession or legacy taxes actually paid to any state of the United**
18 **States, including inheritance taxes actually paid this State, in**
19 **respect to any property owned by that decedent or subject to those**
20 **taxes as a part of or in connection with the estate; provided**
21 **however, that the amount of the reduction shall not exceed the**
22 **proportion of the tax otherwise due under this subsection that the**
23 **amount of the estate's property subject to tax by other jurisdictions**
24 **bears to the entire estate taxable under this chapter.**

25 **(4) For the transfer of the estate of each resident decedent dying**
26 **on or after January 1, ²[2020] 2018², there shall be no tax imposed.**

27 ²**(5) Upon the transfer of the real or tangible personal property**
28 **within New Jersey of each nonresident decedent dying on or after**
29 **January 1, 2017, but before January 1, 2020, which tax shall bear**
30 **the same ratio to the entire tax which that estate would have been**
31 **subject to pursuant to subparagraphs (a) and (b) of paragraph (3)**
32 **and paragraph (4) of this subsection if that nonresident decedent**
33 **had been a resident of this State, and all of the decedent's property,**
34 **real and personal, had been located within this State, as the taxable**
35 **property within this State bears to the entire estate, wherever**
36 **situated.**²

37 b. (1) In the case of the estate of a decedent dying before
38 January 1, 2002 where no inheritance, succession or legacy tax is
39 due this State under the provisions of chapters 33 to 36 of this title
40 or under authority of any subsequent enactment imposing taxes of a
41 similar nature, but an estate tax is due the United States under the
42 provisions of any federal revenue act in effect as of the date of
43 death, wherein provision is made for a credit on account of taxes
44 paid the several states or territories of the United States, or the
45 District of Columbia, the tax imposed by this chapter shall be the
46 maximum amount of such credit less the aggregate amount of such
47 estate, inheritance, succession or legacy taxes actually paid to any
48 state or territory of the United States or the District of Columbia.

(2) In the case of the estate of a decedent dying after December 31, 2001, but before January 1, 2017, where no inheritance, succession or legacy tax is due this State under the provisions of chapters 33 to 36 of this title or under authority of any subsequent enactment imposing taxes of a similar nature, the tax imposed by this chapter shall be determined pursuant to paragraph (2) of subsection a. of this section.

(3) In the case of the estate of a decedent dying on or after January 1, 2017 the tax imposed by this chapter shall be determined pursuant to paragraphs (3) ²[.] and² (4) ²[and (5)]² of subsection a. of this section.

c. For the purposes of this section, a "simplified tax system" to produce a liability similar to the liability determined pursuant to clause (i) of subparagraph (a) of paragraph (2) of subsection a. of this section is a tax system that is based upon the \$675,000 unified estate and gift tax applicable exclusion amount in effect under the provisions of the federal Internal Revenue Code of 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001, and results in general in the determination of a similar amount of tax but which will enable the person or corporation liable for the payment of the tax to calculate an amount of tax notwithstanding the lack or paucity of information for compliance due to such factors as the absence of an estate valuation made for federal estate tax purposes, the absence of a measure of the impact of gifts made during the lifetime of the decedent in the absence of federal gift tax information, and any other information compliance problems as the director determines are the result of the phased repeal of the federal estate tax.¹

(cf: P.L.2002, c.31, s.1)

²[¹2.] 8.² N.J.S.54A:3-1 is amended to read as follows:

54A:3-1. Personal exemptions and deductions. Each taxpayer shall be allowed personal exemptions and deductions against his gross income as follows:

(a) Taxpayer. Each taxpayer shall be allowed a personal exemption of \$1,000.00 which may be taken as a deduction from his New Jersey gross income.

(b) Additional exemptions. In addition to the personal exemptions allowed in (a), the following additional personal exemptions shall be allowed as a deduction from gross income:

1. For the taxpayer's spouse, or domestic partner as defined in section 3 of P.L.2003, c.246 (C.26:8A-3), who does not file separately - \$1,000.00.

2. For each dependent who qualifies as a dependent of the taxpayer during the taxable year for federal income tax purposes - \$1,500.00.

3. Taxpayer 65 years of age or over at the close of the taxable year - \$1,000.00.

1 4. Taxpayer's spouse 65 years of age or over at the close of the
2 taxable year - \$1,000.00.

3 5. Blind or disabled taxpayer - \$1,000.00.

4 6. Blind or disabled spouse - \$1,000.00.

5 7. Taxpayer who is a veteran honorably discharged or released
6 under honorable circumstances from active duty in the Armed
7 Forces of the United States, a reserve component thereof, or the
8 National Guard of New Jersey in a federal active duty status, as
9 those terms are used in N.J.S.38A:1-1 - \$3,000.

10 (c) Special Rule. The personal exemptions allowed under this
11 section shall be limited to that percentage which the total number of
12 months within a taxpayer's taxable year under this act bears to 12.
13 For this purpose 15 days or more shall constitute a month.

14 (d) (Deleted by amendment, P.L.1993, c.178).

15 (e) Nonresidents. For taxable years to which a certification
16 pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a
17 nonresident taxpayer shall be allowed the same deduction for
18 personal exemptions as a resident taxpayer. However, if (1) the
19 nonresident taxpayer's gross income which is subject to tax under
20 this act is exceeded by (2) the gross income which the nonresident
21 taxpayer would be required to report under this act if the taxpayer
22 were a resident by more than \$100.00, the taxpayer's deduction for
23 personal exemptions shall be limited by the percentage which (1) is
24 to (2).¹

25 (cf: P.L.2003, c.246, s.40)

26

27 ²13. (New section) a. A taxpayer who has gross income for the
28 taxable year of not more than \$100,000, including a married couple
29 filing jointly, a married person filing separately, or an individual
30 filing as a single taxpayer or an individual determining tax pursuant
31 to subsection a. of N.J.S.54A:2-1, may deduct from the taxpayer's
32 gross income reported pursuant to the "New Jersey Gross Income
33 Tax Act," N.J.S.54A:1-1 et seq., an amount equal to the State taxes
34 paid on purchases of motor fuel for the operation for personal use of
35 the taxpayer's motor vehicles during the taxable year.

36 b. An amount shall not be deductible under subsection a. of this
37 section if the amount is:

38 (1) reimbursed to the taxpayer by or for the taxpayer's employer;

39 (2) deductible in determining net profits from business pursuant
40 to subsection b. of N.J.S.54A:5-1, even if not so deducted;

41 (3) deductible in determining net gains or net income derived
42 from or in the form of rents, royalties, patents, and copyrights
43 pursuant to subsection d. of N.J.S.A.54A:5-1, even if not so
44 deducted;

45 (4) deductible in determining distributive share of partnership
46 income pursuant to subsection k. of N.J.S.54A:5-1, even if not so
47 deducted;

1 (5) deductible in determining net pro rata share of S corporation
 2 income pursuant to subsection p. of N.J.S.54A:5-1, even if not so
 3 deducted; or

4 (6) deductible as a medical expense pursuant to N.J.S.54A:3-3,
 5 even if not so deducted, or paid or distributed out of a medical
 6 savings account excluded from gross income pursuant to section 5
 7 of P.L.1997, c.414 (C.54A:6-27).

8 c. The deduction allowed under this section shall not exceed
 9 the amount of \$250 for the taxpayer's taxable year beginning on or
 10 after January 1, 2016 but before January 1, 2017, and shall not
 11 exceed the amount of \$500 for the taxpayer's taxable years
 12 beginning on or after January 1, 2017.

13 d. For the purposes of this section "State taxes paid on
 14 purchases of motor fuel" means the taxes imposed by the
 15 "Petroleum Products Gross Receipts Tax Act," P.L.1990, c.42
 16 (C.54:15B-1 et seq.) and the "Motor Fuel Tax Act," P.L.2010, c.22
 17 (C.54:39-101 et seq.).¹²

18
 19 ¹~~[7.]~~ ²~~[4.]~~ ^{9.}² N.J.S.54A:6-10 is amended to read as follows:
 20 54A:6-10. Pensions and annuities.

21 a. Gross income shall not include that part of any amount
 22 received as an annuity under an annuity, endowment, or life
 23 insurance contract which bears the same ratio to such amount as the
 24 investment in the contract as of the annuity starting date bears to the
 25 expected return under the contract as of such date. Where (1) part
 26 of the consideration for an annuity, endowment, or life insurance
 27 contract is contributed by the employer, and (2) during the three-
 28 year period beginning on the date on which an amount is first
 29 received under the contract as an annuity, the aggregate amount
 30 receivable by the employee under the terms of the contract is equal
 31 to or greater than the consideration for the contract contributed by
 32 the employee, then all amounts received as an annuity under the
 33 contract shall be excluded from gross income until there has been so
 34 excluded an amount equal to the consideration for the contract
 35 contributed by the employee.

36 b. (1) In addition to that part of any amount received as an
 37 annuity which is excludable from gross income as herein provided,
 38 gross income shall not include payments:

39 for taxable years beginning before January 1, 2000, of up to
 40 \$10,000 for a married couple filing jointly, \$5,000 for a married
 41 person filing separately, or \$7,500 for an individual filing as a
 42 single taxpayer or an individual determining tax pursuant to
 43 subsection a. of N.J.S.54A:2-1;

44 for the taxable year beginning on or after January 1, 2000, but
 45 before January 1, 2001, of up to \$12,500 for a married couple filing
 46 jointly, \$6,250 for a married person filing separately, or \$9,375 for
 47 an individual filing as a single taxpayer or an individual
 48 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

1 for the taxable year beginning on or after January 1, 2001, but
 2 before January 1, 2002, of up to \$15,000 for a married couple filing
 3 jointly, \$7,500 for a married person filing separately, or \$11,250 for
 4 an individual filing as a single taxpayer or an individual
 5 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

6 for the taxable year beginning on or after January 1, 2002, but
 7 before January 1, 2003, of up to \$17,500 for a married couple filing
 8 jointly, \$8,750 for a married person filing separately, or \$13,125 for
 9 an individual filing as a single taxpayer or an individual
 10 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

11 for taxable years beginning on or after January 1, 2003, but
 12 before January 1, 2017 of up to \$20,000 for a married couple filing
 13 jointly, \$10,000 for a married person filing separately, or \$15,000
 14 for an individual filing as a single taxpayer or an individual
 15 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

16 for taxable years beginning on or after January 1, 2017, but
 17 before January 1, 2018, of up to \$40,000 for a married couple filing
 18 jointly, \$20,000 for a married person filing separately, or \$30,000
 19 for an individual filing as a single taxpayer or an individual
 20 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

21 for taxable years beginning on or after January 1, 2018, but
 22 before January 1, 2019, ²[gross income shall not include income]²
 23 of up to \$60,000 for a married couple filing jointly, \$30,000 for a
 24 married person filing separately, or ²[\$50,000] \$45,000² for an
 25 individual filing as a single taxpayer or an individual determining
 26 tax pursuant to subsection a. of N.J.S.54A:2-1;

27 for taxable years beginning on or after January 1, 2019, but
 28 before January 1, 2020, of up to \$80,000 for a married couple filing
 29 jointly, \$40,000 for a married person filing separately, or \$60,000
 30 for an individual filing as a single taxpayer or an individual
 31 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

32 for taxable years beginning on or after January 1, 2020, of up to
 33 \$100,000 for a married couple filing jointly, \$50,000 for a married
 34 person filing separately, or \$75,000 for an individual filing as a
 35 single taxpayer or an individual determining tax pursuant to
 36 subsection a. of N.J.S.54A:2-1,

37 which are received as an annuity, endowment or life insurance
 38 contract, or payments of any such amounts which are received as
 39 pension, disability, or retirement benefits, under any public or
 40 private plan, whether the consideration therefor is contributed by
 41 the employee or employer or both, by any person who is 62 years of
 42 age or older or who, by virtue of disability, is or would be eligible
 43 to receive payments under the federal Social Security Act **[**, but
 44 for**]** .

45 (2) For taxable years beginning on or after January 1, 2005,
 46 ²[but before January 1, 2021,]² the exclusion provided by this
 47 subsection shall only be allowed if the taxpayer has gross income
 48 for the taxable year of not more than \$100,000 ²[;

1 for taxable years beginning on or after January 1, 2021, if the
 2 taxpayer has gross income for the taxable year of not more than
 3 \$100,000 the exclusion provided by this subsection shall be fully
 4 allowed, if the taxpayer has gross income for the taxable year in
 5 excess of \$100,000 but not more than \$125,000 then the taxpayer
 6 may exclude 50 percent of the amount otherwise allowed, and if the
 7 taxpayer has gross income for the taxable year in excess of
 8 \$125,000 but not more than \$150,000 then the taxpayer may
 9 exclude 25 percent of the amount otherwise allowed]².

10 c. Gross income shall not include any amount received under
 11 any public or private plan by reason of a permanent and total
 12 disability.

13 d. Gross income shall not include distributions from an
 14 employees' trust described in section 401(a) of the Internal Revenue
 15 Code of 1986, as amended (hereinafter referred to as "the Code"),
 16 which is exempt from tax under section 501(a) of the Code if the
 17 distribution, except the portion representing the employees'
 18 contributions, is rolled over in accordance with section 402(a)(5) or
 19 section 403(a)(4) of the Code. The distribution shall be paid in one
 20 or more installments which constitute a lump-sum distribution
 21 within the meaning of section 402(e)(4)(A) (determined without
 22 reference to subsection (e)(4)(B)), or be on account of a termination
 23 of a plan of which the trust is a part or, in the case of a profit-
 24 sharing or stock bonus plan, a complete discontinuance of
 25 contributions under such plan.

26 (cf: P.L.2005, c.130, s.1)

27
 28 ¹**[8.]** ²**[5.]** ¹**10.**² Section 3 of P.L.1977, c.273 (C.54A:6-15) is
 29 amended to read as follows:

30 3. Other retirement income. a. (1) Gross income shall not
 31 include income:

32 for taxable years beginning before January 1, 2000, of up to
 33 \$10,000 for a married couple filing jointly, \$5,000 for a married
 34 person filing separately, or \$7,500 for an individual filing as a
 35 single taxpayer or an individual determining tax pursuant to
 36 subsection a. of N.J.S.54A:2-1;

37 for the taxable year beginning on or after January 1, 2000, but
 38 before January 1, 2001, of up to \$12,500 for a married couple filing
 39 jointly, \$6,250 for a married person filing separately, or \$9,375 for
 40 an individual filing as a single taxpayer or an individual
 41 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

42 for the taxable year beginning on or after January 1, 2001, but
 43 before January 1, 2002, of up to \$15,000 for a married couple filing
 44 jointly, \$7,500 for a married person filing separately, or \$11,250 for
 45 an individual filing as a single taxpayer or an individual
 46 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

47 for the taxable year beginning on or after January 1, 2002, but
 48 before January 1, 2003, of up to \$17,500 for a married couple filing

1 jointly, \$8,750 for a married person filing separately, or \$13,125 for
2 an individual filing as a single taxpayer or an individual
3 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

4 for taxable years beginning on or after January 1, 2003, but
5 before January 1, 2017, gross income shall not include income of up
6 to \$20,000 for a married couple filing jointly, \$10,000 for a married
7 person filing separately, or \$15,000 for an individual filing as a
8 single taxpayer or an individual determining tax pursuant to
9 subsection a. of N.J.S.54A:2-1;

10 for taxable years beginning on or after January 1, 2017 but
11 before January 1, 2018, gross income shall not include income of up
12 to \$40,000 for a married couple filing jointly, \$20,000 for a married
13 person filing separately, or \$30,000 for an individual filing as a
14 single taxpayer or an individual determining tax pursuant to
15 subsection a. of N.J.S.54A:2-1;

16 for taxable years beginning on or after January 1, 2018, but
17 before January 1, 2019, gross income shall not include income of up
18 to \$60,000 for a married couple filing jointly, \$30,000 for a married
19 person filing separately, or ²~~[\$50,000]~~ \$45,000² for an individual
20 filing as a single taxpayer or an individual determining tax pursuant
21 to subsection a. of N.J.S.54A:2-1;

22 for taxable years beginning on or after January 1, 2019, but
23 before January 1, 2020, gross income shall not include income of up
24 to \$80,000 for a married couple filing jointly, \$40,000 for a married
25 person filing separately, or \$60,000 for an individual filing as a
26 single taxpayer or an individual determining tax pursuant to
27 subsection a. of N.J.S.54A:2-1;

28 for taxable years beginning on or after January 1, 2020, gross
29 income shall not include income of up to \$100,000 for a married
30 couple filing jointly, \$50,000 for a married person filing separately,
31 or \$75,000 for an individual filing as a single taxpayer or an
32 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
33 1,

34 when received in any tax year by a person aged 62 years or older
35 who received no income in excess of \$3,000 from one or more of
36 the sources enumerated in subsections a., b., k. and p. of
37 N.J.S.54A:5-1 ~~], but for]~~ .

38 (2) For taxable years beginning on or after January 1, 2005,
39 ²~~but before January 1, 2021,~~² the exclusion provided by this
40 subsection shall only be allowed if the taxpayer has gross income
41 for the taxable year of not more than \$100,000 ~~], provided,~~
42 ~~however, that the]~~ ²~~];~~

43 for taxable years beginning on or after January 1, 2021, if the
44 taxpayer has gross income for the taxable year of not more than
45 \$100,000 the exclusion provided by this subsection shall be fully
46 allowed, if the taxpayer has gross income for the taxable year in
47 excess of \$100,000 but not more than \$125,000 then the taxpayer
48 may exclude 50 percent of the amount otherwise allowed, and if the

1 taxpayer has gross income for the taxable year in excess of
2 \$125,000 but not more than \$150,000 then the taxpayer may
3 exclude 25 percent of the amount otherwise allowed².

4 (3) The total exclusion under this subsection and that allowable
5 under N.J.S.54A:6-10 shall not exceed the amounts of the
6 exclusions set forth in this subsection.

7 b. In addition to the exclusion provided under N.J.S.54A:6-10
8 and subsection a. of this section, gross income shall not include
9 income of up to \$6,000 for a married couple filing jointly or an
10 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
11 1, or \$3,000 for a single person or a married person filing
12 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
13 3, but who would be eligible in any year to receive payments under
14 either section if he or she were covered thereby.

15 (cf: P.L.2005, c.130, s.2)

16
17 ²[¹6.] 11.² Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended
18 to read as follows:

19 2. There is established the New Jersey Earned Income Tax
20 Credit program in the Division of Taxation in the Department of the
21 Treasury.

22 a. (1) A resident individual who is eligible for a credit under
23 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
24 s.32) shall be allowed a credit for the taxable year equal to a
25 percentage, as provided in paragraph (2) of this subsection, of the
26 federal earned income tax credit that would be allowed to the
27 individual or the married individuals filing a joint return under
28 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
29 s.32) for the same taxable year for which a credit is claimed
30 pursuant to this section, subject to the restrictions of this subsection
31 and subsections b., c., d. and e. of this section.

32 (2) For the purposes of the calculation of the New Jersey earned
33 income tax credit, the percentage of the federal earned income tax
34 credit referred to in paragraph (1) of this subsection shall be:

35 (a) 10% for the taxable year beginning on or after January 1,
36 2000, but before January 1, 2001;

37 (b) 15% for the taxable year beginning on or after January 1,
38 2001, but before January 1, 2002;

39 (c) 17.5% for the taxable year beginning on or after January 1,
40 2002, but before January 1, 2003;

41 (d) 20% for taxable years beginning on or after January 1, 2003,
42 but before January 1, 2008;

43 (e) 22.5% for taxable years beginning on or after January 1,
44 2008 but before January 1, 2009;

45 (f) 25% for taxable years beginning on or after January 1, 2009
46 but before January 1, 2010;

47 (g) 20% for taxable years beginning on or after January 1, 2010,
48 but before January 1, 2015; **[and]**

(h) 30% for taxable years beginning on or after January 1, 2015,
but before January 1, 2016; and

(i) ²~~40%~~ ²35% ²for taxable years beginning on or after
January 1, 2016.

(3) To qualify for the New Jersey earned income tax credit, if
the claimant is married, except for a claimant who files as a head of
household or surviving spouse for federal income tax purposes for
the taxable year, the claimant shall file a joint return or claim for
the credit.

b. In the case of a part-year resident claimant, the amount of
the credit allowed pursuant to this section shall be pro-rated, based
upon that proportion which the total number of months of the
claimant's residency in the taxable year bears to 12 in that period.
For this purpose, 15 days or more shall constitute a month.

c. The amount of the credit allowed pursuant to this section
shall be applied against the tax otherwise due under N.J.S.54A:1-1
et seq., after all other credits and payments. If the credit exceeds the
amount of tax otherwise due, that amount of excess shall be an
overpayment for the purposes of N.J.S.54A:9-7; provided however,
that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit
provided under this section as a credit against the tax otherwise due
and the amount of the credit treated as an overpayment shall be
treated as a credit towards or overpayment of gross income tax,
subject to all provisions of N.J.S.54A:1-1 et seq., except as may be
otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

d. The Director of the Division of Taxation in the Department
of the Treasury shall ~~have discretion to~~ establish a program for
the distribution of earned income tax credits pursuant to the
provisions of this section.

e. Any earned income tax credit pursuant to this section shall
not be taken into account as income or receipts for purposes of
determining the eligibility of an individual for benefits or assistance
or the amount or extent of benefits or assistance under any State
program and, to the extent permitted by federal law, under any State
program financed in whole or in part with federal funds.¹

(cf: P.L.2015, c.73, s.1)

¹~~9.~~ ²~~7.1~~ ²12. ²Section 2 of P.L.1990, c. 42 (C.54:15B-2) is
amended to read as follows:

2. For the purposes of this act:

"Aviation fuel" means aviation gasoline or aviation grade
kerosene or any other fuel that is used in aircraft.

"Aviation gasoline" means fuel specifically compounded for use
in reciprocating aircraft engines.

"Aviation grade kerosene" means any kerosene type jet fuel
covered by ASTM Specification D 1655 or meeting specification
MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8).

1 "Blended fuel" means a mixture composed of gasoline, diesel
2 fuel, kerosene or blended fuel and another liquid, including blend
3 stock other than a de minimis amount of a product such as
4 carburetor detergent or oxidation inhibitor, that can be used as a
5 fuel in a highway vehicle. "Blended fuel" includes but is not
6 limited to gasohol, biobased liquid fuel, biodiesel fuel, ethanol,
7 methanol, fuel grade alcohol, diesel fuel enhancers and resulting
8 blends.

9 "Company" includes a corporation, partnership, limited
10 partnership, limited liability company, association, individual, or
11 any fiduciary thereof.

12 "Diesel fuel" means a liquid that is commonly or commercially
13 known or sold as a fuel that is suitable for use in a diesel-powered
14 highway vehicle. A liquid meets this requirement if, without
15 further processing or blending, the liquid has practical and
16 commercial fitness for use in the propulsion engine of a diesel-
17 powered highway vehicle. "Diesel fuel" includes biobased liquid
18 fuel, biodiesel fuel, and number 1 and number 2 diesel.

19 "Director" means the Director of the Division of Taxation in the
20 Department of the Treasury.

21 "First sale of petroleum products within this State" means the
22 initial sale of a petroleum product delivered to a location in this
23 State. A "first sale of petroleum products within this State" does
24 not include a book or exchange transfer of petroleum products if
25 such products are intended to be sold in the ordinary course of
26 business.

27 "Gasoline" means all products commonly or commercially
28 known or sold as gasoline that are suitable for use as a motor fuel.
29 "Gasoline" does not include products that have an ASTM octane
30 number of less than 75 as determined by the "motor method,"
31 ASTM D2700-92. The term does not include racing gasoline or
32 aviation gasoline, but for administrative purposes does include fuel
33 grade alcohol.

34 "Gross receipts" means all consideration derived from the first
35 sale of petroleum products within this State except sales of:

36 a. asphalt;

37 b. petroleum products sold pursuant to a written contract
38 extending one year or longer to nonprofit entities qualifying under
39 subsection (b) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
40 evidenced by an invoice in form prescribed by subsection b. of
41 section 3 of P.L.1991, c.19 (C.54:15B-10);

42 c. petroleum products sold to governmental entities qualifying
43 under subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
44 evidenced by an invoice in form prescribed by subsection b. of
45 section 3 of P.L.1991, c.19 (C.54:15B-10); and

46 d. polymer grade propylene used in the manufacture of
47 polypropylene.

1 "Highway fuel" means gasoline, blended fuel that contains
 2 gasoline or is intended for use as gasoline, liquefied petroleum gas,
 3 and diesel fuel, blended fuel that contains diesel fuel or is intended
 4 for use as diesel fuel, and kerosene, other than aviation grade
 5 kerosene.

6 "Kerosene" means the petroleum fraction containing
 7 hydrocarbons that are slightly heavier than those found in gasoline
 8 and naphtha, with a boiling range of 149 to 300 degrees Celsius.

9 "Petroleum products" means refined products made from crude
 10 petroleum and its fractionation products, through straight
 11 distillation of crude oil or through redistillation of unfinished
 12 derivatives, but shall not mean the products commonly known as
 13 number 2 heating oil, number 4 heating oil, number 6 heating oil,
 14 kerosene and propane gas to be used exclusively for residential use.

15 "Quarterly period" means a period of three calendar months
 16 commencing on the first day of January, April, July or October and
 17 ending on the last day of March, June, September or December,
 18 respectively.

19 **["Retail gasoline price survey" means a Statewide representative**
 20 **random sample of retail gasoline prices conducted by the Board of**
 21 **Public Utilities, Office of the Economist, or its successor, that shall**
 22 **be completed for the month of November and May of each year.]**

23 "Retail price per gallon" means the price **[posted by gasoline]**
 24 charged by retailers in the State for [unleaded regular gasoline] a
 25 gallon of the petroleum product dispensed into the fuel tanks of
 26 motor vehicles without State or federal tax included.

27 "Unleaded regular gasoline" means gasoline of the octane rating
 28 equal to the lowest octane rated gasoline offered for sale at a
 29 majority of the gasoline retailers in the State.

30 ¹"2016 implementation date" means the later of ²[September]
 31 November² 1, 2016 or the 15th day after the date of enactment of
 32 P.L. , c. (pending before the Legislature as this bill).¹
 33 (cf: P.L.1991, c.181, s.1)

34
 35 ¹**[10.] ²[8.1] 13.²** Section 7 of P.L.1991, c.181 (C.54:15B-2.1)
 36 is amended to read as follows:

37 7. a. "Gross receipts," as otherwise defined by section 2 of
 38 P.L.1990, c.42 (C.54:15B-2), shall not include receipts from sales
 39 of petroleum products used by marine vessels engaged in interstate
 40 or foreign commerce and ¹receipts from¹ sales of aviation fuels
 41 used by common carriers in interstate or foreign commerce other
 42 than the "burnout" portion which shall be taxable pursuant to rules
 43 promulgated by the director.

44 b. ¹[Motor fuel] Highway fuel¹ used for the following purposes
 45 is exempt from the tax imposed by section 3 of P.L.1990, c.42
 46 (C.54:15B-3), and a refund of the tax imposed by that section may

1 be claimed by the consumer providing proof the tax has been paid
2 and no refund has been previously issued:

3 (1) autobuses while being operated over the highways of this
4 State in those municipalities to which the operator has paid a
5 monthly franchise tax for the use of the streets therein under the
6 provisions of R.S.48:16-25 and autobuses while being operated over
7 the highways of this State in a regular route bus operation as
8 defined in R.S.48:4-1 and under operating authority conferred
9 pursuant to R.S.48:4-3, or while providing bus service under a
10 contract with the New Jersey Transit Corporation or under a
11 contract with a county for special or rural transportation bus service
12 subject to the jurisdiction of the New Jersey Transit Corporation
13 pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses
14 providing commuter bus service which receive or discharge
15 passengers in New Jersey. For the purpose of this paragraph
16 "commuter bus service" means regularly scheduled passenger
17 service provided by motor vehicles whether within or across the
18 geographical boundaries of New Jersey and utilized by passengers
19 using reduced fare, multiple ride, or commutation tickets and shall
20 not include charter bus operations for the transportation of enrolled
21 children and adults referred to in subsection c. of R.S.48:4-1 and
22 "regular route service" does not mean a regular route in the nature
23 of special bus operation or a casino bus operation;

24 (2) agricultural tractors not operated on a public highway;

25 (3) farm machinery;

26 (4) ambulances;

27 (5) rural free delivery carriers in the dispatch of their official
28 business;

29 (6) vehicles that run only on rails or tracks, and such vehicles as
30 run in substitution therefor;

31 (7) highway motor vehicles that are operated exclusively on
32 private property;

33 (8) motor boats or motor vessels used exclusively for or in the
34 propagation, planting, preservation and gathering of oysters and
35 clams in the tidal waters of this State;

36 (9) motor boats or motor vessels used exclusively for
37 commercial fishing;

38 (10) motor boats or motor vessels, while being used for hire for
39 fishing parties or being used for sightseeing or excursion parties;

40 (11) fire engines and fire-fighting apparatus;

41 (12) stationary machinery and vehicles or implements not
42 designed for the use of transporting persons or property on the
43 public highways;

44 (13) heating and lighting devices;

45 (14) motor boats or motor vessels used exclusively for Sea Scout
46 training by a duly chartered unit of the Boy Scouts of America; and

1 (15) emergency vehicles used exclusively by volunteer first-aid
2 or rescue squads.

3 (cf: P.L.1991, c.181, s.7)

5 ¹~~11.1~~ ²~~9.1~~ ^{14.2} Section 3 of P.L.1990, c.42 (C.54:15B-3) is
6 amended to read as follows:

7 3. a. ~~(1) (a)~~ There is imposed on each company which is
8 engaged in the refining or distribution, or both, of petroleum
9 products other than highway fuel and aviation fuel and which
10 distributes such products in this State a tax at the rate of ~~two and~~
11 ~~three-quarters percent (2 3/4%)~~ seven percent of its gross receipts
12 derived from the first sale of petroleum products within this State
13 and there is imposed on each company which is engaged in the
14 refining or distribution, or both, of highway fuel a tax at the rate of
15 ¹~~12.5~~ ^{12.85} percent, as adjusted pursuant to subsection c. of this
16 section, of its gross receipts derived from the first sale of those
17 products within this State. ; provided however, that the

18 (b) The applicable tax rate for ~~fuel oils, aviation fuels and~~
19 motor fuels subject to tax under R.S.54:39-1 et seq. ~~gasoline,~~
20 blended fuel that contains gasoline or is intended for use as
21 gasoline, and liquefied petroleum gas, which are taxed as a highway
22 fuel pursuant to subparagraph (a) of this paragraph, shall be
23 converted to a cents-per-gallon rate, rounded to the nearest tenth of
24 a cent, ~~that shall be calculated by the use of~~ and adjusted
25 quarterly by the director, effective on July 1, October 1, January 1,
26 and April 1, based on the average retail price per gallon of unleaded
27 regular gasoline ~~in December 1990,~~ in the State, as determined in
28 ~~a~~ the most recent survey of the retail price per gallon of gasoline
29 ~~prices~~ that ~~included~~ includes a Statewide representative
30 random sample conducted ~~in December 1990 for that month~~ by
31 the Board of Public Utilities, Office of the Economist, ~~and shall be~~
32 effective for the tax due for months ending after that date; and ~~or~~
33 its successor.

34 (c) The cents-per-gallon rate determined pursuant to
35 subparagraph (b) of this paragraph shall not be less than the rate
36 determined for the ¹~~quarter beginning~~ average retail price per
37 gallon of unleaded gasoline in the State on¹ July 1, 2016.

38 (d) The applicable tax rate for diesel fuel, blended fuel that
39 contains diesel fuel or is intended for use as diesel fuel, and
40 kerosene, other than aviation grade kerosene, which are taxed as a
41 highway fuel pursuant to subparagraph (a) of this paragraph, shall
42 be converted to a cents-per-gallon rate, rounded to the nearest tenth
43 of a cent, and adjusted quarterly by the director, effective on July 1,
44 October 1, January 1, and April 1, based on the average retail price
45 per gallon of number 2 diesel in the State, as determined in the most
46 recent survey of retail diesel fuel prices that includes a Statewide

1 representative random sample conducted by the Board of Public
2 Utilities, Office of the Economist, or its successor.

3 Notwithstanding the provisions of subparagraph (a) of this
4 paragraph to the contrary, for the period from ¹July 1, 2016] the
5 2016 implementation date¹ through December 31, 2016, no rate of
6 tax shall be applied to diesel fuel, blended fuel that contains diesel
7 fuel or is intended for use as diesel fuel, or kerosene, other than
8 aviation grade kerosene; for the period from January 1, 2017
9 through June 30, 2017, the applicable rate for those fuels shall be 70
10 percent of the rate otherwise determined pursuant to subparagraph
11 (a) of this paragraph, and for July 1, 2017 and thereafter the
12 applicable rate for those fuels determined pursuant to subparagraph
13 (a) of this paragraph.

14 (e) The cents-per-gallon rate determined pursuant to
15 subparagraph (d) of this paragraph shall not be less than the rate
16 determined for the ¹quarter beginning] average retail price per
17 gallon of number 2 diesel in the State on¹ July 1, 2016.

18 (f) The applicable tax rate for fuel oil determined pursuant to
19 subparagraph (a) of this paragraph shall be converted to a cents-per-
20 gallon rate, rounded to the nearest tenth of a cent, and adjusted
21 quarterly by the director, effective on July 1, October 1, January 1,
22 and April 1, to reflect the average price per gallon, without State or
23 federal tax included, of retail sales of number 2 fuel oil in the State,
24 as determined in the most recent survey of retail diesel fuel prices
25 that included a Statewide representative random sample conducted
26 by the Board of Public Utilities, Office of the Economist, or its
27 successor.

28 (g) The cents-per-gallon rate determined pursuant to
29 subparagraph (f) of this paragraph shall not be less than the rate
30 determined for the ¹quarter beginning] average price per gallon,
31 without State or federal tax included, of retail sales of number 2
32 fuel oil in the State on¹ July 1, 2016.

33 (h) On and after the 10th day following a certification by the
34 review council pursuant to subsection c. of section ¹[16] ²[14¹]
35 19² of P.L. , c. (C.) (pending before the Legislature as this
36 bill), no tax shall be imposed pursuant to this paragraph.

37 (2) (a) In addition to the tax, if any, imposed by paragraph (1)
38 of this subsection, a cents-per-gallon tax is imposed on each
39 company's gross receipts derived from the first sale of petroleum
40 products within this State on gasoline, blended fuel that contains
41 gasoline or that is intended for use as gasoline, liquefied petroleum
42 gas ², ² and aviation fuel at the rate of four cents per gallon; and

43 (b) In addition to the tax, if any, imposed by paragraph (1) of
44 this subsection, a cents-per-gallon tax is imposed on each
45 company's gross receipts derived from the first sale of petroleum
46 products within this State on diesel fuel, blended fuel that contains
47 diesel fuel or is intended for use as diesel fuel, and kerosene ², ²

1 other than aviation grade kerosene ^{2,2} at the rate of four cents per
2 gallon before July 1, 2017 and at the rate of eight cents per gallon
3 on and after July 1, 2017.

4 b. There is imposed on each company that imports or causes to
5 be imported, other than by a company subject to and having paid
6 the tax on those imported petroleum products that have generated
7 gross receipts taxable under subsection a. of this section, petroleum
8 products for use or consumption by it within this State a tax at the
9 rate **of two and three-quarters percent (2 3/4%)** or rates ²of,
10 determined pursuant to subsection a. of this section, on² the
11 consideration given or contracted to be given and the gallonage ²,
12 determined pursuant to subsection a. of this section,]² for such
13 petroleum products if the consideration given or contracted to be
14 given for all such deliveries made during a quarterly period exceeds
15 \$5,000 **;** provided however, that the applicable tax rate for fuel
16 oils, aviation fuels and motor fuels subject to tax under R.S.54:39-1
17 et seq. shall be converted to a cents per gallon rate, rounded to the
18 nearest cent, that shall be calculated by the use of the average retail
19 price per gallon of unleaded regular gasoline in December 1990, as
20 determined in a survey of retail gasoline prices that included a
21 Statewide representative random sample conducted in December
22 1990 for that month by the Board of Public Utilities, Office of the
23 Economist, and shall be effective for the tax due for months ending
24 after that date **].**

25 c. (1) For State fiscal years 2018 through 2026, the rate of tax
26 imposed on highway fuel pursuant to subsection a. of this section
27 shall be adjusted annually so that the total revenue derived from
28 highway fuel shall not exceed the highway fuel cap amount.

29 (2) The State Treasurer shall, on or before December 31, 2016,
30 determine the highway fuel cap amount as the sum of:

31 (a) the taxes collected for State Fiscal Year 2016 pursuant to
32 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
33 c.22 (C.54:39-103) on highway fuel,

34 (b) the amount derived from taxing the gallonage of highway
35 fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of
36 four cents per gallon, and

37 (c) the amount that would have been derived from taxing the
38 gallonage of highway fuel subject to motor fuel tax in State Fiscal
39 Year 2016 at the rate of 23 cents per gallon.

40 (3) On or before August 15 of each State Fiscal Year following
41 State Fiscal Year 2017, the State Treasurer and the Legislative
42 Budget and Finance Officer shall determine the total revenue
43 derived from:

44 (a) the taxes collected for the prior State Fiscal Year pursuant to
45 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
46 c.22 (C.54:39-103) on highway fuel,

1 (b) the revenue that would be derived from imposing the tax
 2 pursuant to paragraph (2) of subsection a. of this section on
 3 highway fuel at the rate of four cents per gallon, and

4 (c) the revenue derived from the taxation of highway fuel
 5 pursuant to paragraph (1) of subsection a. of this section.

6 (4) Upon consideration of the result of the determination
 7 pursuant to paragraph (3) of this subsection, and consultation with
 8 the Legislative Budget and Finance Officer, the State Treasurer
 9 shall determine the rate of tax to be imposed on highway fuel
 10 pursuant to subsection a. of this section that will result in revenue
 11 from:

12 (a) the taxes collected on highway fuel for the current State
 13 Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of
 14 section 3 of P.L.2010, c.22 (C.54:39-103),

15 (b) the revenue derived from the tax imposed pursuant to
 16 paragraph (2) of subsection a. of this section on highway fuel at the
 17 rate of four cents per gallon for the current State Fiscal Year, and

18 (c) the revenue derived from the taxation of highway fuel
 19 pursuant to paragraph (1) of subsection a. of this section

20 equaling the highway fuel cap amount determined pursuant to
 21 paragraph (2) of this subsection, as adjusted pursuant to paragraph
 22 (5) of this subsection;

23 and that rate shall take effect on ²the² October 1 of that year.

24 (5) If the actual revenue determined pursuant to paragraph (3) of
 25 this subsection exceeds the highway fuel cap amount determined
 26 pursuant to paragraph (2) of this subsection, then the highway fuel
 27 cap amount for the succeeding year shall be decreased by the
 28 amount of the excess in setting the rate pursuant to paragraph (4) of
 29 this subsection. If the actual revenue determined pursuant to
 30 paragraph (3) of this subsection is less than the highway fuel cap
 31 amount determined pursuant to paragraph (2) of this subsection,
 32 then the highway fuel cap amount for the succeeding year shall be
 33 increased by the amount of the shortfall in setting the rate pursuant
 34 to paragraph (4) of this subsection.

35 (cf: P.L.2000, c.48, s.1)

36
 37 ¹12. ²10. ¹15. ² Section 2 of P.L.1991, c.19 (C.54:15B-9) is
 38 amended to read as follows:

39 2. a. A person who shall purchase or otherwise acquire
 40 petroleum products, upon which the petroleum products gross
 41 receipts tax has not been paid and is not due pursuant to subsection
 42 b. of section 5 of P.L.1990, c.42 (C.54:15B-5) or upon which a
 43 reimbursement payment has been paid pursuant to section 3 of **this**
 44 **act** P.L.1991, c.19 (C.54:15B-10), from a federal government
 45 department, agency or instrumentality, or any agent or officer
 46 thereof, for use not specifically associated with any federal
 47 government function or operation, shall pay to the State a tax
 48 **equivalent to two and three-quarters percent (2 3/4%)** at the rate

1 or rates of the consideration given or contracted to be given for the
2 purchase or acquisition of the petroleum products and the
3 gallonge, determined pursuant to subsection a. of section 3 of
4 P.L.1990, c.42 (C.54:15B-3) in accordance with the procedures set
5 forth in the "Petroleum Products Gross Receipts Tax Act,"
6 P.L.1990, c.42 (C.54:15B-1 et seq.).

7 b. A person who knowingly uses, or who conspires with an
8 official, agent or employee of a federal government department,
9 agency or instrumentality, for the use of, a requisition, purchase
10 order, or a card or an authority to which the person is not
11 specifically entitled by government regulations, with the intent to
12 obtain petroleum products from a federal government department,
13 agency or instrumentality for a use not specifically associated with
14 a federal government function or operation, upon which the
15 petroleum products gross receipts tax has not been paid, is guilty of
16 a crime of the fourth degree.

17 (cf: P.L.1991, c.19, s.2)

18
19 ¹~~13.~~ ²~~11.1~~ ^{16.2} Section 3 of P.L.1991, c.19 (C.54:15B-10)
20 is amended to read as follows:

21 a. A federal government department, agency or instrumentality,
22 that purchases petroleum products other than by the first sale of that
23 product in this State for use in a federal government function or
24 operation, upon which petroleum products the petroleum products
25 gross receipts tax has been paid or is due and payable, shall be
26 reimbursed and paid an amount ~~equivalent to two and three-~~
27 ~~quarters percent (2 3/4%)~~ **at the rate or rates** of the consideration
28 given or contracted to be given **by the federal government**
29 **department, agency or instrumentality for the purchase of the**
30 **petroleum products** , and the gallonge, determined pursuant to
31 subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3).

32 b. The reimbursement shall be claimed by presenting to the
33 Director of the Division of Taxation in the Department of the
34 Treasury an application for the reimbursement, on a form prescribed
35 by the director, which application shall be verified by a declaration
36 of the applicant that the statements contained therein are true. Such
37 application for reimbursement shall be supported by an invoice, or
38 invoices, showing the name and address of the person from whom
39 the petroleum products were purchased, the name of the purchaser,
40 the date of purchase, the quantity of the product purchased, the
41 price paid for the purchase of the product, and an acknowledgment
42 by the seller that payment of the cost of the product to the seller,
43 including the petroleum gross receipts tax due thereon, has been
44 made. Such invoice, or invoices, shall be legibly written and shall
45 be void if any corrections or erasures shall appear on the face
46 thereof.

47 c. If petroleum products are sold to a federal government
48 department, agency or instrumentality that shall be entitled to a

1 reimbursement under this act, the seller of the petroleum products
2 shall supply the purchaser with an invoice that conforms with the
3 requirements of subsection b. of this section.

4 (cf: P.L.1991, c.19, s.3)

5
6 ¹14. (New section) a. There is levied a tax on persons, other
7 than licensed companies pursuant to section 6 of P.L.1991, c.181
8 (C.54:15B-12), holding the fuels enumerated in subparagraph (a) of
9 paragraph (2) of subsection a. of section 3 of P.L.1990, c.42
10 (C.54:15B-3) in storage for sale as of the close of the first business
11 day following the date of enactment of P.L. , c. (C.) (pending
12 before the Legislature as this bill) by fifteen days on which tax has
13 previously been paid. The amount of tax shall be the difference
14 between the tax per gallon specified by subsection a. of section 3 of
15 P.L.1990, c.42 (C.54:15B-3) for the type of fuel and the tax
16 previously paid per gallon, multiplied by the gallons in storage of
17 that type of fuel as of the close of the business day on that day.

18 b. Persons in possession of those fuels in storage as of the close
19 of the first business day following the date of enactment of P.L. ,
20 c. (C.) (pending before the Legislature as this bill) by fifteen
21 days shall:

22 (1) take an inventory at the close of the business day on that
23 day;

24 (2) report the gallons listed in paragraph (1) of this subsection
25 on forms provided by the director, not later than 45 days following
26 the date of enactment of P.L. , c. (C.) (pending before the
27 Legislature as this bill) by fifteen days; and

28 (3) Remit the tax levied under this section to the director no
29 later than February 1, 2017.

30 c. Fuel not reflected in the inventory taken pursuant to
31 subsection b. of this section is deemed to be previously untaxed,
32 except to the extent that it is invoiced as delivered tax-paid on or
33 after July 1, 2016.

34 d. There is levied a tax on persons, other than licensed
35 companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12),
36 holding the fuels enumerated in subparagraph (b) of paragraph (2)
37 of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in
38 storage for sale as of the close of the business day on December 31,
39 2016 on which tax has previously been paid. The amount of tax
40 shall be the difference between the tax per gallon specified by
41 subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the
42 type of fuel and the tax previously paid per gallon, multiplied by the
43 gallons in storage of that type of fuel as of the close of the business
44 day on December 31, 2016.

45 e. Persons in possession of those fuels in storage as of the close
46 of the business day on December 31, 2016 shall:

47 (1) take an inventory at the close of the business day on
48 December 31, 2016;

(2) report the gallons listed in paragraph (1) of this subsection on forms provided by the director, not later than January 31, 2017; and

(3) Remit the tax levied under this section to the director no later than August 1, 2017.

f. Fuel not reflected in the inventory taken pursuant to subsection b. of this section is deemed to be previously untaxed, except to the extent that it is invoiced as delivered tax-paid on or after January 1, 2017.

g. In determining the amount of tax due under this section, a person may exclude the amount of fuel in dead storage in each storage tank

h. As used in this section:

"Close of the business day" means the time at which the last transaction has occurred for that day.

"Dead storage" means the amount of fuel that cannot be pumped out of a fuel storage tank because the motor fuel is below the mouth of the draw pipe. The amount of motor fuel in dead storage is 200 gallons for a tank with a capacity of less than 10,000 gallons and 400 gallons for a tank with a capacity of 10,000 gallons or more. ¹

²[¹12.] 17.² (New section) a. There is levied a tax on persons, other than licensed companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12), holding the fuels enumerated in subparagraph (a) of paragraph (2) of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in storage for sale as of the close of the last business day before the 2016 implementation date on which tax has previously been paid. The amount of tax shall be the difference between the tax per gallon specified by subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the type of fuel sold on or after the 2016 implementation date and the tax previously paid per gallon, multiplied by the gallons in storage of that type of fuel as of the close of the business day on that day.

b. Persons in possession of those fuels in storage as of the close of the last business day before the 2016 implementation date shall:

(1) take an inventory at the close of the business day on that day;

(2) report the gallons listed in paragraph (1) of this subsection on forms provided by the director, not later than 45 days following the 2016 implementation date; and

(3) remit the tax levied under subsection a. of this section to the director no later than February 1, 2017.

c. Fuel not reflected in the inventory taken pursuant to subsection b. of this section is deemed to be previously untaxed, except to the extent that it is invoiced as delivered tax-paid on or after the 2016 implementation date.

d. There is levied a tax on persons, other than licensed companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12),

1 holding the fuels enumerated in subparagraph (b) of paragraph (2)
2 of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in
3 storage for sale as of the close of the business day on December 31,
4 2016 on which tax has previously been paid. The amount of tax
5 shall be the difference between the tax per gallon specified by
6 subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) for the
7 type of fuel sold on or after January 1, 2017 and the tax previously
8 paid per gallon, multiplied by the gallons in storage of that type of
9 fuel as of the close of the business day on December 31, 2016.

10 e. Persons in possession of those fuels in storage as of the close
11 of the business day on December 31, 2016 shall:

12 (1) take an inventory at the close of the business day on
13 December 31, 2016;

14 (2) report the gallons listed in paragraph (1) of this subsection
15 on forms provided by the director, not later than January 31, 2017;
16 and

17 (3) remit the tax levied under subsection d. of this section to the
18 director no later than June 1, 2017.

19 f. Fuel not reflected in the inventory taken pursuant to
20 subsection e. of this section is deemed to be previously untaxed,
21 except to the extent that it is invoiced as delivered tax-paid on or
22 after January 1, 2017.

23 g. There is levied a tax on persons, other than licensed
24 companies pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12),
25 holding the fuels enumerated in subparagraph (b) of paragraph (2)
26 of subsection a. of section 3 of P.L.1990, c.42 (C.54:15B-3) in
27 storage for sale as of the close of the business day on June 30, 2017
28 on which tax has previously been paid. The amount of tax shall be
29 the difference between the tax per gallon specified by subsection a.
30 of section 3 of P.L.1990, c.42 (C.54:15B-3) for the type of fuel sold
31 on or after July 1, 2017 and the tax previously paid per gallon,
32 multiplied by the gallons in storage of that type of fuel as of the
33 close of the business day on June 30, 2017.

34 h. Persons in possession of those fuels in storage as of the close
35 of the business day on June 30, 2017 shall:

36 (1) take an inventory at the close of the business day on June 30,
37 2017;

38 (2) report the gallons listed in paragraph (1) of this subsection
39 on forms provided by the director, not later than July 31, 2017; and

40 (3) remit the tax levied under subsection g. of this section to the
41 director no later than December 1, 2017.

42 i. Fuel not reflected in the inventory taken pursuant to
43 subsection e. of this section is deemed to be previously untaxed,
44 except to the extent that it is invoiced as delivered tax-paid on or
45 after July 1, 2017.

46 j. In determining the amount of tax due under this section, a
47 person may exclude the amount of fuel in dead storage in each
48 storage tank.

1 k. As used in this section:

2 "Close of the business day" means the time at which the last
 3 transaction has occurred for that day.

4 "Dead storage" means the amount of fuel that cannot be pumped
 5 out of a fuel storage tank because the motor fuel is below the mouth
 6 of the draw pipe. The amount of motor fuel in dead storage is 200
 7 gallons for a tank with a capacity of less than 10,000 gallons and
 8 400 gallons for a tank with a capacity of 10,000 gallons or more.¹
 9

10 ¹[15.] ²[13.¹] 18.² (New section) Notwithstanding any
 11 provision of the "Administrative Procedure Act," P.L.1968, c.410
 12 (C.52:14B-1 et seq.) to the contrary, the director may adopt
 13 immediately upon filing with the Office of Administrative Law
 14 such regulations as the director deems necessary to implement the
 15 provisions of sections ¹[9.] ²[7.¹] 12² through ¹[14.] ²[12.¹] 17² of
 16 P.L. , c. (pending before the Legislature as this bill), which
 17 regulations shall be effective for a period not to exceed 360 days
 18 following the date of enactment of P.L. , c. (pending before the
 19 Legislature as this bill) and may thereafter be amended, adopted, or
 20 readopted by the director in accordance with the "Administrative
 21 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).
 22

23 ¹[16.] ²[14.¹] 19.² (New section) a. The State Treasurer, and
 24 the Legislative Budget and Finance Officer, together with a third
 25 public member who shall be jointly selected thereby, shall
 26 constitute the review council.

27 b. The review council shall, on or before January 15, 2020,
 28 provide the Governor and the Legislature with an advisory report of
 29 their consensus estimate of the increase or decrease in State
 30 revenues pursuant to each section of P.L. , c. (C.) (pending
 31 before the Legislature as this bill), and pursuant to this act as a
 32 whole, during the preceding three State fiscal years, including a
 33 comparison of those estimates to the legislative fiscal estimate or
 34 fiscal note published contemporaneous with the enactment of this
 35 act prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

36 c. The review council shall conduct an ongoing review of the
 37 application of each section of P.L. , c. (C.) (pending before
 38 the Legislature as this bill).

39 The review council shall, not later than five days after any
 40 Legislative action that halts, delays, or reverses the implementation
 41 of those sections as scheduled on the date of enactment of P.L. ,
 42 c. (C.) (pending before the Legislature as this bill), certify
 43 for the purposes of subparagraph (h) of paragraph (1) of subsection
 44 a. of section 3. of P.L.1990, c.42 (C.54:15B-3) to the Director of the
 45 Division of Taxation that the scheduled implementation of P.L. ,
 46 c. (C.) had been impeded.

1 ¹~~17.~~ ²~~15.~~¹ ~~20.~~² This act shall take effect immediately,
2 ¹~~section~~ ²~~2~~ ~~8~~² shall apply to taxable years beginning on or after
3 January 1, 2017,¹ and sections ¹~~9.~~ ²~~7~~¹ ~~12~~² through ¹~~14.~~
4 ²~~11~~¹ ~~16~~² shall apply to first sales of petroleum products within
5 this State and to deliveries of petroleum products for use or
6 consumption within this State made on or after ¹~~July 1, 2016~~ the
7 2016 implementation date¹.