
2012 Annual Report

State of New Jersey
Department of the Treasury
Division of Taxation

December 2013

The Honorable Chris Christie
Governor

Members of the New Jersey Legislature

Dear Governor Christie and Legislators:

I am pleased to present the *Annual Report of the Division of Taxation* for the fiscal year ended June 30, 2012.

The Division continuously strives to administer the State's tax laws fairly, efficiently, and consistently in an effort to maximize revenues and improve taxpayer compliance. During fiscal year 2012 we realigned our Audit Activity, allowing employees to more effectively reduce noncompliance, prevent fraud, and increase tax collections by identifying, auditing, and billing taxpayers who have failed to meet their New Jersey tax obligations. We also expanded our cooperation with the Internal Revenue Service on criminal investigations by executing a Memorandum of Understanding to ensure that investigative resources are used efficiently and violations of both Federal and State tax laws are successfully prosecuted.

We remain committed to providing taxpayers with the information and assistance they need to meet their tax obligations. This report provides an overview of the Division's operations and details some of our accomplishments, which reflect the hard work of our dedicated employees.

Respectfully submitted,



Michael J. Bryan
Director

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New Jersey Division of Taxation

ORGANIZATION AND ACTIVITIES

AUDIT

This Activity is responsible for ensuring tax compliance with all New Jersey tax statutes through the audit of tax returns, examination of taxpayer records, and through the collection of outstanding tax liabilities. The Division's voluntary disclosure and nexus programs and various State tax credit programs are also administered by Audit Activity. This Activity is divided into two areas: Business Audit and Individual Audit & Audit Services.

BUSINESS AUDIT

In-State Field Audit

The In-State Field Audit Branch performs audits on resident and other local businesses to ensure compliance with existing tax statutes. Examinations of the taxpayer's accounting records are comprehensive and include all taxes administered by the Division, with special emphasis on Corporation Business Tax and Sales Tax. Audits are typically performed on-site at the taxpayer's place of business.

The Branch is comprised of 21 groups strategically located throughout the State. Field Audit district offices are located in Trenton (Hamilton Township), Neptune, Camden, Northfield, Hackensack, and Newark.

In addition to regular audit activities, the In-State Field Audit Branch continues to pursue its cash audit initiative. This program is designed to strengthen compliance and collection efforts in areas of low compliance as well as level the playing field for compliant businesses.

Out-of-State Field Audit

The Out-of-State Field Audit Branch is responsible for performing field audits for all New Jersey taxes on all taxpayers whose accounting records are maintained outside of the State. Currently the Division has regional offices in Des Plaines, Illinois and Anaheim, California, with field auditors based in Atlanta, Dallas, and Denver.

Excise Tax

The primary responsibility of the Excise Tax Branch is to administer the Motor Fuel Tax, the Cigarette Tax, and Tobacco Products Wholesale Sales and Use Tax. Other taxes administered by the Branch include the Alcoholic Beverage Tax, Petroleum Products Gross Receipts Tax, Public Utility Excise, Franchise and Gross Receipts Taxes, Radiation Emergency Response Assessments, Sales and Use Energy Tax, Spill Compensation and Control Tax, Transitional Energy Facility Assessments, and the Uniform

Transitional Utility Assessments. The Excise Tax Branch also administers the Unfair Cigarette Sales Act and the Trade Names, Trade-Marks and Unfair Trade Practices Act pertaining to motor fuels.

The Branch is comprised of three groups: one Field Audit Group and two Office Groups. The Field Audit Group performs field audits with an emphasis on audits of Motor Fuel Tax, Petroleum Products Gross Receipts Tax, and Tobacco Products Wholesale Sales and Use Tax returns. The two Office Groups perform various duties including audits, investigations, and licensing related to all of the taxes administered by the Branch.

Office Audit

The primary responsibility of the Office Audit Branch is the audit and refund of Corporation Business Tax. Other taxes audited include the Financial Business Tax, Insurance Premiums Tax, Ocean Marine Tax, Retaliatory Tax, various Sanitary Landfill Taxes, and Spill Compensation and Control Tax.

The Branch is comprised of eight audit groups. Two groups are assigned general corporate desk audits, and two groups issue tax clearance certificates. The Special Audit Group is responsible for administering the smaller taxes as well as reviewing Internal Revenue audit changes. The Nexus Audit Group has the responsibility to discover and examine out-of-State entities to determine whether they have unreported tax filing and paying obligations. The Corporate Billing Group is responsible for reviewing all deficiencies generated by Corporation Business Tax filings. The Corporate Refund Audit Group is responsible for auditing and approving all Corporation Business Tax refund claims.

INDIVIDUAL AUDIT & AUDIT SERVICES

Individual Tax Audit

The Individual Tax Audit Branch is comprised of the Gross Income Tax Audit Section and the Transfer Inheritance and Estate Tax Section.

Gross Income Tax Audit Section. The Gross Income Tax Audit Section, which is comprised of eight audit teams, is responsible for auditing Gross Income Tax returns filed with the State of New Jersey. The audits are done using a variety of criteria developed within the Branch, utilizing information from the Internal Revenue Service, neighboring states, and other New Jersey agencies, where applicable. The section provides technical support to Taxation's Data Warehouse unit on the development of its Gross

Income Tax direct billing and other audit support projects as well as answering taxpayer correspondence generated by these projects. The section is also responsible for approving Business Employment Incentive Program (BEIP) grants, film tax credits and refunds, authorizing partnership refunds, and pursuing delinquent resident and nonresident taxpayers both separately and in joint projects with other Division branches.

Transfer Inheritance and Estate Tax Section. The Transfer Inheritance and Estate Tax Section, which is comprised of six audit teams and one service team, is responsible for all phases of the administration of both the inheritance and estate taxes. Among its responsibilities are the promulgation of regulations, preparation of tax forms and instructional materials, tax compliance and collection functions, tax audits, and the issuance of assessment notices. The section also conducts seminars and conferences, assists in Court proceedings, and issues all required tax waivers.

Audit Services

The Audit Services Branch provides audit, technical, and clerical support for every aspect of Audit Activity. The Branch also administers Sales and Use Tax refunds and Urban Enterprise Zone (UEZ) Sales and Use Tax refunds.

This Branch is comprised of five groups. The Audit Selection and Technical Support Group provides other Audit Activity branches with audit candidates. The Audit Billing Group provides billing and collection support for Audit Activity. The Word Processing Group provides centralized word processing and other clerical support for Audit Activity. There are two Sales and Use Tax refund groups located in Hamilton Township, Mercer County. They are responsible for auditing and processing all Sales and Use Tax refund claims as well as many other types of refunds such as the Hotel/Motel State Occupancy Fee and Municipal Occupancy Tax, Cosmetic Medical Procedures Gross Receipts Tax, Atlantic City Luxury Sales Tax, Cape May County Tourism Sales Tax, Domestic Security Fee, 9-1-1 System and Emergency Response Fee, Motor Vehicle Tire Fee, Sales and Use Energy Tax, Transitional Energy Facility Assessment, Recycling Tax, and the Nursing Home Assessment. These two refund groups are also responsible for auditing and processing Sales and Use Tax UEZ refund claims filed by UEZ certified businesses for property and services used exclusively in a zone.

Data Warehouse

The Taxation Data Warehouse (TDW) utilizes data from various Federal and State agencies to develop Defined Business Intelligence Applications (DBIA) which identify

taxpayers that are nonfilers and/or underreporters. Once the DBIA is created, TDW mails notices of liability to taxpayers while working closely with staff from Audit, Compliance, and Technical Services to realize increased collections and taxpayer compliance.

TDW has accomplished multiple objectives of the Division of Taxation including revenue enhancements, operating cost reductions, improved data integrity and validation, standardization of analytical processes, and greater flexibility in the use of multiple data sources. TDW has implemented a Scoring and Ranking Model which utilizes actual response data to score and prioritize the leads, allowing the Division to focus on the most productive cases. TDW implemented a Business Objects reporting and analytical tool that allows users to access specific data to assist in the completion of their unit's goals.

TDW provides data to support many initiatives within the Division and throughout the State, including providing data for the recently implemented Return Evaluation Case Selection System (RECSS) project, providing the Department of Community Affairs (DCA) with data on Urban Enterprise Zone (UEZ) applicants, providing the Division of Revenue and Enterprise Services, Commercial Recording with information on the status of corporate taxpayers, providing Family Care, Department of Health and Human Services with income threshold validation, and providing the Office of the Chief Economist with information on taxpayers.

TECHNICAL SERVICES

Customer Services

The Customer Services Branch encourages voluntary compliance with New Jersey tax laws by providing taxpayers with the information and assistance they need to meet their tax responsibilities. It also provides similar services to New Jersey residents in applying for and obtaining property tax relief benefits. Information and assistance is delivered via the Internet and telephone as described below.

The **Customer Service Center** is a state-of-the-art telephone facility which handles thousands of calls each day. Customers speak to live representatives who provide general information and answer account-specific inquiries regarding property tax relief benefits and most taxes administered by the Division. The Customer Service Center also staffs the Tax Practitioner Hotline, a special service for tax practitioners who need assistance in resolving client problems that they have been unable to resolve through normal channels.

NJ WebFile provides taxpayers the means to prepare and file their income tax returns on a personal computer using the Division's secure Internet site. There is nothing to buy and there are no filing fees.

NJ Homestead Benefit Telefile is an automated telephone service which allows homeowners to file their homestead benefit applications by phone 24 hours a day/7 days a week during the benefit filing season.

Business Taxes Telefile is an automated telephone service which allows for the filing of various business taxes and fees.

Automated Tax Information System offers prerecorded general and account-specific information to callers regarding personal income tax, property tax relief programs, and business taxes. It also allows callers to order tax returns and informational publications.

Taxpayer Accounting

The Taxpayer Accounting Branch provides assistance to taxpayers by resolving discrepancies found on their individual income tax returns, including those relating to the various property tax relief programs administered by the Division. In some cases, this consists of reviewing tax returns to verify the correctness of processing before issuing a refund or bill. In other cases, this means reviewing correspondence submitted by taxpayers who disagree with a notice they received. The Branch also is responsible for the review of partnership tax returns and many, but not

all, business tax returns. That work also entails reviewing returns as well as replying to correspondence sent to the Division by businesses that receive a notification of change to their account. The Branch now employs a Correspondence Tracking System (CTS) which allows correspondence to be processed and tracked electronically through the use of imaging technology. The Branch consists of the following units:

The **TGI Correspondence and Review Units** examine individual income tax returns to correct errors in processing as well as review and process documents sent to the Division as a result of a Notice of Adjustment. The units correct accounts and issue refunds or bills with letters explaining the nature of any adjustments or changes made to an individual's income tax account.

The **Business Tax Unit** examines many tax returns required to be filed by businesses. The unit corrects processing errors and reviews correspondence received by the Division as a result of a Notice of Adjustment. The unit sends letters of explanation or additional notices detailing Division changes to a business's account when updates are made.

The **Partnership Tax Unit** reviews and corrects processing errors for mainly single-tiered partnerships. The unit reviews correspondence received as a result of a Notice of Adjustment, makes any necessary corrections to the partnership's account, and sends refunds or bills with letters of explanation.

The **TGI Eligibility Unit** reviews tax returns that may have been filed fraudulently with an emphasis on the New Jersey Earned Income Tax Credit. The unit issues letters requesting documentation and adjusts accounts. The unit works closely with the Division's Office of Criminal Investigation and often refers accounts to that office for additional action.

The **Property Tax Relief Programs Unit** resolves problems related to the State's Homestead Benefit, Property Tax Deduction, and Property Tax Reimbursement Programs. The unit assists New Jersey legislators seeking to resolve constituents' problems, and responds directly to taxpayer correspondence related to these property tax relief programs. The unit reviews pending homestead benefit claims, property tax deduction adjustments, and property tax reimbursement applications, adjusts accounts, and approves payments for eligible applicants. The unit contacts homeowners to obtain information that was missing from the original applications and resolves account errors and omissions based on the documentation provided.

Technical Information

The Technical Information Branch produces informational publications and tax return instructions; responds to taxpayer email and correspondence; and provides information to the public at Regional Information Centers, at outreach events, and through the Division's website.

The **Publications Unit** is responsible for most of the Division's informational publications, including the instructions for individual income tax returns and applications for the property tax relief programs administered by the Division; the quarterly newsletter for tax practitioners, the *New Jersey State Tax News*; the Annual Report of the Division of Taxation; and brochures and notices. This unit also provides technical tax material for the Division's website.

The **Email Unit** receives and reviews hundreds of emails each day. The majority of these emails are general requests for information or assistance, which are replied to directly by unit staff. Some requests may be forwarded to other areas for handling. The Email Unit also handles other types of general correspondence sent to the Division including those inquiries received by the text telephone service for hard-of-hearing users (TTY/TDD).

Regional Information Centers are available in seven of the Division's offices and provide in-person assistance to taxpayers regarding their account issues or other State tax matters. Tax filings and payments are accepted by these centers.

The **Training and Outreach Unit** provides instruction to personnel across the Division regarding technical tax topics, employee development, and desktop software applications. The unit also provides speakers to external groups on State tax-related matters.

COMPLIANCE & ENFORCEMENT

This Activity is comprised of two branches: the Compliance Services Branch and the Field Investigations Branch. A description of each of the branches follows.

Compliance Services Branch

The Compliance Services Branch is responsible for the collection of overdue tax liabilities via correspondence and telephone, provides services for the taxpaying public and for other sections of the Division of Taxation, and works with other State agencies such as the Motor Vehicle Commission, Division of Consumer Affairs, and the Lottery Commission. A brief description of the various functions performed by the Compliance Services Branch follows.

ABC Licensing Unit is responsible for examining the tax records of each business holding a valid New Jersey Retail Liquor License that disposes of its assets either by sale, transfer, or assignment, other than in the normal course of business, and issues Tax Clearance Certificates for the transfer of the licenses. This unit also issues Tax Clearance Certificates to the municipalities for compliant licensees for the annual renewal of Retail Alcoholic Beverage Licenses.

Bankruptcy Unit ensures that the Division of Taxation is compliant with U.S. Bankruptcy Code and/or similar statutes. This unit is responsible for collecting all outstanding New Jersey State tax liabilities from debtors who have filed for protection under Federal or State insolvency statutes by submitting proofs of claim to the appropriate courts of jurisdiction. This unit works closely with the Attorney General's Office to represent the State's interests in Bankruptcy Court proceedings.

Bulk Sales Unit is responsible for examining the tax records of each business that disposes of all or part of its business assets either by sale, transfer, or assignment in bulk, other than in the normal course of business. An escrow is established from the proceeds of the sale to secure the interests of the State and protect the interests of the purchaser. A Tax Clearance Certificate is issued when all conditions have been satisfied.

Judgment Unit collects overdue liabilities from taxpayers who neglected or refused to pay taxes and/or file returns. The primary collection instrument is the Certificate of Debt, which is filed with the Clerk of the New Jersey Superior Court. A Certificate of Debt has the same force and

effect as a Docketed Judgment adjudicated in any court of law.

License Verification Unit reviews the tax records of businesses that are licensed by State agencies to confirm that the business is complying with all required laws. If this review reveals unsatisfied tax liabilities or filing obligations, the taxpayer's business license may be subject to suspension.

Delinquency Unit issues notifications to individuals and businesses who fail to file required tax returns when due. This unit secures delinquent (nonfiled) returns and payments for nearly all taxes administered by the Division of Taxation.

Deferred Payment Control Unit provides taxpayers the ability to enter into repayment agreements and extend the time allotted for payment of taxes due the State of New Jersey. They ensure compliance through the timely receipt of installment payments and monitor taxpayers for compliance with current returns and obligations.

Casual Sales Unit verifies that the appropriate sales and use tax on purchases of motor vehicles, boats, and aircraft was paid and reviews purchases by individuals and businesses claiming a sale tax exemption. Taxpayers are notified when there is an underpayment of tax and collection procedures are pursued as necessary.

Set-Off Programs. The Compliance Services Branch administers or participates in five set-off programs: **Vendor Set-Off**, that holds payments due to State vendors and applies the payments toward deficient taxes owed by the vendor; **SOIL**, Set-Off of Individual Liability, that withholds gross income tax refunds and property tax relief benefit payments from taxpayers who have outstanding tax debts; **FOIL**, Federal Offset of Individual Liabilities, that withholds Federal income tax refunds and applies them against State tax liabilities; **TOP**, Treasury Offset Program, that withholds Federal payments due to businesses and applies the payments toward State tax deficiencies; and **State Reciprocal Set-Off**, reciprocal agreements with the states of Maryland, New York, and Connecticut, whereby individual income tax refunds are set off and sent to the state with an outstanding income tax liability for the taxpayer.

CATCH (Citizens Against Tax Cheats) receives and reviews reports of possible noncompliance with New Jersey taxing statutes and refers them to the appropriate Division branch or State agency for evaluation and action.

Contract Liaison Unit provides quality assurance to outside vendors which have been awarded public contracts

to pursue delinquent and deficient taxes for the Division. The current vendor, Pioneer Credit Recovery (PCR), pursues taxpayers after the initial billing by the Division of Taxation goes unresolved. A referral cost recovery fee of 10% of the liability is added to help defray the cost of using the vendor.

Contract Management Unit ensures the contracted vendors remit accurate invoices for payments based upon the actual revenue collected for accounts referred to the vendors, monitors vendors for adherence to the terms of the contract, and provides administrative and technical support to the vendors.

Business Assistance and Grant Clearance Unit reviews the tax records of businesses that are applying for grants, loans, or other incentives from other State agencies. A Tax Clearance Certificate is a precondition to the award by any State agency of assistance or incentive to a business.

Attorney General Referral Unit is used when all collection remedies have been exhausted without success. The taxpayer (business entity or individual) may be referred to the Office of the Attorney General for additional collection actions. Such actions may include domesticating the Division of Taxation's lien in another state where assets of the debtor may have been located and/or instituting wage garnishment proceedings.

Field Investigations Branch

The Field Investigations Branch performs the tax collection, enforcement, and civil investigation work for the Division. Field Investigators are assigned to seven field offices around the State. A brief description of the various functions performed by the Field Investigations Branch follows.

Canvassing/Educating involves visits to new businesses to verify that they are registered and that the owners understand their tax responsibilities. Transient vendors at flea markets, art and craft shows, entertainment venues, and special events are also canvassed regularly. To combat the underground cash economy, investigators issue on-the-spot jeopardy assessments against uncooperative transient vendors if necessary.

Boat Program involves the canvassing of marinas, patrolling the New Jersey intercostal waterways, and gathering information from other state and local agencies in pursuit of individuals or corporations that have avoided New Jersey Sales and Use Tax on their vessel purchase.

Tax Enforcement involves personal contact with businesses and individuals to secure delinquent tax returns,

collect outstanding taxes, and enforce registration and licensing requirements. If necessary to protect the State's interests, a Certificate of Debt is filed with the New Jersey Superior Court, followed by the issuance of a Warrant of Execution to collect the tax debt. After a noncompliant taxpayer is given a final warning visit and encouraged to make payment arrangements, but to no avail, the personal and business assets of the noncompliant tax debtor are subject *to seizure of assets and sale at public auction*.

Revenue Opportunity Units seek out noncompliant taxpayers with various initiatives to ensure that voluntary compliance within the taxing statutes is achieved. These new additions to the Field Investigations Branch focus on out-of-State entities whose business activities in New Jersey create nexus and trigger a tax obligation. Investigators work cooperatively with various local, State, and Federal agencies such as U.S Customs, the New Jersey State Police, the Division of Motor Vehicles, and local law enforcement agencies at weigh stations and vehicle safety and emission sites to check out-of-State business entities. Investigators also canvass various locations, such as construction sites and warehouses, in order to uncover nonregistered or noncompliant out-of-State vendors. They also focus on in-State underground economy and compliance projects such as: initiative on nonresident personal income tax verification, compliance of commercial construction companies, athletes and entertainers (personal income tax and corporation business tax), home-based businesses, municipal court program, abuse of dealer plates, license suppression, sales and use tax on boat purchases, and partnership return verification. When necessary, investigators utilize the authority granted in N.J.S.A. 54:49-5 and N.J.S.A. 54:49-7 to *make jeopardy assessments and demand immediate payment* of a proposed tax debt. Failure to satisfy the jeopardy assessment may result in immediate seizure of available assets.

PROPERTY ADMINISTRATION

Property Administration consists of two sections: Policy & Planning and Valuation & Mapping. The activities of these two sections concern the valuation of real and certain personal property.

Property Administration personnel review and prepare comments on proposed legislation concerning property tax issues; review and approve reassessment and revaluation programs and contracts; develop procedures for uniform application of senior citizens' and veterans' deductions and certify the deduction amounts for State reimbursement to local taxing districts; oversee the administration of the Farmland Assessment Act of 1964; defend the Table of Equalized Valuations; review, classify, assess, and tax railroad properties; assess and compute Railroad Franchise Tax; support Property Administration's data processing systems (MOD IV and Sales Ratio); review and approve municipal tax maps; administer biannual Tax Assessors' Certification Exams; prepare written guidelines on property tax programs and statutes for assessors and county tax board members; and respond to general taxpayer inquiries, reply to correspondence and legislative referrals regarding property tax matters, and provide services to the public or other Local Government Entities. They also monitor county board of taxation members' statutory education requirements, serve on the Continuing Education Eligibility Board awarding credit for classes relevant to the recertification process for assessors, and often take leading roles in training, education seminars, and courses providing knowledge on local property administration issues aimed at improving the performance of county board of taxation members, administrators, and municipal assessors.

Local Property

Policy and Planning Section

Legislative Analysis/Deductions, Exemptions, Abatements/Correspondence Unit reviews and prepares comments on proposed legislation concerning property tax matters; reviews and develops policies and practices for property tax deduction, exemption, abatement programs, and preferential reduced farmland assessment; responds to inquiries of the general public, State and local tax officials, and members of the Legislature with respect to property tax issues; prepares correspondence, written guidelines, regulations, and educational materials, including the Handbook for New Jersey Assessors, regarding local property taxation.

Revaluations/Reassessments/Continuing Education Unit reviews and approves revaluation and reassessment programs, applications, and contracts; reviews and certifies the dollar amounts for State reimbursement to local taxing districts for senior citizens' and veterans' property tax deductions; compiles the annual Farmland Data Report and Farmland Rollback Report; and administers assessors' continuing education and recertification programs.

County Board of Taxation Assistance/Compliance/Certified Assessor Exam/Realty Transfer Fee Unit responds to inquiries on the Realty Transfer Fee and monitors the dollar amount collected and refunded; provides assistance and checks compliance for the 21 county boards of taxation; coordinates and administers biannual Tax Assessor Certification Exams; prepares written information and instructions on various property tax statutes and programs for use by county tax board members and administrators.

Local Assessor Compliance Unit audits municipalities that the State reimburses for granting qualified \$250 senior citizens' and \$250 veterans' annual property tax deductions and assists with the State administration of municipal property tax deduction reimbursements; conducts investigations of cooperative and continuing care ownerships for homeowners' benefit updates.

Valuation and Mapping Section

Field Unit provides direct assistance in solving problems to 550 municipal tax assessors' offices, 1 county assessor's office, and 21 county boards of taxation; investigates SR-1As for sales ratio purposes; gathers and verifies data for the Table of Equalized Valuations; in cooperation with the Deputy Attorney General assigned to Division of Taxation defends the Table of Equalized Valuations at appeal.

Sales Ratio Unit oversees the Assessment-Sales Ratio Program and ensures that assessors receive and send timely electronic transmission of sales data; performs investigations of sales ratio methodologies and appraises real property; and develops the annual Table of Equalized Valuations from the data analyzed. The Table is used in the calculation and distribution of State School Aid, to apportion county and regional school district taxes, and to measure debt limits of local government units. The Table of Equalized Valuations shows the average ratio of assessed to true value of real estate for each municipality in the State.

Equalization and Tax Map Unit reviews and corrects county equalization and county abstract of ratables for all 21 counties; prepares the State Abstract of Ratables and annual State Equalization Table and answers all equalization questions; develops and maintains the Handbook for

County Boards of Taxation; reviews and approves municipal tax maps for conformance to current specifications and, as required, for municipal revaluations or formal certification.

Valuation and Railroad Property Unit values real property for Inheritance Tax purposes to assist the Transfer Inheritance and Estate Tax Section; maintains the Real Property Appraisal Manual for New Jersey Assessors; conducts special appraisal studies and investigations as required to meet unusual or unique circumstances; reviews, classifies, assesses, and taxes railroad properties; assesses and computes Railroad Franchise Tax; determines railroad replacement revenues for municipalities in which railroad property is located; and collects, reviews, and maintains employment information that pertains to municipal assessors, such as tenure and term of office and conducts periodic inspections of municipal tax assessors' offices for compliance with statutory responsibilities.

Information Services Unit supports Property Administration in all aspects of information processing and new technologies; applies new technologies to current operations, develops relational databases, and ensures the efficiency of Property Administration systems; assists in determining the operating policies, procedures, and priorities for all of Property Administration's data processing systems (MOD IV and Sales Ratio); ensures that MOD IV vendors are approved, monitored, and advised on new legislation or policies that affect Local Property; handles secure file transfers to data centers; maintains Property Administration web pages and the portal area for municipal assessors and county boards of taxation; acts as liaison for OPRA (Open Public Records Act) requests that pertain to local property tax data.

CHIEF OF STAFF

The Office of the Chief of Staff is responsible for representing the Division throughout State government in administrative matters, as well as providing Division-wide support in the areas of Management Services and Data Systems. The Office of the Chief of Staff works in conjunction with the Department of Treasury's Fiscal Office, the Division of Revenue and Enterprise Services, and Human Resources to provide internal controls and facilitate requests regarding budgetary needs, IT services, and to coordinate personnel matters, including disciplinary and grievance actions concerning Division employees.

Management Services

Management Services is responsible for providing support in the following areas:

Facilities Management. Responsible for coordinating building maintenance and management services for 12 office locations throughout New Jersey and for the Division's out-of-State locations. Facilities Management monitors all construction projects and coordinates physical moves for all Taxation locations. In addition, Facilities Management is responsible for security and providing employees with photo identification and building access cards.

Records Management. Responsible for the Division's records management and storage. The unit maintains a records placement and tracking system that enables Division personnel to retrieve documents and files quickly and efficiently. Also responsible for managing taxpayer requests for copies of personal and business tax returns.

Mail Services/Property & Forms. Responsible for the pickup, sorting, recording, and delivery of mail, forms, and supplies for the Division, including field offices and other State agencies. The unit manages and maintains the Division's surplus property, equipment, and forms inventories.

Taxpayer Forms Services. Responsible for mailing forms and publications in response to taxpayers' requests, and bulk mailing for special projects from various branches of the Division.

Data Systems

Data Systems provides the Division with the technological assistance required to administer the tax laws of New Jersey. These services include the development and management of the Division's tax systems and the design and procurement of tax forms and applications. Data Systems coordinates their efforts with the Office of Information

Technology (OIT) in order to ensure that the operational needs of the Division are met. The Branch provides technical assistance to Division personnel, aids in problem resolution with respect to the various systems, and also acts as liaison for the Division with other State, Federal, and local agencies as required.

The responsibilities of this Branch are divided into the following major areas:

Individual Tax Systems. Analysts determine systemic needs and provide data processing support including the development, monitoring, and maintenance of the individual income tax system and the various property tax relief programs. They have the ultimate responsibility of ensuring that the income tax and property tax relief systems conform to all statutes, policies, and procedures of the Division. Individual Tax Systems analysts also design all income tax forms and applications for the property tax relief programs.

Business Tax Systems. Analysts maintain and enhance existing tax systems and develop new business tax systems. They provide data processing support including the development, monitoring, and maintenance of the over 30 business tax systems administered by the Division. They have the ultimate responsibility of ensuring that the business tax systems conform to all statutes, policies, and procedures of the Division.

Tax Systems Help Desk. Personnel possess expertise in the various tax and data systems used within the Division. They assist Division personnel on a daily basis in resolving problems encountered using these systems. This group creates, maintains, and terminates employee access and authority levels for the Taxation data systems. They also manage automated case flow for collection activities within the Division and perform numerous complex maintenance functions for the many systems in place throughout Taxation.

Forms. Personnel coordinate the design and specifications of New Jersey tax forms, applications, and many related publications. The analysts work in conjunction with the Division of Revenue and Enterprise Services to ensure that all of the form requirements are met for the processing of the documents. They also coordinate with the Division of Purchase and Property and printing contractors to provide quality products consistent with these requirements. In addition, the analysts perform site inspections of vendor production facilities and supervise the production process to ensure quality control.

OFFICE OF COUNSEL SERVICES

Conference and Appeals

The Conference and Appeals Branch provides taxpayers with a forum in which disputed tax matters can be reviewed and resolved. The Branch processes taxpayer protests related to most State taxes, conducts informal administrative conferences, and issues final determinations on behalf of the Director. These conferences may be conducted via correspondence, telephone, or in person. The Branch also interacts with the Office of the Attorney General on the litigation of most State taxes as well as property tax rebate programs.

All incoming protests are separated into two tracks: an individual tax track and a business tax track. The Review Section within each particular tax track evaluates all protests for compliance with the statutory and regulatory provisions governing protests and appeals. At this time, a determination is also made as to whether or not the State is at risk relative to the collection of protested business tax assessments. Taxpayers may be asked to pay the outstanding assessment, furnish a surety bond, or furnish a letter of credit to stay collection. Absent adequate surety, a Certificate of Debt will be filed and, where appropriate, a "Finding of Responsible Person" will be issued. The Review Section within each particular tax track also pursues collection of any unprotested components of an assessment during the pendency of the protested components.

The mission of the Conferences Section is to provide informal administrative conferences to taxpayers who receive an adverse tax determination. The conferees hold a fair and efficient informal administrative conference seeking a resolution of all tax matters before them. After the conference process, the conferee issues a Final Determination on tax assessments and/or refund denials, as well as miscellaneous and nonmonetary issues.

Final Determinations may be appealed to the Tax Court of New Jersey. Once a case is appealed, the Appeals Section manages the case, acting as the Division's liaison and working in unison with the Deputy Attorney General assigned to defend the Division of Taxation. The Appeals Section works to ensure that the Director's position is well presented and clearly understood.

Office of Legislative Analysis and Disclosure

The Office of Legislative Analysis and Disclosure (OLAD) coordinates the Division of Taxation's legislative response and review, monitors the use of confidential Federal and State tax information through the Disclosure Office, serves as the contact point for all agency responses to inquiries made through the Open Public Records Act, provides administrative and professional support for the Sales and Use Tax Review Commission, and produces the State's annual Tax Expenditure Report in collaboration with the Office of the Chief Economist.

OLAD is responsible for reviewing all tax bills introduced in the legislature. It evaluates the potential administrative, fiscal, and policy implications of proposals which are scheduled or pending legislative action; proposes amendments to ensure that a bill can be effectively implemented; prepares bill comments and fiscal notes; and recommends positions to be taken by the State Treasurer. This function also includes monitoring of legislative activity. The office maintains a close working relationship with the Treasurer's Office and often initiates and participates in the implementation process when a tax bill is enacted.

The Executive Secretary to the Sales and Use Tax Review Commission is a member of OLAD and is responsible for providing administrative and professional support to the Commission. The Commission is statutorily charged with reviewing proposed legislation that would either expand or contract the base of the New Jersey Sales and Use Tax Act. The Executive Secretary is responsible for researching and drafting bill comments, scheduling and facilitating Commission meetings, and issuing an annual report on behalf of the Commission.

The Disclosure Office is responsible for responding to internal and external requests for tax records and recommending and implementing exchange agreements with state and Federal agencies. The office interfaces with the Internal Revenue Service, the New Jersey State Police, the Division of Criminal Justice, the Division of Gaming Enforcement, and the tax and revenue divisions of other states. This interaction has resulted in identifying and locating tax evaders who cross state lines. In addition, the Disclosure Office is responsible for agency-wide training of employees regarding the safeguarding of confidential Federal taxpayer records. To ensure quality control, the office also inspects each of the Division's offices for compliance with security procedures, establishes standard operating procedures for the handling and disposal of confidential State and Federal tax information, and responds to irregularities discovered by the office or by the IRS.

The Disclosure Office is one of a few that were recognized nationally by the IRS for its outstanding internal procedures.

The Disclosure Office is also the Division's central point for receipt of public requests for information made pursuant to the Open Public Records Act (OPRA). The office reviews, researches, and prepares the Division's responses to all OPRA requests.

Finally, OLAD provides narrative support and tax expenditure data which is included in the annual State Tax Expenditure Report.

Regulatory Services

The Regulatory Services Branch furnishes guidance and support to the Division with respect to issues arising in the course of its work, and to the general public. Specifically, the Branch provides and publishes advice, information, and written guidance in order to promote voluntary compliance with New Jersey tax laws. The Branch handles technical and regulatory issues; provides administrative and enforcement advice to Division management and staff on all tax laws under the jurisdiction of the Division; drafts new legislation; reviews proposed legislation; provides technical assistance in the implementation of new tax laws; analyzes, researches, and responds to taxpayers' inquiries and requests for technical advice or letter rulings; and issues guidance for the public in the form of Technical Bulletins, Technical Advisory Memorandums (TAMs), notices, *New Jersey State Tax News* articles, and web pages. Members of the Branch act as the Division's liaisons with the Division of Revenue and Enterprise Services, the Economic Development Authority, the Urban Enterprise Zone Authority, and other State agencies with respect to various tax issues.

Regulatory Services is also responsible for coordinating the processing of all Division administrative rules and notices through the Administrative Practice Officer (APO). The APO maintains contact with the Office of Administrative Law in order to oversee the promulgation of Division rules and their official publication in the *New Jersey Register*.

The Exempt Organization Unit within the Branch processes and makes determinations on applications for Sales and Use Tax Exempt Organization Certificates.

Office of the Taxpayer Advocate

The Office of the Taxpayer Advocate (OTA) provides an avenue of independent review for taxpayers with State tax problems that they have been unable to resolve through normal channels or who are facing "undue hardship" as

a result of action or inaction by the Division of Taxation. The OTA can only assist taxpayers whose problems fall within the Division of Taxation's jurisdiction. The OTA cannot assist with problems that result from a determination or action of another State department or agency.

The OTA is also tasked with identifying and proposing solutions and changes for systemic problems that increase the burden on, or create problems for taxpayers. Where appropriate, the OTA will recommend administrative or legislative changes to resolve, alleviate, and/or mitigate identified problems.

OFFICE OF CRIMINAL INVESTIGATION (OCI)

The Office of Criminal Investigation (OCI) is the Division's law enforcement and criminal investigation arm. Its primary mission is to conduct investigations concerning alleged violations of the State tax code as well as the attendant criminal code violations. OCI enforces all statutes and regulations administered by the Division of Taxation. Members of OCI work closely with other law enforcement and criminal justice agencies, particularly the New Jersey Attorney General's Office and the 21 County Prosecutors' Offices, including Federal, State, and local criminal investigators focusing on economic and financial crimes that have tax compliance consequences. OCI special agents also provide homeland security and emergency management support to the Divisions of Taxation and Revenue and Enterprise Services.

OCI consists of four units, all of which focus on "Protecting the Revenue":

The **Special Investigations Unit (SIU)** consists of sworn special agents who detect, investigate, and arrest violators of the Cigarette Tax Act, Motor Fuel Tax Act, Alcoholic Beverage Tax Act, and the Tobacco Products Wholesale Sales and Use Tax Act. Contraband smuggling and counterfeiting of tax indicia and goods are priority investigations. The seizure and forfeiture of currency, vehicles, and related equipment are tools used by OCI to deter violators. Investigators assigned to SIU conduct regulatory enforcement actions at licensed premises citing violators for local court proceedings.

The **Financial Investigations Unit (FIU)** is staffed by forensic auditors and sworn special agents who investigate criminal violations involving the various taxes administered by the Division with a focus on Sales and Use Tax, Gross Income Tax, and Corporation Business Tax. Entrusted fund investigations receive particular attention. Auditors assigned to FIU receive extensive criminal investigative training to augment their financial skills. Within FIU is the Special Frauds Unit that works to identify refund fraud, false filings, and other criminal schemes designed to defraud the State. It assists in implementing systems and methods to prevent unlawful refunds in an ever-changing environment.

The **Internal Security Unit (ISU)** handles confidential and sensitive matters, including internal investigations regarding professional responsibility; background investigations of prospective employees; and acts of threats, harassment, or intimidation made by persons attempting

to impede the functions of the Divisions of Taxation and Revenue and Enterprise Services. ISU provides training for new employees on confidentiality statutes, rules and policies, and bribery awareness issues.

The **Technical Enforcement Unit (TEU)** is composed of trained investigators whose primary responsibility is to recover and protect taxes and funds due the State of New Jersey. They review internal records of the Division of Taxation related to payments made that are dishonored by financial institutions. Criminal prosecution is initiated for violators who fail to replace dishonored checks and failed electronic funds transfers.

Members of the Office of Criminal Investigation serve on Federal and State law enforcement task force units bringing financial investigative expertise and resources to multi-jurisdictional organizations serving the citizens of the State of New Jersey.

New Jersey Division of Taxation

TAXES AND PROGRAMS ADMINISTERED

Table 1—Major State Revenue Collections (Net) Fiscal Years 2010–2012

Revenue Source ¹	2012 ²	% of Total	2011	% of Total	2010	% of Total	% Change 2011–12
Collected by the Division:							
Admissions Surcharge	\$ 20,204	0.0%	\$ 265,299	0.0%	\$ 477,655	0.0%	-92.4%
Alcoholic Beverage Tax (total revenue)	135,304,726	0.5	131,442,883	0.5	126,367,349	0.5	2.9
Casino Revenue ³	264,608,573	1.0	24,203,185	0.1	25,746,497	0.1	993.3
Cigarette Tax (total revenue)	771,124,681	2.8	769,244,577	2.9	741,765,675	2.9	0.2
Controlling Interest Transfer Tax	84,958,956	0.3	66,886,253	0.2	53,995,202	0.2	27.0
Corporation Taxes:							
Corporation Business ⁴	2,037,103,743	7.5	2,344,428,939	8.8	2,144,566,605	8.2	-13.1
CBT Banks & Financials	106,378,294	0.4	118,280,750	0.4	130,405,775	0.5	-10.1
Cosmetic Medical Procedures Tax	11,015,680	0.0	10,763,333	0.0	9,928,232	0.0	2.3
Domestic Security Fee	32,191,180	0.1	30,758,399	0.1	29,202,597	0.1	4.7
Environmental Taxes:							
Landfill Closure and Contingency	1,718,714	0.0	1,676,116	0.0	1,651,728	0.0	2.5
Litter Control	18,616,945	0.1	18,258,091	0.1	16,946,428	0.1	2.0
Public Community Water Systems	2,822,735	0.0	2,509,838	0.0	2,422,770	0.0	12.5
Recycling	24,312,987	0.1	25,402,318	0.1	23,239,262	0.1	-4.3
Spill Compensation	28,043,560	0.1	22,447,010	0.1	20,436,208	0.1	24.9
Fur Clothing Retail Gross Receipts/Use Tax	0	0.0	0	0.0	(276)	0.0	0.0
Gross Income Tax	11,128,418,349	41.1	10,617,034,179	39.6	10,322,942,702	39.7	4.8
Hotel/Motel Occupancy Fee/Tax	85,182,162	0.3	78,238,345	0.3	72,808,464	0.3	8.9
Insurance Premiums Tax	532,306,762	2.0	465,081,765	1.7	509,305,514	2.0	14.5
Miscellaneous Revenues	10,511,384	0.0	9,885,212	0.0	17,248,983	0.1	6.3
Mobile Telecommunications (9-1-1) Fee	124,939,069	0.5	125,952,063	0.5	128,069,604	0.5	-0.8
Motor Fuel Tax	539,714,372	2.0	524,166,890	2.0	535,281,605	2.1	3.0
Motor Vehicle Tire Fee	8,730,627	0.0	9,006,719	0.0	8,622,475	0.0	-3.1
Nursing Home Provider Assessment (tot. rev.)	123,504,835	0.5	125,382,539	0.5	130,168,286	0.5	-1.5
Petroleum Products Tax	223,252,752	0.8	216,396,080	0.8	216,279,752	0.8	3.2
Public Utility Excise Tax	14,372,712	0.1	14,791,773	0.1	13,235,199	0.1	-2.8
Railroad Franchise Tax	7,093,932	0.0	5,883,460	0.0	4,172,716	0.0	20.6
Railroad Property Tax	5,650,975	0.0	4,228,055	0.0	3,908,809	0.0	33.7
Sales Taxes:							
Sales and Use ⁴	8,099,548,866	29.9	8,144,397,344	30.4	7,898,166,015	30.4	-0.6
Atlantic City Lux & Promo (Loc. Use)	33,336,623	0.1	31,237,764	0.1	26,552,304	0.1	6.7
Tobacco Products Wholesale	20,941,068	0.1	19,235,963	0.1	17,977,198	0.1	8.9
Cape May County Tourism (Loc. Use)	5,550,181	0.0	5,519,801	0.0	5,203,910	0.0	0.6
Savings Institution Tax ⁵	0	0.0	0	0.0	(1,617)	0.0	0.0
Sports and Entertainment Facility Tax ⁶	45,670	0.0	19,958	0.0	64,054	0.0	128.8
Transfer Inheritance and Estate Taxes	641,867,808	2.4	642,182,390	2.4	581,624,419	2.2	0.0
Revenue Collected by the Division	\$25,123,189,125	92.7%	\$24,605,207,291	91.9%	\$23,818,782,099	91.6%	2.1%
Collected Outside the Division:							
State Athletic Control Board (tot. rev.)	\$ 801,655	0.0%	\$ 1,044,974	0.0%	\$ 634,887	0.0%	-23.3%
Casino Control	51,408,014	0.0	60,804,606	0.2	64,084,023	0.2	-15.5
Casino Revenue ⁷	0	0.0	266,263,583	1.0	296,125,408	1.1	-100.0
Lottery	950,082,267	3.5	930,000,111	3.5	924,009,031	3.6	2.2
Motor Vehicle Fees (total revenue)	658,290,981	2.4	638,613,147	2.4	629,311,804	2.4	3.1
Outdoor Advertising (total revenue)	1,660,970	0.0	1,680,105	0.0	1,929,694	0.0	-1.1
Realty Transfer (total revenue)	316,112,843	1.2	283,209,703	1.1	275,969,472	1.1	11.6
Revenue Collected Outside the Division	\$ 1,978,356,730	7.3%	\$ 2,181,616,229	8.1%	\$ 2,192,064,319	8.4%	-9.3%
Total Major State Revenue Collections	\$27,101,545,855	100.0%	\$26,786,823,520	100.0%	\$26,010,846,418	100.0%	1.2%

¹ Figures are from the Comprehensive Annual Financial Report unless otherwise indicated.

² The 2012 figures are subject to adjustment.

³ Prior to 2012 the Division of Taxation collected only the Casino Parking Fee.

⁴ Includes the on-budget amount of energy tax for sales tax and CBT.

⁵ Repealed for privilege periods/taxable years beginning after 2001; entries reflect prior-year adjustments.

⁶ New Jersey Division of Taxation Records.

⁷ Beginning January 1, 2012, the Division of Taxation assumed responsibility for certain taxes and fees previously collected by the Casino Control Commission.

Note: Some entries for prior years may be revised from earlier versions.

Totals may not add due to independent rounding.

Statutory Responsibilities

Responsibilities of the Division of Taxation arise under the following statutory provisions:

Tax	N.J.S.A. Citation	Tax	N.J.S.A. Citation
Admissions Surcharge.....	40:48G-1 <i>et seq.</i>	9-1-1 System and Emergency Response Assessment.....	52:17C-17 <i>et seq.</i>
Alcoholic Beverage Tax.....	54:41-1 <i>et seq.</i>	Nursing Home Assessment	26:2H-92 <i>et seq.</i>
Atlantic City Casino Taxes and Fees	5:12-148.1 to 5:12-148.3 5:12-148.8 5:12-173.2	Outdoor Advertising Fee.....	54:4-11.1 <i>et seq.</i>
Atlantic City Luxury Sales Tax.....	40:48-8.15 <i>et seq.</i> 54:32B-24.1 <i>et seq.</i>	Petroleum Products Gross Receipts Tax.....	54:15B-1 <i>et seq.</i>
Atlantic City Tourism Promotion Fee.....	40:48-8.45 <i>et seq.</i>	Property Tax Relief Programs.....	54:4-8.67 <i>et seq.</i> Homestead Rebate
Cape May County Tourism Sales Tax.....	40:54D-1 to 10	NJ SAVER Rebate.....	54:4-8.57 <i>et seq.</i> 54:4-8.58a and 54:4-8.58b
Cigarette Tax	54:40A-1 <i>et seq.</i> 56:7-18 <i>et seq.</i>	Property Tax Reimbursement.....	54:4-8.67 <i>et seq.</i>
Controlling Interest Transfer Tax.....	54:15C-1	Public Community Water System Tax.....	58:12A-1 <i>et seq.</i>
Corporation Business (Net Income and Net Worth) Tax	54:10A-1 <i>et seq.</i> CBT Banking Corporation	Public Utility Taxes: Public Utility Excise, Franchise, and Gross Receipts Taxes.....	54:30A-49 <i>et seq.</i> Railroad Franchise Tax.....
CBT Banking Corporation	54:10A-1 <i>et seq.</i>	Railroad Property Tax.....	54:29A-1 <i>et seq.</i> 54:29A-1 <i>et seq.</i>
CBT Financial Corporation	54:10A-1 <i>et seq.</i>	Realty Transfer Fee.....	46:15-5 <i>et seq.</i>
Cosmetic Medical Procedures Gross Receipts Tax.....	54:32E-1 <i>et seq.</i>	Recycling Tax	13:1E-96 <i>et seq.</i>
Domestic Security Fee.....	App.A:9-78	Sales and Use Tax	54:32B-1 <i>et seq.</i>
Fur Clothing Retail Gross Receipts Tax and Use Tax.....	54:32G-1 <i>et seq.</i>	Savings Institution Tax.....	54:10D-1 <i>et seq.</i>
Gross Income Tax	54A:1-1 <i>et seq.</i>	Spill Compensation And Control Tax	58:10-23.11 <i>et seq.</i>
Hotel/Motel Occupancy Fee and Municipal Occupancy Tax	54:32D-1 <i>et seq.</i>	Sports and Entertainment Facility Tax	34:1B-193 <i>et seq.</i>
Insurance Premiums Tax	54:16-1 <i>et seq.</i> 54:17-4 <i>et seq.</i> 54:18A-1 <i>et seq.</i>	Tobacco Products Wholesale Sales and Use Tax	54:40B-1 to 14
Landfill Closure and Contingency Tax	13:1E-100 <i>et seq.</i>	Transfer Inheritance and Estate Taxes: Transfer Inheritance.....	54:33-1 <i>et seq.</i> Estate
Litter Control Fee.....	13:1E-213 <i>et seq.</i>	Transitional Energy Facility Assessment.....	54:38-1 <i>et seq.</i> 54:30A-100 <i>et seq.</i>
Local Property Tax.....	54:4-1 <i>et seq.</i>	Uniform Transitional Utility Assessment.....	54:30A-114 <i>et seq.</i>
Motor Fuel Tax.....	54:39-101 <i>et seq.</i>		
Motor Vehicle Tire Fee	54:32F-1 <i>et seq.</i>		

Admissions Surcharge

Description

Municipalities are authorized under P.L. 2007, C. 302, to adopt an ordinance imposing a surcharge on admission charges to a major place of amusement located in the municipality. The surcharge is to be paid by customers and may be imposed only on admissions to places of amusement at which admission charges are regularly paid and which contain fixed seats or bleacher capacity for not less than 10,000 patrons. The surcharge may not be imposed at major places of amusement owned by or located on property that is owned by the State or an independent State authority, or at motion picture theaters or amusement parks. At present there are no municipalities imposing the surcharge. The ordinance adopted by the City of Newark has been repealed.

Rate

The surcharge is 5% of any admission charge that is taxable under the Sales and Use Tax Act. The surcharge must be separately stated on any bill or receipt provided to the customer and is not to be added to the price on which Sales Tax is imposed.

Disposition of Revenues

Revenues are collected by the Division of Taxation, certified to the State Treasurer, and distributed to each municipality from which they are collected. The revenue, if any, received by a municipality shall be appropriated as a special item of local revenue subject to approval by the Director of the Division of Local Government Services in the Department of Community Affairs and shall be offset by a municipal appropriation of an equal amount for public safety purposes.

Alcoholic Beverage Tax

Description

The Alcoholic Beverage Tax is applied to the first sale or delivery of alcohol to retailers in New Jersey and is based upon the number of gallons sold or otherwise disposed of in the State. The tax is collected from licensed manufacturers, wholesalers, State beverage distributors, breweries, wineries, and distilleries.

Sales to organizations of armed forces personnel are exempt; so are sales for medicinal, dental, industrial, and other nonbeverage uses.

Rate

<i>Type of Beverage</i>	<i>Rate per Gallon</i>
Beer	\$0.12
Liquor	\$5.50
Still Wine, Vermouth, Sparkling Wine	\$0.875
Hard Apple Ciders:	
3.2% – 7% alcohol by volume	\$0.15
Over 7% alcohol by volume	\$0.70

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use, except that beginning on July 1, 1992, \$11 million of the tax revenue is deposited annually into the Alcohol Education, Rehabilitation and Enforcement Fund. A small percentage also goes to the New Jersey Wine Promotion Account.

Atlantic City Casino Taxes and Fees

Description

P.L. 2003, C. 116, imposes various taxes and fees on: the value of rooms, food, beverages, or entertainment given away for free or at a reduced price as a “complimentary”; multi-casino progressive slot machine revenue; the adjusted net income of casino licensees; casino hotel room occupancies; and casino hotel parking.

P.L. 2004, C. 128, provides for the gradual phase-out of the tax on the above casino “complimentaries” until the tax expires on June 30, 2009. It also transfers from the Division of Taxation to the Casino Control Commission the responsibility for administering the Casino Complimentaries Tax, the Casino Adjusted Net Income Tax, the Multi-Casino Slot Machine Revenue Tax, the Casino Parking Fee, and the \$3 Casino Hotel Room Occupancy Fee. The Division of Taxation will not be collecting these taxes and fees effective September 2004.

P.L. 2011, C. 19, returned administration and collection responsibilities for several taxes and fees that had previously been administered and collected by the New Jersey Casino Control Commission to the Division of Taxation. These include the Gross Revenue Tax, the Casino Hotel Room Occupancy Fee, and the Multi-Casino Slot Machine Revenue Tax.

Rate

Taxes and fees are assessed at the following rates:

- 8.0% on multi-casino progressive slot machine revenue.
- 8.0% on the gross revenue of casino licensees.
- \$3-per-day fee on each hotel room occupied by a guest in a casino hotel.
- \$3-per-day minimum casino hotel parking charge.
- 25% on expired gaming-related obligations.

Disposition of Revenues

The Atlantic City Casino Taxes and Fees are deposited into the Casino Revenue Fund and certain revenues from the Casino Parking and Casino Hotel Room Occupancy Fees are allocated to the Casino Reinvestment Development Authority (CRDA). All revenues from the Multi-Casino Slot Machine Revenue Tax, the Gross Revenue Tax, and the tax levied on expired gaming-related obligations are deposited into the Casino Revenue Fund. Revenues from the \$3.00 Casino Parking Fee are allocated to the Casino Revenue Fund (\$0.50) and the CRDA (\$2.50). Revenues from the \$3.00 Casino Hotel Room Occupancy Fee are allocated to the Casino Revenue Fund (\$2.00) and the CRDA (\$1.00).

Atlantic City Luxury Sales Tax**Description**

The Atlantic City Luxury Sales Tax applies to the receipts from specified retail sales within Atlantic City, including sales of alcoholic beverages for on-premises consumption; cover, minimum, or entertainment charges; room rental in hotels, inns, rooming, or boarding houses; hiring of rolling chairs, beach chairs, and cabanas; and tickets of admission within Atlantic City.

Casual sales, sales to New Jersey or its political subdivisions, sales exempt under Federal law, and sales by a church or nonprofit charitable organization are exempt.

Rate

The rate of tax is 3% on sales of alcoholic beverages sold by the drink and 9% on other taxable sales. The State sales tax rate is reduced to the extent that the city rate exceeds 6%, and the maximum combined Atlantic City rate and New Jersey rate (excluding the State occupancy fee) may not exceed 13%.

Disposition of Revenues

Revenues are forwarded to the Sports and Exposition Authority for funding and operating Atlantic City Convention facilities.

Atlantic City Tourism Promotion Fee**Description**

Municipalities with convention center facilities supported by a local retail sales tax are authorized under P.L. 1991, C. 376, to collect fees for the promotion of tourism, conventions, resorts, and casino gaming. The fee is imposed upon and is payable by all hotels, motels, rooming houses, etc., in such municipalities. Atlantic City is the only New Jersey municipality that currently qualifies under the law. For filing purposes, the tourism promotional fee is reported and paid by the taxpayer on the Combined Atlantic City Luxury Tax/State Sales Tax Return.

Rate

The rate is \$2 per day for each occupied room in the case of hotels that provide casino gambling and \$1 per day for each occupied room in other hotels. The fee also applies to “no charge” occupancies.

Disposition of Revenues

Fees are collected by the Director, certified to the State Treasurer, and distributed to the Atlantic City Convention Center Operating Authority.

Cape May County Tourism Sales Tax**Description**

The Tourism Improvement and Development District Act, P.L. 1992, C. 165, authorized municipalities in Cape May County to require certain businesses to collect an additional 2% retail sales tax on tourism-related retail sales and/or pay a tourism development fee. At present, businesses in Wildwood, North Wildwood, and Wildwood Crest are affected.

Tourism-related sales include the following items (if also taxable under the Sales and Use Tax Act): room rental in hotels, motels, or boarding houses; food and drink sold by restaurants, taverns, and other similar establishments,

or by caterers (but not including vending machine sales); and admission charges to amusements (amusement rides, movie theaters, sporting, drama, or musical events) and cover charges in nightclubs and cabarets.

Rate

The tax rate is 2% on tourism-related retail sales. The tax is in addition to the 7% State sales tax. Thus, sales subject to the Cape May Tourism and the State sales tax are taxable at 9%.

“The Phase 2 Tourism Funding Act” imposes a 1.85% tourism assessment on the rent for any occupancy of a room in a hotel, motel, or other transient accommodation. The assessment is effective for all room rentals on or after April 1, 2003.

Disposition of Revenues

Revenues are collected by the State Treasurer and are placed in a special reserve fund to pay principal and interest on bonds and notes issued by the tourism authority for tourism promotion projects and activities. The 1.85% tourism assessment is administered by the Division of Taxation, and revenues collected are deposited in a tourism assessment fund.

Cigarette Tax

Description

The Cigarette Tax is collected primarily from licensed distributors who receive cigarettes directly from out-of-State manufacturers. Unless otherwise provided by law, every package of cigarettes must be stamped before being transferred from the original acquirer in New Jersey. This tax is not imposed on other tobacco products.

Sales to the United States Government or the Veterans Administration, and sales in interstate commerce are exempt.

Rate

The tax rate is \$2.70 per pack of 20 cigarettes and \$3.375 per pack of 25 cigarettes effective July 1, 2009.

A distributor is allowed a .00174757% discount on the purchase of 1,000 or more stamps or meter impressions.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use. Pursuant to P.L. 2009, C. 70, initial collections of \$391.5 million are deposited in the Health Care Subsidy Fund.

Controlling Interest Transfer Tax

Description

P.L. 2006, C. 33, imposes a Controlling Interest Transfer Tax on certain transfers of a controlling interest in an entity possessing Class 4A commercial real property. Class 4A commercial properties are income-producing real property other than property classified as vacant land, residential property, farm property, industrial properties, and apartments. The sale or transfer of a controlling interest subject to taxation may occur in one transaction or in a series of transactions.

Rate

The Controlling Interest Transfer Tax is imposed at the rate of 1%. There are two different methods for calculating the tax:

- If consideration in excess of \$1,000,000 is paid for the controlling interest and the entity owning the subject commercial real property owns only the subject real property, the tax to be paid by the purchaser is 1% of the entire amount paid on the sale or transfer.
- If the entity owning the subject commercial real property also owns an interest in other property, real or personal, tax is paid on the sale or transfer of the controlling interest only if the equalized assessed value of the subject real property exceeds \$1,000,000. The tax to be paid by the purchaser is 1% of that percentage of the equalized assessed value that equals the percentage of the ownership interest transferred.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

Corporation Business Tax

Description

The Corporation Business Tax Act imposes a franchise tax on a domestic corporation for the privilege of existing as a corporation under New Jersey law, and on a foreign corporation for the privilege of having or exercising its corporate charter in this State or doing business, employing or owning capital or property, maintaining an office, deriving receipts, or engaging in contracts in New Jersey.

The tax applies to all domestic corporations and all foreign corporations having a taxable status unless specifically exempt. The tax also applies to joint-stock companies or associations, business trusts, limited partnership associations, financial business corporations, and banking corporations, including national banks. Also, a corporation is defined as any other entity classified as a corporation for Federal income tax purposes and any state or Federally chartered building and loan association or savings and loan association.

Taxpayers must pay the greater of their liability under the net income tax or the alternative minimum assessment. The income-based tax is measured by that portion of the net income allocable to New Jersey. The tax applies to net income for the firm's accounting period (calendar year or fiscal year), or any part thereof during which the corporation has a taxable status within New Jersey. The alternative minimum assessment is based on apportioned gross receipts or gross profits.

Exempt from the tax are certain agricultural cooperative associations; Federal corporations which are exempt from state taxation; corporations created under the limited-dividend housing corporation law; nonprofit cemetery corporations; nonprofit corporations without capital stock; nonstock mutual housing corporations; railroad and canal corporations; sewerage and water corporations; insurance companies subject to premiums tax; and certain municipal electric corporations.

Rate

The tax rate is 9% upon entire net income, or the portion of entire net income allocated to New Jersey. For corporations with entire net income greater than \$50,000 and less than or equal to \$100,000, the rate is 7.5%; and for corporations with entire net income of \$50,000 or less, the rate is 6.5%.

For periods ending on or after July 1, 2007, the rate is 0% for New Jersey S corporations with entire net income that is not subject to Federal income taxation, as allocable to New Jersey. However, New Jersey S corporations remain subject to the minimum tax.

For calendar years beginning in 2006 and thereafter (privilege periods beginning in 2006 through 2011 for New Jersey S corporations), the minimum tax is based on New Jersey gross receipts as follows:

<i>New Jersey Gross Receipts</i>	<i>Minimum Tax*</i>
Less than \$100,000	\$ 500
\$100,000 or more, but less than \$250,000	750
\$250,000 or more, but less than \$500,000	1,000
\$500,000 or more, but less than \$1,000,000	1,500
\$1,000,000 or more	2,000

*The minimum tax for affiliated or controlled groups is \$2,000 for each member of a group that has a total payroll of \$5,000,000 or more for a privilege period.

For privilege periods beginning in 2012 and thereafter, the minimum tax for New Jersey S corporations is based on New Jersey gross receipts as follows:

<i>New Jersey Gross Receipts</i>	<i>Minimum Tax</i>
Less than \$100,000	\$ 375.00
\$100,000 or more, but less than \$250,000	562.50
\$250,000 or more, but less than \$500,000	750.00
\$500,000 or more, but less than \$1,000,000	1,125.00
\$1,000,000 or more	1,500.00

Disposition of Revenues

Revenues collected from general business corporations are deposited in the State Treasury for general State use. Revenues collected from banking and financial corporations are distributed 25% to counties, 25% to municipalities, and 50% to the State.

Article 8, Section 2, paragraph 6 of the State Constitution was amended to dedicate 4% of Corporation Business Tax revenue to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

Chapter 40, P.L. 2002, Section 32 created within the General Fund a restricted reserve fund to be known as the "Corporation Business Tax Excess Revenue Fund."

History

Corporation Business Taxes date back to 1884 when a franchise tax was imposed upon all domestic corporations. Between 1884 and 1946, the franchise tax was based upon the total amount of capital stock issued by the taxpayer and outstanding as of January 1 of each year (C. 159, P.L. 1884).

There was no franchise tax on foreign corporations prior to 1936, when provision was made for an annual tax (C. 264, P.L. 1936). This tax was replaced in 1937 (C. 25, P.L. 1937) with a new franchise tax providing for allocation of capital stock of foreign corporations.

Effective January 1, 1946 (C. 162, P.L. 1945), the tax became a net worth tax applicable to both domestic and

foreign corporations and measured by net worth allocated to New Jersey. Allocation was measured by the greater of an assets factor or a three-part business factor (property, sales, and payroll).

Chapter 88, Laws of 1954, increased the tax on allocable net worth from $\frac{8}{10}$ mills per \$1 to 2 mills per \$1.

Chapter 63, Laws of 1958, amended the Corporation Business Tax Act by adding a tax at $1\frac{3}{4}\%$ based upon allocated net income to the tax based upon allocated net worth. The 1958 amendment also changed the tax year from a calendar year for all corporations to a privilege period coinciding with the accounting year for each taxpayer.

In 1975, the Corporation Business Tax was imposed on banking corporations and incorporated financial businesses.

In 1982, there was enacted into law a measure phasing out the Corporation Business Tax on net worth. The tax was phased out at 25% per year over a four-year period with taxpayers whose accounting or privilege periods began on or after April 1, 1983 (C. 55, P.L. 1982). The net worth tax has been eliminated for periods beginning after June 30, 1986.

Net Income Tax rates have changed as follows:

<i>Effective Date</i>	<i>Rate</i>
January 1, 1959 (C. 63, P.L. 1958)	$1\frac{3}{4}\%$
January 1, 1967 (C. 134, P.L. 1966)	$3\frac{1}{4}\%$
January 1, 1968 (C. 112, P.L. 1968)	$4\frac{1}{4}\%$
January 1, 1972 (C. 25, P.L. 1972)	$5\frac{1}{2}\%$
January 1, 1975 (C. 162, P.L. 1975)	$7\frac{1}{2}\%$
January 1, 1980 (C. 280, P.L. 1980)	9

For taxable years ending after June 30, 1984, a carryover of net operating loss was allowed as a deduction from entire net income for seven years following the year of the loss (C. 143, P.L. 1985, approved April 22, 1985).

A surtax of 0.417% was invoked for privilege periods ending between July 1, 1990, and June 30, 1991; and 0.375% for privilege periods ending between July 1, 1989, and June 30, 1990, and July 1, 1991, through June 30, 1993. The 0.375% surtax on corporate net income was repealed effective January 1, 1994. The surtax had been scheduled to end July 1, 1994 (C. 3, P.L. 1994).

A new jobs investment tax credit, enacted in 1993 (C. 170), allows corporations to take a credit against Corporation Business Tax and property taxes for qualified investments in new or expanded business facilities resulting in new jobs in the State. The credit against Corporation Business

Tax is for up to 50% of the portion of the tax that results from investment in new or expanded facilities. The credit was extended to midsize businesses by P.L. 2002, C. 40. P.L. 1993, Chapter 171, allows for a credit against Corporation Business Tax for investment in qualified equipment. The credit is 2% of the cost of qualified machinery purchased (the investment credit base). Taxpayers taking the 2% equipment credit may also take an employment credit of \$1,000 per new employee (up to a maximum of 3% of the investment credit base). A small business benefit was added by P.L. 2004, C. 65. Chapter 175, P.L. 1993, allows for a credit for increased research activities.

Two changes in 1993 brought New Jersey corporation tax law into closer alignment with Federal corporation tax law. Chapter 172 allows corporations to use the Federal modified accelerated cost recovery system for depreciation of property under the New Jersey Corporation Business Tax for property placed in service for accounting years beginning after July 7, 1993. Chapter 173 allows, for the first time, an S election to be made under New Jersey law. As noted above, a New Jersey S corporation pays a reduced tax rate on that portion of entire net income not subject to Federal corporate income tax. The shareholder is taxed on net pro rata share of S corporation income under the Gross Income Tax.

The allocation formula for multistate corporations was changed in 1995. Under prior law, multistate corporation income was allocated to New Jersey based on equally weighted New Jersey property, payroll, and sales compared to total property, payroll, and sales. The new formula counts sales twice, so that sales account for half the allocation formula (C. 245, P.L. 1995).

The legislature continued to provide additional tax benefits for corporation business taxpayers. These include a tax benefit certificate transfer program to assist certain emerging companies (C. 334, P.L. 1997), later modified by P.L. 1999, C. 140 and P.L. 2004, C. 65, and supplemented by a credit transfer program P.L. 2004, C. 65, the Small New Jersey Based High Technology Business Investment Tax Credit Act (C. 349, P.L. 1997), the carryforward of net operating losses under the Corporation Business Tax for certain taxpayers (C. 350, P.L. 1997), the extension of the carryforward of the research and development tax credit (C. 351, P.L. 1997), and the Neighborhood and Business Child Care Tax Incentive Program (C. 102, P.L. 1999).

Other credits against Corporate Business Tax liability have also been enacted for effluent equipment (P.L. 2001, C. 321), neighborhood revitalization (P.L. 2001, C. 415),

HMO credit (P.L. 2000, C. 12), the economic recovery tax credit (P.L. 2002, C. 43), and the remediation tax credit (P.L. 2003, C. 296).

Electric and telephone companies were subjected to the Corporation Business Tax effective January 1, 1999.

Chapter 369, P.L. 1999, excludes certain hedge fund activity income of corporations of foreign nations from taxation under the Corporation Business Tax.

Chapter 12, P.L. 2000, provides that holders and former holders of a certificate of authority to operate a health maintenance organization are allowed a Corporation Business Tax credit for certain payments they are required to make.

Chapter 23, P.L. 2001, provides for a three-year phase-out of the corporate taxation of the regular income of S corporations with annual income in excess of \$100,000, and for S corporations whose net income is under \$100,000 whose privilege periods end on or after July 1, 2001. Also, the bill provides for the adjusted minimum tax amount to be rounded to the next highest multiple of \$10.

Chapter 136, P.L. 2001, provides for the Corporation Business Tax payment obligations of certain partnerships and limited liability companies for privilege periods beginning on and after January 1, 2001.

Chapter 40, P.L. 2002, among other things, effects the most extensive changes in the Corporation Business Tax since 1945. This law provides for a partnership filing fee, an alternative minimum assessment, nonresident partner withholding, a “throwout rule” on corporations apportioning income outside New Jersey, and new rules for related-party transactions. It also increases the minimum tax and broadens the definition of corporations that are subject to this tax.

Chapter 43, P.L. 2002, includes some provisions for incentives in the form of Corporation Business Tax credits to qualifying taxpayers engaged in a business in the qualified municipality during the municipality’s “period of rehabilitation and economic recovery.”

P.L. 2004, C. 47, limits the Corporation Business Tax application of net operating losses to 50% of taxable income for tax years 2004 and 2005.

P.L. 2004, C. 65, decouples Corporation Business Tax from changes in Federal bonus depreciation and certain expensing principles under IRC section 179.

P.L. 2005, C. 127, uncouples Corporation Business Tax from many provisions of the IRC Section 199 deduction for certain qualified production activities income.

P.L. 2005, C. 318, allows Corporation Business Tax credit to businesses providing employment to qualified handicapped persons at sheltered workshops.

P.L. 2005, C. 345, provides a credit under the Corporation Business Tax for film production expenses incurred in New Jersey and provides for the transfer of those tax credits to other taxpayers.

P.L. 2006, C. 38, imposes a 4% surcharge on the Corporation Business Tax liability and increases the minimum tax. The surcharge was in effect between July 1, 2006, and June 30, 2010.

P.L. 2007, C. 89, increases the amount of State tax credits granted to businesses providing funding to qualified neighborhood revitalization projects.

P.L. 2007, C. 257, establishes a corporation business tax credit for 20% of the expenses of producing certain digital media content in New Jersey.

P.L. 2007, C. 346, provides that a business that makes \$75 million of qualified capital investment in a business facility in an urban transit hub and employs at least 250 full-time employees at that facility may qualify for tax credits equal to 100% of the qualified capital investment.

P.L. 2008, C. 102, provides that a net operating loss for any privilege period ending after June 30, 2009, shall be a net operating loss carryover to each of the 20 privilege periods following the period of the loss. This 20-year carryover applies only to net operating losses accruing for privilege periods ending after June 30, 2009.

P.L. 2008, C. 120, applicable to privilege periods beginning on or after July 1, 2010, eliminates the throwout provision of the apportionment formula for corporation business tax and removes the “regular place of business” requirement for allocation of income.

P.L. 2009, C. 72, provides a one-year extension of the 4% surcharge on Corporation Business Tax liability and decouples Corporation Business Tax from Federal Internal Revenue Code deferral of certain discharge of indebtedness income.

P.L. 2009, C. 90, provides that a business that makes \$50 million of qualified capital investment in a business facility in an urban transit hub and, with at most three tenants, employs at least 250 full-time employees at that facility

may qualify for tax credits equal to 100% of the qualified capital investment.

P.L. 2009, C. 120, extends the Neighborhood Revitalization State Tax Credit Program eligibility to areas that are adjacent to current qualifying neighborhoods and that share similar socioeconomic characteristics with those eligible neighborhoods.

P.L. 2010, C. 20, temporarily reduces the annual cap imposed on the corporation business tax benefit certificate transfer program available to certain technology and biotechnology companies, temporarily suspends the tax credits provided for qualified film and qualified digital media content production expenses, proportionally reduces the current set-aside for innovation zone-located companies under the program, and requires the State Treasurer to make and file a report regarding the effectiveness of the transfer program and the ability of the tax credits to meet their statutory goals and objectives.

P.L. 2010, C. 57, creates the Offshore Wind Economic Development Act, establishes an offshore wind renewable energy certificate program, and authorizes the Economic Development Authority (EDA) to provide tax credits for qualified wind energy facilities in wind energy zones.

P.L. 2011, C. 30, provides for the creation of benefit corporations, the purpose of which is to create a “general public benefit.”

P.L. 2011, C. 59, modifies the formula used to determine the portion of the income of a corporation subject to tax by New Jersey from a three-factor formula to a single (sales) factor formula and establishes a specialized sales fraction formula for airlines that are subject to taxation. This change is being phased in over three years.

P.L. 2011, C. 83, removes the limitation on the application of the research and development tax credit to 50% of the liability otherwise due.

P.L. 2011, C. 84, decreases the minimum corporation business tax on certain New Jersey subchapter S corporations by 25%.

P.L. 2011, C. 149, establishes the Grow New Jersey Assistance Program to encourage businesses to engage in economic development, job creation, and the preservation of existing jobs within New Jersey. The new law establishes a \$200 million tax credit incentive program that emphasizes growth of New Jersey-based companies through capital investment, creation of new jobs, and retention of existing jobs.

Installment Payments of Estimated Tax

Taxpayers are required to make installment payments of estimated tax. The requirement for making these payments is based on the amount of the total tax liability shown on the most recent return.

- (a) If the total tax liability is \$500 or more, the taxpayer must make installment payments. These payments are due on or before the 15th day of the 4th, 6th, 9th, and 12th month of the tax year.
- (b) If the total tax liability is less than \$500, installment payments may be made as shown in (a) above or, in lieu of making installment payments, the taxpayer may make a payment of 50% of the total tax liability.

The Business Tax Reform Act (C. 40, P.L. 2002) provides for two significant changes regarding corporate estimated tax. First, for the tax year beginning on or after January 1, 2002, all corporations must base their fourth quarter payment on 25% of the actual 2002 tax computed under the changes to avoid penalty. This one-time change supersedes the prior rules for estimated returns. The fourth quarter payment must be 25% of the year 2002 liability even if the corporation may have already satisfied all or substantially all of its year 2002 corporation tax liability through prior year’s overpayments or quarterly estimated payments in the first three quarters. The corporation must nonetheless remit 25% of the year 2002 tax to avoid penalties.

Secondly, for large corporations with sales of over \$50 million, beginning with the year 2003, the second and third quarter payments, normally due on the 15th day of the 6th and 9th months, will be combined into a single 50% payment due on the 15th day of the 6th month. No payments will be due for such corporations on the 15th day of the 9th month, and normal 25% payments will be due in the 4th and 12th months.

Partnerships

Chapter 40, P.L. 2002, establishes a \$150 per partner filing fee for partnerships, LLPs, and LLCs deriving income from New Jersey sources. In general, the \$150 per partner fee is based on the number of K-1s issued. For professional service corporations, the \$150 fee applies for each registered professional who owns or is employed by the enterprise and is calculated using a quarterly average. In addition to the filing fee for the year, an installment payment equal to 50% of the filing fee is also required with the New Jersey partnership return. The annual fee is capped at \$250,000.

New Jersey partnership payments made on behalf of out-of-State corporate and noncorporate partners are based on taxable income whether the income is distributed or undistributed and are designated as a tax at a rate of 9% for nonresident corporate partners and 6.37% for noncorporate partners. Qualified investment partnerships and partnerships listed on a U.S. national stock exchange are not subject to the tax. The calculation is based on the partnership's "entire net income" multiplied by the partnership's New Jersey apportionment percentages computed under the Corporation Business Tax, not under Gross Income Tax.

Chapter 40, P.L. 2002, subjects savings banks and savings and loan associations to the Corporation Business Tax and repeals the Savings Institution Tax and the Corporation Income Tax.

Effective beginning with the 2002 tax year, P.L. 2003, C. 256, exempts investment clubs from the \$150 per owner annual partnership filing fee and from the requirement that partnerships remit Gross Income Tax payments on behalf of their nonresident noncorporate partners. To meet the definition of "investment club," the partnership must have income below \$35,000 per individual (up to a total of \$250,000) and satisfy other limitations and criteria.

P.L. 2005, C. 288, requires partners and other owners of pass-through entities to credit payments made on their behalf against estimated taxes to end double withholding. In addition, for privilege periods beginning on or after January 1, 2007, partnerships that are required to make tax payments on behalf of nonresident partners must make installment payments of 25% of that tax on or before the 15th day of the 4th, 6th, and 9th months of the privilege period, and on or before the 15th day of the 1st month following the close of the privilege period.

Banking and Financial Corporations

Banking and financial corporations are subject to the Corporation Business Tax Act at the rate of 9% on net income or to the lesser rates stated above if their income meets those thresholds.

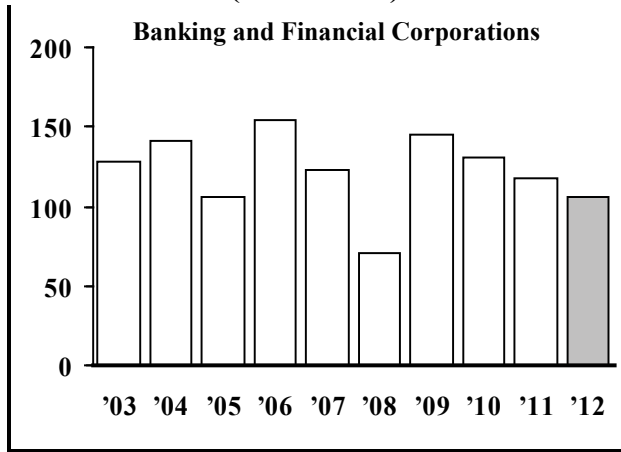
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid by such banking corporation as Corporation Business Tax and Business Personal Property Tax.

Formerly, banks were subject to a tax of 1.5% on net worth under the Bank Stock Tax Act. Bank Stock Tax was formerly administered by the Division of Taxation and the 21 separate County Boards of Taxation. The corporate tax upon banks is now administered solely by the Division.

Financial business corporations were formerly subject to the Financial Business Tax. These included such corporations as small loan companies and mortgage finance companies which are now subject to Corporation Business Tax.

Chapter 171, P.L. 1975, provides that during each of the years 1976, 1977, and 1978, each financial business corporation shall pay as taxes, the greater of (1) a sum equal to the amount such financial business corporation paid under the Financial Business Tax Act in the calendar year 1975, or (2) a sum equal to the total of the taxes payable by such financial business corporation pursuant to the Corporation Business Tax Act. Chapter 40, P.L. 1978, extended the save harmless provision through 1979. It expired in 1980. As a result of changes in the Federal and State banking laws, interstate banking is now permitted (C. 17, P.L. 1996). An administrative rule adopted by the Division of Taxation (N.J.A.C. 18:7-1.14, effective June 16, 1997) sets forth certain conditions under which foreign banks and certain domestic banks will be taxed in New Jersey.

**Corporation Business Tax Collections
(In Millions)**



Fiscal Year	Collections
2003	\$128,451,019
2004	141,432,025
2005	105,380,894
2006	153,839,428
2007	123,007,092
2008	70,850,577
2009	144,741,199
2010	130,405,775
2011	118,280,750
2012	106,378,294

Investment Companies

A taxpayer qualifying and electing to be taxed as an investment company is subject to an allocation percentage of 40% of the net income base. Investment companies are subject to a minimum tax of \$500.

Regulated Investment Company means any corporation which, for a period covered by its reports, is registered and regulated under the Investment Company Act of 1940 (54 Stat. 789), as amended.

The Corporation Business Tax on regulated investment companies was eliminated (P.L. 1983, C. 75), approved on February 24, 1983. Regulated investment companies in New Jersey were formerly taxed on both entire net worth and entire net income. These taxes were eliminated and a flat tax of \$500 per year is imposed.

Real estate investment trusts qualifying and electing to be taxed as such under Federal law are taxed at 4% of entire net income.

Allocation Factor

A taxpayer’s tax liability is measured by net income allocated to New Jersey. For privilege periods beginning prior to January 1, 2012, this amount was determined according to a three-fraction formula based on an average of property, payroll, and sales, which was counted twice. The factor was computed by adding the percentage of the property and payroll fractions, and a fraction representing two times the sales receipts, and dividing the total by four. A single sales fraction formula is replacing the three-fraction formula. This change is being phased in over a period of three years. For privilege periods beginning on or after January 1, 2012, but before January 1, 2013, the sales fraction will account for 70% of the allocation, and the property and payroll fractions will each account for 15% of the allocation. For privilege periods beginning on or after January 1, 2013, but before January 1, 2014, the sales fraction will account for 90% of the allocation, and the property and payroll fractions will each account for 5% of the allocation. For privilege periods beginning on or after January 1, 2014, the sales fraction will account for 100% of the allocation.

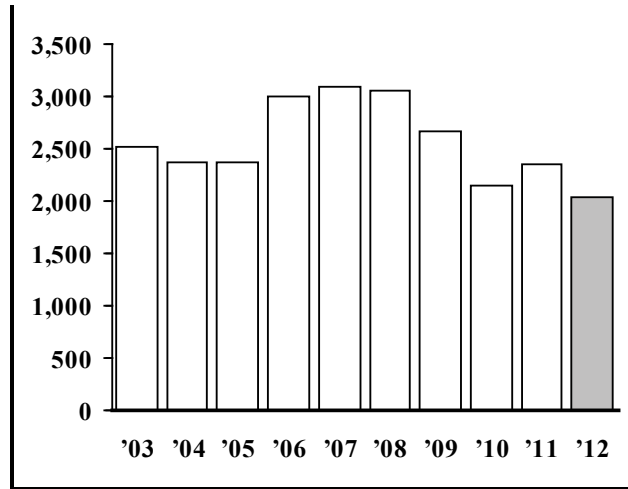
For privilege periods beginning on or after July 1, 2010, the throwout provision of the apportionment formula for corporation business tax has been eliminated along with the “regular place of business” requirement for taxpayers to allocate income. To allocate less than 100% of income to New Jersey, a taxpayer is no longer required to show a regular place of business exists outside of the State.

The Business Tax Reform Act (P.L. 2002, C. 40) introduced an alternative minimum assessment (AMA) on apportioned gross receipts or gross profits of C corporations when the AMA exceeds the normal Corporation Business Tax. The assessment is based on either gross receipts or gross profits, with the taxpayer electing which formula to use. This formula must also be used for the next four tax periods. S corporations, professional corporations, investment companies, and unincorporated businesses are exempt from the AMA. The AMA also applies to non-New Jersey businesses deriving income from New Jersey sources with or without physical presence in the State that are not currently subject to the Corporation Business Tax.

For privilege periods beginning after June 30, 2006, the AMA is \$0, except for taxpayers claiming exemption under Pub. L. 86-272, for whom the previously prescribed rate will continue. For privilege periods beginning after December 31, 2006, the AMA for taxpayers otherwise subject to the AMA that consent to jurisdiction and pay the Corporation Business Tax will be \$0.

The use of net operating losses was suspended for tax years 2002 and 2003. For 2004 and 2005 net operating losses were limited to 50% of taxable income.

**Corporation Business Tax Collections
(In Millions)
General Business Corporations**



Fiscal Year	Collections
2003	\$2,525,446,781
2004	2,370,169,715
2005	2,368,105,017
2006	3,007,830,476
2007	3,084,921,689
2008	3,062,378,874
2009	2,665,161,794
2010	2,144,566,605
2011	2,344,428,939
2012	2,037,103,743

**Cosmetic Medical Procedures
Gross Receipts Tax**

Description

P.L. 2004, C. 53, imposes a gross receipts tax on the purchase of certain “cosmetic medical procedures.” Cosmetic medical procedures are medical procedures performed in order to improve the human subject’s appearance without significantly serving to prevent or treat illness or disease or to promote proper functioning of the body. The law provides that such procedures include, for example,

cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft tissue fillers, dermabrasion and chemical peels, laser hair removal, laser skin resurfacing, laser treatment of leg veins, sclerotherapy, and cosmetic dentistry. They do not include reconstructive surgery or dentistry to correct or minimize abnormal structures caused by congenital defects, developmental abnormalities, trauma, infection, tumors, or disease, including procedures performed in order to improve function or give the person a more normal appearance. The tax also applies to amounts charged for goods or facility occupancies, such as hospitalization or clinic stays, required for or directly associated with the cosmetic medical procedure.

Rate

The rate was originally 6% on gross receipts from cosmetic medical procedures and related goods and occupancies. P.L. 2011, C. 189, phases out the tax, reducing the rate to 4% on taxable services performed on or after July 1, 2012, but before July 1, 2013. The rate is further reduced to 2% on taxable services performed on or after July 1, 2013, but before July 1, 2014. For July 1, 2014, and thereafter, no tax is imposed.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

Domestic Security Fee

Description

A statutory assessment designated as the “Domestic Security Fee” is imposed under P.L. 2002, C. 34, on motor vehicle rental companies for each day or part thereof that a motor vehicle is rented under rental agreements of not more than 28 days. This fee applies with respect to rental agreements in New Jersey entered into on or after August 1, 2002.

Rate

The fee is assessed at the rate of \$5 per day on all motor vehicle rental companies doing business in this State for each rental day a motor vehicle is rented under agreements of 28 days or less. The fee applies only to the first 28 days of a rental agreement with the same renter. Thus, the maximum rental fee in the aggregate is \$140 even if the actual rental extends beyond 28 days.

Disposition of Revenues

The fee is paid to the Division of Taxation for deposit in the New Jersey Domestic Security Account established in the General Fund.

Fur Clothing Retail Gross Receipts Tax and Use Tax

Description

P.L. 2006, C. 41, imposed a gross receipts tax, payable by retailers, on the retail sale of fur clothing in New Jersey. The law also imposed use tax on the retail price of fur clothing on which the seller did not pay gross receipts tax. The Fur Clothing Retail Gross Receipts Tax and Use Tax was repealed effective January 1, 2009 (P.L. 2008, C. 123).

Gross Income Tax

Description

This graduated tax is levied on gross income earned or received after June 30, 1976, by New Jersey resident and nonresident individuals, estates, and trusts.

Rate

Rates for tax years beginning on or after January 1, 2010, range from 1.4% – 8.97%.

Filing Threshold

For tax years beginning before January 1, 1994, filers with incomes of \$3,000 or less for the entire year (\$1,500 or less for married persons filing separately) paid no tax. For the 1994 to 1998 tax years, filers with incomes of \$7,500 or less for the entire year (\$3,750 or less for married persons filing separately) paid no tax. The income levels were raised for the 1999 tax year as part of a three-year phase-in of higher filing thresholds, and filers with incomes of \$10,000 or less for the entire year (\$5,000 or less for married persons filing separately) paid no tax. For tax year 2000, the filing threshold was \$10,000 or less for the entire year (single filers and estates and trusts), \$15,000 or less for the entire year (married couples filing jointly, heads of household, and surviving spouses), and \$7,500 or less for the entire year (married persons filing separately). For tax year 2001 and thereafter, the filing threshold is \$10,000 or less for the entire year (single filers, married persons filing separately, and estates and trusts), and \$20,000 or less for the entire year (married

couples filing jointly, heads of household, and surviving spouses).

Effective for tax years beginning on or after January 1, 2007, any reference to a spouse also refers to a partner in a civil union recognized under New Jersey law.

Exemptions

- Taxpayer, \$1,000.
- Taxpayer's spouse/civil union partner or domestic partner who does not file separately, \$1,000.
- Taxpayer 65 years old or more, additional \$1,000; same for spouse/civil union partner age 65 or older who does not file separately.
- Blind or totally disabled taxpayer, additional \$1,000; same for blind or totally disabled spouse/civil union partner who does not file separately.
- Taxpayer's dependent, \$1,500.
- Taxpayer's dependent under age 22 and attending college full time, additional \$1,000.

Deductions

- Payments of alimony or for separate maintenance are deductible by the payer if reported as income by the payee.
- Unreimbursed medical expenses in excess of 2% of gross income; qualified medical savings account contributions; and for the "self-employed," qualified health insurance costs.
- Property tax deduction (or credit).
- Qualified conservation contribution.
- Deduction for eligible taxpayers who provide primary care medical and/or dental services at a qualified practice located in or within five miles of a Health Enterprise Zone.
- Alternative business calculation adjustment for taxpayers with business losses.

Credits

- Payments of income or wage tax imposed by another state (or political subdivision) or by the District of Columbia, with respect to income subject to tax under this Act. This shall not exceed the proportion of tax otherwise due that the amount of the taxpayer's income subject to tax by the other jurisdiction bears to the taxpayer's entire New Jersey income.
- Amounts withheld by an employer and payments of estimated tax, including any payments made in

connection with the sale or transfer of real property by a nonresident, estate, or trust.

- Amounts paid by an S corporation on behalf of a shareholder.
- Amounts paid by a partnership on behalf of a nonresident partner.
- New Jersey Earned Income Tax Credit.
- Excess unemployment insurance, disability insurance, and family leave insurance contributions withheld.
- Property tax credit (or deduction).
- Sheltered Workshop Tax Credit.

Withholding Requirement

All employers and others who withhold New Jersey income tax are required to file quarterly returns of tax withheld and to remit tax on a monthly, quarterly, or weekly basis.

Those with prior year withholdings of \$10,000 or more are required to remit the income tax withheld by means of Electronic Funds Transfer (EFT) on or before the Wednesday of the week following the week containing the payday(s) on which taxes were withheld.

Effective for wages paid on and after January 1, 2000, certain employers of household workers may report and remit Gross Income Tax withheld on an annual basis.

Disposition of Revenues

Revenues are deposited in the Property Tax Relief Fund to be used for the purpose of reducing or offsetting property taxes.

History

The Gross Income Tax was enacted July 8, 1976, retroactive to July 1, 1976 (C. 47, P.L. 1976).

For tax years beginning before January 1, 2000, pension income for those eligible for Social Security by reason of age (62 years or over) or disability was exempt as follows: first \$10,000 for a married couple filing jointly; \$5,000 for a married person filing separately; and \$7,500 for a single taxpayer (C. 40, P.L. 1977). Chapter 273, P.L. 1977, extended the exclusion allowed for pensions to other types of retirement income. The exclusion applies to taxpayers who are 62 years of age or older and whose earned income is not more than \$3,000. An additional exclusion was provided for taxpayers age 62 or older who are not covered by either Social Security or Railroad Retirement benefits.

Chapter 229, P.L. 1982, increased the rate from 2½% to 3½% on amounts in excess of \$50,000 effective January 1, 1983.

Property taxes paid on the taxpayer's homestead became deductible from taxable income effective for taxes paid after 1984 (C. 304, P.L. 1985).

Chapter 219, P.L. 1989, exempted pension and annuity income of nonresidents from the Gross Income Tax.

The Gross Income Tax Act was amended in 1990 to include new graduated rates (from 2% to 7%) and two new filing statuses (head of household and surviving spouse). The legislation also increased the amount of the exemption for dependents from \$1,000 to \$1,500. In addition to these amendments, the legislation instituted a new Homestead Rebate Program and repealed the residential property tax deduction and credit and tenant credit. The legislation extended to heads of household and surviving spouses the exclusion of up to \$7,500 of pension and annuity income. These changes took effect in 1990, except for the new tax rates, which became effective January 1, 1991 (C. 61, P.L. 1990).

Chapter 108, P.L. 1993, permitted an exemption from an employee's gross income for employer-provided commuter transportation benefits.

State benefits received for a family member with a developmental disability were removed from the definition of income for State tax purposes in 1993 (C. 98, P.L. 1993).

Chapter 173, P.L. 1993, included subchapter S corporation income in the New Jersey Gross Income Tax base, effective with taxable years beginning after July 7, 1993.

Chapter 178, P.L. 1993, changed the method of computing the income of nonresidents for purposes of New Jersey Gross Income Tax. For tax years beginning in 1993 and thereafter, a nonresident with income from New Jersey must compute Gross Income Tax liability as though a resident, and then prorate the liability by the proportion of New Jersey source income to total income. Formerly, the calculation was based only on New Jersey source income.

A 5% reduction in the Gross Income Tax rates (to 1.9% – 6.650%) was enacted for tax year 1994 (C. 2, P.L. 1994).

The gross income filing threshold was increased to \$7,500 from \$3,000 for individuals, heads of household, surviving spouses, married persons filing jointly, and estates and trusts (\$3,750 for married persons filing separately). (C. 8, P.L. 1994.)

The State reduced the Gross Income Tax rates for taxable years 1995 and thereafter. These rate reductions, combined with the 5% rate reductions for all brackets enacted as P.L. 1994, C. 2, resulted in cumulative decreases from the 1993 taxable year levels of 15%, 7.5%, and 6% for certain income brackets (C. 69, P.L. 1994).

Gross income tax rates were reduced again for taxable years 1996 and thereafter. In combination with the prior two rate reductions, the cumulative decrease from the 1993 taxable year was 30% for the lowest, 15% for the middle, and 9% for the highest income brackets. Tax rates range from 1.4% to 6.37% (C. 165, P.L. 1995).

A property tax deduction/credit is provided on State income tax returns for resident homeowners and tenants who pay property taxes, either directly or through rent, on their principal residence in New Jersey. Benefits were phased in over a three-year period, beginning with 1996 returns (C. 60, P.L. 1996). For tax years 1998 and thereafter, taxpayers may take the larger of either a \$50 tax credit or a deduction of up to \$10,000 for property taxes paid.

Chapter 237, P.L. 1997, exempts New Jersey Better Educational Savings Trust account earnings and qualified distributions.

Chapter 414, P.L. 1997, exempts contributions to medical savings accounts that are excludable under section 220 of the Federal Internal Revenue Code, effective for tax years beginning on or after January 1, 1998.

Chapter 3, P.L. 1998, amended the Gross Income Tax Act to adopt the new Federal exclusions of up to \$500,000 in gain from the sale of a principal residence.

Chapter 57, P.L. 1998, provides a Roth IRA exclusion from taxable income that follows the Federal treatment of Roth IRAs and certain rollovers to IRAs.

Chapter 409, P.L. 1998, exempts military pensions or military survivors' benefits paid to those 62 years of age or older, or disabled under the Federal Social Security Act, effective beginning with tax year 1998.

Chapter 106, P.L. 1998, raised from \$100 to \$400 the threshold at which quarterly estimated tax payments are required, effective for the 1999 tax year.

Effective for the 1999 through 2001 tax years, certain deductions may be available to qualified childcare consortium members (C. 102, P.L. 1999).

Chapter 116, P.L. 1999, exempts qualified distributions from qualified State tuition program accounts.

Chapter 260, P.L. 1999, increased the Gross Income Tax filing threshold to \$10,000 (\$5,000 for married persons filing separately) for the 1999 tax year. For married persons filing jointly, heads of household, and surviving spouses, the threshold increased to \$15,000 (\$7,500 for married persons filing separately) for tax year 2000, and increased to \$20,000 for tax year 2001 and later (\$10,000 for married persons filing separately).

Chapter 94, P.L. 1999, allows certain employers of domestic helpers to file the withholding tax return annually, instead of quarterly or more frequently, for wages paid on or after January 1, 2000.

Chapter 177, P.L. 1999, increased the pension exclusion and "other retirement income exclusion." For tax year 2000, the exclusions were \$12,500 for a married couple filing jointly, \$6,250 for a married person filing separately, and \$9,375 for a single filer, head of household, or surviving spouse. For tax year 2001, the exclusions were \$15,000, \$7,500 and \$11,250 respectively; for tax year 2002, the amounts were \$17,500, \$8,750, and \$13,125. For tax year 2003 and later, the exclusion amounts are \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, and \$15,000 for a single filer, head of household, or surviving spouse.

Chapter 222, P.L. 1999, allows self-employed taxpayers, including more-than-2% shareholders of S corporations, to deduct the cost of health insurance for the taxpayer and the taxpayer's spouse and dependents (subject to certain limitations) effective for the 2000 and later tax years.

Beginning with the 2000 tax year, C. 372, P.L. 1999, provides a deduction for a qualified conservation contribution.

Chapter 80, P.L. 2001, established a New Jersey Earned Income Tax Credit, which is a percentage of a person's Federal Earned Income Credit. To be eligible for the New Jersey credit, a person must have had at least one "qualifying child" for purposes of the Federal Earned Income Credit and must have had no more than \$20,000 in New Jersey gross income.

Chapter 84, P.L. 2001, amended the military pension or survivor's benefit exclusion by eliminating the requirement that the taxpayer be at least 62 years old or disabled.

Under P.L. 2001, C. 93, qualified deposits into or withdrawals from an "individual development account" (established under the New Jersey Individual Development Account Program and 42 U.S.C. s. 604(h) for an "eligible individual"), including interest earned on such accounts, are exempt from Gross Income Tax.

Effective beginning with the 2002 tax year, C. 162. P.L. 2001, increased the exclusion for commuter transportation benefits to \$1,200 and authorizes an annual inflation adjustment.

P.L. 2002, C. 40, effective beginning with the 2002 tax year, requires partnerships to pay a \$150 filing fee per owner (up to \$250,000) and a tax prepayment made on behalf of nonresident partners.

P.L. 2002, C. 43, effective beginning with the 2003 tax year, created a tax credit for qualifying first-time home-buyer-occupants who have purchased residential property in a qualifying municipality during the municipality's "period of economic recovery."

P.L. 2003, C. 9, created an exclusion for the income of victims who died as a result of the September 11, 2001, terrorist attacks. The exclusion applies for tax year 2000 and all later years up to and including the year of death.

P.L. 2003, C. 246, allows a \$1,000 personal exemption for a domestic partner who does not file separately.

Chapter 40, P.L. 2004, imposes a tax rate of 8.97% on income over \$500,000, effective beginning with the 2004 tax year.

Chapter 55, P.L. 2004, requires that nonresident individuals, estates, or trusts pay estimated tax on gain from the sale or transfer of real property in New Jersey as a condition for recording the deed. The law is effective for sales or transfers occurring on and after August 1, 2004.

Effective beginning with the 2004 tax year, section 26 of P.L. 2004, C. 65, "decouples" the calculation of depreciation and section 179 expenses from recent Federal income tax provisions. Under these amendments, the expenses must be calculated by applying Federal code provisions as they were in effect on December 31, 2001 (or December 31, 2002, for section 179 expenses).

P.L. 2004, C. 139, effective for tax years beginning on or after January 1, 2005, allows a limited Gross Income Tax deduction to qualified primary care physicians and dentists practicing in or within 5 miles of a Health Enterprise Zone.

Effective for tax years beginning on or after January 1, 2004, Chapter 63, P.L. 2005, provides a gross income exclusion for housing and subsistence allowances received by members of the active and reserve components of the U.S. Armed Forces and by members of the New Jersey National Guard while on State active duty.

P.L. 2005, C. 125, authorized a multistate reciprocal refund set-off program under which the New Jersey Division of Taxation may "withhold" a taxpayer's Gross Income Tax refund to forward to another state for an income tax debt if the other state withholds New Jersey gross income tax claims from its personal income tax refunds.

P.L. 2005, C. 127, uncoupled New Jersey income tax law from many provisions of the IRC Section 199 deduction for certain qualified production activities income.

P.L. 2005, C. 130, limits the pension and other retirement income exclusions to taxpayers with gross income of \$100,000 or less, effective for tax years beginning on or after January 1, 2005.

Chapter 210, P.L. 2005, requires employers to provide certain employees with written notification of the availability of both the Federal and New Jersey earned income tax credits.

P.L. 2005, C. 288, requires partners and other owners of pass-through entities to credit payments made on their behalf against estimated taxes to end "double withholding."

P.L. 2005, C. 318, allows Gross Income Tax credits to businesses providing employment to qualified handicapped persons at sheltered workshops.

P.L. 2005, C. 345, provides Gross Income Tax credits for film production expenses incurred in New Jersey and provides for the transfer of those tax credits to other taxpayers.

P.L. 2006, C. 36, authorizes the Director of the Division of Taxation to permit or mandate reasonable methods for filing and paying, which may include electronic methods of filing and paying. The law further requires tax practitioners who prepared or filed 100 or more 2005 New Jersey resident income tax returns to electronically file all 2006 New Jersey resident income tax returns. This requirement was extended for tax year 2007 to preparers who filed 50 or more 2006 Gross Income Tax returns, for tax years 2008 and 2009 to preparers who filed 25 or more Gross Income Tax Returns for the prior year, and for tax year 2010 and later to preparers who reasonably expect to prepare 11 or more individual Gross Income Tax returns during the tax year. The law imposes a \$50 per return penalty for noncompliance with this mandate, which may be abated, in full or in part, at the Director's discretion.

P.L. 2006, C. 85, requires any person (other than a governmental entity, a homeowner, or a tenant) who maintains an office or transacts business in New Jersey to withhold New Jersey gross income tax at the rate of 7%

from payments made to unregistered, unincorporated contractors for services performed in this State.

P.L. 2006, C. 103, establishes the legal relationship of “civil union” under the State’s marriage laws. A civil union is “the legally recognized union of two eligible individuals of the same sex established pursuant to this act.” Parties to a civil union will have the same legal benefits, protections, and responsibilities as parties to a marriage, including those based on tax laws, such as those governing local property tax, homestead rebates, realty transfer fees, gross income tax, and transfer inheritance taxes.

P.L. 2007, C. 109, extends the eligibility of the State earned income tax credit to any individual who is eligible for the Federal earned income tax credit and enhances the benefit amount.

P.L. 2007, C. 114, establishes penalties for employers who misclassify construction work employees as “independent contractors.”

P.L. 2009, C. 69, temporarily adjusted the New Jersey Gross Income Tax rates for taxpayers with taxable income exceeding \$400,000 in taxable years beginning on or after January 1, 2009, but before January 1, 2010. The law provided for adjusted income taxation of the following brackets at the following rates: over \$400,000 but not over \$500,000 was adjusted from 6.37% to 8%; over \$500,000 but not over \$1,000,000 was adjusted from 8.97% to 10.25%; and over \$1,000,000 was adjusted from 8.97% to 10.75%.

The law provided that for the 2009 taxable year, taxpayers who had gross income of more than \$250,000 and were not (1) 65 years of age or older or (2) allowed a personal exemption as a blind or disabled individual, were not eligible for the property tax deduction.

Additionally, the maximum property tax deduction was capped at \$5,000 for taxpayers who had gross income of more than \$150,000 but not more than \$250,000 and were not (1) 65 years of age or older or (2) allowed a personal exemption as a blind or disabled individual.

The law also provides that for tax years beginning on or after January 1, 2009, New Jersey Lottery winnings from prizes exceeding \$10,000 are taxable for New Jersey Gross Income Tax purposes and that the New Jersey State Lottery is required to withhold income tax on such taxable winnings at the rate of 3%.

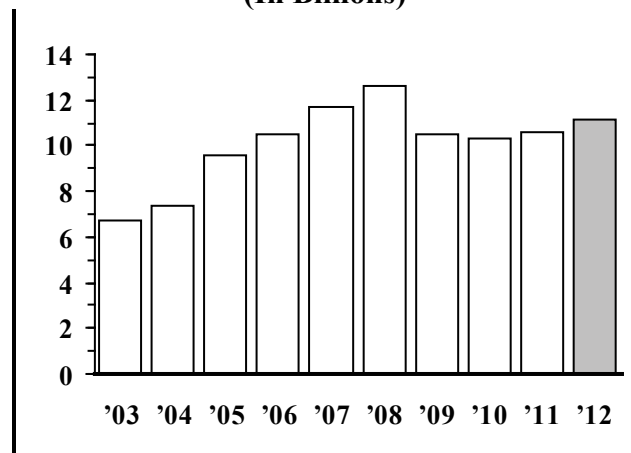
P.L. 2010, C. 20, temporarily suspended the tax credits provided for qualified film and qualified digital media content production expenses and requires the State

Treasurer to make and file a report regarding the ability of the tax credits to meet their statutory goals and objectives.

P.L. 2010, C. 27, reduces the New Jersey Earned Income Tax Credit from 25% of the Federal amount to 20% of the Federal amount, effective beginning with the 2010 tax year.

P.L. 2011, C. 60, permits taxpayers who have losses in certain business-related categories of income to utilize those losses to calculate an adjustment to their taxable income (“alternative business calculation adjustment”), and permits taxpayers to carry forward unused losses in those categories for a period of up to 20 years to calculate future adjustments.

**Gross Income Tax Collections
(In Billions)**



Fiscal Year	Collections
2003	\$ 6,735,282,357
2004	7,400,732,606
2005	9,537,938,903 ¹
2006	10,506,564,988
2007	11,727,192,312
2008	12,605,545,164
2009	10,476,267,266 ²
2010	10,322,942,702 ²
2011	10,617,034,179
2012	11,128,418,349

¹Rate on income over \$500,000 increased from 6.37% to 8.97% effective January 1, 2004.

²Rates on income over \$400,000 temporarily increased from 6.37% – 8.97% to 8% – 10.75% for tax years beginning on or after January 1, 2009, but before January 1, 2010.

Hotel/Motel Occupancy Fee/ Municipal Occupancy Tax

Description

P.L. 2003, C. 114, imposes a State Occupancy Fee and authorizes the imposition of a Municipal Occupancy Tax on charges for the rental of a room in a hotel, motel, or similar facility in most New Jersey municipalities.

Rate

The State Occupancy Fee rate is 7% for occupancies from August 1, 2003, through June 30, 2004, and 5% for occupancies on and after July 1, 2004, or at a lower rate in cities in which such occupancies are already subject to tax:

Atlantic City—1%

Newark and Jersey City—1%

The Wildwoods—3.15%

The majority of the municipalities that have enacted a municipal occupancy tax have authorized the tax rate to increase to 3% as of July 1, 2004; however, Cape May City (Cape May County), Glassboro Borough (Gloucester County), Berkeley Township (Ocean County), and Somers Point City (Atlantic County) impose the tax at the rate of 2%.

Disposition of Revenues

The monies collected from the State Occupancy Fee are deposited to the General Fund and are statutorily allocated, in varying percentages, to the New Jersey State Council on the Arts for cultural projects; the New Jersey Historical Commission; the New Jersey Division of Travel and Tourism for tourism advertising and promotion; and the New Jersey Cultural Trust. Any amount over the dedication is allocated to the General Fund. Collections from the Municipal Occupancy Tax are distributed back to the municipality.

Insurance Premiums Tax

Description

The Insurance Premiums Tax applies to premiums collected on insurance risks by every insurance company transacting business in New Jersey, inclusive of stocks, mutual and assessment insurance, and health insurance. The tax base is gross contract premiums less specified deductions. Annuity considerations and reinsurance premiums are not taxed.

Rate

The tax rate is 1.4% on group accident, health or legal insurance policies; 2.1% on life and non-life insurance companies; 5% on surplus lines coverage; 5.25% on marine insurance companies; and 2% on foreign fire insurance companies. If, for any insurance company, the ratio of New Jersey business to total business is greater than 12.5%, the tax is imposed on only 12.5% of that company's total premiums. Accident and health insurance premiums are excluded from the taxable premium cap. Another 1.05% is imposed on accident and health premiums.

P.L. 2011, C. 25, imposed a new tax rate on captive insurance companies which primarily insure the risks of businesses which are related to those entities through common ownership. The annual minimum aggregate tax calculated for both direct premiums and assumed reinsurance premiums for captive insurance companies to be paid is \$7,500 and the annual maximum aggregate tax is \$200,000. Tax is imposed on direct premiums at rates ranging from 0.38% – 0.072%. For assumed reinsurance premiums, rates range from 0.214% – 0.024%.

Disposition of Revenues

The tax is prepaid based on the previous year's premiums, with payments due March 1 and June 1. Revenues, with the exception of some domestic revenues, are deposited in the State Treasury for general State use.

Municipalities and counties continue to receive payments to replace the revenue from the repealed insurance franchise tax on domestic insurance corporations. The State Treasurer pays an annual amount to each county and municipality in which the principal office of a domestic insurance company is located. Payments are made so long as the principal office of a domestic insurance company remains at the location established on January 1, 1981.

The recently enacted tax (P.L. 2011, C. 25) on captive insurers is collected by the Division of Taxation and the revenues are directed to the Department of Insurance to support regulation of the captive insurance industry.

Landfill Closure and Contingency Tax

Description

This tax is levied upon the owner or operator of every sanitary landfill facility located in New Jersey on all solid waste accepted for disposal on or after January 1, 1982. In addition, the owner or operator must make a monthly

payment of \$1 per ton or \$0.30 per cubic yard for the host community benefit surcharge for all solid waste accepted for disposal.

Rate

The tax rate is \$0.50 per ton or \$0.15 per cubic yard on all solid waste accepted for disposal. The tax rate for solid waste in liquid form is \$0.002 per gallon.

Disposition of Revenues

All tax revenues are credited to the Sanitary Landfill Facility Contingency Fund, administered by the New Jersey Department of Environmental Protection, established to insure the proper closure and operation of sanitary landfill facilities in this State.

Litter Control Fee

Description

The Litter Control Fee is imposed on all gross receipts from sales of litter-generating products sold within or into New Jersey by each person engaged in business in the State as a manufacturer, wholesaler, distributor, or retailer of such products. Any retailer with less than \$500,000 in annual retail sales of litter-generating products is exempt from this fee. Restaurants are exempt if more than 50% of their food and beverage sales are for on-premises consumption.

Litter-generating products include beer, cigarettes, cleaning agents and toiletries, distilled spirits, food, glass containers, metal containers, groceries, tires, newsprint and magazine paper stock, nondrug drugstore sundry products, paper products, plastic and fiber containers, soft drinks, and wine.

Rate

Manufacturers, wholesalers, and distributors of litter-generating products pay a fee of $\frac{3}{100}$ of 1% (.03%) on all gross receipts from wholesale sales of such products in New Jersey. Retailers are charged at the rate of $\frac{2.25}{100}$ of 1% (.0225%) on all gross receipts from retail sales of litter-generating products. The fee is paid annually on March 15th of each year.

Disposition of Revenues

Revenues are deposited in the Clean Communities Program Fund and are used for litter pickup and removal and to provide recycling grants to New Jersey counties and municipalities.

Local Property Tax

Description

An *ad valorem* tax—The local property tax is measured by property values and is apportioned among taxpayers according to the assessed value of taxable property owned by each taxpayer. The tax applies to real estate and tangible personal property of telephone, telegraph, and messenger systems companies, and certain personal property of petroleum refineries.

A *local tax*—The property tax is a local tax assessed and collected by municipalities for the support of municipal and county governments and local school districts. No part of it is used for support of State government.

Amount of tax (a residual tax)—The amount of local property tax is determined each year, in each municipality, to supply whatever revenue is required to meet budgeted expenditures not covered by monies available from all other sources. School districts and counties notify municipalities of their property tax requirements. Municipalities add their own requirements and levy taxes to raise the entire amount. As a residual local tax, the total property tax is determined by local budgets and not by property valuations or tax rates.

Property assessment (the tax base)—All taxable property is assessed (valued for taxation) by local assessors in each municipality. Assessments are expressed in terms of “taxable value,” except for qualified farm land, which is specially valued.

Rate

The local property tax rate is determined each year in each municipality by relating the total amount of tax levy to the total of all assessed valuations taxable. Expressed in \$1 per \$100 of taxable assessed value, the tax rate is a multiplier for use in determining the amount of tax levied upon each property. See Appendix A for the 2011 general and effective property tax rates in each municipality.

Disposition of Revenues

This tax is assessed and collected locally by the taxing districts for support of county and municipal governments and local school district purposes.

History

It may be said that the property tax originated in 1670 with a levy of one half penny per acre of land to support the central government. Through the middle of the 19th century property taxes were levied upon real estate and

upon certain personal property at arbitrary rates within certain limits called “certainties.” In 1851 the concepts of a general property tax and uniform assessments according to actual value were developed (Public Laws 1851, p. 273).

For almost a century following the 1851 legislation, a continuing effort was made to accomplish uniform taxation under a general property tax. In 1875 a constitutional amendment provided that “property shall be assessed for taxes under general laws and by uniform rules according to its true value” (Article 4, Section 7, paragraph 12). Courts held that the 1875 amendment permitted classification of property for tax purposes and also exemption of certain classes from taxation, or the substitution of other kinds of tax “in lieu.” Thus began a long period of erosion of the “general property tax” concept. In 1884 a State Board of Assessors was created and given responsibility for assessment of railroad and canal property, thus setting the pattern for State assessment of certain classes of property.

Intangible personal property was eliminated from the “general property tax base” in 1945 (replaced with a corporation net worth tax). Such elimination shifted the emphasis for tax reform to tangible personal property.

The New Jersey State Constitution adopted in 1947 provided that “property shall be assessed for taxation under general law and by uniform rules. All real property assessed and taxed locally or by the State for allotment and payment to taxing districts shall be assessed according to the same standard of value, except as otherwise permitted herein, and such property shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district” (Article 8, Section 1).

This Article was interpreted to preclude any classification of real estate but to leave the door open for classified taxes upon personal property. In 1963 the Constitution was amended to permit assessment of farm property according to its value for agricultural use only. Chapter 51, Laws of 1960 (effective for tax year 1965) provided for such classification and also provided other significant modifications.

Personal property provisions of Chapter 51, Laws of 1960, were replaced by Chapter 136, Laws of 1966. For taxes payable in 1968 and until 1993, personal property used in business (other than the businesses of local exchange telephone, telegraph, and messenger system companies and other public utilities) was subject to the Business Personal Property Tax instead of the local tax.

Personal property is no longer subject to any property tax and inventories of all businesses are excluded from property taxation.

The 1966 law also provided for replacement of local personal property tax revenues from four tax sources: (1) Retail Gross Receipts Tax, (2) Corporation Business (Net Income) Tax, (3) Business Personal Property Tax and (4) Unincorporated Business Tax. This revenue replacement program was terminated (C. 3, P.L. 1977). Legislation was passed providing for an annual appropriation of not less than \$158.7 million.

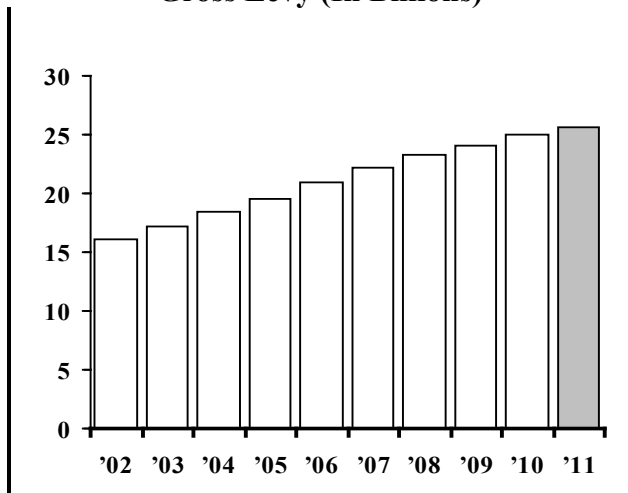
The decision in *Switz v. Middletown Township, et al.*, 23 N.J. 580 (1957) required that all taxable property be assessed at “true value” (100% assessment). This was the beginning of a series of New Jersey court decisions which have been a major factor in the development of uniform real estate tax assessment. R.S. 54:4-23 was amended to provide that when an assessor believes that all or part of a taxing district’s property is assessed lower or higher than is consistent with uniform taxable valuation or is not in substantial compliance with the law, and that the public’s interest will be promoted by a reassessment of such property, the assessor shall make a reassessment of the property not in compliance.

Prior to making this reassessment, the assessor shall first notify in writing: the mayor, the municipal governing body, the Division of Taxation, the county tax board, and the county tax administrator of the basis for the reassessment and shall submit a compliance plan to the county board of taxation and the Division of Taxation for approval. After reassessment of a portion of a taxing district, the assessor shall certify to the county board of taxation, through adequate sampling as determined by the board, that the reassessed portion of the taxing district is in compliance with those portions of the district which were not reassessed.

A long period of legislative history has developed numerous exemptions and special property tax treatments. These are found principally in R.S. 54:4-3.3 and in R.S. 54:4-3.6. Generally exempt are government-owned property; and property of religious, educational, charitable, and various types of nonprofit organizations. R.S. 54:4-3.6 was amended to permit a religious or charitable organization to lease property to another exempt entity for a different exempt use without the loss of its property tax exemption. An amendment to R.S. 54:4-3.10 provided that property owned by any exempt firefighter’s association, firefighter’s relief association, or volunteer fire company would retain its tax-exempt status although the

organization owning the property used the property for an income-producing purpose on an auxiliary basis provided that the auxiliary activity does not exceed 120 days annually and the net proceeds from the auxiliary activity are used to further the primary purpose of the organization or for other charitable purposes. Qualified senior citizens and disabled persons are permitted a tax deduction of \$250 annually as per N.J.S.A. 54:4-8.40 et seq. The veterans' deduction was increased from \$50 to \$100 for tax year 2000, \$150 for 2001, \$200 for 2002, and \$250 for 2003 and thereafter pursuant to N.J.S.A. 54:4-8.10 et seq. War-time service periods were also expanded.

**Local Property Tax
Gross Levy (In Billions)**



Fiscal Year	Gross Tax Levy
2002	\$16,053,021,123
2003	17,254,024,652
2004	18,377,494,023
2005	19,567,777,307
2006	20,914,761,932
2007	22,130,902,055
2008	23,213,741,007
2009	24,048,643,407
2010	25,010,905,690
2011	25,646,727,650

Motor Fuel Tax

Description

A tax on motor fuel is applied to gasoline, diesel fuel, or liquefied petroleum gas used in motor vehicles on public highways.

Rate

The general motor fuel tax rate is \$0.105 per gallon of gasoline. A tax of \$0.0525 per gallon is imposed on liquefied petroleum gas sold or used to propel motor vehicles on public highways.

The diesel fuel tax rate is \$0.135 per gallon, of which \$0.03 per gallon is refundable for fuel used in passenger automobiles and motor vehicles of less than 5,000 pounds gross weight.

Disposition of Revenues

Certain revenues are credited to a special account in the General Fund and are dedicated from the motor fuels tax, the petroleum products tax, and the Sales and Use Tax to the Transportation Trust Fund for maintenance of the State's transportation system. See the New Jersey Constitution, Article 8, Section 2, paragraph 4.

Motor Vehicle Tire Fee

Description

P.L. 2004, C. 46, imposes a fee on the sale of new motor vehicle tires, including new tires sold as a component part of a motor vehicle, either sold or leased, that are subject to New Jersey sales tax. The tire fee is imposed per tire, including the spare tire sold as part of a motor vehicle. The tire fee also applies to sales of new tires in connection with a repair or maintenance service.

Rate

The Motor Vehicle Tire Fee is \$1.50 per tire.

Disposition of Revenues

The revenue collected from the Motor Vehicle Tire Fee is deposited in the Tire Management and Cleanup Fund established in the Department of Environmental Protection. Any additional revenue collected is available for appropriation to the Department of Transportation to support snow removal operations.

9-1-1 System and Emergency Response Assessment

Description

P.L. 2004, C. 48, enacted June 29, 2004, for certain services, imposes a fee on periodic billings to mobile telecommunications and telephone exchange customers. This fee is charged by:

- Mobile telecommunications companies for each voice grade access service number as part of mobile telecommunications service provided to a customer billed by or for the customer's home service provider and provided to a customer with a place of primary use in this State; and
- Telephone exchange companies for each telephone voice grade access service line provided as part of that telephone exchange service.

The fee is not applicable to the Federal government, its agencies, or instrumentalities. On and after January 1, 2005, the law provides an exemption for State, county and municipal governments, and school districts from the fee imposed on telephone exchange services.

Rate

The 9-1-1 System and Emergency Response Fee is \$.90 for each voice grade access service number and line to mobile telecommunications and telephone exchange customers.

Disposition of Revenues

The revenue collected pursuant to the fee will serve to replace the current 9-1-1 infrastructure Statewide with a state-of-the-art enhanced 9-1-1 system. Revenue collected is also applied to pay for costs of funding the State's capital equipment, facilities, and operating expenses that arise from emergency preparedness, emergency response training, counterterrorism measures, security at State facilities including transportation infrastructure, preparation for first responders to chemical or biohazard emergencies, and any expenses of the Office of Emergency Management in the Division of State Police in the Department of Law and Public Safety.

Nursing Home Assessment

Description

The New Jersey "Nursing Home Quality of Care Improvement Fund Act" was signed into law on July 1, 2003, as P.L. 2003, C. 105, and was subsequently amended on June 29, 2004, as P.L. 2004, C. 41. The Act establishes a quarterly assessment on nursing homes in order to provide additional funds for improving the quality of care by increasing Medicaid reimbursement for services delivered to those senior citizens and other persons residing in New Jersey nursing homes. The law was made effective as of July 1, 2004.

Rate

The current rate is \$11.89 per non-Medicare day to applicable nursing homes. The annual assessment rate is calculated by the Department of Health and Senior Services, and may be up to a maximum of 6% of the aggregate amount of annual revenues received by applicable nursing homes.

Disposition of Revenues

The monies collected from the nursing home provider assessment are statutorily transferred, through appropriation, to the General Fund and allocated for the support of nursing home programs designated by the Commissioner of Health and Senior Services. The remaining monies, after the transfer to the General Fund, along with any Federal Medicaid funds received by the Commissioner, are distributed directly to qualifying nursing homes.

Outdoor Advertising Fee

Description

Pursuant to N.J.S.A. 54:4-11.1, an Outdoor Advertising Fee is imposed on the gross amounts collected by a retail seller from an end user, whether payment is received in money or otherwise, for the sale of space on an outdoor advertising sign (billboard). The retail seller is the licensee or permit holder authorized by the New Jersey Department of Transportation to engage in the business of outdoor advertising and selling the space to the end user. The end user is the person purchasing the space for the person's own use in order to place his/her advertisement on the sign.

Although the fee is imposed on the retail seller, the law provides that the seller is not subject to the fee on gross amounts collected from a purchaser/end user that is

exempt from New Jersey Sales and Use Tax pursuant to N.J.S.A. 54:32B-9(a) or (b). There is also an exemption for “fees received by an advertising agency that is not a related party of the retail seller and that are not received from the retail seller.”

Rate

The Outdoor Advertising Fee was originally imposed at a rate of 6% on the gross amounts collected by a retail seller for outdoor advertising space. P.L. 2004, C. 42, amended the section of the law which affects payment of the fee on amounts collected after June 30, 2006. From July 1, 2006, through June 30, 2007, the rate was reduced from 6% to 4%. For the period July 1, 2007, and thereafter, no fee is imposed.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

Petroleum Products Gross Receipts Tax

Description

The Petroleum Products Gross Receipts Tax is imposed on all companies engaged in refining and/or distributing petroleum products for distribution in this State. It applies to the first sale, not for export, of petroleum products within New Jersey.

Home heating oil (including #2, #4, and #6 heating oils) and propane gas and kerosene used for residential heating are exempt from tax. Also exempt from tax are receipts from sales of petroleum products used by marine vessels engaged in interstate or foreign commerce; receipts from sales of aviation fuels used by airplanes in interstate or foreign commerce other than burnout portion; receipts from sales of asphalt and polymer grade propylene used in the manufacture of polypropylene; receipts from sales to nonprofit entities qualifying for exemption under the Sales and Use Tax Act; and receipts from sales to the United States or the State of New Jersey.

Effective January 1, 2001, P.L. 2000, C. 156, phased out, over a three-year period, the Petroleum Products Gross Receipts Tax for fuel used by any utility, co-generation facility, or wholesale generation facility to generate electricity sold at wholesale or through certain retail channels.

Rate

The petroleum products tax is imposed at the rate of 2³/₄% on gross receipts from the first sale of petroleum products in New Jersey. In the case of fuel oils, aviation fuels, and motor fuels, this rate is converted to \$0.04 per gallon pursuant to C. 48, P.L. 2000, adopted on June 30, 2000. Eligible taxpayers may claim the Neighborhood Revitalization State Tax Credit against the petroleum products gross receipts tax pursuant to P.L. 2001, C. 415.

Disposition of Revenues

Certain revenues are credited to a special account in the General Fund and dedicated to the Transportation Trust Fund under the New Jersey Constitution, Article 8, Section 2, paragraph 4.

Property Tax Relief Programs

The State provides property tax relief benefits to resident homeowners and tenants through a variety of programs. Eligibility and filing requirements differ for each program.

Beginning with benefits paid for tax year 2008, the total amount of all property tax relief benefits received (homestead benefit (rebate), property tax reimbursement, property tax deduction for senior citizens/disabled persons, and property tax deduction for veterans) cannot exceed the amount of property taxes (or rent constituting property taxes) paid on the applicant’s principal residence for the same year.

Homestead Rebate Program

Chapter 61, P.L. 1990, created a new Homestead Property Tax Rebate Program to provide rebates for both homeowners and tenants. The new program replaced certain other direct property tax relief programs: (1) the original Homestead Rebate Program (C. 72, P.L. 1976) which provided rebates to homeowners; (2) the residential property tax deduction and credit provided to both homeowners and tenants on their income tax returns under C. 304, P.L. 1985; and (3) the tenant credit program (C. 47, P.L. 1976, as amended).

The application for the new homestead property tax rebate was combined with the resident income tax return beginning with the tax return for 1990, and benefits were linked to income level and amount of property taxes paid. Under this program rebates ranged from \$100 to \$500 for homeowners, and \$35 to \$500 for tenants, depending on the

applicant's filing status, gross income, and the amount of property taxes paid, either directly or through rent. Those with incomes over \$100,000 were not eligible for a rebate.

Beginning in 1992, the State Budget limited the amount of the homestead rebate paid to some taxpayers. Under the budget restrictions, only taxpayers who were 65 years of age or older or blind or disabled were eligible to receive rebates of \$100 to \$500 (homeowners) or \$35 to \$500 (tenants), provided that their gross income did not exceed \$100,000. For other taxpayers, rebates were limited to those with a gross income of \$40,000 or less, with a standard rebate amount of \$90 for homeowners and \$30 for tenants. Those with gross incomes over \$40,000 were no longer eligible for a rebate.

In November 1992 the New Jersey Tax Court ruled that anyone who resides in a dwelling which is not subject to local property tax is not entitled to a homestead property tax rebate. This includes tenants living in subsidized housing or other dwellings owned by the State, County, Municipal, or Federal government; students living in on-campus apartments at State colleges and universities; and tenants living in dwellings owned by religious, charitable, or other nonprofit organizations, including on-campus apartments at private nonprofit colleges and universities, if the property is exempt from local property taxes. Permanently and totally disabled veterans and their surviving spouses who do not pay property taxes are also ineligible for rebates.

Chapter 63, P.L. 1999, the NJ SAVER and Homestead Rebate Act, created the NJ SAVER Rebate Program, another new, direct property tax relief program to be phased in over five years beginning in 1999. Under the provisions of this Act, homeowners who qualified for both the homestead rebate and the NJ SAVER rebate received either the homestead rebate or the NJ SAVER rebate, depending which program provided the greater benefit. (See *NJ SAVER Rebate Program* on page 40 for a description of that program.) This same legislation increased the homestead rebate income threshold for tenants to \$100,000 and set the income threshold at \$40,000 for homeowners who were not 65 or older or blind or disabled. For 1998, tenants who were under 65, not blind or disabled, and who had income between \$40,000 and \$100,000 were eligible to receive a \$30 homestead rebate provided they filed a Homestead Rebate Application by June 15, 1999. The legislation increased this amount to \$40 for the 1999 tax year, \$60 for the 2000 tax year, \$80 for the 2001 tax year, and \$100 for 2002 and thereafter.

Chapter 159, P.L. 2001, increased the maximum benefit under the Homestead Rebate Program for homeowners and tenants who were 65 or older or disabled from \$500 to \$750 beginning with homestead rebates paid in calendar year 2001. For homestead rebates paid in 2002 and thereafter, the maximum amount would be indexed annually to the cost of living. This legislation also increased the maximum tenant homestead rebate paid in 2001 and thereafter to tenants who are not 65 or disabled to \$100, eliminating the three-year phase-in which, under the prior legislation (C. 63, P.L. 1999), was scheduled to end with rebates paid in 2003. It also increased the minimum rebate for tenants who were 65 or disabled to \$100.

Under State Budget provisions for fiscal year 2004, homestead rebates paid in 2003 were not adjusted by the cost-of-living increase.

From 1999 until 2004, both the Homestead Rebate and the NJ SAVER Rebate Programs provided property tax relief benefits to qualified homeowners. Chapter 40, P.L. 2004, the 2004 Homestead Property Tax Rebate Act, folded the NJ SAVER Rebate Program into the existing Homestead Rebate Program, and combined certain aspects of each, eliminating the NJ SAVER rebate for tax years 2004 and thereafter. The new program was given the acronym "FAIR" which stood for Fair and Immediate Relief. The Act also provided that the NJ SAVER and homestead rebates for 2003 were to be calculated the same way, taking into account the applicant's filing status, gross income, and the amount of property taxes paid, either directly or through rent. Eligible applicants received either the homestead rebate or the NJ SAVER rebate. The rebates ranged from \$500 to \$1,200 for homeowners, and from \$150 to \$825 for tenants. Homeowners with incomes over \$200,000 or tenants with incomes over \$100,000 were not eligible for a 2003 rebate.

For tax year 2004, rebate amounts were determined by income, filing status, whether a taxpayer was age 65 or older or eligible to claim an exemption as blind or disabled for the tax year, and whether the taxpayer was a homeowner or a tenant on October 1 of the tax year. Gross income could not exceed \$200,000 for eligible homeowners or \$100,000 for eligible tenants. Beginning with tax year 2004, tenants applied for the rebate on Form TR-1040, found in the income tax return booklet. A separate rebate application was mailed to homeowners. Only New Jersey residents who were either homeowners or tenants on October 1 and met the other requirements were eligible for a rebate for that year.

The State Budget for fiscal year 2006 limited rebate amounts paid for tax year 2004. Homeowners age 65 or older or disabled received rebates of \$500 to \$1,200. Homeowners under age 65 and not disabled received \$300 to \$350. Tenants age 65 or older or disabled received \$150 to \$825; and the rebate amount for tenants under age 65 and not disabled was \$75.

For tax year 2005 eligible homeowners who were age 65 or older or disabled received rebates ranging from \$500 to \$1,200. The State Budget for fiscal year 2007 limited rebate amounts for 2005 for eligible homeowners under age 65 and not disabled. Rebates for these homeowners ranged from \$200 to \$350. Tenants age 65 or older or disabled received from \$150 to \$825; and the rebate amount for tenants under age 65 and not disabled was \$75.

Chapter 62, P.L. 2007, established a new system for calculating benefits. For tax year 2006 eligible homeowners received 10%–20% of the first \$10,000 of property taxes paid, depending on their income level:

\$100,000 or less	—	20%
\$100,001 – \$150,000	—	15%
\$150,001 – \$250,000	—	10%

Eligible homeowners who were age 65 or older or disabled received the larger of either the applicable percentage of property taxes paid (see above) or the amount by which the property taxes paid exceeded 5% of gross income, but within the range specified based on income:

\$70,000 or less	—	\$1,200 – \$1,000
\$70,001 – \$125,000	—	\$800 – \$600
\$125,001 – \$200,000	—	\$500

Under the State Budget for fiscal year 2008, eligible tenants age 65 or older or disabled received rebates ranging from \$160 to \$860, and tenants under age 65 and not disabled received from \$80 to \$350.

The State Budget for fiscal year 2009 limited rebate amounts for tax year 2007 for both homeowners and tenants. The Budget also limited eligibility for homeowners to those with income of \$150,000 or less and required that the rebates for homeowners be based on 2006 property taxes.

For tax year 2007, eligible homeowners received either 10% or 20% of the first \$10,000 of property taxes paid in 2006, depending on their income level:

\$100,000 or less	—	20%
\$100,001 – \$150,000	—	10%

Eligible homeowners who were age 65 or older or disabled received the larger of either the applicable percentage of property taxes paid (see above) or the amount by which the property taxes paid exceeded 5% of gross income, but within the range specified based on income:

\$70,000 or less	—	\$1,200 – \$1,000
\$70,001 – \$125,000	—	\$800 – \$600
\$125,001 – \$150,000	—	\$500

Eligible tenants age 65 or older or disabled received rebates ranging from \$160 up to a maximum of \$860. Tenants under age 65 and not disabled received \$80.

The State Budget for fiscal years 2010 – 2013 limited eligibility and benefit amounts for tax years 2008 – 2011 for homeowners based on income (homeowners age 65 or older or disabled with gross income over \$150,000 and homeowners under age 65 with gross income over \$75,000 were not eligible). The Budget also required that the benefits for homeowners be based on 2006 property taxes. For tax year 2008, rebates for tenants were limited to those age 65 or older or disabled. No rebates were issued to tenants for tax years 2009, 2010, and 2011.

For tax year 2008, eligible homeowners who were age 65 or older or disabled received the larger of either the applicable percentage of the first \$10,000 of property taxes paid for 2006 (20% for applicants with gross income up to \$100,000 or 10% for applicants with gross income over \$100,000 but not over \$150,000) or the amount by which property taxes paid exceeded 5% of New Jersey gross income, but within the following ranges:

\$70,000 or less	—	\$1,200 – \$1,000
\$70,001 – \$125,000	—	\$800 – \$600
\$125,001 – \$150,000	—	\$500

Eligible homeowners who were under age 65 and not disabled received either 20% or 13.34% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

\$50,000 or less	—	20%
\$50,001 – \$75,000	—	13.34%

Eligible tenants age 65 or older or disabled received rebates ranging from \$160 up to a maximum of \$860.

For tax year 2009, eligible homeowners who were age 65 or older or disabled received one-quarter of the applicable percentage of the first \$10,000 of property taxes paid for 2006 (20% for applicants with gross income up to \$100,000 or 10% for applicants with gross income over \$100,000 but not over \$150,000).

Eligible homeowners who were under age 65 and not disabled received one-quarter of the applicable percentage of the first \$10,000 of property taxes paid for 2006 (20% for applicants with gross income up to \$50,000 or 13.34% for applicants with gross income over \$50,000 but not over \$75,000).

Benefits for 2009 were applied to property tax bills for the second quarter of 2011.

For tax year 2010, eligible homeowners who were age 65 or older or disabled received either 10% or 5% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

\$100,000 or less	—	10%
\$100,001 – \$150,000	—	5%

Eligible homeowners who were under age 65 and not disabled received either 10% or 6.67% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

\$50,000 or less	—	10%
\$50,001 – \$75,000	—	6.67%

Benefits for 2010 were applied to property tax bills for the first quarter of 2012.

Under the proposed State Budget for fiscal year 2014, for tax year 2011, eligible homeowners who were age 65 or older or disabled are to receive either 10% or 5% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

\$100,000 or less	—	10%
\$100,001 – \$150,000	—	5%

Eligible homeowners who were under age 65 and not disabled are to receive either 10% or 6.67% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

\$50,000 or less	—	10%
\$50,001 – \$75,000	—	6.67%

Benefits for 2011 are to be applied to property tax bills in August 2013.

NJ SAVER Rebate Program

Chapter 63, P.L. 1999, the New Jersey School Assessment Valuation Exemption Relief and Homestead Property Tax Rebate Act (NJ SAVER and Homestead Rebate Act), created the NJ SAVER Rebate Program. Under this program New Jersey residents, regardless of age or income, who owned, occupied, and paid property taxes on a home in

New Jersey that was their principal residence on October 1 of any year were eligible to receive an NJ SAVER rebate for that year.

Rebates were calculated by multiplying the equalized value of a home by the effective school tax rate for the municipality in which the home was located. The equalized value for the calculation could not exceed \$45,000. Since school tax rates varied among municipalities, NJ SAVER rebate amounts varied. The legislation provided for a five-year phase-in period beginning in 1999. The first rebate checks mailed in 1999 represented 20% of the maximum NJ SAVER rebate and homeowners received 40% of the maximum rebate in 2000.

Chapter 106, P.L. 2001, amended the original legislation (P.L. 1999, C. 63) to accelerate the phase-in period of the NJ SAVER Rebate Program from five years to four years. The legislation increased the amount to be paid in 2001 from 60% to 83⅓% of the full amount and provided for the full benefit amount to be paid in 2002.

The State Budget for fiscal year 2003 limited NJ SAVER rebates for 2001 to homeowners earning \$200,000 or less and limited rebates to the amounts paid for 2000.

As part of the State Budget for fiscal year 2004, NJ SAVER rebates for 2002 were not paid to any individual or married couple with gross income in excess of \$200,000. Additionally, the amount paid was limited to 50% of the prior year's NJ SAVER rebate check.

The 2004 Homestead Property Tax Rebate Act (P.L. 2004, C. 40) folded the NJ SAVER Rebate Program into the existing Homestead Rebate Program, and combined certain aspects of each, eliminating the NJ SAVER rebate for tax years 2004 and thereafter. See *Homestead Rebate Program* on page 37 for more information.

Property Tax Reimbursement Program

Chapter 348, P.L. 1997, created the Property Tax Reimbursement ("Senior Freeze") Program, which effectively freezes property taxes for eligible New Jersey senior citizens and disabled persons by reimbursing them for property tax increases. The first year a resident satisfies all the eligibility requirements becomes their base year. Residents who remain eligible in succeeding years will be reimbursed for any increase in the amount of property taxes paid over the base year amount.

Residents are eligible if they (1) are age 65 or older or receiving Federal Social Security disability benefits; (2) owned and lived in a homestead (or mobile home which is on a leased site in a mobile home park) for at

least the last three years; (3) lived in New Jersey and paid property taxes either directly or through rent for at least ten consecutive years; (4) paid the full amount of property taxes (or site fees if a mobile home owner) due on the home for both their base year and the year for which they are claiming the reimbursement; and (5) meet certain income eligibility limits for both the base year and the year for which they are claiming a reimbursement.

The income limits will increase in subsequent years by the amount of the maximum Social Security benefit cost-of-living increase for that year. Applicants must meet all requirements for both their base year and the year for which they are claiming a reimbursement. Once an applicant's base year is established, it remains the same as long as they remain eligible in succeeding years. If a homeowner (or mobile home owner) does not satisfy the requirements in one year, then their base year will become the next year that they satisfy all the requirements.

P.L. 2009, C. 129 modified the residency requirements for reimbursement recipients who lose their eligibility temporarily when they move to a new home. The legislation shortened to two full years the period of time these residents must occupy their new home before they can again qualify to resume applying for the property tax reimbursement. The new residency rules apply to applications filed for 2010 and after.

Under the provisions of the State Budget for fiscal year 2004, only applicants who received a reimbursement for tax year 2001 and who met all the eligibility requirements, including the income limits for 2002, were eligible to receive a reimbursement for 2002. The amount applicants received for tax year 2002 could not exceed the amount they received for 2001. For 2003, reimbursements were issued to all eligible applicants for the difference between their 2003 property taxes and their base year property taxes. For eligible applicants who filed applications for the first time for 2002 but did not receive checks, the 2003 reimbursement represented the difference between the amount of their 2003 property taxes paid and the amount of their 2001 (base year) taxes. For 2004, 2005, 2006, 2007, and 2008 reimbursements were issued to all eligible applicants for the difference between their 2004, 2005, 2006, 2007, and/or 2008 property taxes and their base year property taxes.

In the case of *Rita J. Hawe v. Director, Division of Taxation*, the Tax Court held that, for purposes to determining eligibility for the property tax reimbursement, annual income does not include distributions from an annuity that represent a taxpayer's original investment. Only the interest generated by the annuity is to be included.

The State Budget for fiscal year 2011 limited 2009 reimbursement payments to those applicants who received reimbursements for 2008 and whose income for 2009 did not exceed the 2008 income limit. It also limited 2009 benefit amounts to the 2008 level.

The State Budget for fiscal year 2012 limited 2010 reimbursement payments to those applicants whose income for 2009 did not exceed \$80,000, and whose 2010 income did not exceed \$70,000. (The original limit was \$80,000).

The State Budget for fiscal year 2013 limited 2011 reimbursement payments to those applicants whose income for 2010 did not exceed \$80,000, and whose 2011 income did not exceed \$70,000. (The original limit was \$80,000).

Other Benefits

Property Tax Deduction/Credit: Annual deduction or refundable credit given on the New Jersey resident income tax return. Qualified residents may deduct 100% of their property taxes due and paid or \$10,000, whichever is less. For tenants, 18% of rent paid during the year is considered property taxes paid. The minimum benefit is a refundable credit of \$50.

The State Budget for fiscal year 2010 limited the property tax deduction for tax year 2009 to \$5,000 for homeowners under age 65 and not disabled whose gross income was over \$150,000 but not over \$250,000. The Budget also suspended the property tax deduction for homeowners under age 65 and not disabled with gross income over \$250,000. Homeowners who were not eligible for a deduction because their gross income was over \$250,000 were still able to receive a property tax credit.

Senior Citizens' or Disabled Persons' Property Tax Deduction: Annual deduction of up to \$250 from property taxes for homeowners age 65 or older or disabled who meet certain income and residency requirements.

Veterans' Deduction: Annual deduction of up to \$250 from taxes due on the real or personal property of qualified war veterans and their surviving spouses/civil union partners/domestic partners.

Property Tax Exemption for Disabled Veterans: Full exemption from property taxes on a principal residence for certain totally and permanently disabled war veterans and their surviving spouses/civil union partners/domestic partners. Surviving spouses/civil union partners/domestic partners of servicepersons who died on wartime active duty or whose disability declaration was granted after death may also qualify.

Public Community Water System Tax

Description

The Public Community Water System Tax is levied upon the owner or operator of every public community water system in New Jersey based upon water delivered to consumers, not including water purchased for resale, on or after April 1, 1984.

Rate

The tax rate is \$0.01 per 1,000 gallons of water delivered to a consumer.

Disposition of Revenues

Revenues are deposited in the Safe Drinking Water Fund administered by the New Jersey Department of Environmental Protection and used to ensure clean drinking water in New Jersey.

Public Utility Franchise Tax

Description

Public Utility Franchise Tax applies to all sewerage and water companies having lines and mains along, in, on, or over any public thoroughfare.

The rate is either 2% or 5% of a proportion of the gross receipts of the taxpayer for the preceding calendar year. The proportion of gross receipts subject to tax is the ratio of the taxpayer's total length of lines or mains which are located along, in, on, or over any street, highway, road, or other public place to the whole length of lines or mains. Measurements of lengths of lines or mains exclude service connections.

Administration

The Franchise Tax levied against the sewerage and water companies is payable to the State in three installments: 35% due May 15, 35% due August 15, and 30% due November 15.

Rate

The rate is 2% for taxpayers with calendar year gross receipts of \$50,000 or less and 5% for taxpayers with calendar year gross receipts exceeding \$50,000.

Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

Public Utility Gross Receipts Tax

Description

Public Utility Gross Receipts Tax is in addition to the Franchise Tax and is in lieu of the local taxation of certain properties of sewerage and water companies in New Jersey.

Administration

The Gross Receipts Tax levied against the sewerage and water companies is payable to the State in three installments: 35% due May 15, 35% due August 15, and 30% due November 15.

Rate

7.5% is applied to the gross receipts for the preceding calendar year.

Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

Public Utility Excise Tax

Description

Public Utility Excise Tax is an additional tax on sewerage and water public utilities.

Administration

The Public Utility Excise Tax levied against the sewerage and water companies is payable to the State in full on May 1.

Rate (Calendar Year Basis)

0.625% —upon gross receipts subject to the franchise tax (0.25% for taxpayers with gross receipts not in excess of \$50,000 annually);

0.9375% —upon gross receipts of all sewerage and water public utilities.

Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

Railroad Franchise Tax**Description**

The Railroad Franchise Tax is levied upon railroads (or systems of railroads) operating within New Jersey. The tax base is that portion of the road's (or system's) net railway operating income of the preceding year allocated to New Jersey. The allocating factor is the ratio of the number of miles of all track in this State to the total number of miles of all track over which the railroad or system operates.

Rate

Railroad Franchise Tax is assessed at the rate of 10% upon the net railway operating income of the preceding year allocated to New Jersey. The minimum is \$100 for taxpayers having total railway operating revenues in the preceding year of \$1 million or less and \$4,000 for taxpayers with operating revenues in excess of \$1 million in the preceding year.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

Railroad Property Tax**Description**

Railroad Tax Law of 1948 as amended distinguishes three classes of property:

Class I: "Main stem" roadbed—that not exceeding 100 feet in width.

Class II: All other real estate used for railroad purposes including roadbed other than "main stem" (Class I), tracks, buildings, water tanks, riparian rights, docks, wharves, piers. Excluded is "tangible personal property": rolling stock, cars, locomotives, ferryboats, all machinery, tools. Facilities used in passenger service are also excluded, being defined as Class III property.

Class III: Facilities used in passenger service: land, stations, terminals, roadbeds, tracks, appurtenances, ballast, and all structures used in connection with rendering passenger service, including signal systems, power systems, equipment storage, repair, and service facilities (N.J.S.A. 54:20A-2).

The Railroad Property Tax is a State tax on Class II property.

Exemptions

Main stem (Class I), tangible personal property, and facilities used in passenger service (Class III) are exempt from tax.

Rate

\$4.75 for each \$100 of true value of Class II railroad property.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use. However, under legislation adopted in 1966, the municipalities where railroad property is located are guaranteed the return of certain replacement revenues. No State aid has been paid since calendar year 1982, except for 1984–1994 payments to those municipalities in which Class II railroad property owned by New Jersey Transit Corporation is located (P.L. 1984, C. 58). Since 1995, payments have been paid on Class II railroad properties owned by New Jersey Transit Corporation through the Consolidated Municipal Tax Relief Aid Program administered by the Department of Community Affairs.

Realty Transfer Fee**Description**

The Realty Transfer Fee is imposed upon the recording of deeds evidencing transfers of title to real property in the State of New Jersey. The Realty Transfer Fee is calculated based on the amount of consideration recited in the deed.

The Realty Transfer Fee does not apply to a deed: for a consideration of less than \$100; by or to the United States of America, this State, or any instrumentality, agency, or subdivision thereof; solely in order to provide or release security for a debt or obligation; which confirms or corrects a deed previously recorded; on a sale for delinquent taxes or assessments; on partition; by a receiver, trustee in bankruptcy or liquidation, or assignee for the benefit of creditors; eligible to be recorded as an "ancient deed"

pursuant to R.S. 46:16-7; acknowledged or proved on or before July 3, 1968; between husband and wife, or parent and child; conveying a cemetery lot or plot; in specific performance of a final judgment; releasing a right of reversion; previously recorded in another county and full Realty Transfer Fee paid or accounted for, as evidenced by written instrument, attested by the grantee, and acknowledged by the county recording officer; by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this State; recorded within 90 days following the entry of a divorce decree which dissolves the marriage between grantor and grantee; issued by a cooperative corporation, as part of a conversion of all of the assets of the cooperative corporation into a condominium, to a shareholder upon the surrender by the shareholder of all of the shareholder's stock in the cooperative corporation and the proprietary lease entitling the shareholder to exclusive occupancy of a portion of the property owned by the corporation.

Chapter 103, P.L. 2007, the Civil Union Act, became effective on February 19, 2007. This law grants civil union couples the same benefits, protections, and responsibilities under law as are granted to spouses in marriage. The law required amendatory language pertaining to partial and total exemptions from the Realty Transfer Fee to be included on the Affidavit forms (RTF-1 and RTF-1EE) and other Property Administration forms.

Rate

In accordance with Chapter 66, Laws of 2004, as amended by Chapter 19, Laws of 2005, the level or rate of the Realty Transfer Fee is as follows:

Standard Transactions and New Construction

<i>Total Consideration Not Over \$350,000</i>		
Consideration		Rate / \$500
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$ 2.00
150,000	200,000	3.35
200,000	350,000	3.90

<i>Total Consideration Over \$350,000</i>		
Consideration		Rate / \$500
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$ 2.90
150,000	200,000	4.25
200,000	550,000	4.80
550,000	850,000	5.30
850,000	1,000,000	5.80
1,000,000*		6.05

Senior Citizens or Blind or Disabled Persons; Low and Moderate Income Housing

<i>Total Consideration Not Over \$350,000</i>		
Consideration		Rate / \$500
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$ 0.50
150,000	350,000	1.25

<i>Total Consideration Over \$350,000</i>		
Consideration		Rate / \$500
<i>over</i>	<i>but not over</i>	
\$ 0	\$150,000	\$1.40
150,000	550,000	2.15
550,000	850,000	2.65
850,000	1,000,000	3.15
1,000,000*		3.40

***Additional fee where consideration is over \$1 million**

Effective February 1, 2005, a 1% fee is imposed upon grantees (buyers) on property transfers for consideration in excess of \$1 million for property class 2 "residential"; class 3A "farm property (regular)" if effectively transferred with other property to the same grantee; and cooperative units, which are class 4C. The 1% fee is imposed on the entire amount of such consideration recited in the deed. The 1% fee is not imposed upon organizations determined by the Federal Internal Revenue Service to be exempt from Federal income taxation that are the buyers in deeds for a consideration in excess of \$1 million.

Chapter 33, P.L. 2006, effective on August 1, 2006, provides that:

- A fee of 1% is imposed on Class 4A "commercial properties" for an entire consideration in excess of \$1 million as well as the classes already incurring the 1% fee.
- The 1% fee does not apply if real property transfer is incidental to a corporate merger or acquisition and the equalized assessed value of the real property transferred is less than 20% of the total value of all assets exchanged in the merger or acquisition.
- Buyers (grantees) in deeds involving Class 4A sales recorded on or before November 15, 2006, that were transferred pursuant to a contract fully executed before July 1, 2006, who remit the 1% fee shall have it refunded by filing a Claim for Refund with the Division within one year following the recording date of the deed.
- Affidavit of Consideration for Use by Seller (Form RTF-1) is required for all Class 4 property deed recordings.

- A fee of 1% is imposed on nondeed transfers of a controlling interest in an entity which possesses, directly or indirectly, a controlling interest in classified real property, payable to the Director, by the purchaser of the controlling interest.

Disposition of Revenues

The Realty Transfer Fees per \$500 of consideration will be allocated according to the type of transaction as follows:

Standard (no exemption)

Total Consideration Not Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.25	\$0.00
150,000	200,000	0.75	1.85	0.75
200,000	350,000	0.75	2.40	0.75

Total Consideration Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 2.15	\$ 0.00
150,000	200,000	0.75	2.75	0.75
200,000	550,000	0.75	3.30	0.75
550,000	850,000	0.75	3.80	0.75
850,000	1,000,000	0.75	4.30	0.75
1,000,000		0.75	4.55	0.75

Senior Citizens or Blind or Disabled Persons; Low and Moderate Income Housing

Total Consideration Not Over \$350,000

Consideration		County Treasurer	State Treasurer	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.50	\$ 0.00	\$ 0.00
150,000	350,000	0.50	0	0.75

Total Consideration Over \$350,000

Consideration		County Treasurer	State Treasurer ³	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.50	\$ 0.90	\$ 0.00
150,000	550,000	0.50	0.90	0.75
550,000	850,000	0.50	1.40	0.75
850,000	1,000,000	0.50	1.90	0.75
1,000,000		0.50	2.15	0.75

New Construction

Total Consideration Not Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.00 ³	\$ 0.25
150,000	200,000	0.75	0.60	2.00
200,000	350,000	0.75	1.15	2.00

Total Consideration Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	New Jersey AHTF
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.90	\$ 0.25
150,000	200,000	0.75	1.50	2.00
200,000	550,000	0.75	2.05	2.00
550,000	850,000	0.75	2.55	2.00
850,000	1,000,000	0.75	3.05	2.00
1,000,000		0.75	3.30	2.00

¹Under the Public Health Priority Funding Act of 1977, \$0.25 per \$500 of consideration is deposited into a special fund.

²Amount per \$500 of consideration is deposited as follows:

Extraordinary Aid Account

Standard Transactions

Not over \$150,000	\$ 0
Over \$150,000 but not over \$200,000	0.60
Over \$200,000	1.15

New Construction

Not over \$150,000	\$ 1.00
Over \$150,000 but not over \$200,000	0.60
Over \$200,000	1.15

State General Fund

Where the **total consideration is over \$350,000** a General Purpose Fee is imposed as follows:

Not over \$150,000	\$ 0.90
Over \$150,000 but not over \$550,000	0.90
Over \$550,000 but not over \$850,000	1.40
Over \$850,000 but not over \$1,000,000	1.90
Over \$1,000,000	2.15

³Entire amount is deposited into the State General Fund.

The proceeds of the Realty Transfer Fees collected by the county recording officer are accounted for and remitted to the county treasurer. In Fiscal Year 2012, a total of \$305,479,406 was paid to the State Treasurer in Realty Transfer Fees and deposited into the State General Fund.

Amounts not in excess of \$25,000,000 paid during the State fiscal year to the State Treasurer from the State portion of the basic fee are credited to the Shore Protection Fund.

In Fiscal Year 2012, \$42,500,398 was paid to the State Treasurer and credited to the New Jersey Affordable Housing Trust Fund.

A “supplemental fee” is allocated between the county Public Health Priority Fund and the State Extraordinary Aid Account. In Fiscal Year 2012, the Extraordinary Aid Account received \$48,154,384.

Recycling Tax

Description

Effective April 1, 2008, P.L. 2007, C. 311, imposes a Recycling Tax on every ton of solid waste accepted for disposal or transfer at a solid waste facility. Every owner or operator of a solid waste facility in New Jersey is subject to this tax. The tax is also imposed on every ton of solid waste collected by a solid waste collector that transports solid waste for transshipment or direct transportation to an out-of-State disposal site.

Rate

The Recycling Tax is imposed at the rate of \$3.00 per ton.

Disposition of Revenues

The revenue collected from the Recycling Tax is deposited in the nonlapsing, revolving Recycling Fund and administered by the New Jersey Department of Environmental Protection. Moneys in the fund are appropriated solely for the following purposes and no other: (1) 60% for the annual expenses of a program for direct recycling grants to municipalities or counties in those instances where a county, at its own expense, provides for the collection, processing and marketing of recyclable materials on a regional basis; (2) 5% for State recycling program planning and program funding; (3) 25% to provide State aid to counties for preparing, revising, and implementing solid waste management plans; (4) 5% to be used by counties for public information and education programs concerning recycling activities; and (5) 5% to provide grants to institutions of higher education to conduct research in recycling.

Sales and Use Tax

Description

Sales and Use Tax applies to receipts from retail sale, rental, or use of tangible personal property or digital property; retail sale of producing, fabricating, processing, installing, maintaining, repairing, and servicing tangible personal property or digital property; maintaining, servicing, or repairing real property; certain direct-mail services;

tattooing, tanning, and massage services; investigation and security services; information services; limousine services; sales of restaurant meals and prepared food; rental of hotel and motel rooms; certain admission charges; certain membership fees; parking charges; storage services; sales of magazines and periodicals; delivery charges; and telecommunications services, except as otherwise provided in the Sales and Use Tax Act.

A compensating use tax is also imposed when taxable goods and services are purchased and New Jersey sales tax is either not collected or is collected at a rate less than New Jersey’s sales tax rate. The use tax is due when such goods, or the goods on which taxable services are performed, come into New Jersey. If sales tax was paid to another state, the use tax is only due if the tax was paid at a rate less than New Jersey’s rate.

All persons required to collect the tax must file a Business Registration Application (Form NJ-REG). Each registrant’s authority to collect the sales tax is certified by a Certificate of Authority issued by the Division, which must be prominently displayed at each place of business to which it applies.

Major exemptions include: sales of newspapers; magazines and periodicals sold by subscription and membership periodicals; casual sales except motor vehicles and registered boats; clothing; farm supplies and equipment; flags of New Jersey and the United States; unprepared food and food ingredients purchased for human consumption; food sold in school cafeterias; prescription and certain nonprescription drugs and other medical aids; motor fuels; textbooks; professional and personal services unless otherwise taxable under the Act; real estate sales; tangible personal property used in research and development; production machinery and equipment.

The Sales and Use Tax Act was amended, effective October 1, 2005, to conform New Jersey’s law to the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA), which is a multistate effort to simplify and modernize the collection and administration of sales and use taxes. The adoption of the SSUTA resulted in significant changes in New Jersey’s tax policy and administration, including uniform product definitions and changes in the taxability of specific items. In addition, the SSUTA provided for the creation of a new central registration system, certain amnesty provisions, and minor changes in the treatment of exemption certificates.

Rate

The rate of tax is 7% on taxable sales.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

History

New Jersey's first sales tax became effective on July 1, 1935. The tax rate was set at 2%. Chapter 268, P.L. 1935, provided that sales taxation would cease as of June 13, 1938.

Sales and Use Tax next became effective July 1, 1966. Rate of tax was set at 3% (C. 30, P.L. 1966).

Additional exemptions from the tax were provided by C. 25, P.L. 1967. Chapter 7, P.L. 1970, increased the tax rate to 5% effective March 1, 1970. This Act and C. 25, P.L. 1970, contained certain transitional provisions relating to this increased rate.

Effective July 1, 1972, sales of alcoholic beverages, except draught beer sold by the barrel, to any retail licensee were made subject to Sales and Use Tax (C. 27, P.L. 1972). The 1972 amendment repealed taxation of sales of packaged liquor by retailer to consumer. The tax applied at the wholesale-retail level. Its base was the minimum consumer retail price as filed with the Board of Alcoholic Beverage Control.

Sale, rental, or lease of commercial motor vehicles weighing more than 18,000 pounds became exempt from Sales and Use Tax effective January 1, 1978 (C. 217, P.L. 1977).

Production machinery and equipment became exempt from Sales and Use Tax effective January 1, 1978.

The Division took over administration of the Atlantic City Luxury Sales Tax (C. 60, P.L. 1980).

A new tax imposed on wholesale receipts of alcoholic beverage licensees at 6.5% of the wholesale price superseded the prior tax imposed under the Sales and Use Tax law at 5% of the minimum consumer resale price (C. 62, P.L. 1980).

Recycling equipment was exempted from Sales and Use Tax effective January 12, 1982 (C. 546, P.L. 1981).

The Sales and Use Tax rate increased to 6% effective January 3, 1983 (C. 227, P.L. 1982).

Nonprescription drugs, household paper products, and soaps and detergents were exempted from Sales and Use Tax effective July 1, 1983.

The Sales and Use Tax rate increased to 7% effective July 1, 1990. Several major exempt items and services became taxable July 1, 1990, e.g., cigarettes; alcoholic beverages; household soap and paper products; janitorial services; telecommunications services; and sales, rentals, leasing, parts, and services for certain commercial motor vehicles (C. 40, P.L. 1990).

Chapter 115, P.L. 1990, approved November 19, 1990, reinstated, with modifications, the exemption for certain sales, rentals, leases, and repair and replacement parts for commercial motor vehicles, retroactive to July 1, 1990.

Household paper products became exempt again September 1, 1991 (C. 209, P.L. 1991).

The Sales and Use Tax rate decreased to 6% effective July 1, 1992 (C. 11, P.L. 1992).

Local public pay-phone calls were exempted from the tax under a law passed January 15, 1993, and retroactive to July 1, 1990 (C. 10, P.L. 1993).

Effective July 1, 1994, retail sales of certain tangible personal property in Salem County were taxed at 3% (C. 373, P.L. 1993).

Sales and Use Tax was repealed on advertising space in a telecommunications user or provider directory or index distributed in New Jersey effective April 1, 1996 (C. 184, P.L. 1995).

Certain radio and television broadcast production equipment was exempted from Sales and Use Tax effective April 1, 1996 (C. 317, P.L. 1995).

Sales and Use Tax was imposed on sales of energy (C. 162, P.L. 1997).

Effective January 8, 1998, the farm use exemption was amended to apply to tangible personal property (except automobiles, and except property incorporated into a building or structure) used "directly and primarily" in the production for sale of tangible personal property for sale on farms, ranches, nurseries, greenhouses, and orchards (C. 293, P.L. 1997).

Imprinting services performed on manufacturing equipment that is exempt under N.J.S.A. 54:32B-8.13 were exempted from Sales and Use Tax effective March 1, 1998 (C. 333, P.L. 1997).

Sales and Use Tax was repealed on sales of advertising services, other than direct-mail services performed in New Jersey, on and after November 1, 1998 (C. 99, P.L. 1998).

Chapter 221, P.L. 1999, provides for expanded Sales and Use Tax exemptions for film and video industries.

Chapter 246, P.L. 1999, exempts repairs to certain aircraft from Sales and Use Tax.

Chapter 248, P.L. 1999, clarifies the imposition of New Jersey Sales and Use Tax on the retail sale of prepaid telephone calling arrangements. The statute shifts the incidence of the tax from the point of use to the point at which the arrangement is sold to the consumer.

Sales and Use Tax exemption for the amount of sales through coin-operated vending machines was increased from \$0.10 to \$0.25 (C. 249, P.L. 1999).

“The Firearm Accident Prevention Act” (C. 253, P.L. 1999) exempts sales of firearm trigger locks from Sales and Use Tax.

“The Secure Firearm Storage Act” exempts sales of firearm vaults from Sales and Use Tax (C. 254, P.L. 1999).

Chapter 273, P.L. 1999, provides for general exemption from Sales and Use Tax of costs of purchase and repair of commuter ferryboats.

“Farm use” exemption was revised through C. 314, P.L. 1999.

Chapter 365, P.L. 1999, provides Sales and Use Tax exemptions for certain purchases by flood victims of Hurricane Floyd.

Chapter 416, P.L. 1999, grants exempt organization status under the New Jersey Sales and Use Tax Act to the National Guard, Marine Corps League, and war veterans’ posts or associations. This law also creates a Sales and Use Tax Review Commission.

Chapter 90, P.L. 2001, provides for a Sales and Use Tax exemption for the sale and repair of limousines.

The Uniform Sales and Use Tax Administration Act (C. 431, P.L. 2001) authorizes New Jersey to participate in discussions of the Streamlined Sales Tax Project in an effort to simplify and modernize Sales and Use Tax collection and administration.

Chapter 45, P.L. 2002, brings the Sales and Use Tax Act into compliance with the Federal Mobile Telecommunications Sourcing Act.

Chapter 136, P.L. 2003, provides that the receipts from rentals of tangible personal property between “related persons” are exempt from Sales and Use Tax.

Chapter 266, P.L. 2003, provides a Sales and Use Tax exemption for the sale of zero emission motor vehicles.

Through the enactment of P.L. 2005, C. 126, New Jersey joined a national coalition of states in conforming the New Jersey Sales and Use Tax Act to the provisions of the Streamlined Sales and Use Tax Agreement (SSUTA). The SSUTA was developed over the course of several years through the joint effort of over 40 states participating in the Streamlined Sales and Use Tax Project. The underlying purpose of the Agreement is to simplify and modernize the administration of the sales and use tax laws of the member states in order to facilitate multistate tax administration and compliance. The provisions of the new law took effect on October 1, 2005.

Chapter 44, P.L. 2006, increased the Sales and Use Tax rate from 6% to 7%, effective July 15, 2006. The law also expanded the Sales and Use Tax base effective October 1, 2006, by imposing tax on various products and services that were not previously taxed as well as by limiting existing exemptions for other products and services.

P.L. 2007, C. 94, provides an exemption from Sales and Use Tax on energy and utility services and from the Transitional Energy Facility Assessment unit rate surcharge for manufacturing facilities producing products using recycled materials and satisfying several precise and complex criteria (initially applicable only to one manufacturing facility in the State). The exemption will be in effect for seven years, and during that time the economic effect of allowing the facility’s exemption will be reviewed annually.

P.L. 2007, C. 105, effective July 1, 2007, carves out certain exceptions to two new impositions of tax that were part of the expansion of Sales and Use Tax. The Act amends N.J.S.A. 54:32B-3(h), which imposes tax on fees and dues for use of the facilities of health and fitness, athletic, sporting, and shopping clubs and organizations. The amendment exempts such fees and dues if the club or organization is either an exempt private organization or an exempt public entity. The Act also amends N.J.S.A. 54:32B-3(i), which imposes tax on receipts for parking or garaging a motor vehicle, with certain exceptions. The amendment carved out additional exceptions: municipal parking and garaging, even when not “metered,” and certain parking fees at Atlantic City casinos.

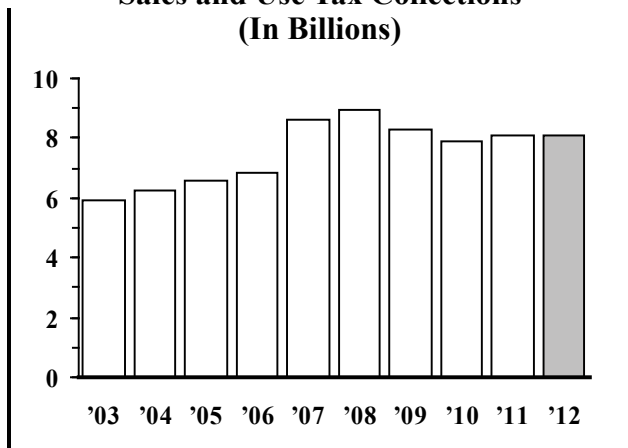
P.L. 2008, C. 123, effective January 1, 2009, repeals the Fur Clothing Retail Gross Receipts Tax and Use Tax and replaces it by adding “fur clothing” as taxable tangible personal property under the Sales and Use Tax Act (N.J.S.A.54:32B-1 et seq.).

P.L. 2009, C. 90, broadens the exemption provided by P.L. 2007, C. 94 to include any postconsumer material manufacturing facility instead of only including manufacturing facilities producing products using recycled materials.

P.L. 2009, C. 240, clarifies the meaning of “contiguous property” and removes limitations on exemption for natural gas and utility service used for cogeneration.

P.L. 2011, C. 49, makes various technical changes in the sales tax law to maintain compliance with the Streamlined Sales and Use Tax Agreement (SSUTA). The bill replaces “digital property” with “specified digital product” and makes other ancillary changes; provides new compliance provisions that incorporate SSUTA provisions relieving certain sellers from liability due to changes in the sales and use tax rate; removes remaining references to the term “vendor,” replacing them with “seller”; and removes charges for installation as part of the enumerated charges included in the definition of “sales price.”

**Sales and Use Tax Collections
(In Billions)**



Fiscal Year	Collections
2003	\$5,936,057,141
2004	6,261,700,380
2005	6,552,199,925
2006	6,853,417,869
2007	8,609,639,460 ¹
2008	8,915,515,422
2009	8,264,162,457
2010	7,898,166,015
2011	8,144,397,344
2012	8,099,548,866

¹Rate increased to 7% effective July 15, 2006.

Urban Enterprise Zones

The New Jersey Urban Enterprise Zones Act (C. 303, P.L. 1983), approved August 15, 1983, provides tax advantages and other business tools to enhance development efforts in the State’s economically distressed urban centers. The statute was amended in 2002 to add Urban Enterprise Zone-impacted business districts. Urban Enterprise Zone-impacted business districts are areas that have been negatively impacted by the presence of 2 or more adjacent Urban Enterprise Zones. Under the program, qualified municipalities apply to the Urban Enterprise Zone Authority to have a portion of the municipality designated as an Urban Enterprise Zone or Urban Enterprise Zone-impacted business district. Businesses must apply to the local municipal zone coordinator to be certified as a “qualified business” before they can take advantage of these benefits.

Initially 10 zones (the maximum number provided under the statute) were established in: Bridgeton, Camden, Elizabeth, Jersey City, Kearny, Millville/Vineland, Newark, Orange, Plainfield, and Trenton. Chapter 367, P.L. 1993, approved January 5, 1994, allowed for the designation of 10 additional enterprise zones. This increased the number of zones from 10 to 20, adding Asbury Park/Long Branch, Carteret, Lakewood, Mount Holly, Passaic, Paterson, Perth Amboy, Phillipsburg, Pleasantville, and Union City. In 1996, 7 new zones were added: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York. In 2002, 3 additional zones were designated: Bayonne City, Roselle Borough, and a joint zone consisting of North Wildwood City, Wildwood City, Wildwood Crest Borough, and West Wildwood Borough (P.L. 2001 C. 347). Gloucester City was added effective April 1, 2004 (P.L. 2003, C. 285). New Brunswick was added as the 32nd zone effective July 1, 2004 (P.L. 2004, C. 75).

In 2002, legislation was passed which requires the Urban Enterprise Zone Authority to extend a zone’s initial designation as an Urban Enterprise Zone if the particular enterprise zone meets certain requirements. The same legislation provides for the replacement of the final 5-year period of the 20-year Urban Enterprise Zone designation for the eligible zones with a new 16-year period.

The possible tax benefits conferred on qualified businesses within a designated Urban Enterprise Zone include:

- Corporation Business Tax credits for hiring new employees;

- Sales and Use Tax exemption for purchases of building materials, most tangible personal property, and most services for business use;
- Unemployment tax rebates;
- Authorization to impose State sales tax at 50% of the regular rate.

The only benefit conferred on qualified businesses within a designated Urban Enterprise Zone-impacted business district is the authorization to impose State sales tax at 50% of the regular rate.

Sales Tax Benefits

A vendor within an Urban Enterprise Zone or Urban Enterprise Zone-impacted business district wishing to collect sales tax at the reduced rate must first be certified as a “qualified business,” and then apply to the Division of Taxation for authority to collect tax at the reduced rate. No business may collect sales tax at the reduced rate without the proper certification. The certification is valid for one year. Recertification is automatic unless the business changes or loses its qualified status.

A qualified business may collect sales tax at the reduced rate only on a face-to-face retail sale of tangible property to a buyer who comes to its business location within the zone or district and accepts delivery from the location. Thus, telephone, mail order, or catalog sales do not qualify for the reduced rate. Sales of certain items are not eligible for the reduced sales tax rate. Tax must be collected at the full regular rate on sales of: restaurant meals and prepared food, cigarettes, alcoholic beverages, energy, and the sale, rental, or lease of motor vehicles. The reduced rate does not apply to sales of any services by a qualified business.

A qualified business may purchase items of tangible personal property (office and business equipment, supplies, furnishings, fixtures, etc.), and taxable services (construction work, repair, and installation services, etc.) which are for the exclusive use of the business at its location in the zone without paying sales tax. Building materials used at the zone location are also exempt from tax, whether purchased by the qualified business or the contractor. The exemption from sales tax does not apply to purchases or repairs of motor vehicles, or purchases of telecommunications services and energy. Qualified businesses located within Urban Enterprise Zone-impacted business districts are not entitled to this benefit.

Public Law 2004, C. 65, amended the Urban Enterprise Zones Act to include a Sales and Use Tax exemption for energy and utility service sold to certain qualified urban enterprise zone businesses. In order to be eligible,

a qualified business, or a group of vertically integrated qualified businesses within a single redevelopment area, must employ at least 500 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process.

P.L. 2005, C. 374, amended the exemption for energy and utility service sold to certain qualified urban enterprise zone businesses by changing “500 people” to “250 people.” It also extended the exemption to qualifying Salem County businesses that employ at least 50 people.

P.L. 2006, C. 34, effective July 15, 2006, amended the Urban Enterprise Zones Act to require that to qualify as a UEZ business an applicant must meet all outstanding tax obligations. The law also requires that UEZ qualified businesses having annual gross receipts of \$1,000,000 or more obtain exemption from Sales and Use Tax on purchases by filing a claim for refund of tax, rather than by using a point-of-purchase exemption certificate.

P.L. 2007, C. 328, effective January 13, 2008, institutes a new filing procedure for qualified urban enterprise zone (UEZ) businesses claiming a refund of sales tax paid. Documentation is no longer required to be submitted with a refund claim form. In addition, the definition of “small business” applicable to the UEZ sales tax rebate program is amended by raising the maximum annual gross receipts threshold from less than \$1 million to less than \$3 million.

P.L. 2008, C. 118, broadens the small qualified business definition under the Urban Enterprise Zone Sales Tax Rebate Program by raising the maximum annual gross receipts threshold from less than \$3 million to less than \$10 million.

P.L. 2011, C. 28, effective for sales or services made or rendered on or after April 1, 2011, allows all qualified urban enterprise zone (UEZ) businesses to be eligible to receive the sales tax exemption at the point of purchase regardless of annual gross receipts.

Savings Institution Tax

Description

The Savings Institution Tax is applicable to every savings institution doing a financial business in New Jersey. The Act defines Savings Institution as any state or Federally chartered building and loan association, savings and loan association, or savings bank.

Excluded from tax are:

- (1) 100% of dividends of an owned and qualified subsidiary; and
- (2) 50% of other dividends included in taxable income for Federal tax purposes.

Rate

The Savings Institution Tax was repealed applicable to privilege periods or taxable years beginning after 2001 (Chapter 40, P.L. 2002). Previously, the tax was imposed at the rate of 3% of net income.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

Spill Compensation and Control Tax

Description

The Spill Compensation and Control Tax is imposed on owners or operators of one or more major facilities used to refine, store, produce, handle, transfer, process, or transport hazardous substances, including petroleum products, to ensure compensation for cleanup costs and damages due to discharge of hazardous substances.

The tax is also imposed on owners of a hazardous substance which is transferred to a public storage terminal, and to any transferor of a previously untaxed nonpetroleum hazardous substance from a major facility to one which is a nonmajor facility.

Rate

1. Nonpetroleum hazardous substances—1.53% of fair market value;
2. Petroleum products—\$0.023 per barrel;
3. Precious metals—\$0.023 per barrel;
4. Elemental phosphorus—\$0.023 per barrel; and
5. Elemental antimony or antimony trioxide—\$0.023 per barrel, with annual approval.

The tax rate may be increased in the case of a major discharge or series of discharges of petroleum products to a rate not to exceed \$0.04 per barrel until the revenue produced by the increased rate equals 150% of the total dollar amount of all pending reasonable claims resulting from the discharge.

The tax for an individual taxpayer facility which paid the tax in 1986 is capped at a certain percentage of the taxpayer's 1986 liability. Other tax cap benefits may apply.

Disposition of Revenues

The proceeds constitute a fund (New Jersey Spill Compensation Fund) to ensure compensation for cleanup costs and damage associated with the discharge of petroleum products and other hazardous substances.

Sports and Entertainment Facility Tax

Description

The Sports and Entertainment District Urban Revitalization Act (P.L. 2007, C. 30) authorized eligible municipalities to create "sports and entertainment districts" to promote the development of sports and entertainment facility projects in the districts. Eligible municipalities are those falling within a certain range of population size and density and which contain part of an urban enterprise zone.

Municipalities establishing these districts may impose one or more specified local taxes and dedicate the revenue from some or all of those taxes to financing projects in the sports and entertainment districts. At present, only the City of Millville has adopted an ordinance establishing a sports and entertainment district.

Rate

The tax rate in the Millville sports and entertainment district is 2% on receipts from retail sales (including rentals) of tangible personal property, food and drink, rents for hotel occupancies, and admission charges that are also taxable under the Sales and Use Tax Act. These taxes are in addition to any other State or local tax or fee imposed on the same transaction.

Disposition of Revenues

Revenues are deposited in the State Treasury and placed in the Sports and Entertainment Facility Revenue Fund established for the district. Moneys deposited in the fund may be used to provide financial assistance to a developer toward the costs of financing the infrastructure improvements of a project.

Tobacco Products Wholesale Sales and Use Tax

Description

The Tobacco Products Wholesale Sales and Use Tax is imposed on the receipts from every sale of tobacco products, other than cigarettes, by a distributor or a wholesaler to a retail dealer or consumer. Cigarettes are exempt from this tax.

Chapter 448, P.L. 2001, effective March 1, 2002, converted the Tobacco Products Wholesale Sales and Use Tax from one imposed on the price that a distributor receives from the sale of tobacco products to a vendor or consumer to one imposed upon the (lower) price that the distributor pays to buy the products from the manufacturer.

Chapter 37, P.L. 2006, amended the Tobacco Products Wholesale Sales and Use Tax to impose a separate weight-based tax on moist snuff effective August 1, 2006. Previously, moist snuff had been taxed based on price with other tobacco products.

Rate

The Tobacco Products Wholesale Sales and Use Tax is imposed at the rate of 30% on the invoice price the distributor pays to buy the tobacco products, excluding moist snuff, from the manufacturer.

The Tobacco Products Wholesale Sales and Use Tax is imposed on moist snuff at the rate of \$0.75 per ounce on the net weight as listed by the manufacturer and a proportionate rate on all fractional parts of an ounce of the net weight of moist snuff.

Distributors and wholesalers who also sell tobacco products at retail or otherwise use the tobacco products must pay a compensating use tax of 30% measured by the sales price of a similar tobacco product, excluding moist snuff, to a distributor. Moist snuff is taxed at the rate of \$0.75 per ounce.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use. Pursuant to P.L. 1997, C.264, initial collections of \$5 million are deposited in the Health Care Subsidy Fund.

Transfer Inheritance and Estate Taxes

Description

The Transfer Inheritance Tax applies to the transfer of all real and tangible personal property located in New Jersey and intangible personal property wherever situated in estates of resident decedents. In estates of nonresident decedents, the tax applies to real property and tangible personal property located in the State of New Jersey.

The Estate Tax is imposed in addition to the Transfer Inheritance Tax on the estates of resident decedents. An Estate Tax is payable if the Inheritance Tax paid to New Jersey is less than the portion of the Federal credit for state death taxes which is attributable to New Jersey property.

Rate

The Transfer Inheritance Tax rates depend on the amount received and the relationship between the decedent and the beneficiary. No tax is imposed on class A beneficiaries (father, mother, grandparents, descendants, spouses, civil union partners, or domestic partners). Class C beneficiaries (brother or sister of decedent; husband, wife, or widow(er) of a child of decedent; civil union partner or surviving civil union partner of a child of decedent) are taxed at 11%–16%, with the first \$25,000 exempt. Class D beneficiaries (not otherwise classified) are taxed at 15%–16%, with no tax on transfers having an aggregate value of less than \$500. Charitable institutions are exempt from tax.

For decedents dying on or before December 31, 2001, the Estate Tax is based upon the credit for state inheritance, estate, succession, or legacy taxes allowable under the provisions of the Internal Revenue Code in effect on the decedent's date of death. For decedents dying after December 31, 2001, the Estate Tax is based upon the credit for state inheritance, estate, succession, or legacy taxes allowable under the provisions of the Internal Revenue Code in effect on December 31, 2001.

During 2001 there was no Federal estate tax due on Federal estates of less than \$675,000. Under the provisions of the Federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the applicable Federal exclusion amounts were increased to:

2002 and 2003	\$1.0 Million
2004 and 2005	1.5 Million
2006, 2007, and 2008	2.0 Million
2009	3.5 Million
2010	Tax Repealed

The New Jersey Estate Tax exclusion was frozen at the 2001 level for decedents dying in 2002 and thereafter. The Estate Tax is an amount equal to the Federal credit for inheritance, estate, succession, and legacy taxes allowable under provisions of the Internal Revenue Code in effect on December 31, 2001. A reduction is permitted for that portion of the credit which is attributable to property located outside New Jersey plus any Inheritance Tax paid to New Jersey.

Exemptions From Transfer Inheritance Tax

- All transfers having an aggregate value under \$500;
- Life insurance proceeds paid to a named beneficiary;
- Charitable transfers for the use of any educational institution, church, hospital, orphan asylum, public library, etc.;
- Transfers for public purposes made to New Jersey or any political subdivision thereof;
- Federal civil service retirement benefits payable to a beneficiary other than the estate, executor, or administrator;
- Annuities payable to survivors of military retirees; and
- Qualified employment annuities paid to a surviving spouse, civil union partner, or domestic partner.

Disposition of Revenues

Revenues are deposited in the State Treasury for general State use.

History

New Jersey first imposed an inheritance tax in 1892 at a rate of 5% on property transferred from a decedent to a beneficiary.

In 1909, legislation was enacted which formed the basis of the present Transfer Inheritance Tax (N.J.S.A. 54:33-1 et seq.).

In 1934, legislation was enacted which formed the basis of the Estate Tax (N.J.S.A. 54:38-1 et seq.). On June 30, 1992, the filing date for estate taxes for decedents dying after March 1, 1992, was shortened. The due date had been the later of 18 months after the date of death or 60 days after the Federal notification of Federal estate tax due. The new due date is 9 months after date of death (C. 39, P.L. 1992). Estate taxes are paid by the estate to the extent that inheritance taxes are below the Federal credit for State taxes.

On February 27, 1985, an amendment to the Transfer Inheritance Tax Act (C. 57, P.L. 1985) eliminated from taxation transfers from decedents to surviving spouses (retroactive to January 1, 1985) and to other Class A beneficiaries on a phased-out basis through July 1, 1988. On July 1, 1988, other Class A beneficiaries became totally exempt from the tax. Class C beneficiaries were granted a \$25,000 exemption effective on July 1, 1988.

In July 2002, legislation (C. 31, P.L. 2002) was enacted changing the manner in which Estate Tax is computed for the estates of decedents dying after December 31, 2001. Under the changes made to the Federal estate tax law, New Jersey's Estate Tax would have been phased out over a three-year period.

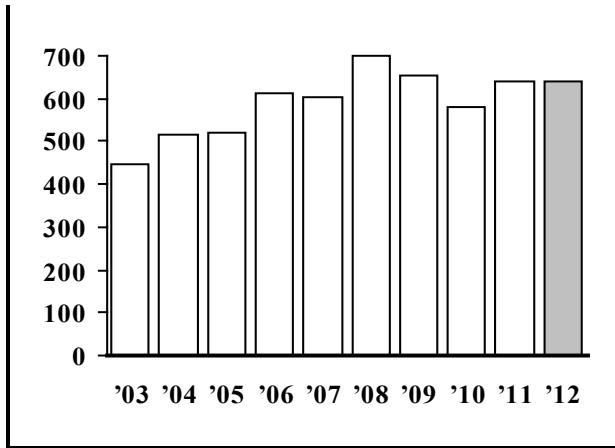
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving domestic partner were made exempt from the Inheritance Tax.

P.L. 2004, C. 132, enacted August 31, 2004, and effective on the 180th day following enactment, makes important changes in the way estates and trusts must be administered. This change would indirectly affect both Inheritance and Estate Tax.

P.L. 2005, C. 331, provides a surviving domestic partner with the same intestacy rights as a surviving spouse. Additionally, a surviving domestic partner now has the right to take an elective share in a deceased partner's estate, be appointed administrator of the estate, and make funeral arrangements.

P.L. 2006, C. 103, provides a civil union partner with the same rights as a spouse. Surviving civil union partners are exempt from the Inheritance Tax and are entitled to the same New Jersey Estate Tax marital deduction as a surviving spouse.

Transfer Inheritance and Estate Tax Collections (In Millions)



Fiscal Year	Collections
2003	\$445,310,855
2004	516,007,975
2005	520,775,959
2006	610,847,697
2007	604,700,439
2008	698,694,013
2009	653,439,759
2010	581,624,419
2011	642,182,390
2012	641,867,808

Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with C. 167, P.L. 1997.

Uniform Transitional Utility Assessment

Description

The Uniform Transitional Utility Assessment is assessed against public utilities engaged in the sale and/or transmission of energy (therms of natural gas or kilowatt-hours of electricity) which were subject to the Public Utility Energy Unit Tax prior to January 1, 1998, and against telecommunication providers previously subject to the Public Utility Franchise and Gross Receipts Tax assessed under C. 4, P.L. 1940.

Administration

The Uniform Transitional Utility Assessment is assessed against the public utility energy companies and the public utility telecommunications companies, or their successors or assignees, and is due May 15. Any amount paid by a taxpayer shall be available only as a nonrefundable credit against the tax in which the estimation is made, and shall not be claimed until after August 1 of the year the assessment is paid.

Rate

For energy taxpayers, the assessment shall be equal to 50% of the total of the taxpayer's estimate of Sales and Use Tax on energy (natural gas or electricity) and utility service (transportation or transmission of natural gas or electricity by means of mains, wires, lines, or pipes to users or customers) remittance for the calendar year and Corporation Business Tax liability for the calendar year.

For telecommunication taxpayers, the assessment shall be equal to 50% of the taxpayer's estimate of its Corporation Business Tax liability for the calendar year.

Disposition of Revenues

Revenues are deposited into accounts that are used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with C. 167, P.L. 1997.

Transitional Energy Facility Assessment

Description

The Transitional Energy Facility Assessment is a temporary, partial substitute for the Public Utility Energy Unit Tax previously assessed against public utilities engaged in the sale and/or transmission of energy (therms of natural gas or kilowatt-hours of electricity).

Administration

The Transitional Energy Facility Assessment is assessed against the public utility energy companies, or their successors or assignees, and is due May 15.

Rate

The rates of taxation for each class and category of natural gas and electricity are established by the New Jersey Board of Public Utilities.

New Jersey Division of Taxation

LEGISLATION AND COURT DECISIONS

LEGISLATION

Cosmetic Medical Procedures Gross Receipts Tax

P.L. 2011, C. 189 — Phase Out

Signed into law on January 17, 2012, and effective immediately, phases out the cosmetic medical procedures gross receipts tax, which is paid pursuant to P.L. 2004, C. 53 (N.J.S.A. 54:32E-1 et seq.). The current 6% rate will be reduced to 4% on taxable services performed on or after July 1, 2012, but before July 1, 2013. It is further reduced to 2% on taxable services performed on or after July 1, 2013, but before July 1, 2014, and eliminated entirely on taxable services performed on or after July 1, 2014.

Gross Income Tax

P.L. 2011, C. 117 — Checkoff for NJ National Guard State Family Readiness Council Fund

Signed into law on August 19, 2011, effective immediately, and applicable to tax years 2012 and after, establishes the NJ National Guard State Family Readiness Council Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns to support members of the New Jersey National Guard and their families in need of assistance.

P.L. 2011, C. 131 — Senior Gold Prescription Discount Program

Signed into law on September 16, 2011, and effective immediately, requires the Division of Taxation to prominently display the eligibility requirements for and benefits available under the Senior Gold Prescription Discount Program in the gross income tax return instruction booklet for tax years 2011 and after.

P.L. 2011, C. 211 — Checkoff for American Red Cross-NJ Fund

Signed into law on January 17, 2012, and effective for 2012 and subsequent tax years, establishes the American Red Cross-NJ Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns in support of the programs and services of the New Jersey chapters of the American Red Cross.

P.L. 2011, C. 227 — Checkoff for Girl Scouts Councils in New Jersey Fund

Signed into law on January 17, 2012, and effective for 2013 and subsequent tax years, establishes the Girl Scouts

Councils in New Jersey Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns in support of the programs and services of the Girl Scouts Councils in New Jersey.

Insurance Premiums Tax

P.L. 2011, C. 119 — Surplus Lines

Signed into law on August 19, 2011, and effective July 21, 2011, revises the method for the regulation and collection of surplus lines insurance premium taxes by the Department of Banking and Insurance. These revisions are intended to bring “the surplus lines law,” P.L. 1960, C. 32 (N.J.S.A. 17:22-6.40 et seq.), into compliance with the Federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA), which was part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the NRRRA, the ability to share surplus lines insurance premium tax revenue will be suspended in July 2011 until such time as New Jersey enters into a multistate compact or agreement with one or more other states.

A state that does not join such an agreement may collect 100% of the taxes due from insureds located in its state, otherwise known as “home-state insureds” (as detailed in the law). Accordingly, this bill authorizes the Commissioner of Banking and Insurance to enter into compacts or agreements with other states with respect to such collections.

Local Property Tax

P.L. 2011, C. 171 — Urban Farming and Gardening

Signed into law on January 5, 2012, and effective immediately, amends various parts of the law to allow all municipalities to sell and lease public property not needed for public purposes to certain nonprofit entities for “urban” farming and gardening purposes. Under the previous law, this practice was restricted to municipalities located in cities of the first, second, third, or fourth class.

Miscellaneous

P.L. 2011, C. 118 — Employee Leasing Companies

Signed into law on August 19, 2011, and effective 12 months following enactment, makes various changes to several laws that affect the regulation and business

operations of employee leasing companies, or professional employer organizations (PEOs).

Employee leasing companies are business entities that manage human resources, employee benefits, health insurance, and payroll and workers' compensation for small businesses. Companies contract with an employee leasing company to assist them with employee-related matters such as health benefits, workers' compensation claims, payroll, payroll tax compliance, and unemployment insurance claims, allowing the client companies to concentrate on the operational aspects of their businesses. Employee leasing companies are not temporary employment agencies; employee leasing companies become "co-employers" of the employees of the businesses to which they provide services. Employee leasing companies are regulated by the Department of Labor and Workforce Development pursuant to P.L. 2001, C. 260 (N.J.S.A. 34:8-67 et seq.).

Specifically, the New Jersey employee leasing company statute (1) establishes a limited registration process for certain small, out-of-State employee leasing companies; (2) makes several changes to the financial test for Department of Labor and Workforce Development registration of employee leasing companies; (3) allows for the electronic filing of compliance documents; and (4) clarifies certain responsibilities, rights, and liabilities of employee leasing companies, client companies, and covered employees, as well as a host of other provisions affecting these entities. The Act also supplements the Sales and Use Tax Act, P.L. 1966, C. 32 (N.J.S.A. 54:32B-1 et seq.) to clarify and allocate the tax liabilities of client companies and employee leasing companies if the tax were to be applied prospectively to services provided by client companies or to services provided by employee leasing companies. Also, this bill similarly clarifies and allocates tax liabilities of a per-employee tax or payroll tax imposed on a client company or an employee leasing company. Lastly, the new law clarifies that a tax credit or economic benefit or incentive available to employers accrues to a client company employer with an agreement with an employee leasing company.

P.L. 2011, C. 122 — Moratorium on Imposition of Fees on Nonresidential Construction Projects

Signed into law on August 24, 2011, and effective immediately, extends for two years, until July 1, 2013, the moratorium on the imposition of fees on nonresidential construction projects.

The fees, known as Statewide nonresidential development fees, were enacted as part of a revision of the Fair Housing Act, pursuant to P.L. 2008, C. 46. A moratorium

was placed on the imposition of the fees until July 1, 2010, pursuant to the Economic Stimulus Act of 2009, P.L. 2009, C. 90, and extended again by this statute. Any monies paid during the period from July 1, 2010, to the present must be repaid. Municipalities that are eligible to collect nonresidential development fees would not be required to refund monies that have been spent on affordable housing projects.

P.L. 2011, C. 123 — Uniform Application for Small Businesses Seeking Financial Assistance

Signed into law on September 1, 2011, and effective immediately, requires the Department of State, in consultation with the New Jersey Economic Development Authority, to establish and maintain a program to assist small businesses in identifying financial assistance programs offered by any State agency for which the business may be eligible. A uniform application will be devised for the purpose of gathering basic operational and financial information from small businesses seeking assistance under this program, and any additional information as deemed necessary by the Department.

P.L. 2011, C. 124 — Exemption From Bulk Sale Notification Requirements

Signed into law on September 14, 2011, effective immediately, and retroactive to August 1, 2007, exempts certain sales of real property from the bulk sale notification requirements that are used to administer State taxes.

Under the bulk sales law, the purchaser of business assets must notify the Director of the sale at least 10 days before the transfer of goods or payment, or the purchaser can become liable for taxes owed by the seller. The Director must respond within that 10-day timeframe. If the Director notifies the purchaser that the seller owes State taxes, the purchaser must escrow any sums owed to the State. If the purchaser fails to notify the Director, the purchaser can be held liable for any taxes of the seller. If the Director fails to respond to the notice within the allowed time, the sale can continue and the purchaser has no liability for the seller's taxes.

The Act provides an exemption from the bulk sale notification requirements for sales of a simple dwelling house, seasonal rental, or lease of real property if the seller, transferrer, or assignor is an "individual," "estate," or "trust" for gross income tax purposes.

However, bulk sales law provisions still apply if the seller, transferrer, or assignor is a business entity, including but not limited to a corporation or a partnership.

P.L. 2011, C. 149 — Grow New Jersey Assistance Program

Signed into law on January 5, 2012, and effective immediately, establishes the Grow New Jersey Assistance Program to encourage businesses to engage in economic development, job creation, and the preservation of existing jobs within New Jersey. The new law establishes a \$200 million tax credit incentive program that emphasizes growth of New Jersey-based companies through capital investment, creation of new jobs, and retention of existing jobs.

To be eligible for program tax credits, the law requires a business to make capital investments of at least \$20 million at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs, or create at least 100 new full-time jobs in an industry deemed desirable by the New Jersey Economic Development Authority (EDA). Eligibility for program tax credits is entirely the province of the EDA.

The program's cost falls under the \$1.5 billion cap established under the Urban Transit Hub Tax Credit (UTHTC) Program. The bill allows the initial \$200 million program allocation to be increased by the board of the EDA if the board determines the credits to be reasonable, justifiable, and appropriate. It also requires that all applications for eligibility under the program shall be made to the EDA by July 1, 2014.

The new law provides that the amount of tax credits that can be applied by a business annually under the program cannot exceed the lesser of one-tenth of the capital investment, or \$4 million. The Urban Transit Hub Tax Credit is capped at \$1.5 billion over its 10-year life.

An eligible business will receive a base tax credit of \$5,000 per job, per year, for 10 years with no distinction between retained or new jobs. The tax credit term of 10 years includes an annual compliance review for credit issuance. The base tax credit may be increased by a bonus award amount of up to \$3,000 per job by an eligible business, as determined by the authority based on factors in the Act. The per-project benefit shall not exceed the capital investment at the project site. Tax credits issued to an eligible business are transferable through elective tax credit transfer certificates.

There are provisions which would call for forfeiting of the benefit for noncompliance.

The definition of "urban transit hub" under the UTHTC law will now include in the eligibility criteria for that tax credit assistance program any project commencing

construction located within a half mile radius of a New Jersey Transit Corporation rail station sited at an international airport, except for any property owned or controlled by the Port Authority of New York and New Jersey.

The law makes clarifying changes to the Business Retention and Relocation Assistance Grant (BRRAG) Program to expand the definition of "capital investment" and to repeal the requirement that tax credits issued under the BRRAG program may not be applied by the business against liability until the State Treasurer has certified that the amount of retained State tax revenue from the business for the tax period prior to the period in which the credits will be applied equals or exceeds the amount of the tax credits.

Finally, the State Treasurer may make certain sales and conveyances to the New Jersey Performing Arts Center.

P.L. 2011, C. 152 — Motor Fuel Signs Must Display Cash and Credit Prices

Signed into law on January 5, 2012, and effective the 120th day following its enactment, or May 4, 2012, provides that price signs posted by a retail motor fuel dealer on the dealer's premises and visible from any adjacent roadway shall include the price per gallon, or the price per gallon and per liter, for both cash and credit card purchases of motor fuel in accordance with regulations prescribed by the Director of the Division of Taxation.

P.L. 2011, C. 164 — Benefits Allowable for Motor Fuel Purchases on Credit, Debit, or Rewards Card

Signed into law on January 5, 2012, and effective immediately, amends subsection e. of section 201 of P.L. 1938, C. 163 (N.J.S.A. 56:6-2) to stipulate that a consumer who earns credits through purchases on a credit card, debit card, or rewards card may utilize those credits to receive a rebate, allowance, concession, or benefit when that person purchases motor fuels.

The use of credits earned through purchases on a credit card, debit card, or rewards card would not change the retail price of motor fuel displayed pursuant to section 3 of P.L. 1952, C. 258 (N.J.S.A. 56:6-2.3); and the retail dealer would not bear the cost of the rebate, allowance, concession, or benefit received by the motor fuel purchaser, except for a processing fee assessed in the ordinary course of business.

P.L. 2011, C. 169 — Wine or Beer Manufactured for Personal or Household Use or Consumption

Was signed into law on January 5, 2012, and became effective immediately. Under the previous law, a person over age 21 could manufacture at home up to 200 gallons

of wine or beer for personal or household use or consumption annually; however, prior to producing the wine or beer, the person was required to obtain a special permit from the Director of the Division of Alcoholic Beverage Control. This new law eliminates the requirement to obtain a permit. Home production of wine or beer continues to be limited to a maximum of 200 gallons annually under Federal regulations.

P.L. 2011, C. 184 — Reports and Publications Must be Available Electronically on the Internet

Signed into law on January 17, 2012, and effective immediately, repeals N.J.S.A. 52:14-21, 22, 25, and 25.2 and makes certain other technical changes and clarifications.

The new law requires that any reports and publications produced by the State or its agencies and submitted to the Governor, the Legislature, or the public must be made available electronically on the Internet instead of being printed in hard copy. Individuals who are unable to access reports or publications electronically on the Internet may request a printed copy. A notice of availability must be provided and in certain instances copies must be furnished to the State Librarian. The new law does not apply to the publication and distribution of the New Jersey Administrative Code and the New Jersey Register.

P.L. 2011, C. 207 — Out-of-State Winery License

Signed into law on January 17, 2012, and effective on the first day of the fourth month after enactment, or April 1, 2012, permits direct shipping by wineries and creates an out-of-State winery license. In doing so, it makes various changes to the statutes governing the sale and distribution of products by New Jersey wineries and creates a new out-of-State winery license governing New Jersey sales by wineries licensed in other states.

Plenary wineries that produce a maximum of 250,000 gallons per year and farm wineries would be permitted to sell their products directly to licensed retailers after paying a fee. Plenary wineries would pay a graduated fee ranging from \$100 to \$1,000, and farm wineries would pay a fee of \$100. The winery is required to retain the original invoices for any wine shipped for at least three years on the winery premises for inspection by the State.

Previously, all plenary and farm winery licensees were permitted to sell their products to retailers. Under the new law all plenary and farm wineries are able to sell their products to licensed wholesalers. The law also permits the wineries to sell their products by the glass at the salesrooms.

Multiple Taxes

P.L. 2011, C. 89 — Urban Transit Hub Tax Credit Act and the New Jersey Economic Stimulus Act of 2009 Expanded

Signed into law on July 26, 2011, and effective immediately, expands the Urban Transit Hub Tax Credit Act (UTHTCA) and the New Jersey Economic Stimulus Act of 2009 (Stimulus Act) to include certain mixed-use projects as creditable investments and to change the manner in which the tax credits under the UTHTCA are treated by eligible businesses.

Currently, under the UTHTCA a business may receive tax credits of up to 100% of its qualified capital investment in a business facility that (1) is located in an urban transit hub (i.e., an “urban aid” municipality, served by a commuter rail station, in which at least 30% of real property value is exempt from property taxes); and (2) employs at least 250 persons at the facility. Annually, for 10 years, the business may apply a credit equal to 10% of the amount of the investment against corporation business tax, insurance premiums tax, or gross income tax liability. A tenant in these qualified business facilities may also be allowed credits if the tenant occupies space in the facility that proportionally represents at least \$17.5 million of the capital investment in the facility and employs at least 250 persons in the facility. For a business or a tenant to be eligible for the credit, the owner of the facility has to have made or acquired capital investments in the facility of not less than \$50 million.

Capital Investment

Under a separate but similar urban transit hub tax credit program enacted as part of the Stimulus Act, a developer could receive tax credits of up to 20% of its capital investment in a qualified residential project located in an urban transit hub, subject to the same \$50 million project investment requirement applicable to a qualified business facility.

With the enactment of the new law, credits of up to 35% of an eligible applicant’s capital investment in a mixed-use project comprising both a qualified business facility and a qualified residential project, neither of which by itself satisfies the total investment minimum of \$50 million, subject to certain restrictions as set forth in the Act, is allowed.

Carryforward Credits for Urban Transit Hub Tax Credit Recipients

UTHTCA recipients may now (1) carry forward the credits into no more than 20 subsequent tax accounting or privilege periods with a limit on the amount allowed in

any fiscal year to \$150 million; and (2) increase from 20% to 35% the proportion of the cost of capital invested in a qualified residential project located within an urban transit hub that they can receive as a tax credit. The definition of “urban transit hub” now includes any rail spur located adjacent to or within a one mile radius surrounding the entrance to property for loading and unloading freight cars on trains.

Job Relocation Within the State No Longer a Factor

The New Jersey Economic Development Authority (EDA) can no longer consider the relocation of a job within the State as a factor in making its determination of whether a capital investment would yield a net positive benefit to the State, unless the business proposes to transfer existing jobs as part of a consolidation of business operations from two or more locations and municipalities. Previously, the EDA considered a job relocated within the State as a new job and, therefore, creating a benefit.

Municipalities to Determine Percentage for Occupancy by Low- or Moderate-Income Households Within an Urban Transit Hub

Finally, for the purposes of mixed-use projects or qualified residential projects where a business receives an urban transit hub tax credit, the amended bill allows eligible municipalities under the UTHTCA to determine the amount of the percentage, up to 20% of the total, of newly constructed residential units set aside for occupancy by low- or moderate-income households within an urban transit hub.

COURT DECISIONS

Corporation Business Tax

Untimely Refund, Doctrine of Equitable Recoupment

General Motors Acceptance Corporation, a Delaware Corporation, v. Director, Division of Taxation, Supreme Court of New Jersey No. C-38 September Term 2011, decided September 9, 2011. The New Jersey Supreme Court denied General Motors Acceptance Corporation's (GMAC) petition for certification.

The Appellate Division, No. A-3505-09T3, decided April 1, 2011, affirmed the Tax Court decision, 26 N.J. Tax 93 (2010), which granted the Director's summary judgment motion.

On September 14, 2001, GMAC filed its 2000 corporation business tax (CBT) return and paid the tax due. On the return, GMAC mistakenly reported a 50% dividends received deduction rather than a 100% dividends received deduction for dividends received from its 100% owned foreign subsidiary.

The Internal Revenue Service audited GMAC's 2000 consolidated return and determined that GMAC owed more tax due to Federal adjustments, unrelated to the dividends received deduction, for the 2000 tax year. When GMAC prepared the revenue agent report (RAR) disclosing to New Jersey the Federal adjustments, which resulted in its owing additional CBT, GMAC discovered the mischaracterization of its percentage ownership in the subject foreign subsidiary at less than 80% rather than 100% and reporting a 50% dividends received deduction rather than a 100% dividends received deduction.

On November 10, 2005, GMAC filed a 2000 amended CBT return incorporating the RAR and at the same time offsetting the additional amount attributable to the additional dividends received deduction from the amount of additional tax due attributable to the RAR. On January 26, 2006, the Division issued a notice of assessment that denied the proposed offset.

GMAC claimed that it should be allowed to adjust its tax liability for the dividends received deduction because: (1) it is entitled to an offset under N.J.S.A. 54:49-16(b); (2) it is entitled to an offset under the doctrine of equitable recoupment; and (3) that equity and justice permit an offset.

The Appellate Division determined that the refund claim was untimely under N.J.S.A. 54:49-14(a) because the November 10, 2005, amended return was beyond four years

from the September 14, 2001, payment. The Appellate Division found that where there is a Federal adjustment, N.J.S.A. 54:10A-13 grants the taxpayer an extension of four years to file a refund claim attributable to the Federal adjustment. GMAC did not suggest that the dividends received deduction was related to the Federal adjustment and the overpayment occurred from GMAC's mistake in the percentage of ownership. Therefore, GMAC was not entitled to an extended four-year period to file a refund claim.

Addressing GMAC's offset claim pursuant to N.J.S.A. 54:49-16(b), the Appellate Division found that, in general, this statute permits an offset of a deficiency assessment for taxes erroneously or illegally collected or paid under mistake of fact or law in certain circumstances that did not exist in this case. This offset provision is applicable during the time period that a CBT deficiency tax assessment may be made, which is generally four years under N.J.S.A. 54:49-6(b). The Appellate Division determined that the claim was beyond the four-year statute of limitations for assessments, the four-year extension of N.J.S.A. 54:10A-13 was inapplicable, and noted that the complaint was not filed during the time that a deficiency assessment of tax could be made. Therefore, N.J.S.A. 54:49-16(b) provides no basis to permit an offset. In addition, the Appellate Division noted that the Federal audit resulted in an increase of CBT rather than a finding that the State erroneously or illegally collected taxes from GMAC.

The Appellate Division determined that GMAC was not entitled to an offset under the doctrine of equitable recoupment. There are three elements of equitable recoupment: (1) there must be a single transaction, (2) there must be an identity of interest among parties, and (3) a need to balance the equities must exist. The first element of equitable recoupment was not satisfied because recoupment is not a result of the audit of GMAC and therefore did not result from the same transaction. As to the third element, the equities were neutral at best. The fact that GMAC was a sophisticated taxpayer and that statutes of limitations are associated with fairness weighed against GMAC.

Nexus

Telebright Corporation, Inc. v. Director, Division of Taxation, decided March 2, 2012; Superior Court of New Jersey Appellate Division, Docket No. A-5096-09T2-2012. This case presented an issue of first impression concerning whether a Delaware corporation that had offices in Maryland is subject to the New Jersey Corporation Business Tax Act where it employs a resident who telecommutes from her New Jersey home via telephone and computer. This employee developed and wrote software

code that became part of a web application provided by Telebright to its customers.

The Appellate Division affirmed the Tax Court's holding that "a foreign corporation that regularly and consistently permits one of its employees to telecommute full-time from her New Jersey residence is doing business in New Jersey, is subject to the New Jersey Corporation Business Tax Act (CBT Act), N.J.S.A. 54:10A-1 to -41, and must file New Jersey Corporation Business Tax returns."

Addressing whether Telebright is doing business in New Jersey, the Appellate Division agreed with the Tax Court and added that when Telebright's New Jersey employee creates computer code that becomes part of Telebright's web-based service, that is no different than when a foreign manufacturer employs someone to fabricate parts in New Jersey for products that will be assembled elsewhere. See N.J.A.C. 18:7-1.9(a)1.

Telebright claimed that its limited activities in New Jersey should not subject it to the CBT Act because this would violate the Due Process and Commerce Clauses of the United States Constitution. The Appellate Division stated that taxing a business because it employs one person who performs work on a full-time basis in New Jersey does not violate the Due Process Clause. The Appellate Division found that Telebright had sufficient contacts with New Jersey, as the New Jersey employee is entitled to all the legal protections New Jersey provides to its residents, and that Telebright, provided it files a Notice of Business Activities Report, may file suit in New Jersey courts to enforce its employment contract with the New Jersey employee. Furthermore, the CBT Act does not violate the Commerce Clause physical presence requirements because the employee worked for Telebright from her New Jersey home office.

Gross Income Tax

Nonbusiness Bad Debt

Harlan W. Waksal v. Director, Division of Taxation, Superior Court of New Jersey Appellate Division, Docket No. A-6062-09T4, decided October 31, 2011. The Appellate Division decision affirmed the Tax Court decision, Docket No. 001191-2009 (2010), which affirmed the final assessment of the Director.

In January 2002 the taxpayer loaned money to his brother, who in turn signed a promissory note and agreed to repay the loan on or before January 31, 2004. The taxpayer's brother then defaulted on the loan. As a result, on the

Federal individual income tax return the taxpayer reported the loan amount as a short-term capital loss. The taxpayer also reported the same amount as a loss from the sale, exchange, or other disposition of property on the 2004 New Jersey gross income tax return.

In the ruling, the Appellate Division held that the "worthless debt, although treated as a loss from the sale or exchange of a capital asset held for not more than one year..." under §166(d)(1)(b) of the Internal Revenue Code, does not fit the statutory rubric of "sale, exchange or other disposition of property" found in N.J.S.A. 54A:5-1(c).

Therefore, the taxpayer's loss from the nonbusiness bad debt could not be used to offset other gains derived from the sale, exchange, or other disposition of property under N.J.S.A. 54A:5-1(c).

S Corporation Shareholder Deductions

Schulmann, Daniel et al., v. Director, Division of Taxation, decided December 6, 2011; Superior Court of New Jersey, Appellate Division, Docket No. A-2089-10T3. The New Jersey Superior Court, Appellate Division affirmed the Tax Court decision upholding the Director's assessment.

Daniel Schulmann, known as Tiger Schulmann, owns, operates, and franchises karate schools. During the tax years 2000, 2001, and 2002, Daniel Schulmann used his personal funds to pay commissions that two S corporations were contractually obligated to pay to instructors at Tiger Schulmann Karate Schools. The corporations did not report those commissions as expenses on their corporation business tax returns. Instead, Mr. Schulmann deducted the commission expenses from the S corporation income that he reported on his New Jersey personal income tax return.

The Appellate Court agreed with the Tax Court in that Mr. Schulmann could not deduct commission payments he paid as a business expense under N.J.S.A. 54A:5-1(b) (net income from the operation of a business). It was determined that income from an S corporation is a separate income category under N.J.S.A. 54:5-1(p) and, therefore, Mr. Schulmann could not "cross-net an alleged business expense" against net pro rata share of S corporation income.

In addition, the Court stated that the fact that the S corporations could have taken deductions for the commissions had they paid them did not mean that Mr. Schulmann could deduct them on his New Jersey personal income tax return.

Local Property Tax

Farmland Assessment

Atlantic Coast LEH, LLC, v. Township of Little Egg Harbor; decided July 26, 2011; Tax Court. This case concerns the issue of whether a remote twelve-acre predominantly vacant plot of land located in Little Egg Harbor Township qualifies for preferential reduced farm assessment under the Farmland Assessment Act of 1964. The property owner, Atlantic Coast LEH, LLC, pays an out-of-State beekeeper to maintain beehives on the property for the production of honey, wax, and other products. The Farmland Assessment Act defines agricultural use to include beekeeping (N.J.S.A. 54:4-23.3). However, there is a dual use to the property, as the owner also collects rent for an operating cell phone tower that occupies less than an acre of land but stretches approximately twenty-five stories into the sky.

In 2003, Atlantic Coast contacted Wilson's Honey, LLC, located in upstate New York, to set up eight beehives on the subject property. The hives were fenced in with the cell tower but the bees foraged on blueberry bushes, clover, and knapweed scattered over the entire 12.24 acres that comprise the subject property. From 2003 to present, Wilson's Honey purchased products created from the bees for amounts that barely satisfied statutory gross sales requirements for farmland qualification. The property averaged \$535 for the two years preceding the tax years at issue. Wilson's Honey paid Atlantic Coast at least \$550 per year for the apiary products. Atlantic Coast paid Wilson's Honey annually for the care of the bees on the property. There was no evidence, however, how often Wilson's employees traveled from New York to tend the bees and to collect their products.

Atlantic Coast applied for farmland assessment for the subject property for tax years 2006 through 2009, and each time the assessor denied the claim. For tax year 2006, the assessor determined that the area was less than five acres and that the land had not been devoted to agricultural use for the two years prior to 2006. For tax year 2007, the assessor determined that the gross sales from apiary products did not exceed \$500 dollars and that the principal use of the property was for a "radio station." There is no evidence that a radio station ever operated on the property. In 2008, the assessor denied the property for the same reasons and the assessor's denial for 2009 is not in the record. Atlantic Coast filed appeals for each year with the Ocean County Board of Taxation, which upheld the assessor's determinations. The taxpayer then filed complaints with the Tax Court of New Jersey.

The municipality does not dispute that the subject property exceeds five acres. Also, the parties are in agreement that apiary activity took place. The municipality does not dispute the fact that the plaintiff has met the gross income requirements for the subject property. The fact that the beekeeping was not profitable does not disqualify the subject property from farmland assessment. Finally, the municipality does not dispute that the entire twelve acres were used for apiary activity and Atlantic Coast's beekeeping activity, by itself, satisfies the statutory requirement for farmland assessment. However, the problem is that the property is also devoted to the operation of a cell phone tower that generates income for the property owner.

The Tax Court of New Jersey noted the following decisions when reviewing this matter. In *Township of Wantage v. Rivlin Corp.*, 23 N.J. Tax 441, 446 (Tax 2007) the Court stated: "Where the entire parcel seeking farmland assessment qualification also was used for other purposes, the court must determine if the agricultural or horticultural use is the dominant use of the property." If the use of the property is predominantly for a purpose other than farmland assessment, the property is not entitled to farmland assessment.

The dominant use test was first applied in *City of East Orange v. Township of Livingston*, 102 N.J. Super. 512 (Law Div. 1968), aff'd, 54 N.J. 96 (1969). Judge Handler concluded that there can be multiple, simultaneous uses of property; however, "depending upon the particular lands involved, one use tends to become dominant." The Court further explained: "even though the agricultural use is 'active' in the literal sense...compliance with this single (gross sales) criterion does not render the water reserve as land devoted to agricultural use."

Several additional court cases were cited where the dominant use of the subject property was not intended for agricultural or horticultural use.

Atlantic Coast's history with the property reveals an intention to construct a cell tower for commercial use and represents a significant capital expenditure. Also, the operation of the cell phone tower dominates the beekeeping activity on the property. The 290-foot cell phone tower overrides the physical aspects of the property. Although beekeeping is being carried out, the cellular tower dwarfs the beehives. Because the apiary activities are subordinate to the taxpayer's nonagricultural exploitation of the property, the assessor correctly denied the plaintiff's right to farmland assessment for the years in question.

Retroactive Refund of Disabled Veteran's Property Tax Exemption

Salvatore Del Priore v. Edison Township, decided March 29, 2012; Tax Court. Plaintiff, Salvatore Del Priore, disputed the denial of a retroactive refund for a disabled veteran's property tax exemption. On April 20, 2006, the U.S. Department of Veterans Affairs (VA) issued a letter determining the plaintiff was 100% permanently and totally disabled due to wartime service-connected disabilities. The effective date for this determination was September 17, 1997. On April 24, 2006, the plaintiff filed an application for a full exemption of local property taxes for his residence under N.J.S.A. 54:4-3.30 to 54:4-3.34. The municipal assessor granted the exemption for 2006 and on May 10, 2006, the Edison Township Municipal Council refunded the plaintiff his first-quarter taxes in the amount of \$1,966.78.

After receiving the initial refund, the plaintiff sent a letter dated June 6, 2006, requesting a retroactive refund dating back to September 17, 1997, the effective date of his disability per the VA. Del Priore's letter made reference to the Township Council's prior full retroactive payment practice. The Township Council then authorized another refund in the amount of \$7,615.12 for taxes the plaintiff paid in 2005. A letter from Anthony Cancro, Edison's former business administrator, that accompanied the second refund explained that any further reimbursement would cause an undue hardship to the town and its residents.

Del Priore, dissatisfied with the determination, responded to Cancro with examples of other residents who were granted retroactive payments in full from the effective date of total and permanent disability as determined by the VA. No further response was received from Mr. Cancro and the plaintiff made another attempt to request retroactive payment to the Township Council on December 11, 2006. The municipal assessor acknowledged receipt of the letter and advised Mr. Del Priore that his request would be revisited; however, there was no additional correspondence.

It is noted that, unlike the plaintiff, for the majority of cases which received a retroactive refund, the gap between the date of the VA determination and the effective date of the total and permanent disability was less than two years. The amount of refunds varied with the largest being \$13,570.98, the second largest \$9,581.90, and the remaining veterans receiving smaller amounts. Through OPRA the plaintiff identified 20 more fully refunded veterans.

In light of this situation, the Township Council adopted an ordinance which went into effect on October 23, 2007,

limiting the retroactive property tax refund to the current year and the prior year, and in no case greater than a 24-month period in aggregate, for persons entitled to the veteran's exemption under N.J.S.A. 54:4-3.30. The ordinance stated the reason for the limitation was the impact and financial burden that this would cause on the township and its residents.

Del Priore inquired again about his refund request and in August of 2008 was supplied with a copy of the ordinance. Soon after, on or about September 8, 2008, Del Priore filed an appeal with the Middlesex County Tax Board. The Board issued a judgment on September 18, 2008, dismissing the petition for lack of jurisdiction and served it on September 23, 2008. Finally, Del Priore filed an appeal with the Tax Court on October 30, 2008, requesting an additional refund of \$45,896.69 for local property taxes paid from September 17, 1997, through December 31, 2004. Del Priore indicated that he was willing to extend payment of the refund over a 48-month period.

The Court found that it had been the Township's policy to grant a tax refund back to the effective date of disability. It was the decision that the plaintiff was not seeking a prior exemption which was granted from the date he filed on April 24, 2006, but rather a prior refund. It is the discretion of the Township that is considered in this case. The Court concluded that the permissive language of the statute "may return" was discretionary, not mandatory. The Court further held the Township's policy change had a rational basis and did not violate the Equal Protection Clause of the U.S. Constitution.

Property Tax Relief Programs

Multi-Unit Dwelling

Robert G. Howard v. Director, Division of Taxation, decided April 11, 2012; Tax Court of New Jersey, Docket No. 015539-2009 and 020955-2010. In this case, Judge Nugent affirmed the Division's reduction of Mr. Howard's property tax reimbursement for years 2006–2009.

The Property Tax Reimbursement (Senior Freeze) Program was enacted in 1997. The legislative purpose was set forth as follows:

The homestead property tax reimbursement is intended to further the State's interest in maintaining a diverse population through the preservation, continuity and stability of its low-income senior and disabled homeowners, who have contributed to

the fabric, social structure and finances of New Jersey communities, by affording protection to those homeowners who may otherwise be forced to move out of the State due to increasing property taxes.

Mr. Howard resided in a two-family home with his daughter. For the years 2006–2009 Mr. Howard claimed that even though the building was a two-family dwelling, he occupied the entire building as his principal residence and therefore should be entitled to a property tax reimbursement utilizing 100% of the property taxes levied against the property.

The Director determined that as the property was a multi-unit dwelling, Mr. Howard occupied 50% of the home as his principal residence and not the 100% as he was claiming. The property tax reimbursement would be based on 50% of the property tax levied against the property.

Judge Nugent found that the plain language of the statute is sufficient to resolve the issue. The Director's determination to reduce the plaintiff's property tax reimbursement to 50% of the total available to him based on a finding that the plaintiff owns a two-family dwelling and occupies 50% of the property as his principal residence, was affirmed.

Sales and Use Tax

Jurisdiction

Scott Frybarger, t/a Titan Power Equipment, Inc. v. Director, Division of Taxation, decided December 20, 2011; Tax Court Docket No. 017189-2011. Judge DeAlmeida denied plaintiff's motion seeking preliminary injunctive relief barring the Division of Taxation from levying on a bank account to satisfy a fixed and final sales tax obligation.

Frybarger had filed in several courts previously (a tort claim in Federal District Court; New Jersey Superior Court, Law Division; New Jersey Superior Court, Appellate Division; and finally to the New Jersey Supreme Court, who denied plaintiff's petition for certification) seeking to have a \$660,000 jeopardy assessment dismissed.

Frybarger, a Florida resident, had hired Ohio residents to sell construction equipment in New Jersey. No sales tax was collected on these transactions.

On October 28, 2011, a year and a half after the Appellate Division decision, Frybarger filed an Order to Show Cause in Tax Court, stating that the State does not have jurisdiction over him personally in New Jersey. Frybarger

was claiming that he was not personally responsible for the debts of Titan Power Equipment, Inc.

Judge DeAlmeida opined, "The public interest is served in this case by the collection of outstanding tax liabilities. Protection of the public fisc is in the interest of all members of the public, as the provision of vital government services cannot be maintained if tax revenues authorized by the Legislature remain uncollected. While a showing of true hardship coupled with a likelihood of ultimate success on the merits might overcome this important public objective, plaintiff has not made such a showing. The standards for entry of preliminary injunctive relief are set forth in *Crowe v. DeGioia*, 90 N.J. 126, 133 (1982). The court must weigh several factors, including whether the requested relief is necessary to prevent irreparable harm, whether the party seeking the relief is likely to succeed on the legal rights asserted, whether a balancing of the relative hardships to the parties of granting or denying relief favors entry of preliminary relief and the public interest. Each factor was examined in turn."

After reviewing each of the standards outlined in *Crowe*, Judge DeAlmeida ruled that preliminary injunctive relief was not warranted.

Gross Sales

Anthony Murphy, Inc. t/a Murphs Liquor & Bar and Peter Murphy, Individually v. Director, Division of Taxation, decided December 22, 2011; Superior Court of New Jersey, Appellate Division, Docket No. A-1102-10T4. The taxpayer is a subchapter S corporation trading as Murphs Liquor & Bar. The bar also engaged in retail sales of liquor. During the audit period, the bar operated with a single, noncomputerized cash register. The tapes from the cash register were not routinely saved. Instead, the owner counted the cash proceeds, recorded the amount, then deposited the cash into a bank account.

During the examination the auditor sought various documents needed for the audit. Although some were received, others, including most of the cash register tapes, were not provided. Based upon the auditor's analysis of the records received, the absence of records such as cash register tapes, and the inconsistency of income reported for specific years on different reports and deposit records, the auditor concluded that there were insufficient books and records to complete the audit.

The auditor recalculated the taxes due based on the additional gross income resulting from the mark-up analysis and deducted the amount of taxes already paid. The auditor determined that both the corporation and the shareholder owed additional taxes.

The taxpayer filed a timely protest and an administrative conference was held. The taxpayer's representative promised to provide additional cash register tapes to support the business's position. Instead, the taxpayer's representative provided an annotated adding machine tape and some other documents.

The taxpayer filed a complaint in Tax Court. The Director moved for summary judgment in October 2009. Oral argument was held on October 1, 2010. The Tax Court judge delivered a brief oral decision granting the Director's motion. On appeal, the taxpayer's representative argued that the Tax Court judge erred in granting summary judgment because there were issues of fact requiring a plenary trial. The Director argued that the judge properly determined that the taxpayer did not offer sufficient evidence to warrant a trial because they were unable to overcome the presumption of correctness that attaches to an assessment by the Division.

On appeal, the taxpayer tried to overcome the presumption of correctness by attacking the credibility of the auditor and conferee, questioning the methodology used by the Division. The taxpayer did not contradict the Director's assertions that the bulk of the cash register tapes were not produced or that there were insufficient books and records to complete the audit. The taxpayer did not provide an expert report pointing to errors of fact, methodology, or calculation with respect to the Division's mark-up analysis. Since the taxpayer had not provided the type of proofs required to rebut the presumption of correctness, the Appellate Division ruled that the Tax Court correctly determined that summary judgment in favor of the Director was appropriate.

Sales Tax Subjectivity

Atlantic City Showboat, Inc. v. Director, Division of Taxation; Our Lady of Lourdes Medical Center, Inc. v. Director, Division of Taxation, decided January 24, 2012; Tax Court of New Jersey, Docket Nos. 000036-2007 and 006119-2007. Plaintiffs' motions for summary judgment were denied and the Director's cross-motions for summary judgment were granted. As a result, the Court affirmed the final determinations of the Director finding that all charges and expenses related to the service of transmitting and transporting electricity to the user or customer are subject to sales tax.

Plaintiffs argued that the law applied only to the service of transmitting the electricity to the distribution facility. Further, the distribution charges related to transmitting the electricity to the user/customer and other expenses passed on to them by the utilities pursuant to State law were

unrelated to the provision of electricity and as such not subject to sales tax.

Judge DeAlmeida disagreed. N.J.S.A. 54:32B-2(d) did not require that a charge for a service be related to the provision of that service in order to be taxable. Distribution charges were subject to sales tax because electricity distribution was a "utility service" within the meaning of N.J.S.A. 54:32B-2(hh), as the charges were levied in exchange for the movement of electricity. Market transition costs were authorized as a cost of electricity distribution services and, therefore, part of the taxable receipts for utility service. The transition bond charges were authorized by statute to recoup public utility expenses associated with bonds and as such are taxable. Society benefits charges were charges for electricity distribution services subject to the sales tax. The customer service charges paid for administrative activities associated with the delivery of electricity are also subject to the sales tax.

Untimely Filing

Glenn B. Slater (S.S. Clinton) v. Director, Division of Taxation, decided December 22, 2011; New Jersey Tax Court, Docket No. 011825-2008. On February 11, 1997, the Director issued a Notice of Responsible Person Status to Mr. Glenn Slater, holding him liable for sales and use tax in the amount of \$61,382.46 from the audit of S.S. Clinton, Inc. (S.S. Clinton) t/a Pioneer Tavern. The notice was mailed to the taxpayer's last known address and signed for by "J. Slater." On September 9, 1999, Mr. Slater filed a petition for Chapter 11 bankruptcy with the United States Bankruptcy Court for the District of New Jersey. On August 1, 2000, the Director, as a creditor, filed proof of claims in the bankruptcy proceedings totaling \$218,722.35 representing tax liability due and owing from Mr. Slater's business, S.S. Clinton. The Director's proof of claim was filed beyond the 180-day statute of limitations. On February 20, 2001, Mr. Slater filed a motion with the Bankruptcy Court to expunge the claims of the Director. Mr. Slater's motion was granted and the order specifically provides that the claims of the Director are "completely expunged as being untimely." The Bankruptcy Court dismissed Mr. Slater's bankruptcy petition on April 2, 2002.

More than six years later, on or about October 22, 2008, Mr. Slater filed a complaint in Tax Court seeking a refund of \$535,000 which the taxpayer characterized as follows: \$260,000 in funds taken from the taxpayer, \$75,000 loss on the auction of the liquor license, and \$200,000 loss on the equity of the bar. Mr. Slater filed a motion for summary judgment to compel the Division to refund the amount sought by the taxpayer. The Division opposed the

taxpayer's motion and filed a motion to dismiss for untimely filing.

The Tax Court ruled that regardless of the Bankruptcy Court's order expunging the Director's claims, and irrespective of whether those claims are or are not dischargeable under the applicable law, the expungement order was vacated and issue of dischargeability was therefore rendered moot when Mr. Slater's bankruptcy proceeding was dismissed on April 2, 2002. The effect of the dismissal of Mr. Slater's bankruptcy proceeding is that the Director's assessment against Mr. Slater was neither expunged nor discharged by the Bankruptcy Court.

The Tax Court further found that the taxpayer has not properly filed for a sales tax refund, and that if the taxpayer now files for a sales tax refund, the request will be well outside the statute of limitations.

The Tax Court denied the taxpayer's motion for summary judgment and ruled in favor of the Director on the motion to dismiss based on untimely filing. The Court noted under the applicable statute of limitations governing protests and complaints contesting actions of the Director, the taxpayer did not file a timely appeal of the February 11, 1997, notice issued by the Director. The tax liability assessed against Mr. Slater is deemed fixed and final, and Mr. Slater's complaint is dismissed with prejudice.

New Jersey Division of Taxation

APPENDICES

- A** | General and Effective Property Tax Rates (2011)
- B** | Abstract of Ratables and Exemptions (2011)
- C** | Assessed Value of Partial Exemptions and Abatements (2011)
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- I** | Sales and Use Tax Collections by Business Type (2009 – 2011)

2011 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Atlantic			Englewood Cliffs Bor.	0.794	0.808
Absecon City	2.044	2.207	Fair Lawn Borough	2.337	2.323
Atlantic City	1.947	2.452	Fairview Borough	2.567	2.265
Brigantine City	1.159	1.275	Fort Lee Borough	1.988	1.891
Buena Borough	2.405	2.454	Franklin Lakes Borough	1.530	1.438
Buena Vista Township	1.972	2.040	Garfield City	2.418	2.250
Corbin City	2.495	1.775	Glen Rock Borough	2.595	2.377
Egg Harbor City	2.980	2.961	Hackensack City	2.951	2.712
Egg Harbor Township	4.101	2.212	Harrington Park Borough	2.021	2.105
Estell Manor City	2.835	1.769	Hasbrouck Heights Bor.	2.243	2.276
Folsom Borough	2.851	1.593	Haworth Borough	2.552	1.941
Galloway Township	2.019	2.055	Hillsdale Borough	2.110	2.125
Hamilton Township	2.363	2.173	Ho Ho Kus Borough	1.848	1.703
Hammonton Town	3.463	1.912	Leonia Borough	2.380	2.237
Linwood City	3.784	2.473	Little Ferry Borough	2.415	2.198
Longport Borough	0.923	0.667	Lodi Borough	3.065	2.707
Margate City	1.334	1.147	Lyndhurst Township	1.906	1.960
Mullica Township	3.969	1.964	Mahwah Township	1.580	1.435
Northfield City	2.658	2.504	Maywood Borough	2.157	2.179
Pleasantville City	2.980	2.624	Midland Park Borough	3.136	2.047
Port Republic City	3.269	1.764	Montvale Borough	1.681	1.736
Somers Point City	4.315	2.111	Moonachie Borough	1.837	1.975
Ventnor City	1.833	1.766	New Milford Borough	2.385	2.366
Weymouth Township	3.315	1.793	North Arlington Borough	2.688	2.576
Bergen			Northvale Borough	2.444	2.211
Allendale Borough	2.672	2.012	Norwood Borough	2.133	1.967
Alpine Borough	0.705	0.554	Oakland Borough	2.490	2.280
Bergenfield Borough	2.931	2.697	Old Tappan Borough	1.682	1.624
Bogota Borough	2.574	2.491	Oradell Borough	2.284	2.105
Carlstadt Borough	4.015	1.640	Palisades Park Borough	1.703	1.550
Cliffside Park Borough	2.095	1.908	Paramus Borough	1.665	1.531
Closter Borough	2.046	1.955	Park Ridge Borough	2.189	2.018
Cresskill Borough	2.348	1.800	Ramsey Borough	2.562	1.966
Demarest Borough	2.266	1.979	Ridgefield Borough	1.647	1.638
Dumont Borough	2.541	2.489	Ridgefield Park Village	3.255	3.000
Elmwood Park Borough	2.492	2.160	Ridgewood Village	1.956	2.011
East Rutherford Borough	1.618	1.349	River Edge Borough	2.671	2.366
Edgewater Borough	1.480	1.363	River Vale Township	2.101	2.108
Emerson Borough	2.329	2.180	Rochelle Park Township	2.013	1.887
Englewood City	2.401	2.153	Rockleigh Borough	1.052	0.794
			Rutherford Borough	2.267	2.245

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Bergen (continued)			Southampton Township	3.351	2.012
Saddle Brook Township	2.142	1.956	Springfield Township	2.246	2.178
Saddle River Borough	0.953	0.797	Tabernacle Township	2.254	2.115
South Hackensack Twp.	2.188	1.988	Washington Township	1.145	1.323
Teaneck Township	2.363	2.457	Westampton Township	2.039	2.042
Tenafly Borough	2.256	2.162	Willingboro Township	3.244	3.078
Teterboro Borough	1.278	1.157	Woodland Township	1.708	1.844
Upper Saddle River Bor.	2.117	1.571	Wrightstown Borough	3.720	1.947
Waldwick Borough	2.381	2.282			
Wallington Borough	2.073	2.053	Camden		
Washington Township	1.858	1.944	Audubon Borough	2.904	2.869
Westwood Borough	2.325	1.926	Audubon Park Borough	4.104	4.063
Woodcliff Lake Borough	2.237	1.746	Barrington Borough	3.152	3.202
Wood-Ridge Borough	3.438	2.160	Bellmawr Borough	3.095	3.003
Wyckoff Township	1.518	1.569	Berlin Borough	2.630	2.585
			Berlin Township	5.182	3.030
Burlington			Brooklawn Borough	2.775	2.666
Bass River Township	1.512	1.528	Camden City	2.482	2.495
Beverly City	5.587	3.110	Cherry Hill Township	5.756	2.692
Bordentown City	2.526	2.585	Chesilhurst Borough	2.846	2.912
Bordentown Township	2.163	2.198	Clementon Borough	3.239	3.221
Burlington City	4.533	2.572	Collingswood Borough	2.979	2.765
Burlington Township	2.456	2.190	Gibbsboro Borough	4.400	2.853
Chesterfield Township	2.079	2.022	Gloucester City	5.224	2.565
Cinnaminson Township	2.311	2.366	Gloucester Township	3.037	2.941
Delanco Township	2.199	2.258	Haddon Township	3.044	2.867
Delran Township	2.866	2.511	Haddonfield Borough	2.570	2.548
Eastampton Township	2.371	2.425	Haddon Heights Borough	2.586	2.644
Edgewater Park Township	2.263	2.257	Hi-Nella Borough	5.168	3.039
Evesham Township	2.463	2.354	Laurel Springs Borough	6.649	3.711
Fieldsboro Borough	2.474	2.440	Lawnside Borough	5.336	3.206
Florence Township	2.177	1.990	Lindenwold Borough	6.192	3.418
Hainesport Township	3.548	1.800	Magnolia Borough	5.822	3.076
Lumberton Township	2.048	2.040	Merchantville Borough	5.238	3.046
Mansfield Township	1.925	1.975	Mount Ephraim Borough	6.227	3.385
Maple Shade Township	2.481	2.358	Oaklyn Borough	5.915	3.174
Medford Township	4.470	2.432	Pennsauken Township	4.931	2.821
Medford Lakes Borough	2.778	2.623	Pine Hill Borough	3.533	3.504
Moorestown Township	1.942	1.976	Pine Valley Borough	1.477	1.474
Mount Holly Township	2.421	2.370	Runnemede Borough	5.351	3.096
Mount Laurel Township	4.029	2.097	Somerdale Borough	3.274	3.153
New Hanover Township	2.240	1.430	Stratford Borough	5.536	3.098
North Hanover Township	1.776	1.649	Tavistock Borough	1.471	1.455
Palmyra Borough	5.028	2.628	Voorhees Township	2.708	2.742
Pemberton Borough	2.711	1.470	Waterford Township	5.198	2.718
Pemberton Township	3.476	1.868	Winslow Township	5.055	2.586
Riverside Township	2.937	2.530	Woodlynne Borough	8.538	4.258
Riverton Borough	2.590	2.552			
Shamong Township	3.963	2.144			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Cape May			North Caldwell Borough	2.036	1.886
Avalon Borough	0.500	0.438	Nutley Township	2.909	2.625
Cape May City	0.784	0.765	Orange City	3.450	3.118
Cape May Point Borough	0.486	0.494	Roseland Borough	1.873	1.872
Dennis Township	1.172	1.269	S. Orange Village Twp.	2.733	2.785
Lower Township	1.306	1.261	Verona Township	2.550	2.323
Middle Township	1.365	1.454	West Caldwell Township	2.190	2.023
North Wildwood City	1.072	0.980	West Orange Township	3.481	3.115
Ocean City	0.752	0.754			
Sea Isle City	0.575	0.597	Gloucester		
Stone Harbor Borough	0.479	0.469	Clayton Borough	5.203	2.876
Upper Township	1.289	1.322	Deptford Township	4.101	2.227
West Cape May Borough	1.170	1.068	East Greenwich Township	4.211	2.290
West Wildwood Borough	1.315	1.258	Elk Township	2.387	2.428
Wildwood City	1.895	1.969	Franklin Township	4.230	2.334
Wildwood Crest Borough	1.067	1.059	Glassboro Borough	3.098	2.943
Woodbine Borough	1.173	1.164	Greenwich Township	3.785	2.197
			Harrison Township	2.482	2.279
Cumberland			Logan Township	3.450	1.866
Bridgeton City	5.503	3.634	Mantua Township	4.717	2.397
Commercial Township	2.120	2.202	Monroe Township	2.830	2.826
Deerfield Township	3.075	2.570	National Park Borough	3.438	3.395
Downe Township	1.733	1.907	Newfield Borough	2.458	2.610
Fairfield Township	2.083	2.200	Paulsboro Borough	5.096	2.577
Greenwich Township	3.270	2.981	Pitman Borough	5.574	2.867
Hopewell Township	3.802	2.551	S. Harrison Township	2.232	2.345
Lawrence Township	2.149	2.177	Swedesboro Borough	3.217	3.048
Maurice River Township	2.244	2.061	Washington Township	5.120	2.536
Millville City	3.160	2.474	Wenonah Borough	2.645	2.840
Shiloh Borough	2.278	2.371	West Deptford Township	2.396	2.451
Stow Creek Township	3.448	2.343	Westville Borough	5.606	3.126
Upper Deerfield Twp.	3.787	2.306	Woodbury City	6.626	3.638
Vineland City	4.061	2.189	Woodbury Heights Bor.	4.790	3.092
			Woolwich Township	5.009	2.649
Essex					
Belleville Township	3.202	2.596	Hudson		
Bloomfield Township	3.262	2.891	Bayonne City	6.849	2.756
Caldwell Borough Twp.	2.307	2.135	East Newark Borough	8.362	2.130
Cedar Grove Township	1.894	1.784	Guttenberg Town	3.279	2.888
East Orange City	3.324	3.332	Harrison Town	6.143	2.516
Essex Fells Township	1.775	1.693	Hoboken City	4.621	1.349
Fairfield Township	1.627	1.672	Jersey City	7.008	2.029
Glen Ridge Bor. Twp.	2.968	2.815	Kearny Town	9.467	2.705
Irvington Township	3.310	3.267	North Bergen Township	4.843	2.214
Livingston Township	2.139	2.040	Secaucus Town	3.645	1.718
Maplewood Township	3.103	2.760	Union City	6.189	2.603
Millburn Township	1.848	1.715	Weehawken Township	4.132	2.119
Montclair Township	2.561	2.643	West New York Town	6.498	2.198
Newark City	3.328	2.107			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Hunterdon			East Brunswick Township	9.097	2.283
Alexandria Township	2.003	1.956	Edison Township	4.478	2.070
Bethlehem Township	2.817	2.372	Helmetta Borough	2.091	2.079
Bloomsbury Borough	2.201	2.059	Highland Park Borough	6.854	2.545
Califon Borough	2.787	2.688	Jamesburg Borough	5.109	2.333
Clinton Town	2.461	2.584	Metuchen Borough	5.143	2.182
Clinton Township	2.137	2.206	Middlesex Borough	7.559	2.268
Delaware Township	2.061	1.899	Milltown Borough	4.596	2.140
East Amwell Township	1.902	1.844	Monroe Township	3.696	1.958
Flemington Borough	2.733	2.399	New Brunswick City	5.333	2.068
Franklin Township	2.242	2.142	North Brunswick Twp.	4.821	2.452
Frenchtown Borough	2.652	2.278	Old Bridge Township	4.317	1.943
Glen Gardner Borough	2.856	2.191	Perth Amboy City	2.655	2.534
Hampton Borough	3.063	2.781	Piscataway Township	6.312	2.113
High Bridge Borough	3.159	2.902	Plainsboro Township	2.337	2.267
Holland Township	1.973	1.931	Sayreville Borough	4.400	1.909
Kingwood Township	2.036	1.866	South Amboy City	2.247	2.055
Lambertville City	1.785	1.705	South Brunswick Twp.	4.382	1.975
Lebanon Borough	2.030	1.877	South Plainfield Bor.	5.114	1.780
Lebanon Township	2.642	2.045	South River Borough	6.666	1.807
Milford Borough	3.243	2.480	Spotswood Borough	2.834	2.355
Raritan Township	2.266	2.117	Woodbridge Township	8.787	2.218
Readington Township	2.673	2.102			
Stockton Borough	1.968	1.966	Monmouth		
Tewksbury Township	2.205	1.691	Aberdeen Township	2.229	2.154
Union Township	2.769	2.155	Allenhurst Borough	0.702	0.619
West Amwell Township	1.996	1.920	Allentown Borough	2.550	2.365
			Asbury Park City	5.546	1.625
Mercer			Atlantic Highlands Bor.	2.378	1.869
East Windsor Township	2.817	2.586	Avon-by-the-Sea Bor.	1.007	0.986
Ewing Township	5.281	2.942	Belmar Borough	1.900	1.127
Hamilton Township	4.001	2.100	Bradley Beach Borough	1.269	1.229
Hightstown Borough	3.128	3.123	Brielle Borough	1.331	1.426
Hopewell Borough	2.134	2.349	Colts Neck Township	1.551	1.505
Hopewell Township	2.207	2.266	Deal Borough	0.563	0.514
Lawrence Township	4.292	2.168	Eatontown Borough	2.085	1.840
Pennington Borough	2.310	2.290	Englishtown Borough	1.828	1.950
Princeton Borough	2.041	1.828	Fair Haven Borough	2.321	1.739
Princeton Township	1.965	1.870	Farmingdale Borough	1.769	1.839
Robbinsville Township	2.578	2.539	Freehold Borough	2.310	2.050
Trenton City	5.636	3.605	Freehold Township	1.960	1.891
West Windsor Township	2.401	2.331	Hazlet Township	2.294	2.166
			Highlands Borough	2.436	2.009
Middlesex			Holmdel Township	1.961	1.746
Carteret Borough	5.339	2.045	Howell Township	2.070	2.109
Cranbury Township	1.738	1.706	Interlaken Borough	1.521	1.060
Dunellen Borough	11.607	2.613			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Monmouth (continued)			Kinnelon Borough	2.875	2.047
Keansburg Borough	3.242	2.502	Lincoln Park Borough	2.132	2.153
Keyport Borough	2.160	2.194	Long Hill Township	2.815	2.029
Lake Como Borough	1.649	1.631	Madison Borough	2.709	1.579
Little Silver Borough	2.299	1.764	Mendham Borough	1.908	1.747
Loch Arbour Village	2.077	1.663	Mendham Township	1.901	1.724
Long Branch City	1.898	1.605	Mine Hill Township	2.324	2.049
Manalapan Township	1.987	1.789	Montville Township	3.340	1.828
Manasquan Borough	1.565	1.153	Morris Township	2.379	1.589
Marlboro Township	2.004	1.855	Morris Plains Borough	1.887	1.753
Matawan Borough	2.427	2.466	Morristown Town	2.635	1.986
Middletown Township	2.087	1.805	Mountain Lakes Borough	2.123	2.021
Millstone Township	2.207	1.986	Mount Arlington Borough	2.387	1.951
Monmouth Beach Bor.	1.287	1.183	Mount Olive Township	2.954	2.505
Neptune Township	2.367	1.805	Netcong Borough	2.237	2.345
Neptune City Borough	2.664	2.126	Parsippany-Troy Hills Twp.	2.498	1.976
Ocean Township	2.082	1.753	Pequannock Township	1.727	1.813
Oceanport Borough	2.041	1.753	Randolph Township	3.346	2.132
Red Bank Borough	1.712	1.731	Riverdale Borough	1.492	1.519
Roosevelt Borough	2.817	2.516	Rockaway Borough	2.421	2.031
Rumson Borough	1.508	1.280	Rockaway Township	3.596	2.406
Sea Bright Borough	1.689	1.147	Roxbury Township	3.873	2.199
Sea Girt Borough	0.743	0.756	Victory Gardens Borough	2.253	2.000
Shrewsbury Borough	2.709	1.912	Washington Township	2.333	2.090
Shrewsbury Township	2.264	2.363	Wharton Borough	2.422	2.259
Spring Lake Borough	0.647	0.654			
Spring Lake Heights Bor.	1.225	1.226	Ocean		
Tinton Falls Borough	1.808	1.678	Barneгат Township	2.397	2.110
Union Beach Borough	3.277	2.251	Barneгат Light Borough	0.768	0.697
Upper Freehold Township	2.161	1.948	Bay Head Borough	0.705	0.693
Wall Township	2.673	1.624	Beach Haven Borough	1.074	0.863
West Long Branch Bor.	1.880	1.908	Beachwood Borough	1.690	1.709
			Berkeley Township	1.813	1.590
Morris			Brick Township	1.946	1.728
Boonton Town	2.479	2.225	Eagleswood Township	1.700	1.827
Boonton Township	1.834	1.739	Harvey Cedars Borough	0.823	0.753
Butler Borough	3.028	2.241	Island Heights Borough	1.680	1.415
Chatham Borough	1.750	1.583	Jackson Township	1.947	1.898
Chatham Township	1.653	1.531	Lacey Township	1.468	1.493
Chester Borough	2.407	2.076	Lakehurst Borough	1.978	1.962
Chester Township	2.181	1.943	Lakewood Township	2.220	1.758
Denville Township	2.772	1.860	Lavallette Borough	0.886	0.718
Dover Town	1.885	1.894	Little Egg Harbor Twp.	1.680	1.732
East Hanover Township	2.080	1.336	Long Beach Township	0.864	0.752
Florham Park Borough	1.288	1.264	Manchester Township	1.857	1.764
Hanover Township	2.874	1.379	Mantoloking Borough	0.539	0.516
Harding Township	1.051	0.812	Ocean Township	1.549	1.438
Jefferson Township	2.227	2.098	Ocean Gate Borough	1.969	1.832

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Ocean (continued)			Somerset		
Pine Beach Borough	1.630	1.533	Bedminster Township	1.267	1.175
Plumsted Township	1.459	1.632	Bernards Township	1.882	1.787
Point Pleasant Borough	1.705	1.517	Bernardsville Borough	1.686	1.591
Pt. Pleasant Beach Bor.	1.044	1.114	Bound Brook Borough	2.653	2.563
Seaside Heights Borough	1.471	1.527	Branchburg Township	2.100	1.974
Seaside Park Borough	1.251	1.127	Bridgewater Township	1.926	1.770
Ship Bottom Borough	0.991	0.829	Far Hills Borough	1.220	1.169
South Toms River Bor.	1.958	1.974	Franklin Township	2.046	1.998
Stafford Township	1.887	1.699	Green Brook Township	2.219	2.186
Surf City Borough	0.923	0.811	Hillsborough Township	2.151	2.041
Toms River Township	1.451	1.462	Manville Borough	2.174	2.239
Tuckerton Borough	2.106	1.775	Millstone Borough	2.335	2.346
Passaic			Montgomery Township	2.659	2.131
Bloomington Borough	6.414	2.863	North Plainfield Borough	2.912	2.912
Clifton City	4.794	2.457	Peapack & Gladstone Bor.	1.866	1.692
Haledon Borough	6.041	3.050	Raritan Borough	2.271	2.000
Hawthorne Borough	5.099	2.261	Rocky Hill Borough	1.909	1.829
Little Falls Township	2.145	2.153	Somerville Borough	2.977	2.788
North Haledon Borough	6.661	2.078	South Bound Brook Bor.	2.824	2.786
Passaic City	6.891	2.619	Warren Township	2.007	1.900
Paterson City	2.515	2.714	Watchung Borough	1.961	1.847
Pompton Lakes Borough	6.294	2.849	Sussex		
Prospect Park Borough	6.215	3.228	Andover Borough	3.605	2.143
Ringwood Borough	2.654	2.543	Andover Township	3.240	2.370
Totowa Borough	1.965	1.913	Branchville Borough	1.842	1.861
Wanaque Borough	6.302	2.701	Byram Township	2.636	2.568
Wayne Township	4.689	2.312	Frankford Township	1.859	1.993
West Milford Township	6.232	2.709	Franklin Borough	2.688	2.551
Woodland Park Borough	2.433	2.284	Fredon Township	1.995	2.237
Salem			Green Township	2.335	2.382
Alloway Township	2.403	2.233	Hamburg Borough	4.171	2.560
Carneys Point Township	2.331	2.421	Hampton Township	3.902	2.035
Elmer Borough	2.616	2.452	Hardyston Township	2.226	2.094
Elsinboro Township	2.155	2.311	Hopatcong Borough	2.072	2.287
Lower Alloways Crk. Twp.	1.268	0.894	Lafayette Township	2.061	2.078
Mannington Township	2.334	2.269	Montague Township	3.635	2.014
Oldmans Township	2.357	2.143	Newton Town	3.260	3.063
Penns Grove Borough	3.515	3.430	Ogdensburg Borough	2.599	2.577
Pennsville Township	3.096	2.701	Sandyston Township	1.934	1.933
Pilesgrove Township	2.313	2.308	Sparta Township	3.514	2.384
Pittsgrove Township	2.732	2.460	Stanhope Borough	3.027	2.741
Quinton Township	2.431	2.139	Stillwater Township	4.661	2.100
Salem City	3.688	3.613	Sussex Borough	4.464	2.493
Upper Pittsgrove Twp.	2.100	2.204	Vernon Township	2.614	2.387
Woodstown Borough	2.602	2.583	Walpack Township	0.569	0.430
			Wantage Township	2.052	2.171

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Union			Warren		
Berkeley Heights Twp.	3.585	1.866	Allamuchy Township	2.341	1.978
Clark Township	7.377	2.106	Alpha Borough	2.864	2.717
Cranford Township	5.263	2.096	Belvidere Town	4.882	2.548
Elizabeth City	22.778	2.647	Blairstown Township	2.163	1.811
Fanwood Borough	12.176	2.415	Franklin Township	2.761	2.614
Garwood Borough	8.160	2.230	Frelinghuysen Township	2.103	1.982
Hillside Township	6.919	3.140	Greenwich Township	2.637	2.073
Kenilworth Borough	3.973	2.109	Hackettstown Town	2.485	2.451
Linden City	5.530	2.624	Hardwick Township	2.745	1.914
Mountainside Borough	5.829	1.650	Harmony Township	2.357	1.765
New Providence Borough	4.209	2.138	Hope Township	2.208	2.129
Plainfield City	6.994	2.863	Independence Township	2.022	2.072
Rahway City	5.765	2.585	Knowlton Township	3.199	2.248
Roselle Borough	7.645	3.566	Liberty Township	2.897	2.393
Roselle Park Borough	11.983	2.802	Lopatcong Township	2.049	2.142
Scotch Plains Township	9.206	2.295	Mansfield Township	3.074	2.388
Springfield Township	6.114	2.294	Oxford Township	2.693	2.525
Summit City	3.829	1.753	Phillipsburg Town	2.627	2.430
Union Township	16.558	2.444	Pohatcong Township	3.547	2.966
Westfield Town	7.563	1.957	Washington Borough	4.670	3.012
Winfield Township	201.519	16.858	Washington Township	3.145	2.450
			White Township	1.949	1.701

Abstract of Ratables and Exemptions 2011

	Col. 1	Col. 2	Col. 3	Col. 4
	TAXABLE VALUE			
COUNTY	(a) Land	(b) Improvements (Includes Partial Exemptions & Abatements)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value—Partial Exemptions and Abatements (Assessed Value)
				Net Total Taxable Value of Land and Improvements (Col. 2 - 3)
Atlantic	\$ 21,756,212,981	\$ 25,928,652,300	\$ 47,684,865,281	\$ 47,657,068,381
Bergen	83,995,183,645	75,294,116,384	159,289,300,029	159,282,506,684
Burlington	13,862,222,616	27,625,798,768	41,488,021,384	41,367,639,424
Camden	9,976,355,607	20,945,683,271	30,922,038,878	30,865,611,208
Cape May	34,612,558,600	16,059,117,700	50,671,676,300	50,671,676,300
Cumberland	1,606,986,200	4,722,433,300	6,329,419,500	6,312,489,000
Essex	37,244,924,473	43,480,131,601	80,725,056,074	80,449,707,014
Gloucester	5,596,285,613	14,046,487,237	19,642,772,850	19,569,034,050
Hudson	7,750,856,416	14,642,766,266	22,393,622,682	22,254,673,988
Hunterdon	8,063,627,832	12,496,723,929	20,560,351,761	20,552,408,861
Mercer	14,244,774,171	20,892,998,588	35,137,772,759	35,082,522,159
Middlesex	16,979,102,184	30,595,006,967	47,574,109,151	47,494,860,551
Monmouth	54,124,838,445	51,916,704,426	106,041,542,871	105,994,470,071
Morris	35,570,922,818	39,963,009,942	75,533,932,760	75,527,185,260
Ocean	53,569,348,684	42,660,211,609	96,229,560,293	96,228,455,593
Passaic	15,474,168,629	18,601,658,711	34,075,827,340	34,072,490,040
Salem	1,609,579,100	3,743,251,939	5,352,831,039	5,348,967,039
Somerset	22,941,672,386	32,506,414,957	55,448,087,343	55,440,138,493
Sussex	7,503,893,649	9,854,852,852	17,358,746,501	17,358,746,501
Union	9,620,801,650	14,184,864,390	23,805,666,040	23,779,778,540
Warren	3,635,618,007	7,392,487,993	11,028,106,000	11,015,566,000
TOTALS	\$459,739,933,706	\$527,553,373,130	\$987,293,306,836	\$986,325,995,157

Abstract of Ratables and Exemptions 2011 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10
COUNTY	Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies	Net Valuation Taxable (Col. 4 + 5)	General Tax Rate to Apply per \$100 Valuation	County Equalization Table—Average Ratio of Assessed to True Value of Real Property (R.S. 54:3-17 to R.S. 54:3-19)	TRUE VALUE (a) U.E.Z. Abatement Expired (b) Class II Railroad Property (C.139, L. 1966)	EQUALIZATION (a) Amounts Deducted Under R.S. 54:3-17 to R.S. 54:3-19
Atlantic	\$ 66,564,698	\$ 47,723,633,079				\$4,600,715,479
Bergen	265,906,193	159,548,412,877				1,051,749,287
Burlington	105,328,079	41,472,967,503				250,670,281
Camden	101,237,578	30,966,848,786				87,764,427
Cape May	36,115,542	50,707,791,842				665,384,529
Cumberland	25,867,824*	6,333,227,724				50,682,550
Essex	187,636,633	80,637,343,647				370,023,124
Gloucester	201,485,457	19,770,519,507				117,094,880
Hudson	43,373,384	22,298,047,372				97,250,769
Hunterdon	56,955,451	20,609,364,312				
Mercer	92,465,014	35,174,987,173			\$2,099,619	142,352,424
Middlesex	123,943,422	47,618,803,973				
Monmouth	201,340,996	106,195,811,067				416,028,710
Morris	128,034,958	75,655,220,218				193,685,711
Ocean	131,572,772	96,360,028,365				626,707,336
Passaic	43,449,319	34,115,939,359				684,518,877
Salem	17,650,909	5,366,617,948				51,584,322
Somerset	105,952,064	55,546,090,557				35,210,766
Sussex	31,414,462	17,390,160,963				413,132,544
Union	38,282,014	23,818,060,554				
Warren	30,259,289	11,045,825,289				62,878,556
TOTALS	\$2,034,836,058	\$988,355,702,115			\$2,099,619	\$9,917,434,572

* Includes Cumberland County, Millville City Revenue Allocation District \$5,129,100

Abstract of Ratables and Exemptions 2011 (continued)

Col. 12—APPORTIONMENT OF TAXES

COUNTY	Section A County Taxes			Section B		
	III Net County Taxes Apportioned	IV Municipal Budget State Aid (R.S. 52:27D-118.40)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII-IV- Addendum 1(a))	(a) County Library Taxes	(b) County Health Taxes	(c) County Open Space Taxes
Atlantic	\$ 149,777,167.12		\$ 149,777,167.12	\$ 8,144,927.00	\$ 6,356,950.00	\$ 2,472,392.02
Bergen	351,980,788.00		351,980,788.00			4,331,463.43
Burlington	154,250,000.00		154,250,000.00	10,785,588.00		19,928,415.11
Camden	271,577,245.00		271,577,245.00	9,137,666.00		8,359,894.07
Cape May	93,670,627.24		93,670,627.24	8,883,420.99		5,161,023.13
Cumberland	82,938,491.00		82,938,491.00		1,913,228.00	919,296.69
Essex	384,033,637.74		384,033,637.74			13,692,697.21
Gloucester	144,125,000.00		144,125,000.00	4,476,556.00		11,514,286.22
Hudson	279,653,339.00		279,653,339.00			3,095,225.38
Hunterdon	66,126,000.00		66,126,000.00	5,227,459.00		6,901,000.00
Mercer	221,653,479.00		221,653,479.00	13,241,656.00		9,122,702.29
Middlesex	320,093,000.00		320,093,000.00			31,362,220.00
Monmouth	302,475,000.00		302,475,000.00	12,100,000.00	1,850,000.00	18,169,271.86
Morris	213,967,397.34		213,967,397.34			17,159,273.73
Ocean	293,278,750.00		293,278,750.00	33,325,872.00	10,728,000.00	12,520,169.00
Passaic	298,991,500.00		298,991,500.00			5,334,205.66
Salem	50,007,795.56		50,007,795.56			1,144,343.00
Somerset	168,720,100.00		168,720,100.00	14,540,089.00		17,741,034.67
Sussex	77,406,058.00	\$111.00	77,405,947.00	4,632,226.00	2,072,574.00	677,383.00
Union	291,168,537.00		291,168,537.00			10,657,583.41
Warren	66,900,786.00		66,900,786.00	4,627,312.00		7,693,036.26
TOTALS	\$4,282,794,698.00	\$111.00	\$4,282,794,587.00	\$129,122,771.99	\$22,920,752.00	\$207,956,916.14

Abstract of Ratables and Exemptions 2011 (continued)

COUNTY	I DISTRICT SCHOOL PURPOSES			II LOCAL MUNICIPAL PURPOSES	
	(a) District School Budget (Adjusted by Addendum 1(b))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	(a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
Atlantic	\$ 372,872,033.53	\$ 60,028,706.58	\$ 5,179,640.50	\$ 385,351,055.80	\$ 540,732.00
Bergen	1,696,008,453.22	240,397,223.90		1,014,977,286.04	4,901,722.20
Burlington	518,747,927.00	180,847,968.05		216,146,822.92	8,197,367.62
Camden	535,675,536.50	60,562,722.15		275,983,538.08	2,675,600.59
Cape May	129,270,061.00	19,194,200.00		174,326,920.98	
Cumberland	59,371,904.50	8,083,982.87		64,013,846.20	
Essex	817,955,227.50	135,118,710.79	33,486,047.88	767,639,486.60	2,506,308.18
Gloucester	337,222,054.98	57,329,768.26		164,749,800.16	1,708,491.29
Hudson	384,419,739.00		17,351,905.25	585,379,460.11	602,046.14
Hunterdon	211,945,129.63	121,786,636.31		59,910,921.21	4,885,558.30
Mercer	263,246,066.70	278,071,725.20	2,101,492.00	273,942,143.37	6,284,306.09
Middlesex	1,225,179,913.42	63,207,887.70	1,928,418.49	545,338,336.27	5,704,788.76
Monmouth	871,893,111.54	324,466,664.71		473,499,470.41	12,004,916.72
Morris	865,795,093.55	265,456,225.56		413,457,044.54	10,292,313.65
Ocean	505,507,090.83	222,933,407.57	5,422,226.00	417,208,753.99	7,641,082.57
Passaic	511,726,688.00	47,100,289.00		438,369,172.20	1,767,943.49
Salem	46,836,746.00	19,219,613.48		22,001,084.31	551,454.26
Somerset	402,932,824.50	327,622,823.54		202,698,650.50	13,514,921.01
Sussex	202,886,693.50	73,639,511.21		99,319,939.00	815,023.26
Union	696,670,406.00	75,685,193.87	3,061,833.00	559,818,419.41	231,214.18
Warren	112,291,643.87	43,567,371.00		50,893,730.46	2,377,163.37
TOTALS	\$10,768,454,344.77	\$2,624,320,631.75	\$68,531,563.12	\$7,205,025,882.56	\$87,202,953.68

Abstract of Ratables and Exemptions 2011 (continued)

COUNTY	Section C		Section D		REAL PROPERTY EXEMPT FROM TAXATION		
	Local Taxes to be Raised for		Total Tax Levy		(a) Public School Property	(b) Other School Property	(c) Public Property
	II LOCAL MUNICIPAL PURPOSES (c) Local Municipal Library	on Which Tax Rate is Computed (Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CH(a), (b), (c))					
Atlantic	\$ 7,794,807.00	\$ 998,518,411.55	\$ 1,156,821,870	\$ 65,066,845	\$ 3,097,855,500		
Bergen	51,885,818.96	3,364,482,755.75	2,990,461,500	888,872,300	9,086,716,400		
Burlington	4,406,916.08	1,113,311,004.78	1,315,512,700	135,419,550	2,510,163,499		
Camden	6,668,353.38	1,170,640,555.77	1,464,023,600	93,129,200	1,604,457,900		
Cape May	6,969,445.00	437,475,698.34	398,897,400	37,245,400	2,558,928,900		
Cumberland	86,652.72	217,327,401.98	308,472,500	23,843,300	876,182,100		
Essex	26,540,044.07	2,180,972,159.97	2,478,385,972	1,408,778,946	7,788,042,971		
Gloucester	5,939,002.62	727,064,959.53	573,878,500	225,467,800	667,712,450		
Hudson	17,158,904.15	1,287,660,619.03	765,176,500	383,549,300	2,385,050,280		
Hunterdon	473,291.25	477,255,995.70	393,529,146	2,085,500	1,030,418,476		
Mercer	7,023,196.92	1,074,686,767.57	916,044,952	2,253,569,700	2,963,019,941		
Middlesex	34,547,122.36	2,227,361,687.00	1,460,844,822	1,428,238,400	1,857,292,136		
Monmouth	11,925,998.74	2,028,384,433.98	1,916,253,500	380,929,600	4,955,639,337		
Morris	27,599,275.36	1,813,726,623.73	1,265,948,800	400,899,400	3,846,695,700		
Ocean	680,389.00	1,509,245,740.96	1,410,900,000	327,037,700	5,166,334,800		
Passaic	15,632,217.41	1,318,922,015.76	1,025,505,000	256,172,600	2,535,589,680		
Salem	78,358.30	139,839,394.91	203,858,300	12,586,900	274,212,500		
Somerset	5,035,307.83	1,152,805,751.05	906,764,296	128,704,594	1,625,798,624		
Sussex	1,202,842.39	462,652,139.36	350,138,976	38,146,100	1,067,285,376		
Union	17,675,564.55	1,654,968,751.42	679,220,800	216,933,100	1,479,361,900		
Warren	1,073,738.73	289,424,781.69	252,785,754	95,673,100	403,976,043		
TOTALS	\$ 250,397,246.82	\$ 25,646,727,649.83	\$ 22,233,424,888	\$ 8,802,349,335	\$ 57,780,734,513		

Col. 12

Col. 13

Abstract of Ratables and Exemptions 2011 (continued)

COUNTY	REAL PROPERTY EXEMPT FROM TAXATION				AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET	
	(d) Church and Charitable Property	(e) Cemeteries and Graveyards	(f) Other Exemptions Not Included in Foregoing Classifications	(g) Total Amount of Real Property Exempt From Taxation (Cols. a + b + c + d + e + f)	(a) Surplus Revenue Appropriated	
Atlantic	\$ 515,700,990	\$ 22,343,900	\$ 2,950,396,481	\$ 7,808,185,586	\$ 19,888,570.00	
Bergen	1,725,967,800	758,418,300	3,193,461,020	18,643,897,320	73,768,389.85	
Burlington	895,288,750	27,013,650	1,002,473,692	5,885,871,841	44,919,648.52	
Camden	1,335,447,120	70,577,250	1,667,251,300	6,234,886,370	28,247,326.09	
Cape May	540,094,600	8,623,400	506,631,000	4,050,420,700	19,181,994.95	
Cumberland	173,047,000	6,822,900	375,484,700	1,763,852,500	14,712,650.23	
Essex	2,037,431,986	263,701,900	2,997,927,818	16,974,269,593	55,622,007.36	
Gloucester	365,859,550	13,240,800	540,963,000	2,387,122,100	27,889,049.81	
Hudson	548,530,390	67,642,500	5,004,328,660	9,154,277,630	47,683,794.00	
Hunterdon	237,311,040	13,918,100	198,940,926	1,876,203,188	17,638,602.87	
Mercer	717,454,757	34,869,100	824,732,410	7,709,690,860	29,859,069.25	
Middlesex	1,020,656,691	136,048,200	1,636,402,208	7,539,482,457	56,881,206.29	
Monmouth	1,161,221,800	162,881,500	2,330,978,400	10,907,904,137	74,286,370.30	
Morris	1,021,623,600	68,527,800	790,183,900	7,393,879,200	146,705,812.18	
Ocean	839,493,259	39,683,200	913,837,434	8,697,286,393	50,519,398.00	
Passaic	833,804,600	130,896,500	905,209,403	5,687,177,783	30,235,416.29	
Salem	130,724,821	3,943,800	218,477,945	843,804,266	7,765,486.06	
Somerset	520,668,392	36,394,200	854,853,669	4,073,183,775	39,693,780.09	
Sussex	249,872,705	7,207,700	222,342,900	1,934,993,757	11,307,276.04	
Union	688,236,600	115,146,300	853,535,450	4,032,434,150	61,596,634.00	
Warren	203,623,891	9,370,800	275,216,460	1,240,646,048	13,066,171.36	
TOTALS	\$15,762,060,342	\$1,997,271,800	\$28,263,628,776	\$134,839,469,654	\$871,468,653.54	

Col. 14

Col. 13

Abstract of Ratables and Exemptions 2011 (continued)

COUNTY	Col. 14			Col. 15	
	AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET			DEDUCTIONS ALLOWED	
	(b) Miscellaneous Revenues Anticipated	(c) Receipts from Delinquent Tax and Liens	(d) Total of Miscellaneous Revenues (Cols. a + b + c)	(a) Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed	(b) Veterans Deductions
Atlantic	\$ 104,309,390.19	\$ 6,018,569.00	\$ 130,216,529.19	\$ 623,250	\$ 2,074,875
Bergen	244,834,790.47	37,113,072.65	355,716,252.97	1,635,500	6,283,000
Burlington	111,207,865.87	15,650,647.80	171,778,162.19	1,009,625	4,542,500
Camden	258,294,368.57	14,898,974.73	301,440,669.39	1,759,250	3,758,000
Cape May	80,288,351.02	7,013,455.15	106,483,801.12	322,325	1,293,800
Cumberland	55,074,081.04	4,677,415.00	74,464,146.27	695,750	1,062,875
Essex	572,277,880.86	49,590,962.87	677,490,851.09	708,750	2,485,700
Gloucester	78,863,358.63	12,648,975.11	119,401,383.55	932,125	2,694,500
Hudson	470,135,402.75	11,037,858.45	528,857,055.20	799,000	1,300,250
Hunterdon	35,301,098.05	6,943,779.78	59,883,480.70	155,250	951,500
Mercer	257,302,717.87	6,730,427.38	293,892,214.50	729,750	2,362,750
Middlesex	304,075,366.20	12,813,280.02	373,769,852.51	1,548,250	5,336,875
Monmouth	199,796,402.00	24,693,154.27	298,775,926.57	944,375	4,637,500
Morris	18,492,028.95	223,957,056.68	389,154,897.81	640,750	3,449,250
Ocean	130,716,472.01	28,398,760.34	209,634,630.35	2,853,500	8,560,000
Passaic	237,107,047.01	12,406,942.60	279,749,405.90	847,205	2,496,250
Salem	32,859,663.37	4,735,000.00	45,360,149.43	228,500	708,250
Somerset	77,914,298.82	10,117,354.00	127,725,432.91	439,000	1,910,500
Sussex	25,544,970.47	10,195,322.96	47,047,569.47	302,000	1,284,250
Union	212,931,378.55	23,017,004.14	297,545,016.69	1,026,875	3,000,000
Warren	28,636,431.90	6,093,377.61	47,795,980.87	262,750	965,250
TOTALS	\$3,535,963,364.60	\$528,751,390.54	\$4,936,183,408.68	\$18,463,780	\$61,157,875

Abstract of Ratables and Exemptions 2011 (continued)

COUNTY	Total Ratables Determined Pursuant to R.S. 54:1-35 After Equalization Under R.S. 54:1-33 and R.S. 54:1-34	Addendum 1			Addendum 2		
		STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX			REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY		
		(a) County Adjustment	(b) School Adjustment	(c) Municipal Adjustment	(a) Eligible Property Assessments	(b) R.E.A.P. Aid Credit	(c) R.E.A.P. Tax Rate Credit
Atlantic	\$ 49,030,983,049	\$ 104,890					
Bergen	175,532,748,935	171,821					
Burlington	49,766,359,800	96,047					
Camden	40,917,967,554	390,903		\$ 22,963,088			
Cape May	51,489,889,202	6,824					
Cumberland	9,034,700,420	25,783					
Essex	89,781,159,351	1,153,905					
Gloucester	28,636,582,885	103,616					
Hudson	61,048,510,413			1,005,060,765	\$ 2,094,892		
Hunterdon	22,918,366,865						
Mercer	45,389,459,409	41,896					
Middlesex	104,439,472,855						
Monmouth	120,800,351,203						
Morris	97,657,974,602	434,815					
Ocean	103,971,510,285	9,077					
Passaic	52,983,924,832	\$ 21,801					
Salem	5,606,958,160	16,189					
Somerset	61,197,013,764	52,039					
Sussex	19,863,182,428	140,961					
Union	70,267,988,275						
Warren	12,754,720,419						
TOTALS	\$ 1,273,089,824,705	\$ 21,801	\$ 2,748,766	\$ 1,028,023,853	\$ 2,094,892		

2011 Assessed Value of Partial Exemptions and Abatements (Summary Addendum to Abstract of Ratables)

COUNTY	Water/										Class 4 Abatement	
	Pollution Control	Fire Suppression	Fallout Shelter	Sewage Facility	Renewable Energy	UEZ Abatement	Home Improvement	Multi-Family Dwelling				
Atlantic	-	-	-	-	-	-	-	-	-	-	-	-
Bergen	-	\$ 2,509,545	-	-	-	-	-	-	-	-	-	-
Burlington	\$ 1,500,000	6,257,000	\$ 2,500	-	-	\$ 4,090,000	-	-	-	-	-	-
Camden	-	968,400	-	-	-	3,055,720	-	-	-	-	-	-
Cape May	-	-	-	-	-	-	-	-	-	-	-	-
Cumberland	2,497,300	-	-	-	-	6,844,400	-	-	-	-	-	-
Essex	458,000	816,700	-	-	-	259,822,900	-	-	-	-	-	-
Gloucester	44,571,200	-	204,600	-	-	-	-	-	-	-	-	-
Hudson	10,000	-	-	\$2,500,000	-	-	-	\$6,350,300	-	-	-	-
Hunterdon	-	-	-	-	-	-	-	-	-	-	-	-
Mercer	-	8,124,500	-	-	-	42,317,600	-	-	-	-	-	-
Middlesex	9,785,100	39,917,500	-	-	-	-	-	-	-	-	-	-
Monmouth	-	1,820,200	-	2,102,400	-	-	-	-	-	-	-	-
Morris	198,400	6,061,200	-	151,300	-	-	-	-	-	-	-	-
Ocean	48,600	425,200	-	-	\$14,500	-	-	-	-	-	-	-
Passaic	-	499,600	-	-	-	-	-	-	-	-	-	-
Salem	-	-	-	-	-	-	-	-	-	-	-	-
Somerset	1,516,000	-	-	-	-	-	-	-	-	-	-	-
Sussex	-	-	-	-	-	-	-	-	-	-	-	-
Union	-	130,500	-	-	-	-	-	-	-	-	-	-
Warren	10,605,000	15,200	-	-	-	-	-	-	-	-	-	-
TOTALS	\$71,189,600	\$67,545,545	\$207,100	\$4,753,700	\$14,500	\$316,130,620	-	\$6,350,300	-	-	-	-

2011 Assessed Value of Partial Exemptions and Abatements (continued) (Summary Addendum to Abstract of Ratables)

COUNTY	Dwelling Abatement	Dwelling Exemption	New Dwelling/ Conversion Abatement	New Dwelling/ Conversion Exemption	Multiple Dwelling/ Abatement	Multiple Dwelling/ Exemption	Commercial/ Industrial Exemption	Total Assessed Value (Col. 3 of Abstract)
Atlantic	\$ 30,000	\$ 7,821,400	\$ 2,236,100	\$ 7,947,000	—	—	\$ 9,762,400	\$ 27,796,900
Bergen	—	4,074,400	—	—	—	\$ 8,000	201,400	6,793,345
Burlington	5,780,100	11,504,660	—	—	\$ 11,250,000	—	79,997,700	120,381,960
Camden	4,409,300	22,906,350	—	—	—	—	25,087,900	56,427,670
Cape May	—	—	—	—	—	—	—	—
Cumberland	—	3,146,600	—	—	—	—	4,442,200	16,930,500
Essex	—	7,685,600	484,800	1,969,100	2,842,460	—	1,269,500	275,349,060
Gloucester	—	5,059,900	—	—	—	23,903,100	—	73,738,800
Hudson	21,305,250	16,944,105	42,580,739	—	3,944,000	181,700	45,132,600	138,948,694
Hunterdon	396,200	—	—	—	—	—	7,546,700	7,942,900
Mercer	—	4,460,000	—	—	167,300	—	181,200	55,250,600
Middlesex	5,381,200	19,219,300	—	—	—	—	4,945,500	79,248,600
Monmouth	1,973,300	8,021,500	—	7,949,100	—	—	25,206,300	47,072,800
Morris	—	180,600	—	—	—	156,000	—	6,747,500
Ocean	—	616,400	—	—	—	—	—	1,104,700
Passaic	2,837,700	—	—	—	—	—	—	3,337,300
Salem	—	—	—	—	—	3,864,000	—	3,864,000
Somerset	2,544,900	3,859,450	—	—	—	—	28,500	7,948,850
Sussex	—	—	—	—	—	—	—	—
Union	—	—	—	10,981,400	—	—	14,775,600	25,887,500
Warren	—	—	—	—	—	—	1,919,800	12,540,000
TOTALS	\$44,657,950	\$115,500,265	\$45,301,639	\$28,846,600	\$18,203,760	\$28,112,800	\$220,497,300	\$967,311,679

Summary of 2011 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 1

DISPOSITIONS

COUNTY	Assessment Revised	Assessment Affirmed	Stipulated	Freeze Act	Dismissed With Prejudice	Dismissed Without Prejudice	Withdrawn	Property Tax Deduction Granted	Property Tax Deduction Denied	Farmland Assessment Granted
Atlantic	762	221	6,349	0	530	816	186	1	0	1
Bergen	2,736	726	3,089	0	480	2,205	427	0	0	0
Burlington	505	136	1,696	0	98	83	323	5	1	4
Camden	341	364	900	0	334	10	673	4	0	0
Cape May	192	85	1,497	0	113	22	47	1	0	0
Cumberland	42	24	391	0	17	12	41	28	0	6
Essex	458	796	4,132	0	861	2,159	537	20	5	0
Gloucester	287	113	1,266	0	50	53	56	3	0	6
Hudson	753	49	4,621	0	389	898	753	0	1	0
Hunterdon	44	22	386	0	54	28	55	0	0	0
Mercer	126	122	978	0	169	312	124	0	0	0
Middlesex	499	234	3,214	0	300	858	465	0	0	1
Monmouth	623	633	3,255	0	454	980	321	3	0	0
Morris	132	282	2,029	0	245	215	463	0	1	0
Ocean	843	162	6,460	2	574	215	389	48	3	0
Passaic	3,556	354	1,282	1	512	1,696	198	3	0	0
Salem	48	31	171	0	35	5	37	0	0	0
Somerset	171	66	668	0	82	166	134	1	1	0
Sussex	188	172	713	0	112	236	137	0	0	0
Union	62	162	1,715	0	369	1,163	516	0	0	0
Warren	17	132	308	0	95	426	34	0	0	0
TOTALS	12,385	4,886	45,120	3	5,873	12,558	5,916	117	12	18

Summary of 2011 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

COUNTY	Col. 1		Col. 2		Col. 3				
	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Other	Total Number of Appeals	CLASSIFICATION			
						Class 1 Vacant Land	Class 2 Residential	Class 3A Farm Regular	Class 3B Farm Qualified
Atlantic	0	0	0	1	8,867	702	7,628	7	0
Bergen	0	0	0	35	9,698	340	8,029	4	2
Burlington	6	2	0	0	2,859	316	2,262	21	6
Camden	0	52	0	2	2,680	196	2,043	0	0
Cape May	1	0	0	1	1,959	120	1,737	2	0
Cumberland	2	0	0	0	563	28	452	12	6
Essex	0	0	0	109	9,077	589	6,842	0	0
Gloucester	0	1	0	3	1,838	168	1,526	16	3
Hudson	0	8	1	0	7,473	284	5,417	0	0
Hunterdon	0	7	0	1	597	85	428	18	6
Mercer	0	0	0	4	1,835	146	1,469	12	3
Middlesex	0	4	0	0	5,575	260	4,593	7	0
Monmouth	0	0	0	4	6,273	480	5,315	24	0
Morris	0	9	0	1	3,377	184	2,904	7	0
Ocean	0	2	0	0	8,698	1,164	7,182	4	1
Passaic	0	0	0	101	7,703	470	5,930	8	0
Salem	1	0	0	1	329	80	204	8	1
Somerset	0	0	0	0	1,289	98	929	32	0
Sussex	1	0	0	3	1,562	242	1,208	20	1
Union	0	2	0	0	3,989	187	2,709	0	0
Warren	0	3	0	57	1,072	298	665	14	0
TOTALS	11	90	1	323	87,313	6,437	69,472	216	29

Summary of 2011 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 3

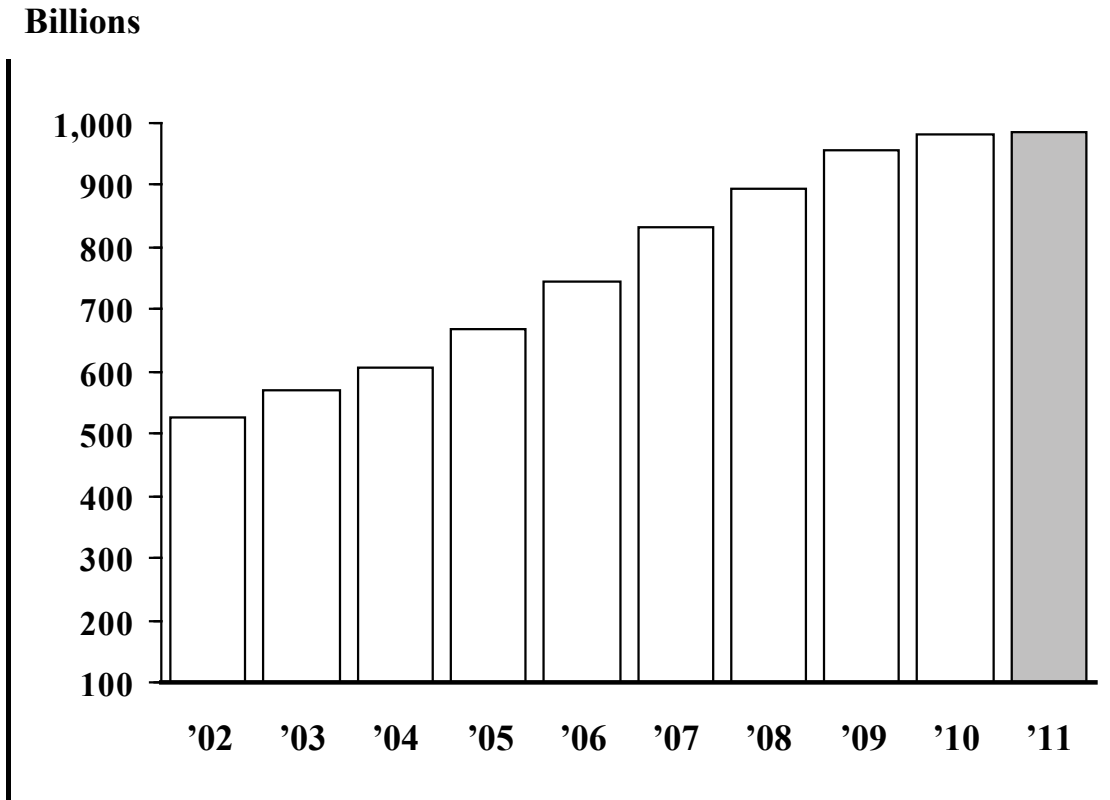
Col. 4

COUNTY	CLASSIFICATION			FILING FEE					Class \$25
	Class 4 Commercial Industrial Apartment	Other	Total Number of Appeals by Class	\$5	\$25	\$100	\$150		
Atlantic Bergen	518 1,310	12 13	8,867 9,698	1,763 95	5,585 4,094	1,108 3,425	348 1,153	0 7	
Burlington	249	5	2,859	428	1,775	344	104	10	
Camden	439	2	2,680	1,108	1,130	247	84	38	
Cape May	100	0	1,959	138	852	526	426	0	
Cumberland	61	4	563	139	328	22	16	10	
Essex	1,636	10	9,077	814	4,884	2,559	652	0	
Gloucester	125	0	1,838	292	1,370	83	33	7	
Hudson	1,760	12	7,473	3,367	3,525	402	73	0	
Hunterdon	56	4	597	39	329	177	29	9	
Mercer	200	5	1,835	728	566	338	113	3	
Middlesex	711	4	5,575	2,267	2,717	453	66	3	
Monmouth	447	7	6,273	318	2,433	1,094	370	0	
Morris	268	14	3,377	114	1,758	1,190	255	4	
Ocean	341	6	8,698	1,714	4,415	1,714	436	239	
Passaic	1,293	2	7,703	977	5,586	826	91	0	
Salem	36	0	329	48	168	36	7	7	
Somerset	225	5	1,289	106	590	287	95	0	
Sussex	85	6	1,562	319	858	299	22	2	
Union	1,087	6	3,989	1,897	1,713	330	36	4	
Warren	93	2	1,072	325	648	76	14	0	
TOTALS	11,040	119	87,313	16,996	45,324	15,536	4,423	343	

Summary of 2011 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

COUNTY	Col. 4		Col. 5		Col. 6		Col. 7		Col. 8	
	Other \$25	No Fee	Total	Original Amount of Assessed Valuation Appealed	ASSESSED VALUATION AMOUNTS		Total Amount of Assessed Valuation Increase	Adjusted Net Assessments (Col. 5 - 6 + 7)		
					Total Amount of Assessed Valuation Reduction	Total Amount of Assessed Valuation Increase				
Atlantic	0	63	8,867	\$ 3,987,127,145	\$ 506,429,545	\$ 636,500	\$ 3,481,334,100			
Bergen	0	924	9,698	7,859,920,875	550,009,412	3,976,612	7,313,888,075			
Burlington	2	196	2,859	1,173,335,500	138,498,472	697,900	1,035,534,928			
Camden	16	57	2,680	797,945,600	62,222,015	14,957,733	750,681,318			
Cape May	2	15	1,959	1,431,751,700	208,700,400	222,400	1,223,273,700			
Cumberland	0	48	563	141,849,600	22,761,500	96,900	119,185,000			
Essex	0	168	9,077	4,762,324,040	367,007,600	1,211,543	4,396,527,983			
Gloucester	0	53	1,838	563,880,500	68,067,457	371,200	496,184,243			
Hudson	12	94	7,473	1,622,402,209	207,107,720	5,059,500	1,420,353,989			
Hunterdon	0	14	597	303,129,744	26,474,200	3,254,900	279,910,444			
Mercer	0	87	1,835	840,084,944	64,527,575	9,446,300	785,003,669			
Middlesex	1	68	5,575	1,501,751,600	166,977,532	512,400	1,335,286,468			
Monmouth	1,907	151	6,273	3,505,757,285	307,688,362	2,022,800	3,200,091,723			
Morris	0	56	3,377	2,031,636,586	167,210,471	2,269,000	1,866,695,115			
Ocean	0	180	8,698	3,922,468,486	493,345,436	642,500	3,429,765,550			
Passaic	0	223	7,703	2,713,456,270	278,564,050	0	2,434,892,220			
Salem	0	63	329	99,151,700	10,565,321	17,564	88,603,943			
Somerset	0	211	1,289	923,404,390	64,112,967	3,853,100	863,144,523			
Sussex	0	62	1,562	548,336,940	54,070,880	649,000	494,915,060			
Union	0	9	3,989	899,992,894	64,697,119	0	835,295,775			
Warren	0	9	1,072	293,261,850	21,030,980	80,110	272,310,980			
TOTALS	1,940	2,751	87,313	\$39,922,969,858	\$3,850,069,014	\$49,977,962	\$36,122,878,806			

Total Taxable Value Land and Improvements in New Jersey 2002 – 2011



2011 County Values

Atlantic	\$ 47,684,865,281	Middlesex	\$ 47,574,109,151
Bergen	159,289,300,029	Monmouth	106,041,542,871
Burlington	41,488,021,384	Morris	75,533,932,760
Camden	30,922,038,878	Ocean	96,229,560,293
Cape May	50,671,676,300	Passaic	34,075,827,340
Cumberland	6,329,419,500	Salem	5,352,831,039
Essex	80,725,056,074	Somerset	55,448,087,343
Gloucester	19,642,772,850	Sussex	17,358,746,501
Hudson	22,393,622,682	Union	23,805,666,040
Hunterdon	20,560,351,761	Warren	11,028,106,000
Mercer	35,137,772,759	Total	\$987,293,306,836

Taxes Administered by the Public Utility Tax Section for 2012 (Calendar Year Due)

Public Utility Taxes (Excise, Franchise, and Gross Receipts Taxes), Transitional Energy Facility Assessment (TEFA), and Uniform Transitional Utility Assessment (UTUA)

Assessed by the State and Available for Appropriation and Distribution to Municipalities
Distribution Subject to Budgetary and Statutory Limitations and Restrictions

PUBLIC UTILITY TAXES

Classification	No. of Companies	Excise Taxes	Franchise Taxes	Gross Receipts Taxes	TEFA	UTUA (CBT)	UTUA (S&U-EN)
Sewer Companies.....	15	\$ 675,677	\$ 1,916,416	\$ 3,390,108	NA	NA	NA
Water Companies	32	13,723,186	42,567,665	67,532,043	NA	NA	NA
Energy Companies	16	NA	NA	NA	\$171,209,896	\$32,845,891	\$381,168,993
Telephone Companies.....	3	NA	NA	NA	NA	928,240	NA
Totals	66	\$14,398,863	\$44,484,081	\$70,922,151	\$171,209,896	\$33,774,131	\$381,168,993

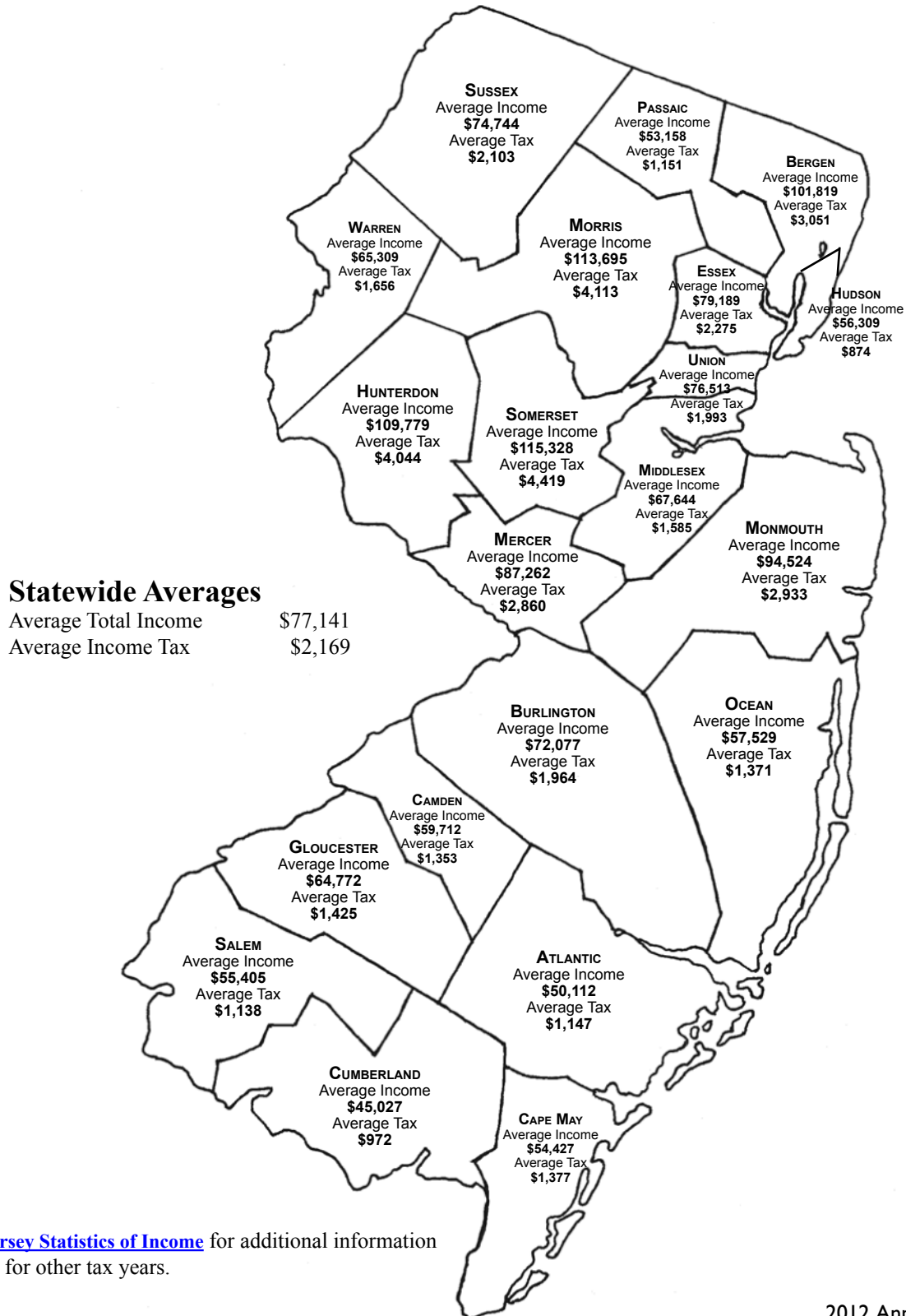
Total Net Tax Assessed.....\$715,958,115

Individual Income Tax Returns County Profile 2010*

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	126,501	\$ 5,359,733,451	\$ 145,099,255
Bergen	411,462	37,919,886,465	1,255,194,709
Burlington	197,998	12,415,478,614	388,963,972
Camden	219,483	11,327,997,997	296,957,553
Cape May	45,080	2,049,679,470	62,086,826
Cumberland	64,719	2,480,788,352	62,923,626
Essex	326,542	23,428,517,513	742,731,506
Gloucester	124,526	6,947,735,104	177,511,265
Hudson	279,098	14,347,765,865	243,904,341
Hunterdon	58,349	5,728,270,028	235,952,466
Mercer	154,747	12,103,348,543	442,600,942
Middlesex	358,191	21,211,592,096	567,819,332
Monmouth	285,105	24,064,593,731	836,189,561
Morris	226,451	23,265,728,150	931,311,026
Ocean	252,256	11,941,138,821	345,946,557
Passaic	224,159	10,242,857,246	257,990,561
Salem	28,580	1,348,445,409	32,524,918
Somerset	148,272	15,569,136,370	655,151,873
Sussex	67,216	4,353,122,876	141,344,276
Union	240,360	16,399,927,418	479,005,670
Warren	48,571	2,708,289,911	80,415,513
County Unknown	27,723	2,746,431,913	111,980,470
Totals	3,915,389	\$267,960,465,343	\$8,493,606,216

*See [New Jersey Statistics of Income](#) for additional information and reports for other tax years.

Average Total Income and Average Income Tax By County — Tax Year 2010*



*See [New Jersey Statistics of Income](#) for additional information and reports for other tax years.

**Sales and Use Tax Collections by Business Type
Return Years 2009–2011
(Dollar Amounts in Thousands)**

Business Type	Number of Vendors			Total Collections			% Change	
	2009	2010	2011	2009	2010	2011	2009–2010	2010–2011
Exempt Organizations	781	326	334	\$ 8,412	\$ 3,764	\$ 5,440	-55.3%	44.5%
Manufacturing	21,669	23,175	24,840	435,652	479,457	546,082	10.1	13.9
Service	89,934	90,291	91,519	2,097,980	2,157,808	2,262,785	2.9	4.9
Wholesale	11,301	11,408	11,812	322,650	323,233	384,497	0.2	19.0
Construction	18,627	18,530	18,735	149,642	152,782	182,611	2.1	19.5
Retail	71,454	70,547	70,215	3,859,738	3,912,777	4,165,335	1.4	6.5
Government	31	30	30	2,885	1,431	1,070	-50.4	-25.2
Not Classified	10,276	9,326	8,577	122,645	127,567	128,676	4.0	0.9
Totals	224,073	223,633	226,062	\$6,999,604	\$7,158,819	\$7,676,497	2.3%	7.2%

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WebFile

www.state.nj.us/treasury/taxation/pcfile/njwebfile.shtml

By Phone

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Automated Tax Information — 1-800-323-4400
609-826-4400

Homestead Benefit Hotline — 1-800-238-1233

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